GLOBAL PARTNERS LP
Form 10-K
March 12, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from to
Commission file number 001-32593

Global Partners LP

(Exact name of registrant as specified in its charter)

Delaware	**74-3140887**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. Box 9161
800 South Street
Waltham, Massachusetts 02454-9161
(Address of principal executive offices, including zip code)

(781) 894-8800
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Units representing limited partner interests	**New York Stock Exchange**

Securities registered pursuant to section 12(g) of the Act:

None

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

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

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

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

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

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

Large accelerated filer o Accelerated filer ý Non-accelerated filer o Smaller reporting company o

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

The aggregate market value of common units held by non-affiliates of the registrant (treating directors and executive officers of the registrant's general partner and holders of 10% or more of the common units outstanding, for this purpose, as if they were affiliates of the registrant) as of June 30, 2009 was approximately $90,218,519, based on a price per common unit of $18.55, the price at which the common units were last sold as reported on the New York Stock Exchange on such date.

As of March 9, 2010, 7,428,139 common units and 5,642,424 subordinated units were outstanding.

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Forward-Looking Statements

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are identified as any statements that do not relate strictly to historical or current facts and can generally be identified by the use of forward-looking terminology including "may," "believe," "expect," "anticipate," "estimate," "continue" or other similar words. Such statements may discuss future expectations for, or contain projections of, results of operations, financial condition or our ability to make distributions to unitholders or state other forward-looking information. 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 pay the minimum quarterly distribution or 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 refined petroleum products in the areas served by our storage facilities would 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 which conversions could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

- Warmer weather conditions could adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

- Our risk management policies cannot eliminate all commodity risk. In addition, any noncompliance with our risk management policies could result in significant financial losses.

- Our results of operations are influenced by the overall forward market for refined petroleum products, and increases and/or decreases in the prices of refined petroleum products may 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 in the ordinary course of our business activities.

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

- The condition of credit markets may adversely affect our liquidity.

- Due to our lack of asset and geographic diversification, adverse developments in the terminals that we use or in our operating areas could reduce our ability to make distributions to our unitholders.

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

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 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.

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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 Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

All forward-looking statements included in this Annual Report on Form 10-K 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. The forward-looking statements speak only as of the date made, other than as required by law, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Available Information

We make available free of charge through our website, www.globalp.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file or furnish such material with the Securities and Exchange Commission ("SEC"). These documents are also available at the SEC's website at www.sec.gov. Our website also includes our Code of Business Conduct and Ethics, our Governance Guidelines and the charters of our Audit Committee and Compensation Committee.

A copy of any of these documents will be provided without charge upon written request to the General Counsel, Global Partners LP, P.O. Box 9161, 800 South Street, Suite 200, Waltham, MA 02454; fax (781) 398-4165.

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PART I

References in this Annual Report on Form 10-K to "Global Partners LP," "Partnership," "we," "our," "us" or like terms refer to Global Partners LP and its subsidiaries.

Items 1. and 2. Business and Properties.

Overview

We are a publicly traded Delaware limited partnership formed in March 2005. We have five operating subsidiaries: Global Companies LLC, its subsidiary, Glen Hes Corp., Global Montello Group Corp., Chelsea Sandwich LLC and Global Energy Marketing LLC ("Global Energy") (the five operating subsidiaries, collectively, the "Companies"). The Companies (other than Glen Hes Corp.) are wholly owned by Global Operating LLC, our wholly owned subsidiary. Global Energy was formed to conduct our natural gas operations. It commenced operations in January 2010 after obtaining the necessary licensure. In addition, GLP Finance Corp. ("GLP Finance") is our wholly owned subsidiary. GLP Finance has no material assets or liabilities. Its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto. Global GP LLC, our general partner, manages our operations and activities and employs our officers and substantially all of our personnel.

We own, control or have access to one of the largest terminal networks of refined petroleum products in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the "Northeast"). We are one of the largest wholesale distributors of gasoline, distillates (such as home heating oil, diesel and kerosene) and residual oil to wholesalers, retailers and commercial customers in the Northeast. In 2009, we sold approximately $5.8 billion of refined petroleum products and small amounts of natural gas. In 2009, we owned, leased or maintained dedicated storage facilities at 22 refined petroleum product bulk terminals, each with the capacity of more than 50,000 barrels, including 21 located throughout the Northeast, that are supplied primarily by marine transport, pipeline, rail or truck and that collectively have approximately 9.3 million barrels of storage capacity. We also have throughput, exchange or other supply agreements at more than 50 bulk terminals and inland storage facilities.

We purchase our refined petroleum products primarily from domestic and foreign refiners (wholesalers), traders and producers and sell these products in two segments, Wholesale and Commercial. In 2009, our Wholesale sales accounted for approximately 94% of our total sales and our Commercial sales accounted for approximately 6%.

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, sales are generally higher during the first and fourth quarters of the calendar year which may result in significant fluctuations in our quarterly operating results. In 2009, our volume in transportation fuels, which represents a growing portion of our sales, exceeded our heating oil volumes. The increase in the non-weather sensitive components of our business helps to partially offset the economic impact that warmer weather conditions may have on our home heating oil and residual oil sales. Portions of our heating oil are sold on a forward fixed price basis.

Objective and Business Strategies

Our primary business objective is to increase distributable cash flow per unit by continuing to execute the following strategies:

Expand Assets and Marketing Businesses Within and Beyond Our Core Northeast Market. We continue to pursue strategic and accretive acquisitions of assets and marketing businesses of refined petroleum products including, without limitation, gasoline, other transportation fuels and heating oil, as well as natural gas, within our existing area of operations and in new geographic

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areas. We also pursue strategic and accretive acquisitions of upstream or downstream retail marketing assets and businesses and transportation assets and businesses related thereto. We target assets or businesses with (1) terminal assets, (2) a marketing division that has, among other attributes, consistent cash flow and stable customer lists or (3) a combination of these attributes. We assign value to the marketing opportunities associated with terminal assets. Because of our interest in purchasing marketing businesses as well as physical assets, we believe we have a competitive advantage over bidders interested in purchasing only physical assets. In addition, we continue to seek strategic relationships with companies that are looking to outsource their wholesale marketing business, as these opportunities allow us to leverage our strengths in marketing infrastructure and credit fundamentals. We currently have marketing arrangements with two major suppliers of unbranded gasoline in several northeastern states as well as two distillate suppliers in the Northeast.

Pursue Organic Expansions and Improvements. We continue to focus on improved returns through terminal expansions, product expansions, such as natural gas and biofuel, and operating efficiencies.

Serve as a Preferred Supplier to Our Customers. We believe that our customers value dependability and quality of supply. We strive to maintain a level of inventory to ensure that the supply needs of our customers are always satisfied. During periods of product shortages, we have historically succeeded in sustaining a supply of product sufficient to meet the needs of our customers while many of our competitors have not. We own, control or have access to bulk terminals and inland storage facilities that are strategically located for ease of access by our customers. Additionally, we satisfy specific customer needs by customizing our products, such as diesel and home heating oil, by blending and injecting additives.

Focus on Credit Fundamentals of Our Customers. We manage our trade credit exposure through conservative management practices, such as:

- pre-approving customers up to certain credit limits;
- seeking secondary sources of repayment for trade credit, such as letters of credit or guarantees;
- not offering to extend credit as a marketing tool to attract customers; and
- placing most of our customers on automatic debit systems for payment.

As a result of these practices, in each of the past nine years, the amount of account receivables that we wrote off was insignificant as a percentage of sales. Our ability to manage our trade credit exposure helps us to expand our marketing business and allowed us to enter into marketing arrangements with third parties where we make the sales and assume the credit risk and the third party retains the commodity risk.

Minimize Our Exposure to Commodity Price Volatility. We actively manage our business to minimize commodity price exposure by using hedging techniques. We seek to maintain a position that is substantially balanced between purchases and sales by establishing an offsetting sales position with a positive margin each time we commit to purchase a volume of product.

Product Sales

General

We sell our refined petroleum products in two segments, Wholesale and Commercial. The majority of products we sell can be grouped into three categories: gasoline, distillates and residual oil. In 2009,

gasoline, distillates and residual oil accounted for approximately 52%, 42% and 6%, respectively, of our total volume sold.

Gasoline. We sell grades of unbranded gasoline that comply with seasonal and geographical requirements in the areas in which we market. We have the ability to blend gasoline, and we sell conventional gasoline and ethanol blended gasoline in the markets that require such products. Gasoline sales accounted for approximately 51%, 50% and 43% of total sales for the years ended December 31, 2009, 2008 and 2007, respectively.

Distillates. Distillates are divided into home heating oil, diesel and kerosene. In 2009, sales of home heating oil, diesel and kerosene accounted for approximately 79%, 19% and 2%, respectively, of our total volume of distillates sold. Distillate sales accounted for approximately 44%, 46% and 50% of total sales for the years ended December 31, 2009, 2008 and 2007, respectively.

We sell generic home heating oil and Heating Oil Plus®, our proprietary premium branded heating oil. Heating Oil Plus® is electronically blended at the delivery facility. In 2009, approximately 11% of the volume of home heating oil we sold to wholesale resellers was Heating Oil Plus®. In addition, we sell the additive used to create Heating Oil Plus® to some wholesale resellers, make injection systems available to them and provide technical support to assist them with blending. We also educate the sales force of our customers to better prepare them for marketing our products to their customers.

We sell generic diesel and Diesel One®, our proprietary premium diesel fuel product. We offer marketing and technical support for those customers who purchase Diesel One®. In 2009, approximately 34% of the volume of diesel we sold to wholesale resellers was Diesel One®.

Residual Oil. We are one of three primary residual oil marketers in the Northeast. We specially blend residual oil for users in accordance with their individual power plant specifications. Residual oil sales accounted for approximately 5%, 4% and 7% of total sales for the years ended December 31, 2009, 2008 and 2007, respectively.

We had one customer, ExxonMobil Oil Corporation ("ExxonMobil"), who accounted for approximately 22%, 20% and 14% of our total sales for the years ended December 31, 2009, 2008 and 2007, respectively.

Wholesale

In the Wholesale segment, we sell gasoline, home heating oil, diesel, kerosene and residual oil to unbranded retail gasoline stations and other resellers of transportation fuels, home heating oil retailers and wholesale distributors. In 2009, this segment accounted for approximately 93% of our total volume sold. Generally, customers use their own vehicles or contract carriers to take delivery of the product at bulk terminals and inland storage facilities that we own or control or with which we have throughput, exchange or other supply agreements. Please read " Storage."

In 2009, we sold unbranded gasoline and diesel, including Diesel One®, to approximately 975 wholesalers and retail gasoline station operators, vehicles, fleet and marine users and other end users throughout the Northeast.

We have marketing arrangements with two major suppliers of unbranded gasoline in several northeastern states as well as two distillate suppliers in the Northeast. We enter into marketing arrangements with third parties where we make the sales and assume the credit risk and the third party retains the commodity risk.

In 2009, we sold home heating oil, including Heating Oil Plus®, to over 1,100 wholesale distributors and retailers. We have a fixed price sales program that we market primarily to wholesale distributors and retailers which currently uses the New York Mercantile Exchange ("NYMEX") heating

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oil contract as the pricing benchmark and as a vehicle to manage the commodity risk. Please read " Commodity Risk Management." In 2009, approximately 27% of our home heating oil volume was sold using forward fixed price contracts. A forward fixed price contract requires our customer to purchase a specific volume at a specific price during a specific period. The remaining home heating oil was sold on either a posted price or a price based on various indices which, in both instances, reflect current market conditions.

In 2009, we sold residual oil to 21 wholesale distributors. Our Wholesale residual oil sales were accomplished through forward fixed price contracts or by using market-related prices, either posted prices or indexed prices, to reflect current market conditions.

Financial information with respect to the Wholesale segment, including information concerning revenues, gross profit, net product margin and total assets may be found under Item 7, "Management's Discussion and Analysis and Results of Operations" and in Note 18 of Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Commercial

Our Commercial segment includes sales of unbranded gasoline, home heating oil, diesel, kerosene and residual oil to customers in the public sector and to large commercial and industrial customers, primarily either through a competitive bidding process or through contracts of various terms. Our Commercial segment also includes custom blended distillates and residual oil delivered by barges or from a terminal dock. In 2009, this segment accounted for approximately 7% of our total volume sold.

Our commercial customers include federal and state agencies, municipalities, large industrial companies, many autonomous authorities, such as transportation authorities and water resource authorities, colleges and universities and a select group of small utilities. Unlike our Wholesale segment, in our Commercial segment, we generally arrange the delivery of the product to the customer's designated location. We typically hire third-party common carriers to deliver the product. Please read " Storage."

In this segment, we respond to publicly-issued requests for product proposals and quotes. As of December 31, 2009, we had contracts as a result of this public bidding process with the U.S. government and the states of Massachusetts and New Hampshire. We also had contracts with municipalities, autonomous authorities and institutional customers in the Northeast to meet their various fuel requirements.

A majority of the contracts in our bid business are for a term of one year. We offer both fixed and indexed price and volume contracts to customers. The majority of bid activity is priced using an indexed price with the index typically chosen by the issuing authority in its solicitation for the bid proposal. The indexed prices are usually referenced to one of five industry publications and/or the utilization of regulated exchanges.

Our commercial customers also include cruise ships, dry and wet bulk carriers, fishing fleets and other marine vessels. We blend distillates and residual fuel to the customers' specifications at the terminal facility or on the barge and then deliver the resulting bunker fuel directly to the ship or barge.

Financial information with respect to the Commercial segment, including information concerning revenues, gross profit, net product margin and total assets may be found under Item 7, "Management's Discussion and Analysis and Results of Operations" and in Note 18 of Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

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Supply

Our products come from some of the major energy companies in the world. Cargos are sourced from the United States, Canada, South America, Europe and occasionally from Asia. During 2009, we purchased an average of approximately 222,000 barrels per day of refined petroleum products from approximately 105 suppliers. In 2009, our top ten suppliers accounted for approximately 63% of our product purchases. We enter into supply agreements with these suppliers on a term basis or a spot basis. With respect to trade terms, our supply purchases vary depending on the particular contract from prompt payment (usually three days) to net 30 days. Please read " Commodity Risk Management."

Commodity Risk Management

Since we take title to the refined petroleum products that we sell, we are exposed to commodity risk. Commodity risk describes the risk of unfavorable market fluctuations in the price of commodities such as refined petroleum products. We endeavor to minimize commodity risk in connection with our daily operations. Generally, as we purchase and/or store refined petroleum products, we reduce commodity risk and establish a margin by selling the product for physical delivery to third parties, selling futures contracts on regulated exchanges or using derivatives. Products are generally purchased and sold at fixed prices or at indexed prices. While we use these transactions to seek to maintain a position that is substantially balanced between purchased volumes versus sales volumes through regulated exchanges or derivatives, we may experience net unbalanced positions for short periods of time as a result of variances in daily sales and transportation and delivery schedules as well as logistical issues associated with inclement weather conditions or infrastructure disruptions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for our business, we engage in a controlled trading program for up to an aggregate of 250,000 barrels of refined petroleum products on any day. Our general policy is not to hold refined petroleum products, futures contracts or other derivative products and instruments for the sole purpose of speculating on price change. While our policies are designed to minimize market risk, some degree of exposure to unforeseen fluctuations in market conditions remains.

Operating results are sensitive to a number of factors. Such factors include commodity location, grades of product, individual customer demand for grades or location of product, localized market price structures, availability of transportation facilities, daily delivery volumes that vary from expected quantities and timing and costs to deliver the commodity to the customer. The term "basis risk" is used to describe the inherent market price risk created when a commodity of certain grade or location is purchased, sold or exchanged as compared to a purchase, sale or exchange of commodity at a different time or place, including, without limitation, transportation costs and timing differentials. We attempt to reduce our exposure to basis risk by grouping our purchase and sale activities by geographical region and commodity quality in order to stay balanced within such designated region. However, basis risk cannot be entirely eliminated.

With respect to the pricing of commodities, we enter into futures contracts to minimize or hedge the impact of market fluctuations on our purchase and forward fixed price sales of refined petroleum products. Any hedge ineffectiveness is reflected in our results of operations. We utilize the NYMEX and the Chicago Mercantile Exchange ("CME"), which are regulated exchanges for the energy products that they trade, thereby reducing potential delivery and supply risks. Generally, our practice is to close all exchange positions rather than make or receive physical deliveries. With respect to other energy products, 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.

We monitor processes and procedures to prevent unauthorized trading by our personnel and to maintain substantial balance between purchases and sales or future delivery obligations. We can provide

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no assurance, however, that these steps will detect and prevent all violations of such trading policies and procedures, particularly if deception or other intentional misconduct is involved.

Storage

Bulk terminals and inland storage facilities play a key role in the distribution of product to our customers. We own 11 bulk terminals in the Northeast and maintain dedicated storage facilities at another 11 bulk terminals, 10 of which are in the Northeast. Collectively, these bulk terminals provide us with approximately 9.3 million barrels of storage capacity. Additionally, we have throughput, exchange or other supply agreements at more than 50 bulk terminals and inland storage facilities.

The bulk terminals and inland storage facilities from which we distribute product are supplied by ship, barge, truck, pipeline or rail. The inland storage facilities, which we use exclusively to store distillates, are supplied with product delivered by truck from bulk terminals. Our customers receive product from our network of bulk terminals and inland storage facilities via truck, barge, rail or pipeline.

Many of our bulk terminals operate 24 hours a day and consist of multiple storage tanks and automated truck loading equipment. These automated systems monitor terminal access, volumetric allocations, credit control and carrier certification through the remote identification of customers. In addition, some of the bulk terminals at which we market are equipped with truck loading racks capable of providing automated blending and additive packages which meet our customers' specific requirements.

Throughput arrangements allow storage of product at terminals owned by others. Our customers can load product at these terminals, and we pay the owners of these terminals fees for services rendered in connection with the receipt, storage and handling of such product. Compensation to the terminal owners may be fixed or based upon the volume of our product that is delivered and sold at the terminal.

Exchange agreements also allow our customers to take delivery of product at a terminal or facility that is not owned or leased by us. An exchange is a contractual agreement where the parties exchange product at their respective terminals or facilities. For example, we (or our customers) receive product that is owned by our exchange partner from such party's facility or terminal, and we deliver the same volume of our product to such party (or to such party's customers) out of one of the terminals in our terminal network. Generally, both sides of an exchange transaction pay a handling fee (similar to a throughput fee), and often one party also pays a location differential that covers any excess transportation costs incurred by the other party in supplying product to the location at which the first party receives product. Other differentials that may occur in exchanges (and result in additional payments) include product value differentials and timing differentials.

Competition

We encounter varying degrees of competition based on product and geographic locations. Our competitors include terminal companies, major integrated oil companies and their marketing affiliates and independent marketers of varying sizes, financial resources and experience. In our core Northeast market, we compete in various product lines and for all customers. In the residual oil markets, however, where product is heated when stored and cannot be delivered long distances, we face less competition because of the strategic locations of the majority of our residual storage facilities. We also compete with natural gas suppliers and marketers in our home heating oil and residual oil product lines. Bunkering requires facilities at ports to service vessels. In various other geographic markets, particularly the unbranded gasoline and distillates markets, we compete with integrated refiners, merchant refiners and regional marketing companies.

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Environmental

General

Our business of supplying refined petroleum products involves a number of activities that are subject to extensive and stringent environmental laws. As part of our business, we own and operate various petroleum storage and distribution facilities and must comply with environmental laws at the federal, state and local levels, which increases the cost of operating terminals and our business generally.

Our operations also utilize a number of petroleum storage facilities and distribution facilities that we do not own or operate, but at which refined petroleum products are stored. We utilize these facilities through several different contractual arrangements, including leases and throughput and terminalling services agreements. If facilities with which we contract that are owned and operated by third parties fail to comply with environmental laws, they could be shut down, requiring us to incur costs to use alternative facilities.

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

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;

- requiring capital expenditures to comply with environmental control requirements; and

- enjoining the operations of facilities deemed in noncompliance with environmental laws and regulations.

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

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. As a result, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate. 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 minimize the costs of such compliance.

We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders. We can provide no assurance, however, that future events, such as changes in existing laws (including changes in the interpretation of existing laws), the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs.

Hazardous Materials and Waste Handling

In most instances, the environmental laws and regulations affecting our business relate to the release of hazardous substances into the water or soils and include measures to control pollution of the environment. For instance, the Comprehensive Environmental Response, Compensation, and Liability

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Act, as amended, also known as CERCLA or the Superfund law, and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of hazardous substances into the environment. These persons include the owner or operator of the site where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances. Under the Superfund law, these persons may be subject to joint and several liability for the costs of cleaning up hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. The Superfund law also authorizes the U.S. Environmental Protection Agency ("EPA"), and in some instances third parties, to act in response to threats to the public health or the environment and seek to recover from the responsible persons the costs they incur. It is possible for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. In the course of our ordinary operations, we may generate, store or otherwise handle materials and wastes that fall within the Superfund law's definition of a hazardous substance and, as a result, we may be jointly and severally liable under the Superfund law for all or part of the costs required to clean up sites at which those hazardous substances have been released into the environment.

We currently own, lease or utilize storage or distribution facilities where hydrocarbons are being or have been handled for many years. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on, under or from the properties owned or leased by us or on or under other locations where we have contractual arrangements or where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under our control. These properties and wastes disposed thereon may be subject to the Superfund law or other federal and state laws. Under these laws, we could be required to remove or remediate previously disposed wastes, including wastes disposed of or released by prior owners or operators, clean up contaminated property, including groundwater contaminated by prior owners or operators or make capital improvements to prevent future contamination.

Our operations generate a variety of wastes, including some hazardous wastes that are subject to the federal Resource Conservation and Recovery Act, as amended ("RCRA") and comparable state laws. By way of summary, these regulations impose detailed requirements for the handling, storage, treatment and disposal of hazardous waste. Our operations also generate solid wastes which are regulated under state law or the less stringent solid waste requirements of the federal Solid Waste Disposal Act. We believe that we are in material compliance with the existing requirements of RCRA, the Solid Waste Disposal Act, and similar state and local laws, and the cost involved in complying with these requirements is not material.

We incur ongoing costs for monitoring groundwater and/or remediation of contamination at several facilities that we operate. Assuming that we will be able to continue to use common remedial and monitoring methods or associated engineering or institutional controls to demonstrate compliance with applicable regulatory requirements, as we have in the past and regulations currently allow, we believe that these costs will not have a material impact on our financial condition, results of operations or cash available for distribution to our unitholders.

Above Ground Storage Tanks

Above ground tanks that contain petroleum and other hazardous substances are subject to comprehensive regulation under environmental laws. Generally, these laws impose liability for releases and require secondary containment systems for tanks or that the operators take alternative precautions to ensure that no contamination results from tank leaks or spills. We believe we are in material compliance with environmental laws and regulations applicable to above ground storage tanks.

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The Oil Pollution Act of 1990 ("OPA") addresses three principal areas of oil pollution prevention, containment and cleanup. In order to handle, store or transport oil, we are required to file oil spill response plans with either the United States Coast Guard (for marine facilities) or the EPA. States in which we operate have enacted laws similar to OPA. Under OPA and comparable state laws, responsible parties for a regulated facility from which oil is discharged may be subject to strict, joint and several liability for removal costs and certain other consequences of an oil spill such as natural resource damages, where the spill is into navigable waters or along shorelines. We believe we are in material compliance with regulations pursuant to OPA and similar state laws.

Under the authority of the federal Clean Water Act, the EPA imposes specific requirements for Spill Prevention, Control and Countermeasure plans that are designed to prevent, and minimize the impacts of, releases of oil and oil products from above ground storage tanks. We believe we are in substantial compliance with these requirements.

Water Discharges

The federal Clean Water Act imposes restrictions regarding the discharge of pollutants, including oil and refined petroleum products, into navigable waters. This law and comparable state laws require permits for discharging pollutants into state and federal waters and impose substantial liabilities and remedial obligations for noncompliance. EPA regulations also require us to obtain permits to discharge certain storm water runoff. Storm water discharge permits also may be required by certain states in which we operate. We believe that we hold the required permits and operate in material compliance with those permits. While we have experienced permit discharge exceedences at some of our terminals, we do not expect any noncompliance with existing permits and foreseeable new permit requirements to have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders.

Air Emissions

Our operations are subject to the federal Clean Air Act and comparable state and local laws. Under such laws, permits are typically required to emit regulated air pollutants into the atmosphere. We believe that we currently hold or have applied for all necessary air permits and that we are in material compliance with applicable air laws and regulations. Although we can give no assurances, we are aware of no changes to air quality regulations that will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders.

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

Changes in product quality specifications could require us to incur additional handling costs or reduce our throughput volume. For instance, different product specifications for different markets could require the construction of additional storage. Also, states in which we operate have considered limiting the sulfur content of home heating oil. If such regulations are enacted, this could restrict the supply of available heating oil, which could increase our costs to purchase such oil or limit our ability to sell heating oil.

Efforts at the federal and state level are currently underway to reduce the levels of greenhouse gas ("GHG") emissions from various sources in the United States. At the federal level, legislation was introduced in Congress in 2007, 2008, and 2009 to reduce greenhouse gas emissions in the United States. Such or similar federal legislation, which generally seeks to place an economy-wide cap on emissions of GHGs and would require most sources of GHG emissions to obtain GHG emission "allowances" corresponding to their annual emissions of GHGs, could be taken up in 2010 or later

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years. In addition, in December of 2009, the EPA issued a final rule declaring that six GHGs, including carbon dioxide and methane, "endanger both the public health and the public welfare of current and future generations." The issuance of this "endangerment finding" allows the EPA to begin regulating GHG emissions under existing provisions of the federal Clean Air Act. In late September and early October of 2009, in anticipation of the issuance of the endangerment finding, the EPA officially proposed two sets of rules regarding possible future regulation of GHG emissions under the Clean Air Act, one that would regulate GHG emissions from motor vehicles and the other GHG emissions from large stationary sources such as power plants or industrial facilities. Numerous states, including many where we have operations, have already taken legal measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. A regional cap and trade program, referred to as the Regional Greenhouse Gas Initiative, began January 1, 2009, and is designed to stabilize and reduce greenhouse gas emissions from fossil fuel-fired power plants in many Northeastern and Mid-Atlantic states. New federal or state restrictions on emissions of greenhouse gases that may be imposed in areas of the United States in which we conduct business and that apply to our operations could adversely affect the demand for our products.

As part of the 2008 Consolidated Appropriations Act, the EPA was also required to issue a rule requiring mandatory reporting of GHG emissions above certain thresholds from all sectors of the U.S. economy. The proposed rule included GHG reporting requirements for oil and natural gas systems ("Subpart W"), including underground natural gas storage facilities, but the EPA received extensive comments to Subpart W relating to the reporting of fugitive and vented methane emissions from the oil and gas sector. As a result, when the final rule was promulgated in October of 2009, the EPA decided not to issue Subpart W so that the agency could further consider alternative data collection procedures and methodologies. We anticipate that the EPA will re-issue a proposed rule regarding the reporting of GHG emissions from oil and natural gas systems sometime in 2010. Any GHG reporting rule covering our facilities will require us to meet additional recordkeeping and reporting requirements, but we do not believe that any such future requirement will have a material adverse affect on our business, financial position or results of operations.

Environmental Insurance

We maintain insurance which may cover, in whole or in part, certain costs relating to the clean up of releases of refined petroleum products. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our general partner believes are reasonable and prudent. These policies may not cover all environmental risks and costs and may not provide sufficient coverage in the event an environmental claim is made against us.

Security Regulation

Since the September 11, 2001 terrorist attacks on the United States, the U.S. government has issued warnings that energy infrastructure assets may be future targets of terrorist organizations. These developments have subjected our operations to increased risks. Increased security measures taken by us as a precaution against possible terrorist attacks have resulted in increased costs to our business. Where required by federal or local laws, we have prepared security plans for the storage and distribution facilities we operate. Terrorist attacks aimed at our facilities and any global and domestic economic repercussions from terrorist activities could adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. For instance, terrorist activity could lead to increased volatility in prices for home heating oil, gasoline and other products we sell.

Insurance carriers are currently required to offer coverage for terrorist activities as a result of the federal Terrorism Risk Insurance Act of 2002 ("TRIA"). We purchased this coverage with respect to our property and casualty insurance programs, which resulted in additional insurance premiums.

Pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2007, TRIA has been extended through December 31, 2014. Although we cannot determine the future availability and cost of insurance coverage for terrorist acts, we do not expect the availability and cost of such insurance to have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders.

Employee Safety

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

We operate a limited number of trucks for the transportation of refined petroleum products, as most of the trucks that distribute products we sell are owned and operated by third parties. We are subject to regulations promulgated under the Federal Motor Carrier Safety Act for those trucks that we do operate. These regulations cover the transportation of hazardous materials and are administered by the U.S. Department of Transportation. We conduct ongoing training programs to help ensure that our operations are in compliance with applicable regulations.

Title to Properties, Permits and Licenses

We believe we have all of the assets needed, including leases, permits and licenses, to operate our business in all material respects. With respect to any consents, permits or authorizations that have not been obtained, we believe that the failure to obtain these consents, permits or authorizations will have no material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders.

We believe we have satisfactory title to all of our assets. Title to property may be subject to encumbrances. We believe that none of these encumbrances will materially detract from the value of our properties or from our interest in these properties, nor will they materially interfere with the use of these properties in the operation of our business.

The name GLOBAL, our logos and the name Global Petroleum Corp. are trademarks of Global Companies LLC. In addition, we have trademarks for our premium fuels and additives, Diesel One®, Heating Oil Plus and SubZero®.

Facilities

We lease office space for our principal executive office in Waltham, Massachusetts. The lease expires on December 31, 2015.

Employees

To carry out our operations, our general partner and certain of our operating subsidiaries employ approximately 250 full-time employees. We believe we have good relations with our employees.

Certain of the employees assigned to our terminal in Chelsea, Massachusetts are employed under collective bargaining agreements that expire in 2011. Certain of the employees assigned to our terminals in Albany, Newburgh, Glenwood Landing and Inwood, New York are employed under collective bargaining agreements that expire in May 2010 (with respect to Albany and Newburgh and which we expect will be renewed in the ordinary course) and April 2011 (with respect to Glenwood Landing and Inwood). Certain of the employees assigned to our terminal in Oyster Bay (Commander),

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New York are employed under a collective bargaining agreement that expires in April 2010. On February 25, 2010, we received a petition filed with the National Labor Relations Board ("NLRB") by the union representing certain employees assigned to Glenwood Landing and Inwood, New York ("Local 419) seeking to replace the incumbent union at our Oyster Bay, New York terminal ("Local 355"). On March 1, 2010, Local 355 filed a disclaimer of representation with the NLRB with respect to the Oyster Bay employees. We have entered into a Stipulation Election Agreement with Local 419 with respect to the Oyster Bay employees, and a representation election will be held in April 2010. If Local 419 is elected as the representative of the Oyster Bay employees, we will negotiate a new collective bargaining agreement with Local 419 for these employees. We do not believe the results of this election will have a material adverse effect on our operations.

We have two shared services agreements, one with Global Petroleum Corp. and another with Alliance Energy LLC. The services provided among these entities by any employees shared pursuant to these agreements does not limit the ability of such employees to provide all services necessary to properly run our business. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Shared Services Agreements."

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Item 1A. Risk Factors.

Risks Related to Our Business

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

We may not have sufficient available cash each quarter to pay the minimum quarterly distribution or maintain distributions at current levels. The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- competition from other companies that sell refined petroleum products and natural gas in the Northeast;
- demand for refined petroleum products in the markets we serve;
- absolute price levels, as well as the volatility of prices, of refined petroleum products in both the spot and futures markets;
- seasonal variation in temperatures, which affects demand for home heating oil and residual oil to the extent that it is used for space heating;
- the level of our operating costs, including payments to our general partner; and
- prevailing economic conditions.

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

- the level of capital expenditures we make;
- the restrictions contained in our credit agreement, including borrowing base limitations and advance rates;
- our debt service requirements;
- the cost of acquisitions;
- fluctuations in our working capital needs;
- our ability to borrow under our credit agreement to make distributions to our unitholders; and
- the amount of cash reserves established by our general partner, if any.

The amount of cash we have available for distribution to unitholders depends primarily on our cash flow and not solely on profitability.

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

Our financial results are seasonal and generally lower in the second and third quarters of the calendar year, which may result in our need to borrow money in order to make distributions to our unitholders during these quarters.

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 our sales of home heating oil and residual oil for space heating purposes during these winter months. Therefore, our results of operations for the first and fourth calendar quarters are generally better than for the second and third quarters. With lower cash flow during the second and third calendar quarters, we may be required to borrow money in order to pay the minimum quarterly distribution to our unitholders. Any restrictions on our ability to borrow money could restrict our ability to make quarterly distributions to our unitholders.

A significant decrease in demand for refined petroleum products in the areas served by our storage facilities would reduce our ability to make distributions to our unitholders.

A significant decrease in demand for refined petroleum products in the areas that we serve could significantly reduce our revenues and, therefore, reduce our ability to make or increase distributions to our unitholders. Factors that could lead to a decrease in market demand for refined petroleum products include:

- lower demand by consumers for refined petroleum products, including gasoline, home heating oil and residual oil, as a result of recession or other adverse economic conditions or due to high prices caused by an increase in the market price of refined petroleum products or higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline or other refined petroleum products;
- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy of vehicles, whether as a result of technological advances by manufacturers, governmental or regulatory actions or otherwise; and
- conversion from consumption of home heating oil or residual oil to natural gas.

Certain of our terminal operating costs and expenses are fixed and do not vary with the volumes we store and distribute. These costs and expenses may not decrease ratably or at all should we experience a reduction in our volumes stored and distributed. As a result, we may experience declines in our margin and profitability if our volumes decrease.

Our financial condition and results of operations are influenced by the overall forward market for refined petroleum products, and increases and/or decreases in the prices of refined petroleum products may adversely impact the amount of borrowing available for working capital under our credit agreement, which credit agreement has borrowing base limitations and advance rates.

Results from our purchasing, storing, terminalling and selling operations are influenced by prices for refined petroleum products, pricing volatility and the market for such products. Prices in the overall forward market for refined petroleum products may impact our ability to execute advantageous purchasing opportunities. When prices for refined petroleum products 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 to our customers, resulting in lower margins for us which could adversely affect our results of operation. Lastly, higher prices for refined petroleum products 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.

In addition, when prices for refined petroleum products 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 refined petroleum products at the then lower spot and/or retail market price. Furthermore, lower prices for refined petroleum products may diminish the amount of borrowings available for working capital under our working capital revolving credit facility as a result of borrowing base limitations.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

We have a significant amount of debt. As of December 31, 2009, our total debt was approximately $533.8 million. We have the ability to incur additional debt, including the capacity to borrow up to $850.0 million under our credit facilities, subject to limitations in our credit agreement. Our level of indebtedness could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

- covenants contained in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;

- we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;

- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and

- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our indebtedness depends upon, among other things, our financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions, such as reducing distributions, reducing or delaying our business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

We may not be able to obtain funding on acceptable terms or obtain additional requested funding in excess of total commitments under our credit agreement, which could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Over the recent past, global financial markets and economic conditions were disrupted and volatile. The debt and equity capital markets were exceedingly distressed. These issues, along with significant write-offs in the financial services sector, the re-pricing of credit risk and the economic conditions, had made and, along with any other potential future economic or market uncertainties, could make it difficult to obtain funding.

As a result, the cost of raising money in the debt and equity capital markets could increase while the availability of funds from those markets could diminish. The cost of obtaining money from the credit markets could increase as many lenders and institutional investors increase interest rates, enact tighter lending standards and reduce and, in some cases, cease to provide funding to borrowers.

In addition, we may be unable to obtain adequate funding under our credit agreement because (i) one or more of our lenders may be unable to meet its funding obligations or (ii) our borrowing base under our credit agreement, as redetermined from time to time, may decrease as a result of price fluctuations, counterparty risk, advance rates and borrowing base limitations and customer nonpayment or nonperformance.

Due to these factors, we cannot be certain that funding will be available if needed and to the extent required or requested on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to maintain our core business as currently conducted, enhance our existing business, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Our credit agreement contains operating and financial restrictions that may restrict our business and financing activities.

The operating and financial restrictions and covenants in our credit agreement and any future financing agreements could restrict our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our credit agreement restricts our ability to:

- grant liens;
- make certain loans or investments;
- incur additional indebtedness or guarantee other indebtedness;
- make any material change to the nature of our 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;
- make distributions if any potential default or event of default occurs;
- modify borrowing base components and advance rates; or
- make capital expenditures in excess of specified levels.

Our ability to comply with the covenants and restrictions contained in our credit agreement may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our credit agreement, a significant portion of our indebtedness may become immediately due and payable, and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our credit agreement are secured by substantially all of our assets, and if we are unable to repay our indebtedness under our credit agreement, the lenders could seek to foreclose on such assets.

Restrictions in our credit agreement limit our ability to pay distributions upon the occurrence of certain events.

Our credit agreement limits our ability to pay distributions upon the occurrence of the following events, among others:

- failure to pay any principal when due or any interest, fees or other amounts when due;
- failure of any representation or warranty to be true and correct in any material respect;

- failure to perform or otherwise comply with the covenants in the credit agreement or in other loan documents to which we are a borrower;

- any default in the performance of any obligation or condition beyond the applicable grace period relating to any other indebtedness of more than $2.0 million if the effect of the default is to permit or cause the acceleration of the indebtedness;

- a judgment default for monetary judgments exceeding $2.0 million or a default under any non-monetary judgment if such default could have a material adverse effect on us;

- a change in management or ownership control; and

- a violation of the Employee Retirement Income Security Act, or ERISA, or a bankruptcy or insolvency event involving us, our general partner or any of our subsidiaries.

Any subsequent refinancing of our current debt or any new debt could have similar restrictions. For more information regarding our credit agreement, please read Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Credit Agreement" and Note 9 of Notes to Consolidated Financial Statements.

We can borrow money under our credit agreement to pay distributions, which would reduce the amount of credit available to operate our business.

Our partnership agreement allows us to borrow under our credit agreement to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. We are required to reduce our borrowings to zero under that portion of our credit agreement that is available to pay the minimum quarterly distribution for a period of at least 30 consecutive days once each 12-month period. For more information, please read Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Credit Agreement" and Note 9 of Notes to Consolidated Financial Statements.

Warmer weather conditions could adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

Weather conditions 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 one or more regions in which we operate can decrease the total volume we sell and the gross profit realized on those sales and, consequently, our financial condition, results of operations and cash available for distribution to our unitholders.

Our risk management policies cannot eliminate all commodity risk. In addition, any noncompliance with our risk management policies could result in significant financial losses.

While our hedging policies are designed to minimize commodity risk, some degree of exposure to unforeseen fluctuations in market conditions remains. For example, we change our hedged position daily in response to movements in our inventory. If we overestimate or underestimate our sales from inventory, we may be unhedged for the amount of the overestimate or underestimate. Also, significant increases in the costs of refined petroleum products can materially increase our costs to carry inventory. We use our credit facility as our primary source of financing to carry inventory and may be limited on the amounts we can borrow to carry inventory.

Basis risk describes the inherent market price risk created when a commodity of certain grade or location is purchased, sold or exchanged as compared to a purchase, sale or exchange of a like commodity at a different time or place. Transportation costs and timing differentials are components of basis risk. For example, we use the NYMEX to hedge our commodity risk with respect to pricing of energy products traded on the NYMEX. Physical deliveries under NYMEX contracts are made in New York Harbor. To the extent we take deliveries in other ports, such as Boston Harbor, we may have basis risk. In a backwardated market (when prices for future deliveries are lower than current prices), basis risk is created with respect to timing. In these instances, physical inventory generally loses value as basis declines over time. Basis risk cannot be entirely eliminated.

We monitor processes and procedures to prevent unauthorized trading and to maintain substantial balance between purchases and sales or future delivery obligations. We can provide no assurance, however, that these steps will detect and/or prevent all violations of such risk management policies and procedures, particularly if deception or other intentional misconduct is involved.

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

We are exposed to risks of loss in the event of nonperformance by our customers and by counterparties of our forward and futures contracts, options and swap agreements and by our suppliers. Some of our customers, counterparties and suppliers may be highly leveraged and subject to their own operating and regulatory risks. The tightening of credit in the financial markets may make it more difficult for customers and counterparties to obtain financing and, depending on the degree to which it occurs, there may be a material increase in the nonpayment and nonperformance of our customers and counterparties. Even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with other parties. Any increase in the nonpayment or nonperformance by our customers and/or counterparties and the nonperformance by our suppliers could reduce our ability to make distributions to our unitholders.

Additionally, our access to trade credit support could diminish and/or become more expensive. Our ability to continue to receive sufficient trade credit on commercially acceptable terms could be adversely affected by fluctuations in refined petroleum product prices or disruptions in the credit markets or for any other reason.

We are exposed to performance risk in our supply chain.

We rely upon our suppliers to timely produce the volumes and types of refined petroleum products for which they contract with us. In the event one or more of our suppliers does not perform in accordance with its contractual obligations, we may be required to purchase product on the open market to satisfy forward contracts we have entered into with our customers in reliance upon such supply arrangements. We purchase refined petroleum products from a variety of suppliers under term contracts and on the spot market. In times of extreme market demand, we may be unable to satisfy our supply requirements. Furthermore, a portion of our supply comes from other countries, which could be disrupted by political events. In the event such supply becomes scarce, whether as a result of political events, natural disaster, logistical issues associated with delivery schedules or otherwise, we may not be able to satisfy our supply requirements. If any of these events were to occur, we may be required to pay more for product that we purchase on the open market, which could result in financial losses and adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

Some of our competitors have capital resources many times greater than ours and control greater supplies of refined petroleum products.

Our competitors include terminal companies, major integrated oil companies and their marketing affiliates and independent marketers of varying sizes, financial resources and experience. Some of our

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competitors have capital resources many times greater than ours and control greater supplies of refined petroleum products. If we are unable to compete effectively, we may lose existing customers or fail to acquire new customers, which could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. For example, if a competitor attempts to increase market share by reducing prices, our operating results and cash available for distribution to our unitholders could be adversely affected. We may not be able to compete successfully with these companies.

Some of our residual oil volumes are subject to customers switching or converting to natural gas which could result in loss of customers, which in turn could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Our residual oil business competes for customers with suppliers of natural gas. Those end users who are dual-fuel users have the ability to switch from residual oil to 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 using customers may switch and other end users may convert to natural gas. Such switching and conversions could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. We could face additional competition from alternative energy sources, such as natural gas, as a result of government-mandated controls or regulation promoting the use of cleaner fuels. Residual oil consumption has steadily declined over the last three decades.

Some of our heating oil volumes are subject to residential conversion to natural gas which could result in less demand for home heating oil and, in turn, could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Our heating oil business competes for customers with suppliers of natural gas. During a period of increasing home heating oil prices relative to prices of natural gas, home heating oil users may convert to natural gas. Such conversions could reduce our sales of home heating oil and have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

We face intense competition in our purchasing, terminalling and storage activities. Competition from other providers of refined petroleum products and natural gas that are able to supply our customers with those products and services at a lower price could reduce our ability to make distributions to our unitholders.

We are subject to competition from other refined petroleum product distributors and suppliers of natural gas that may be able to supply our customers with the same or comparable products and terminalling and storage services on a more competitive basis. We compete with terminal companies, major integrated oil companies and their marketing affiliates and independent marketers of varying sizes, financial resources and experience. Some of these competitors are substantially larger than us, have greater financial resources and control substantially greater storage capacity than we do. Our ability to compete could be harmed by factors including, but not limited to, price competition and the availability of alternative and less expensive fuels, primarily natural gas.

Energy efficiency, new technology and alternative fuels could reduce demand for our products and adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

Increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, have adversely affected the demand for home heating oil and residual oil. Future conservation measures or technological advances in heating, conservation, energy generation or other devices might reduce demand and adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

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A principal focus of our business strategy is to grow and expand our business through acquisitions. If we do not make acquisitions on economically acceptable terms, our future growth may be limited.

A principal focus of our business strategy is to grow and expand our business through acquisitions. Our ability to grow depends, in part, on our ability to make acquisitions that result in an increase in the cash generated per unit from operations. If we are unable to make these accretive acquisitions, either because we are (1) unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with them, (2) unable to obtain financing for these acquisitions on economically acceptable terms or (3) outbid by competitors, then our future growth and ability to increase distributions will be limited. Furthermore, even if we do make acquisitions that we believe will be accretive, these acquisitions may nevertheless result in a decrease in the cash generated from operations per unit.

Any acquisition involves potential risks, including, among other things:

- mistaken assumptions about volumes, revenues and costs, including synergies;
- an inability to integrate successfully the businesses we acquire;
- an inability to hire, train or retain qualified personnel to manage and operate our business and newly acquired assets;
- the assumption of unknown liabilities;
- limitations on rights to indemnity from the seller;
- mistaken assumptions about the overall costs of equity or debt;
- the diversion of management's and employees' attention from other business concerns;
- unforeseen difficulties operating in new product areas or new geographic areas; and
- customer or key employee losses at the acquired businesses.

Our acquisition strategy involves risks that could reduce our ability to make distributions to our unitholders.

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. Any acquisition involves potential risks, including:

- performance from the acquired assets and businesses that is below the forecasts we used in evaluating the acquisition;
- a significant increase in our indebtedness and working capital requirements;
- the inability to timely and effectively integrate the operations of recently acquired businesses or assets, particularly those in new geographic areas or in new lines of business;

- the incurrence of substantial unforeseen environmental and other liabilities arising out of the acquired businesses or assets, including liabilities arising from the operation of the acquired businesses or assets prior to our acquisition, for which we are not indemnified or for which the indemnity is inadequate;

- customer or key employee loss from the acquired businesses; and

- diversion of our management's attention from other business concerns.

If any acquisitions we ultimately consummate do not generate expected increases in cash available for distribution to our unitholders, our ability to make such distributions will be reduced.

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We may not be able to renew our leases or our agreements for dedicated storage when they expire.

The bulk terminals we own or lease or at which we maintain dedicated storage facilities play a key role in moving product to our customers. We lease the entirety of two bulk terminals that we operate exclusively for our business and maintain dedicated storage facilities at another nine bulk terminals. The agreements governing these arrangements are subject to expiration at various dates through 2013. These arrangements may not be renewed when they expire or, if renewed, may not be renewed at rates and on terms at least as favorable. If these agreements are not renewed or we are unable to renew these agreements at rates and on terms at least as favorable, it could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

A material amount of our terminalling capacity is controlled by one of our affiliates. Loss of that capacity could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

We currently have an exclusive throughput arrangement for a terminal located in Revere, Massachusetts with one of our affiliates, Global Petroleum Corp. (which entity is owned by Alfred A. Slifka and Richard Slifka). As of December 31, 2009, this facility accounted for approximately 22% of our storage capacity. We store distillates and gasoline at this facility. The throughput agreement for this facility expires in 2013. After expiration of the agreement, we can provide no assurance that Global Petroleum Corp. will continue to grant us exclusive use of the terminal or that the terms of a renegotiated agreement will be as favorable to us as the agreement it replaces. If we are unable to renew the agreement or unable to renew on terms at least as favorable, it could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Some of our sales are generated under contracts that must be renegotiated or replaced periodically. If we are unable to successfully renegotiate or replace these contracts, our financial condition, results of operations and cash available for distribution to our unitholders could be adversely affected.

Most of our arrangements with our customers are for a single season or on a spot basis. As these contracts expire, they must be renegotiated or replaced. We may be unable to renegotiate or replace these contracts when they expire, and the terms of any renegotiated contracts may not be as favorable as the contracts they replace. Whether these contracts are successfully renegotiated or replaced is often subject to factors beyond our control. Such factors include fluctuations in refined petroleum product and natural gas prices, counterparty ability to pay for or accept the contracted volumes and a competitive marketplace for the services offered by us. If we cannot successfully renegotiate or replace our contracts or renegotiate or replace them on less favorable terms, sales from these arrangements could decline, and our financial condition, results of operations and cash available for distribution to our unitholders could be adversely affected.

Due to our lack of asset and geographic diversification, adverse developments in the terminals we use or in our operating areas would reduce our ability to make distributions to our unitholders.

We rely exclusively on sales generated from products distributed from the terminals we own or control or to which we have access. Furthermore, the majority of our assets and operations are located in the Northeast. Due to our lack of diversification in asset type and location, an adverse development in these businesses or areas, including adverse developments due to catastrophic events or weather and decreases in demand for refined petroleum products, could have a significantly greater impact on our results of operations and cash available for distribution to our unitholders than if we maintained more diverse assets and locations.

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Our operations are subject to operational hazards and unforeseen interruptions for which we may not be adequately insured.

Our operations are subject to operational hazards and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, mechanical failures, disruptions in supply infrastructure or logistics and other events beyond our control. If any of these events were to occur, we could incur substantial losses because of personal injury or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations.

We are not fully insured against all risks incident to our business. Prior to the formation of our partnership, certain of the insurance policies covering entities that were contributed to us and our operations also provided coverage to entities that were not contributed to us as a part of our initial public offering. The coverage available under those insurance policies has been allocated among our partnership and those entities that were not contributed to us. This allocation may result in limiting the amount of recovery available to us for purposes of covered losses.

Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our financial condition, results of operations and cash available for distribution to unitholders.

New, stricter environmental laws and regulations could significantly increase our costs, which could adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

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. Our financial condition, results of operations and cash available for distribution to our unitholders 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 to plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. However, 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.

Our operations are subject to federal, state and local laws and regulations relating to environmental protection and operational safety that could require us to incur substantial costs.

The risk of substantial environmental costs and liabilities is inherent in terminal operations, and we may incur substantial environmental costs and liabilities. Our operations involving the receipt, storage and redelivery of refined petroleum products are subject to stringent federal, state and local laws and regulations governing the discharge of materials into the environment, or otherwise relating to the protection of the environment, operational safety and related matters. Compliance with these laws and regulations increases our overall cost of business, including our capital costs to maintain and upgrade equipment and facilities. We utilize a number of terminals that are owned and operated by third parties who are also subject to these stringent federal, state and local environmental laws in their operations. Their compliance with these requirements could increase the cost of doing business with these facilities.

In addition, our operations could be adversely affected if shippers of refined petroleum products incur additional costs or liabilities associated with environmental regulations. These shippers could increase their charges to us or discontinue service altogether.

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Various governmental authorities, including the EPA, have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including fines, injunctions or both. Joint and several liability may be incurred, without regard to fault or the legality of the original conduct, under federal and state environmental laws for the remediation of contaminated areas at our facilities and those where we do business. Private parties, including the owners of properties located near our terminal facilities and those with whom we do business, also may have the right to pursue legal actions against us to enforce compliance with environmental laws, as well as seek damages for personal injury or property damage. We may also be held liable for damages to natural resources.

The possibility exists that new, stricter laws, regulations or enforcement policies could significantly increase our compliance costs and the cost of any remediation that may become necessary, some of which may be material. Our insurance may not cover all environmental risks and costs or may not provide sufficient coverage in the event an environmental claim is made against us. We may incur increased costs because of stricter pollution control requirements or liabilities resulting from noncompliance with required operating or other regulatory permits. New environmental regulations, such as those related to the emissions of greenhouse gases, might adversely affect our products and activities, including the storage of refined petroleum products, as well as waste management and our control of air emissions. President Obama stated in his campaign that climate change policy would be a priority of his administration, and the Democratic majority Congress has indicated that it will seek to enact legislation to reduce greenhouse gas emissions. Enactment of laws and passage of regulations regarding greenhouse gas emissions, or other actions to limit carbon dioxide emissions may reduce demand for fossil fuels and impact our business. Federal and state agencies also could impose additional safety regulations to which we would be subject. Because the laws and regulations applicable to our operations are subject to change, we cannot provide any assurance that compliance with future laws and regulations will not have a material effect on our results of operations. Please read Items 1 and 2, "Business and Properties Environmental" for more information.

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

Various federal, state and local government agencies have the authority to prescribe specific product quality specifications to the sale of commodities. Our business includes such commodities. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce our ability to procure product and our sales volume, require us to incur additional handling costs and/or require the expenditure of capital. For instance, different product specifications for different markets could require additional storage. If we are unable to procure product or recover these costs through increased sales, we may not be able to meet our financial obligations. Failure to comply with these regulations could result in substantial penalties. Please read Item 3, "Legal Proceedings Environmental" for more information.

Any terrorist attacks aimed at our facilities and any global and domestic economic repercussions from terrorist activities and the government's response could adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

Since the September 11, 2001 terrorist attacks on the United States, the U.S. government has issued warnings that energy assets may be future targets of terrorist organizations. These developments have subjected our operations to increased risks. We incurred costs for providing facility security and may incur additional costs in the future with respect to the receipt, storage and distribution of our products. Additional security measures could also restrict our ability to distribute refined petroleum products. Any future terrorist attack on our facilities, or those of our customers, could have a material

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adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

Terrorist activity could lead to increased volatility in prices for home heating oil, gasoline and other products we sell, which could decrease our customers' demand for these products. Insurance carriers are required to offer coverage for terrorist activities as a result of federal legislation. We purchased this coverage with respect to our property and casualty insurance programs. This additional coverage resulted in additional insurance premiums which could increase further in the future.

We depend on key personnel for the success of our business, and some of those persons face conflicts in the allocation of their time to our business.

We depend on the services of our senior management team and other key personnel. The loss of the services of any member of senior management or key employee could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. We may not be able to locate or employ on acceptable terms qualified replacements for senior management or other key employees if their services were no longer available. Except with respect to Eric Slifka, Thomas Hollister and Edward Faneuil, neither we, our general partner nor any affiliate thereof entered into an employment agreement with, or, except for Eric Slifka, carry key man life insurance on, any member of our senior management team or other key personnel.

All of the executive officers of our general partner perform services for certain of our affiliates. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Relationship of Management with Global Petroleum Corp. and Alliance Energy LLC."

We depend on unionized labor for the operation of our terminal in Chelsea, Massachusetts and our five terminals in New York and at the facility in Revere, Massachusetts which is controlled and operated by one of our affiliates. Any work stoppages or labor disturbances at these facilities could disrupt our business.

Certain of our employees at the terminal in Chelsea, Massachusetts and truck drivers directly employed by us are employed under collective bargaining agreements that expire in 2011. Certain of our employees at our terminals in Albany, Newburgh, Glenwood Landing and Inwood, New York are employed under collective bargaining agreements that expire in May 2010 (with respect to Albany and Newburgh and which we expect will be renewed in the ordinary course) and April 2011 (with respect to Glenwood Landing and Inwood). Certain of our employees at our terminal in Oyster Bay (Commander), New York are employed under a collective bargaining agreement that expire in April 2010. On February 25, 2010, we received a petition filed with the NLRB by the union representing certain employees assigned to Glenwood Landing and Inwood, New York ("Local 419) seeking to replace the incumbent union at our Oyster Bay, New York terminal ("Local 355"). On March 1, 2010, Local 355 filed a disclaimer of representation with the NLRB with respect to the Oyster Bay employees. We have entered into a Stipulation Election Agreement with Local 419 with respect to the Oyster Bay employees, and a representation election will be held in April 2010. If Local 419 is elected as the representative of the Oyster Bay employees, we will negotiate a new collective bargaining agreement with Local 419 for these employees. We do not believe the results of this election will have a material adverse effect on our operations.

Certain of Global Petroleum Corp.'s employees at the Revere, Massachusetts facility are similarly employed under a collective bargaining agreement that expires in 2011. Please read Items 1 and 2, "Business and Properties Employees." Any work stoppages or other labor disturbances at these facilities or by these drivers could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. In addition, employees who are not currently represented by labor unions may seek union representation in the future, and any renegotiation of current collective bargaining agreements may result in terms that are less favorable to us.

If we fail to maintain an effective system of internal controls, then we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our common units.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If our efforts to maintain internal controls are not successful or if we are unable to maintain adequate controls over our financial processes and reporting in the future or if we are unable to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002, our operating results could be harmed or we may fail to meet our reporting obligations. Ineffective internal controls also could cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common units.

Risks Related to our Structure

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.

Affiliates of our general partner, including directors and executive officers of our general partner, own a 44.3% limited partner interest in us and the 1.73% general partner interest. Although our general partner has a fiduciary duty to manage us in a manner beneficial to us and our unitholders, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to its owners. Furthermore, certain directors and officers of our general partner are directors or officers of affiliates of our general partner. Conflicts of interest may arise between our general partner and its affiliates, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interests of our unitholders. Please read " Our partnership agreement limits our general partner's fiduciary duties to unitholders and restricts the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty." These conflicts include, among others, the following situations:

- Our general partner is allowed to take into account the interests of parties other than us, such as affiliates of its members, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our unitholders.

- Affiliates of our general partner may engage in competition with us under certain circumstances. See " Certain members of the Slifka family and their affiliates may engage in activities that compete directly with us."

- Neither our partnership agreement nor any other agreement requires owners of our general partner to pursue a business strategy that favors us. Directors and officers of our general partner's owners have a fiduciary duty to make these decisions in the best interest of such owners which may be contrary to our interests.

- Some officers of our general partner who provide services to us devote time to affiliates of our general partner.

- Our general partner has limited its liability and reduced its fiduciary duties under the partnership agreement, while also restricting the remedies available to our unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty. As a result of purchasing common units, unitholders consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable state law.

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Our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and reserves, each of which can affect the amount of cash available for distribution to our unitholders.

Our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is a maintenance capital expenditure, which reduces distributable cash flow, or a capital expenditure for acquisitions or capital improvements, which does not, and determination can affect the amount of cash distributed to our unitholders and the ability of the subordinated units to convert to common units.

In some instances, our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units, make incentive distributions or accelerate the expiration of the subordination periods.

Our general partner determines which costs incurred by it and its affiliates are reimbursable by us.

Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or entering into additional contractual arrangements with any of these entities on our behalf.

Our general partner intends to limit its liability regarding our contractual and other obligations.

Our general partner may exercise its limited right to call and purchase common units if it and its affiliates own more than 80% of the common units.

Our general partner controls the enforcement of obligations owed to us by it and its affiliates.

Our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Omnibus Agreement."

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

Our partnership agreement contains provisions that reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement:

permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. Examples include the exercise of its limited call right, its voting rights with respect to the units it owns, its registration rights and its determination whether or not to consent to any merger or consolidation of us;

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

generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our general partner and not involving a vote of unitholders must be on terms no less favorable to us than those generally

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being provided to or available from unrelated third parties or be "fair and reasonable" to us and that, in determining whether a transaction or resolution is "fair and reasonable," our general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct.

By purchasing a common unit, a common unitholder will become bound by the provisions of the partnership agreement, including the provisions described above.

Unitholders have limited voting rights and are not entitled to elect our general partner or its directors or remove our general partner without its consent, which could lower the trading price of our common units.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders have no right to elect our general partner or its board of directors on an annual or other continuing basis. The board of directors of our general partner is chosen entirely by its members and not by the unitholders. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, they have limited ability to remove our general partner. As a result of these limitations, the price at which the common units trade could diminish because of the absence or reduction of a takeover premium in the trading price.

The unitholders are currently unable to remove our general partner without its consent because affiliates of our general partner own sufficient units to be able to prevent removal of our general partner. The vote of the holders of at least $66^2/_3\%$ of all outstanding common and subordinated units voting together as a single class is required to remove our general partner. As of December 31, 2009, affiliates of our general partner, including directors and executive officers of our general partner, owned 45.1% of our common and subordinated units. Also, if our general partner is removed without cause during the subordination period, as defined in the partnership agreement, and units held by our general partner and its affiliates are not voted in favor of that removal, all remaining subordinated units will automatically be converted into common units, and any existing arrearages on the common units will be extinguished. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests.

Cause is narrowly defined in our partnership agreement to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor management of the business, so the removal of our general partner during the subordination periods because of the unitholders' dissatisfaction with our general partner's performance in managing our partnership will most likely result in the termination of the subordination period.

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

At any time, we may issue an unlimited number of limited partner interests of any type without the approval of our unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution borne by our common unitholders will increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units, including sales by our existing unitholders.

As of March 9, 2010, we had 7,428,139 common units outstanding. A substantial number of our securities may be sold in the future either pursuant to Rule 144 under the Securities Act of 1933 (the "Securities Act") or pursuant to a registration statement filed with the SEC. Rule 144 under the Securities Act provides that after a holding period of six months, non-affiliates may resell restricted securities of reporting companies, including the Partnership, provided that current public information is available relating to the Partnership. After a holding period of one year, non-affiliates may resell without restriction, and affiliates may resell in compliance with the volume, current public information and manner of sale requirements of Rule 144.

We completed a private offering to institutional investors of an aggregate of 1,785,715 Class B units in May 2007 without registration under the Securities Act, in reliance on the exemption from the registration requirements for transactions not involving a public offering contained in Section 4(2) of the Securities Act. The Class B units subsequently converted into common units on a one-for-one basis. The institutional investors that are not affiliates of the Partnership currently may sell their common units pursuant to Rule 144 under the Securities Act.

Sales by any of our existing unitholders of a substantial number of our common units, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities.

In recent years, the securities market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. Future market fluctuations may result in a lower price of our common units.

An increase in interest rates may cause the market price of our common units to decline.

Like all equity investments, an investment in our common units is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly-traded limited partnership interests. Reduced demand for our

common units resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common units to decline.

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

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and exercising its call right. If our general partner exercises its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934.

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

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Cost reimbursements due our general partner and its affiliates will reduce cash available for distribution to our unitholders.

Prior to making any distribution on the common units, we reimburse our general partner and its affiliates for all expenses they incur on our behalf, which is determined by our general partner in its sole discretion. These expenses include all costs incurred by the general partner and its affiliates in managing and operating us, including costs for rendering corporate staff and support services to us. We are managed and operated by directors and executive officers of our general partner. In addition, the majority of our operating personnel are employees of our general partner. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence." The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates could adversely affect our ability to pay cash distributions to our unitholders.

Unitholders may not have limited liability if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. A unitholder could be liable for our obligations as if he were a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or

- a unitholder's right to act with other unitholders to remove or replace the general partner, approve some amendments to our partnership agreement or take other actions under our partnership agreement constitute "control" of our business.

Unitholders may have liability to repay distributions.

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

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in the partnership agreement on the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party. The new members of our general partner would then be in a position to replace the board of directors and officers of our general partner with their own choices and control the decisions taken by the board of directors and officers of our general partner.

Certain members of the Slifka family and their affiliates may engage in activities that compete directly with us.

Certain members of the Slifka family and their affiliates are subject to the noncompete provisions in the omnibus agreement. The omnibus agreement does not prohibit certain affiliates of our general partner from owning certain assets or engaging in certain businesses that compete directly or indirectly with us. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Omnibus Agreement."

Tax Risks

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service were to treat us as a corporation for federal income tax purposes or if we were to become subject to additional amounts of entity-level taxation for state tax purposes, our cash available for distribution to unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the Internal Revenue Service ("IRS") on this or any other tax matter affecting us.

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Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for federal income tax purposes. Although we do not believe based upon our current operations that we are so treated, a change in our business (or a change in current law) could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state tax at varying rates. Distributions to unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to unitholders would be substantially reduced. Thus, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to unitholders, likely causing a substantial reduction in the value of the common units.

Current law may change, causing us to be treated as a corporation for federal income tax purposes or otherwise subjecting us to entity-level taxation. For example, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, the cash available for distribution to unitholders would be reduced.

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

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 on a retroactive basis.

The present 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 interpretation at any time. For example, members of Congress have considered substantive changes to the existing federal income tax laws that would have affected certain publicly traded partnerships. Any modification to the federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes that is not taxable as a corporation (referred to as the "Qualifying Income Exception"), affect or cause us to change our business activities, affect the tax considerations of an investment in us, change the character or treatment of portions of our income and adversely affect an investment in our common units. Although the legislation considered would not have appeared to affect our tax treatment as a partnership, we are unable to predict whether any of these changes, or other proposals, will be reconsidered or will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

We have a subsidiary that is treated as a corporation for federal income tax purposes and subject to corporate-level income taxes.

We conduct all or a portion of our operations of our end-user business through a subsidiary that is organized as a corporation. We may elect to conduct additional operations through this corporate subsidiary in the future. This corporate subsidiary is subject to corporate-level tax, which reduces the cash available for distribution to us and, in turn, to unitholders. If the IRS were to successfully assert

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that this corporation has more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, our cash available for distribution to unitholders would be further reduced.

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

We have not requested any ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the tax positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, because the costs will be borne indirectly by our unitholders and our general partner, the costs of any contest with the IRS will result in a reduction in cash available for distribution.

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

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

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

If a unitholder sells his common units, he will recognize a gain or loss equal to the difference between the amount realized and his tax basis in those common units. Because distributions to a unitholder in excess of the unitholder's allocable share of our net taxable income decreases the unitholder's tax basis in his common units, the amount of such prior excess distributions will, in effect, become taxable income to him if the common units are sold at a price greater than his tax basis in the common units, even if the price he receives is less than his original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income to the unitholder due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes a unitholder's share of our non-recourse liabilities, if a unitholder sells his units, he may incur a tax liability in excess of the amount of cash he receives from the sale.

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

Investment in common units by tax-exempt entities, such as employee benefit plans, individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and could be taxable to them. Distributions to non-U.S. persons are reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons are required to file the U.S. federal income tax returns and pay tax on their share of our taxable income. If you are a tax exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

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

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

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

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. Recently, however, the Department of the Treasury and the IRS issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Although publicly traded partnerships are entitled to rely on these proposed Treasury Regulations, they are not binding on the IRS and are subject to change until final Treasury Regulations are issued.

A unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of the loaned units, he may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between the general partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.

When we issue additional units or engage in certain other transactions, we determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our general partner. Although we may from time to time consult with professional appraisers regarding valuation matters, including the valuation of our assets, we make many of the fair market value estimates of our assets ourselves using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under our current valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of our unitholders.

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

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Our termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in our filing two tax returns for one fiscal year and may result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our classification as a partnership for federal income tax purposes, but it would result in our being treated as a new partnership for tax purposes. If we were treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we were unable to determine that a termination occurred.

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

In addition to federal income taxes, unitholders may be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property even if they do not live in any of those jurisdictions. Unitholders may be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. As of December 31, 2009, we conducted business in 16 states, some of which may impose a state income tax. We may own property or conduct business in other states or foreign countries in the future that imposes personal income tax. It is the unitholder's responsibility to file all federal, state and local tax returns. Unitholders are encouraged to consult their professional tax advisors regarding the state and local tax implications to their ownership of our common units.

Item 1B. Unresolved Staff Comments.

None.

Item 3. 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, results of operations or cash available for distribution to our unitholders. Except as described below, 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.

Environmental

In connection with the November 2007 acquisition of ExxonMobil's Glenwood Landing and Inwood, New York terminals, we 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, we recorded total environmental liabilities of approximately $1.2 million. We have implemented the remedial action plans. We do not believe that compliance with the terms thereof will result in material costs in excess of the environmental reserve or have a material impact on our operations. See Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report.

In connection with the May 2007 acquisition of ExxonMobil's Albany and Newburgh, New York and Burlington, Vermont terminals, we assumed certain environmental liabilities, including the remediation obligations under a proposed remedial action plan submitted by ExxonMobil to NYDEC with respect to the Albany, New York terminal. As a result, we recorded total environmental liabilities of approximately $8.0 million. In June 2008, we submitted a remedial action work plan to NYDEC, implementing NYDEC's conditional approval of the remedial action plan submitted by ExxonMobil. We have responded to NYDEC's requests for additional information and conducted pilot tests for the remediation outlined in the work plan. Based on the results of such pilot tests, we changed our estimate and reduced the environmental liability by $2.8 million during the fourth quarter ended December 31, 2008. In July 2009, NYDEC approved the remedial action work plan, and we signed a Stipulation Agreement with NYDEC to govern implementation of the approved plan. We do not believe that compliance with the terms of the approved remedial action work plan will result in material costs in excess of the environmental reserve or have a material impact on our operations. See Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report.

In connection with the 2006 acquisition of our Macungie, Pennsylvania terminal (the "Global Macungie Terminal"), we assumed certain existing environmental liabilities at the terminal. We did not accrue for these contingencies as we believe that the aggregate amount of these liabilities cannot be reasonably estimated at this time. We also executed an Administrative Order on Consent ("AOC") with the Environmental Protection Agency, Region III ("EPA, Region III") requiring certain investigatory activities at the Global Macungie Terminal. We believe that the investigatory activities required by the AOC have been completed, and we intend to submit a final report concerning these investigatory activities and request that EPA, Region III issue a Notice of Completion with respect to the AOC. Although we cannot predict whether EPA, Region III will grant this request, based upon current information, we do not anticipate that the outcome will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders. Furthermore, we do not believe that in the event EPA, Region III requests additional activities before issuing a Notice of Completion, those activities will result in material costs or have a material impact on our financial condition, results of operations or cash available for distribution to our unitholders. See Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report.

Global Companies LLC, in addition to several affiliates, was named as one of over 50 defendants in two lawsuits alleging methyl tertiary-butyl ether ("MTBE") contamination of groundwater in Massachusetts. MTBE is an oxygenate that has been used extensively to reduce motor vehicle tailpipe emissions. In the cases of Town of Duxbury, et al. v. Amerada Hess Corp., et al., filed December 31, 2003, and City of Lowell v. Amerada Hess Corp., et al., filed December 30, 2004, plaintiffs allege that manufacturers, refiners and others involved in the distribution of gasoline containing MTBE are liable for the costs of investigating possible MTBE groundwater contamination, treating such contaminated groundwater where found, and related relief including treble damages and injunctive relief. The plaintiffs in these cases generally claim to be public water providers or municipal or other government authorities. These cases have been consolidated in multi-district litigation with over 60 other MTBE cases in federal court in the Southern District of New York. We entered into an agreement to settle these cases and, as a result, we paid $0.9 million during the quarter ended June 30, 2009. The matter with respect to Global Companies LLC and affiliates has been dismissed. See Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report.

Other

On October 22, 2009, the Federal Trade Commission ("FTC") issued a Civil Investigative Demand and a Subpoena Duces Tecum in connection with the FTC's regulatory review of our planned acquisition of three refined petroleum terminal facilities in Newburgh, New York from Warex Terminals Corporation (the "Warex terminals"). We will continue to cooperate with the FTC during its review. We cannot predict the outcome of the FTC's review or its effect on the transaction. Closing of the transaction remains subject to the FTC's review, receipt of certain regulatory approvals and various other customary closing conditions. The FTC could oppose the completion of the transaction as currently structured or require changes that we may not find acceptable. We do not believe that the failure to acquire the Warex terminals would have a material adverse effect on our overall operations.

Item 4. Submission of Matters to a Vote of Security Holders.

On December 9, 2009, we held a special meeting of our unitholders to consider and vote upon the approval to amend and restate the Second Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of May 9, 2007, as amended, to:

- replace the terms "operating surplus" and "adjusted operating surplus" with the term "distributable cash flow" and thereby eliminate the term "working capital borrowings" in the partnership agreement;

- increase the minimum quarterly distribution, prospectively, from $0.4125 to $0.4625 per unit per quarter; and

- remove the provisions that currently permit early conversion of a portion of the subordinated units and restate the provisions governing conversion of the subordinated units using distributable cash flow to test whether we have "earned" the minimum quarterly distribution.

Holders of approximately 70% of our outstanding common units voted in favor of the proposal. The voting results were as follows:

	Votes Cast			Broker
	For	**Against**	**Abstain**	**Non-Votes**
Approval to amend and restate the Second Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of May 9, 2007, as amended	4,761,171	404,753	16,801	

All holders of our 5,642,424 subordinated units voted for the approval to amend and restate the Second Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of May 9, 2007, as amended.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common units trade on the New York Stock Exchange under the symbol "GLP." The closing sale price per common unit on March 3, 2010 was $24.25. At the close of business on March 3, 2010, based upon information received from our transfer agent and brokers and nominees, we had 4,627 common unitholders, including beneficial owners of common units held in street name. The following table sets forth the range of the daily high and low sales prices per common unit as quoted on the New York Stock Exchange and the cash distributions per common unit for the periods indicated.

	Price Range		Cash Distribution
	High	Low	Per Common Unit(1)
2009			
Fourth Quarter	$ 27.40	$ 18.51	$ 0.4875(2)
Third Quarter	26.00	17.04	0.4875
Second Quarter	20.37	11.70	0.4875
First Quarter	14.50	8.58	0.4875
2008			
Fourth Quarter	$ 14.01	$ 5.89	$ 0.4875
Third Quarter	16.40	8.29	0.4875
Second Quarter	22.16	15.52	0.4875
First Quarter	29.14	17.39	0.4875

(1) Cash distributions declared in one calendar quarter are paid in the following calendar quarter.

(2) On January 20, 2010, the board of directors of our general partner declared this distribution for the period from October 1, 2009 through December 31, 2009 which was paid on February 12, 2010.

On December 9, 2009, our general partner entered into the Third Amended and Restated Agreement of Limited Partnership of the Partnership (the "Partnership Agreement"). The Partnership Agreement amended the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated May 9, 2007, as amended, to: (i) replace the terms "operating surplus" and "adjusted operating surplus" with the term "distributable cash flow" and thereby eliminate the term "working capital borrowings," (ii) increase the minimum quarterly distribution, prospectively, from $0.4125 to $0.4625 per unit per quarter; and (iii) remove the provisions that previously permitted early conversion of a portion of the subordinated units and restate the provisions governing conversion of the subordinated units using distributable cash flow to test whether we have "earned" the minimum quarterly distribution.

We intend to make 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 cash flows, capital requirements, financial condition and other factors. Our credit agreement prohibits us 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, we will distribute all of our available cash (as defined in our 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 our general partner to:
  - provide for the proper conduct of our business;

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comply with applicable law, any of our debt instruments or other agreements; or

provide funds for distributions to unitholders and to our general partner for any one or more of the next four quarters.

Affiliates of the Slifka family own 5,642,424 subordinated units. During the subordination period, the common units will have the right to receive distributions of available cash from distributable cash flow before any distributions of available cash from distributable cash flow may be made on the subordinated units in an amount equal to the minimum quarterly distribution of (a) $0.4125 per unit per quarter for all quarters ending on or prior to September 30, 2009 and $0.4625 per unit per quarter for all quarters ending on or after to September 30, 2009, (b) plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters. These units are deemed "subordinated" units because for a period of time, referred to as the subordination period, the subordinated units will not be entitled to receive any distributions until the common units have received the minimum quarterly distribution and any arrearages from prior quarters. Furthermore, no arrearages will be paid on the subordinated units. The practical effect of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

The subordination period will extend until the first day of any quarter beginning after December 31, 2010 that each of the following tests are met: (1) distributions of available cash from distributable cash flow on each of the outstanding common units and subordinated units and general partner units equaled or exceeded the minimum quarterly distribution for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date; (2) the distributable cash flow generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of the minimum quarterly distributions on each of the outstanding common units and subordinated units during those periods on a fully diluted basis and the related distribution on the general partner units during those periods; and (3) there are no arrearages in payment of the minimum quarterly distribution on the common units. If the unitholders remove the general partner without cause, the subordination period may end before December 31, 2010.

We will make distributions of available cash from distributable cash flow for any quarter during the subordination period in the following manner: firstly, 98.27% to the common unitholders, pro rata, and 1.73% to the general partner, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter; secondly, 98.27% to the common unitholders, pro rata, and 1.73% to the general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; thirdly, 98.27% to the subordinated unitholders, pro rata, and 1.73% to the general partner, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and thereafter, cash in excess of the minimum quarterly distributions is distributed to the unitholders and the general partner based on the percentages as provided below.

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As holder of the incentive distribution rights, the general partner is entitled to incentive distributions if the amount we distribute with respect to any quarter exceeds specified target levels shown below:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions: Unitholders	Marginal Percentage Interest in Distributions: General Partner
Minimum Quarterly Distribution	$0.4625	98.27%	1.73%
First Target Distribution	$0.4625	98.27%	1.73%
Second Target Distribution	above $0.4625 up to $0.5375	85.27%	14.73%
Third Target Distribution	above $0.5375 up to $0.6625	75.27%	24.73%
Thereafter	above $0.6625	50.27%	49.73%

The equity compensation plan information required by Item 201(d) of Regulation S-K in response to this item is incorporated by reference from Item 12, "Security Ownership of Certain Beneficial Owners and Management Equity Compensation Plan Table."

Recent Sales of Unregistered Securities

On May 9, 2007, we issued 1,785,715 unregistered Class B units in a private placement from which we received gross proceeds of $50.0 million. The Class B units were convertible into common units on a one-for-one basis. In connection with the issuance of the Class B units, we agreed to a discount in the purchase price of approximately $0.8 million, which is the approximate amount of the product of (i) the 1,785,715 Class B units, and (ii) $0.4650, the amount of our first quarter 2007 per unit distribution that was paid to the common and subordinated unitholders on May 15, 2007. We paid this discount to the purchasers of the Class B units substantially contemporaneously with the payment of our first quarter 2007 distribution and resulted in proceeds of $49.2 million. On May 22, 2007, the Class B units converted into common units on a one-for-one basis. See Note 16 of Notes to Consolidated Financial Statements included elsewhere in this report for additional information on the private placement.

Issuer Purchases of Equity Securities

The table below provides information with respect to purchases of our common units made by our general partner on our behalf during the quarter ended December 31, 2009:

Period	Total Number Of Units Purchased	Average Price Paid Per Unit ($)	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or Approximate Dollar Value) of Units That May Yet Be Purchased Under the Plans or Programs(1)
October 1 October 31, 2009				
November 1 November 30, 2009	10,100	23.30	10,100	
December 1 December 31, 2009	10,800	23.64	10,800	

(1) On May 7, 2009, the board of directors of our general partner announced that it authorized the repurchase of our common units for the purpose of assisting us in meeting our general partner's anticipated obligations to deliver common units under the LTIP and meeting the general partner's obligations under existing employment agreements and other employment related obligations of the general partner. We are authorized to spend up to $6.6 million to acquire up to 445,000 of our common units in the aggregate, over an extended period of time, consistent with the general partner's obligations under the LTIP and employment agreements. Common units may be repurchased from time to time in open market transactions, including block purchases, or in

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privately negotiated transactions. Such authorized unit repurchases may be modified, suspended or terminated at any time, and are subject to price, economic and market conditions, applicable legal requirements and available liquidity.

Item 6. Selected Financial Data.

The following table presents selected historical financial and operating data of Global Partners LP and our predecessor for the periods and as of the dates indicated. The selected historical financial data is derived from the historical consolidated/combined financial statements of Global Partners LP.

This table should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements of Global Partners LP and the notes thereto included elsewhere in this report. In addition, this table presents non-GAAP financial measures which we use in our business. These measures are not calculated or presented in accordance with generally accepted accounting principles in the United States ("GAAP"). We explain these measures and present reconciliations to their most directly

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comparable financial measures calculated in accordance with GAAP in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Consolidated Years Ended December 31,				Combined(1) Year Ended December 31,	Successor October 4 through December 31,	Predecessor January 1 through October 31,
	2009	2008	2007	2006	2005	2005	2005
	(dollars in millions except per unit amounts)						
Statement of Income Data:							
Sales	$ 5,818.4	$ 9,019.1	$ 6,757.8	$ 4,472.4	$ 4,045.8	$ 1,248.9	$ 2,796.9
Cost of sales	5,668.6	8,899.3	6,630.8	4,359.2	3,954.1	1,220.0	2,734.1
Gross profit	149.8	119.8	127.0	113.2	91.7	28.9	62.8
Selling, general and administrative expenses	61.0	42.1	45.5	43.0	40.4	10.5	29.9
Operating expenses	35.0	31.8	27.7	22.2	19.7	4.9	14.8
Amortization expense	3.0	2.9	2.3	1.5	1.6	0.4	1.2
Total operating costs and expenses	99.0	76.8	75.5	66.7	61.7	15.8	45.9
Operating income	50.8	43.0	51.5	46.5	30.0	13.1	16.9
Interest expense	(15.2)	(20.8)	(17.4)	(11.9)	(10.0)	(2.7)	(7.3)
Other income (expense), net				0.5	(0.9)		(0.9)
Gain on sale of investment(2)			14.1				
Income before income tax expense	35.6	22.2	48.2	35.1	19.1	10.4	8.7
Income tax expense(3)	(1.5)	(1.1)	(1.2)	(1.6)	(1.0)	(1.0)	
Net Income	34.1	21.1	47.0	33.5	$ 18.1	9.4	$ 8.7
Less: General partner's interest in net income	(0.8)	(0.6)	(1.0)	(0.7)		(0.2)	
Limited partners' interest in net income	$ 33.3	$ 20.5	$ 46.0	$ 32.8		$ 9.2	
Basic net income per limited partner unit(4)	$ 2.56	$ 1.57	$ 2.38	$ 2.46		$ 0.70	
Diluted net income per limited partner unit(4)	$ 2.51	$ 1.57	$ 2.38	$ 2.46		$ 0.70	
Basic weighted average limited partner' units outstanding	13.0	13.1	12.4	11.3		11.3	
Diluted weighted average limited partner' units outstanding	13.3	13.1	12.4	11.3		11.3	
Cash Flow Data:							
Net cash (used in) provided by							
Operating activities	$ (61.1)	$ 99.2	$ (115.0)	$ (54.5)	$ (28.4)	$ (34.1)	$ 5.7
Investment activities	(9.1)	(11.5)	(136.5)	(12.4)	(1.6)	(0.7))	(0.9)

Financing activities	69.9	(88.9)	249.7	69.0	28.4	(31.4))	(3.0)
Other Financial Data:							
EBITDA(5)	$ 66.7	$ 58.1	$ 75.2	$ 51.5	$ 33.5	$ 14.4	$ 19.1
Adjusted EBITDA(5)	66.7	58.1	61.1	51.5	33.5	14.4	19.1
Distributable cash flow(6)	45.4	34.1	38.6	36.0		10.0	
Capital expenditures(7)	9.1	11.5	13.7	5.9	1.8	0.7	1.1
Cash distributions per limited partner unit(8)	1.95	1.95	1.87	1.72			
Operating Data:							
Normal heating degree days(9)	5,630	5,630	5,630	5,630	5,630	1,875	3,755
Actual heating degree days	5,656	5,426	5,656	5,007	5,875	1,876	3,999
Variance from normal heating degree days	1%	(4)%	1%	(11)%	4%		7%
Variance from prior year actual degree days	4%	(4)%	13%	(15)%	2%	1%	3%
Total gallons sold (in millions)	3,404	3,550	3,288	2,486	2,674	758	1,916
Variance in volume sold from prior year	(4)%	8%	32%	(7)%	9%		
Balance Sheet Data (at period end):							
Cash and cash equivalents	$ 0.6	$ 0.9	$ 2.1	$ 3.9	$ 1.8	$ 1.8	
Property and equipment, net	159.3	162.0	161.7	31.7	22.0	22.0	
Total assets	1,052.7	889.3	1,159.2	638.9	554.7	554.7	
Total debt	533.8	433.5	496.2	272.3	183.5	183.5	
Total liabilities	895.3	745.8	998.9	535.7	478.4	478.4	
Equity	157.4	143.5	160.3	103.2	76.3	76.3	

(1) Combined results for the year ended December 31, 2005 is a non-GAAP financial measure and is presented here to provide additional information for comparing year-over-year information.

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(2) We sold our investment in NYMEX Holdings, Inc. along with our NYMEX seats for approximately $15.3 million and realized a gain of approximately $14.1 million for the year ended December 31, 2007. See Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report.

(3) We became subject to income tax expense upon the conversion of Global Montello Group LLC, a pass-through entity for federal income tax purposes, to Global Montello Group Corp., a taxable entity for federal income tax purposes, on October 5, 2005.

(4) See Note 2 of Notes to Consolidated Financial Statements included elsewhere in this report for net income per limited partner unit calculation.

(5) Earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA are non-GAAP financial measures which are discussed under "Results of Operations Evaluating Our Results of Operations" and reconciled to their most directly comparable GAAP financial measures in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Adjusted EBITDA is EBITDA less the $14.1 million gain we realized on the sale of our investment in NYMEX Holdings, Inc. along with our NYMEX seats for the year ended December 31, 2007 (see Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report).

(6) Distributable cash flow is a non-GAAP financial measure which is discussed under "Results of Operations Evaluating Our Results of Operations" and reconciled to its most directly comparable GAAP financial measures in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(7) Capital expenditures are discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

(8) Cash distributions declared in one calendar quarter are paid in the following calendar quarter. This amount is based on cash distributions paid during 2009, 2008, 2007 and 2006. See Note 15 of Notes to Consolidated Financial Statements included elsewhere in this report.

(9) Degree days is an industry measurement of temperature designed to evaluate energy demand and consumption which is further discussed under "Results of Operations Evaluating Our Results of Operations" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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Item 7. 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 report.

Overview

General

We own, control or have access to one of the largest terminal networks of refined petroleum products in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the "Northeast"). We are one of the largest wholesale distributors of gasoline, distillates (such as home heating oil, diesel and kerosene) and residual oil to wholesalers, retailers and commercial customers in the Northeast. In 2009, we sold approximately $5.8 billion of refined petroleum products and small amounts of natural gas.

We purchase our refined petroleum products primarily from domestic and foreign refiners (wholesalers), traders and producers and sell these products in two segments, Wholesale and Commercial. Like most independent marketers of refined petroleum products, we base our pricing on spot physical prices and routinely use the NYMEX or other derivatives to hedge our commodity risk inherent in buying and selling energy commodities. Through the use of regulated exchanges or derivatives, we maintain a position that is substantially balanced between purchased volumes and sales volumes or future delivery obligations. We earn a margin by selling the product for physical delivery to third parties.

On December 9, 2009, our general partner entered into the Third Amended and Restated Agreement of Limited Partnership of the Partnership (the "Partnership Agreement"). The Partnership Agreement amended the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated May 9, 2007, as amended, to: (i) replace the terms "operating surplus" and "adjusted operating surplus" with the term "distributable cash flow" and thereby eliminate the term "working capital borrowings," (ii) increase the minimum quarterly distribution, prospectively, from $0.4125 to $0.4625 per unit per quarter; and (iii) remove the provisions that previously permitted early conversion of a portion of the subordinated units and restate the provisions governing conversion of the subordinated units using distributable cash flow to test whether we have "earned" the minimum quarterly distribution.

Products and Operational Structure

Our products include gasoline, distillates and residual oil. We sell gasoline to unbranded retail gasoline stations and other resellers of transportation fuels. The distillates we sell are used primarily for fuel for trucks and off-road construction equipment and for space heating of residential and commercial buildings. We sell residual oil to major housing units, such as public housing authorities, colleges and hospitals and large industrial facilities that use processed steam in their manufacturing processes. In addition, we sell bunker fuel, which we can custom blend, to cruise ships, bulk carriers and fishing fleets. We have increased our sales in the non-weather sensitive components of our business, such as transportation fuels; however, we are still subject to the impact that warmer weather conditions may have on our home heating oil and residual oil sales.

Our business is divided into two segments:

Wholesale. This segment includes sales of gasoline, distillates and residual oil to unbranded retail gasoline stations and other resellers of transportation fuels, home heating oil retailers and wholesale distributors.

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Commercial. This segment includes sales and deliveries of unbranded gasoline, distillates, residual oil and small amounts of natural gas to customers in the public sector and to large commercial and industrial customers, primarily either through a competitive bidding process or through contracts of various terms. This segment also purchases, custom blends, sells and delivers bunker fuel and diesel to cruise ships, bulk carriers and fishing fleets generally by barges.

Our business activities are substantially comprised of purchasing, storing, terminalling and selling refined petroleum products. In a contango market (when product prices for future deliveries are higher than for current deliveries), 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 a backwardated market (when product prices for future deliveries are lower than current deliveries), we attempt to minimize our inventories to reduce commodity risk and maintain or increase net product margins. See Part I, Item 1A, "Risk Factors," for additional information related to commodity risk.

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:

The condition of credit markets may adversely affect our liquidity. In the recent past, world financial markets experienced a severe reduction in the availability of credit. Although we were not negatively impacted by this condition, 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 commit substantial resources to pursuing acquisitions, though there is no certainty that we will successfully complete any acquisitions or receive the economic results we anticipate from completed acquisitions. Consistent with our business strategy, we are continuously engaged in discussions with potential sellers of terminalling, storage and/or marketing assets and related businesses. In an effort to prudently and economically leverage our asset base, knowledge base and skill sets, management pursues businesses that are closely related to or significantly intertwined with our existing lines of business. Our growth largely depends on our ability to make accretive acquisitions. We may be unable to make such accretive acquisitions for a number of reasons, including, but not limited to, the following: (1) we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts; (2) we are unable to raise financing for such acquisitions on economically acceptable terms; or (3) we are outbid by competitors. In addition, we may consummate acquisitions 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 would be limited. We can give no assurance that our acquisition efforts will be successful or that any such acquisition will be completed on terms that are favorable to us.

Our financial results are generally better in the first and fourth 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 these winter months. Therefore, our results of operations for the first and fourth calendar quarters are generally better than for the second and third quarters. With lower cash flow during the second and third

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calendar quarters, we may be required to borrow money in order to maintain current levels of distributions to our unitholders.

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, 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. Residential users of home heating oil may also convert to natural gas. Such switching or conversion could have an adverse effect on our results of operations and financial condition.

Our financial condition and results of operations are influenced by the overall forward market for refined petroleum products, and increases and/or decreases in the prices of refined petroleum products may adversely impact the amount of borrowing available for working capital under our credit agreement, which credit agreement has borrowing base limitations and advance rates. Results from our purchasing, storing, terminalling and selling operations are influenced by prices for refined petroleum products, pricing volatility and the market for such products. Prices in the overall forward market for refined petroleum products may impact our ability to execute advantageous purchasing opportunities. In a contango market (when product prices for future deliveries are higher than for current deliveries), 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 a backwardated market (when product prices for future deliveries are lower than current deliveries), we attempt to minimize our inventories to reduce commodity risk and maintain or increase net product margins. When prices for refined petroleum products 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 to our customers, resulting in lower margins for us which could adversely affect our results of operation. Lastly, higher prices for refined petroleum products 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. In addition, when prices for refined petroleum products 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 refined petroleum products at the then lower spot and/or retail market price. Furthermore, lower prices for refined petroleum products may diminish the amount of borrowings available for working capital under our working capital revolving credit facility as a result of borrowing base limitations.

New, stricter environmental laws and regulations could significantly 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. 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. However, 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) net product margin, (2) gross profit, (3) selling, general and administrative expenses ("SG&A"), (4) operating expenses, (5) degree days, (6) adjusted net income per diluted limited partner unit, (7) EBITDA, adjusted EBITDA and net income as adjusted for one-time gains and (8) distributable cash flow.

Net Product Margin

We view net product margin as an important performance measure of the core profitability of our operations. We review net product margin monthly for consistency and trend analysis. We define net product margin as our sales minus product costs. Sales include sales of unbranded gasoline, distillates, residual oil and natural gas. Product costs include the cost of acquiring the refined petroleum products and natural gas that we sell and all associated costs including shipping and handling costs to bring such products to the point of sale. Net product margin is a non-GAAP financial measure used by management and external users of our consolidated financial statements to assess our business. Net product margin 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 net product margin may not be comparable to net product margin or a similarly titled measure of other companies.

Gross Profit

We define gross profit as our sales minus product costs and terminal depreciation expense allocated to cost of sales. Sales include sales of unbranded gasoline, distillates, residual oil and natural gas. Product costs include the cost of acquiring the refined petroleum products and natural gas that we sell and all associated costs to bring such products to the point of sale.

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.

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Operating Expenses

Operating expenses are costs associated with the operation of the terminals 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.

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.

Adjusted Net Income Per Diluted Limited Partner Unit

We use adjusted net income per diluted limited partner unit to measure our financial performance on a per-unit basis. Adjusted net income per diluted limited partner unit is defined as net income after adding back a non-cash reduction in net income available to limited partners, divided by the weighted average number of outstanding diluted common and subordinated units, or limited partner units, during the period. The non-cash reduction for the year ended December 31, 2007 was the result of accounting for the sale of Class B units (see Note 16 of Notes to Consolidated Financial Statements included elsewhere in this report). Although this non-cash reduction affected net income available to limited partners, it did not affect net income or distributable cash flow to limited partners, nor did it affect total partners' equity.

Adjusted net income per diluted limited partner unit is a non-GAAP financial measure and should not be considered as an alternative to net income per diluted limited partner unit or any other measure of financial performance presented in accordance with GAAP. In addition, our adjusted net income per diluted limited partner unit may not be comparable to the adjusted net income per diluted limited partner unit or similarly titled measure of other companies.

EBITDA, Adjusted EBITDA and Net Income as Adjusted for One-time Gains

EBITDA, adjusted EBITDA and net income as adjusted for one-time gains are non-GAAP financial measures used as supplemental financial measures by management and 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;

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- our operating performance and return on invested capital as compared to those of other companies in the wholesale, marketing and distribution of refined petroleum products, 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.

Adjusted EBITDA and net income as adjusted for one-time gains reflect the exclusion of the $14.1 million gain on investment for the year ended December 31, 2007 (see Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report). EBITDA, adjusted EBITDA and net income as adjusted for one-time gains should not be considered alternatives 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, adjusted EBITDA and net income as adjusted for one-time gains exclude some, but not all, items that affect net income, and these measures may vary among other companies. Therefore, EBITDA, adjusted EBITDA and net income as adjusted for one-time gains 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. In December 2009, we amended our partnership agreement to restate the provisions governing conversion of the subordinated units to use distributable cash flow to test whether we have "earned" the minimum quarterly distribution. 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 for the year ended December 31, 2007 reflects the exclusion of the $14.1 million gain on investment (see Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report). Distributable cash flow should not be considered as an alternative to net 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.

Years Ended December 31, 2009, 2008 and 2007

During 2009, we continued to optimize our terminal network by initiating organic expansion and other projects, primarily in Albany, New York, Oyster Bay, New York and Linden, New Jersey. These projects added approximately 1.3 million barrels of storage capacity, broadening the depth and breadth of our strategic asset base.

During the year ended December 31, 2009, we experienced the following events:

- Refined petroleum product prices dramatically declined during the first three quarters of 2009 compared to the same periods in 2008 which we believe contributed to lower revenues and lower financing costs as a result of decreased borrowings to finance inventory.

- Refined petroleum product prices, however, dramatically increased during the fourth quarter of 2009 compared to the fourth quarter of 2008.

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Due to the decline in refined petroleum product prices for most of 2009 and due to favorable market conditions, we elected to use our storage capacity to carry increased inventories of $225.6 million as of December 31, 2009 compared December 31, 2008.

Temperatures for 2009 were 1% colder than normal and 4% colder than 2008 while temperatures were 4% warmer than normal for 2008.

We increased our reserve for credit losses by expensing approximately $2.2 million.

We believe heating oil conservation continued during 2009 even though prices declined.

We believe the overall economic conditions affected our distillates and gasoline results.

We continued to experience a decline in our residual oil sales and volumes.

The following table provides the percentage increases (decreases) in refined petroleum product and natural gas prices at the end of each quarter in 2009 as compared to each comparable quarter in 2008 and at the end of each quarter in 2008 as compared to each comparable quarter in 2007:

Period:	Heating Oil $ per gallon(1)	Gasoline $ per gallon(1)	Residual Oil $ per gallon(2)	Natural Gas $ per gallon equivalent(3)
2009 compared to 2008				
At March 31, 2008	$ 3.05	$ 2.62	$ 1.73	$ 1.53
At March 31, 2009	$ 1.34	$ 1.40	$ 0.95	$ 0.62
Change	(56)%	(47)%	(45)%	(59)%
At June 30, 2008	$ 3.90	$ 3.50	$ 2.65	$ 2.06
At June 30, 2009	$ 1.72	$ 1.90	$ 1.49	$ 0.62
Change	(56)%	(46)%	(44)%	(70)%
At September 30, 2008	$ 2.86	$ 2.48	$ 1.99	$ 1.13
At September 30, 2009	$ 1.80	$ 1.73	$ 1.50	$ 0.54
Change	(37)%	(30)%	(25)%	(52)%
At December 31, 2008	$ 1.41	$ 1.01	$ 0.85	$ 1.13
At December 31, 2009	$ 2.12	$ 2.05	$ 1.71	$ 1.07
Change	50%	103%	101%	(5)%
2008 compared to 2007				
At March 31, 2007	$ 1.88	$ 2.11	$ 1.09	$ 1.20
At March 31, 2008	$ 3.05	$ 2.62	$ 1.73	$ 1.53
Change	62%	24%	59%	28%
At June 30, 2007	$ 2.03	$ 2.29	$ 1.31	$ 1.10
At June 30, 2008	$ 3.90	$ 3.50	$ 2.65	$ 2.06
Change	92%	53%	102%	87%
At September 30, 2007	$ 2.24	$ 2.07	$ 1.38	$ 1.01
At September 30, 2008	$ 2.86	$ 2.48	$ 1.99	$ 1.13
Change	28%	20%	44%	12%

At December 31, 2007	$	2.64	$	2.48	$	1.79	$	1.14
At December 31, 2008	$	1.41	$	1.01	$	0.85	$	1.13
Change		(47)%		(59)%		(53)%		(1)%

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(1) Source: New York Mercantile Exchange (closing price)

(2) Source: Platts Oilgram Price Report (6-1% New York Harbor; average)

(3) Source: Platts Gas Daily Report (Tennessee zone delivered)

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In 2008, we continued to expand our presence in Providence, Rhode Island. We entered into two separate sublease agreements in November 2007 for land located at the Port of Providence. In January 2008, the terminal at one parcel opened for business and has storage capacity of 244,000 barrels for distillates. In November 2008, the terminal at the other parcel opened for business and has storage capacity of 230,000 barrels for refined petroleum products. These facilities will enable us to more effectively supply existing wholesale and commercial customers across Rhode Island and southeastern Massachusetts and cultivate new customers in the region.

In 2008, we experienced higher revenues and higher gasoline sales volumes, primarily due to our 2007 acquisitions of five refined petroleum products terminals from ExxonMobil. Refined petroleum product and natural gas prices were higher during the first nine months of the year compared to 2007 and generally peaked in July of 2008 before dramatically decreasing during the fourth quarter as evidenced in the table above.

During the year ended December 31, 2008, we experienced the following events which led to a significant negative impact on our results of operations:

- We believe increasing refined petroleum product prices for most of 2008 contributed to:
  - higher financing costs as a result of increased borrowings to finance inventory;
  - the conversion or temporary switching by dual-fuel users by primarily commercial customers to other products (primarily natural gas) from residual fuel and heating oil; and
  - energy conservation.
- A decrease in market demand for distillates and residual oil due to energy conservation and higher refined petroleum product prices for most of 2008 led to lower volumes sold and lower margins compared to 2007.
- Adverse market conditions in our markets, including volatility and backwardation, led to lower margins and intensified competition from other wholesalers.
- Temperatures were 4% warmer than normal for 2008 and 4% warmer than 2007 as measured by aggregate heating degree days.
- We increased our reserve for credit losses at year end by approximately $0.3 million.
- We had fewer fixed priced sales of heating oil in 2008 compared with 2007.
- During the first quarter of 2008, the opportunistic conversion of certain gasoline markets to ethanol put us in a temporarily disadvantaged competitive position while our terminal infrastructure was being converted.
- Temporary logistical supply issues related to rail capacity adversely affected the performance of our Burlington, Vermont facility.

In the year ended December 31, 2007, we continued to broaden and strengthen our distribution network with the acquisitions of five refined products terminals and the leasing of an additional terminal. In addition, we continued to broaden the non-weather sensitive components of our business. In May 2007, we acquired three refined products terminals in Albany and Newburgh, New York and Burlington, Vermont from ExxonMobil. Products distributed from these terminals primarily include gasoline, ultra low sulfur diesel and heating oil. In November 2007, we acquired two refined products terminals in Glenwood Landing and Inwood, New York from ExxonMobil. Products distributed from these terminals also include gasoline, ultra low sulfur diesel and heating oil. Also in November 2007, we leased a terminal in Providence, Rhode Island which has access to deepwater marine facilities. Refined petroleum product and natural gas prices rose throughout 2007.

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 data):

	Years Ended December 31,		
	2009	**2008**	**2007**
Net income as adjusted for one-time gains(1)	$ 34,134	$ 21,055	$ 32,895
Adjusted net income per diluted limited partner unit(2)	$ 2.51	$ 1.57	$ 3.70
Adjusted EBITDA(3)	$ 66,660	$ 58,132	$ 61,107
Distributable cash flow(4)	$ 45,433	$ 34,061	$ 38,638
Wholesale Segment:			
Volume (gallons)	3,177,574	3,348,238	3,043,278
Sales			
Distillates	$ 2,467,883	$ 4,044,039	$ 3,354,619
Gasoline	2,954,461	4,469,783	2,906,865
Residual oil	32,803	75,358	115,265
Total	$ 5,455,147	$ 8,589,180	$ 6,376,749
Net product margin(5)			
Distillates	$ 95,098	$ 70,045	$ 86,358
Gasoline	40,706	36,451	11,463
Residual oil	9,430	11,671	23,667
Total	$ 145,234	$ 118,167	$ 121,488
Commercial Segment:			
Volume (gallons)	226,193	202,088	244,343
Sales	$ 363,264	$ 429,943	$ 381,085
Net product margin(5)	$ 15,410	$ 11,835	$ 11,485
Combined sales and net product margin:			
Sales	$ 5,818,411	$ 9,019,123	$ 6,757,834
Net product margin(5)	$ 160,644	$ 130,002	$ 132,973
Depreciation allocated to cost of sales	10,816	10,211	5,989
Combined gross profit	$ 149,828	$ 119,791	$ 126,984
Weather conditions:			
Normal heating degree days	5,630	5,630	5,630
Actual heating degree days	5,656	5,426	5,656

Variance from normal heating degree days	1%	(4)%	1%
Variance from prior period actual heating degree days	4%	(4)%	13%

(1)

Net income as adjusted for one-time gains is a non-GAAP financial measure which is discussed above under " Evaluating Our Results of Operations." The table below presents a reconciliation of net income as adjusted for one-time gains to the most directly comparable GAAP financial measure.

(2)

Adjusted net income per diluted limited partner unit is a non-GAAP financial measure which is discussed above under " Evaluating Our Results of Operations." The table below presents a reconciliation of adjusted net income per diluted limited partner unit to the most directly comparable GAAP financial measure.

(3)
Adjusted EBITDA is a non-GAAP financial measure which is discussed above under " Evaluating Our Results of Operations." The table below presents reconciliations of adjusted EBITDA to the most directly comparable GAAP financial measures.

(4)
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.

(5)
Net product margin is a non-GAAP financial measure which is discussed above under " Evaluating Our Results of Operations." The table above reconciles net product margin on a combined basis to gross profit, a directly comparable GAAP financial measure.

The following table presents a reconciliation of net income as adjusted for one-time gains to the most directly comparable GAAP financial measure on a historical basis (in thousands):

	Years Ended December 31,		
	2009	**2008**	**2007**
Reconciliation of net income to net income as adjusted for one-time gains:			
Net income	$ 34,134	$ 21,055	$ 47,013
Gain on sale of investment(1)			(14,118)
Net income as adjusted for one-time gains	$ 34,134	$ 21,055	$ 32,895

(1)
We sold our investment in NYMEX Holdings, Inc. along with our NYMEX seats for approximately $15.3 million and realized a gain of approximately $14.1 million for the year ended December 31, 2007. See Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report.

The following table presents a reconciliation of adjusted net income per diluted limited partner unit to the most directly comparable GAAP financial measure on a historical basis:

	Years Ended December 31,		
	2009	**2008**	**2007**
Reconciliation of net income per diluted limited partner unit to adjusted net income per diluted limited partner unit:			
Net income per diluted limited partner unit	$ 2.51	$ 1.57	$ 2.38
Dilutive impact of non-cash reduction			1.32
Adjusted net income per diluted limited partner unit	$ 2.51	$ 1.57	$ 3.70

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

	Years Ended December 31,		
	2009	2008	2007
Reconciliation of net income to EBITDA and adjusted EBITDA:			
Net income	$ 34,134	$ 21,055	$ 47,013
Depreciation and amortization and amortization of deferred financing fees	15,909	15,126	9,613
Interest expense	15,188	20,799	17,408
Income tax expense	1,429	1,152	1,191
EBITDA	66,660	58,132	75,225
Gain on sale of investment(1)			(14,118)
Adjusted EBITDA	$ 66,660	$ 58,132	$ 61,107
Reconciliation of net cash (used in) provided by operating activities to EBITDA and adjusted EBITDA:			
Net cash (used in) provided by operating activities	$ (61,129)	$ 99,220	$ (115,045)
Net changes in operating assets and liabilities and certain non-cash items	111,172	(63,039)	171,671
Interest expense	15,188	20,799	17,408
Income tax expense	1,429	1,152	1,191
EBITDA	66,660	58,132	75,225
Gain on sale of investment(1)			(14,118)
Adjusted EBITDA	$ 66,660	$ 58,132	$ 61,107

(1) We sold our investment in NYMEX Holdings, Inc. along with our NYMEX seats for approximately $15.3 million and realized a gain of approximately $14.1 million for the year ended December 31, 2007. See Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report.

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

	Years Ended December 31,		
	2009	2008	2007
Reconciliation of net income to distributable cash flow:			
Net income	$ 34,134	$ 21,055	$ 47,013
Depreciation and amortization and amortization of deferred financing fees	15,909	15,126	9,613
Gain on sale of investment(1)			(14,118)
Maintenance capital expenditures	(4,610)	(2,120)	(3,870)
Distributable cash flow	$ 45,433	$ 34,061	$ 38,638
Reconciliation of net cash (used in) provided by operating activities to distributable cash flow:			
Net cash (used in) provided by operating activities	$ (61,129)	$ 99,220	$ (115,045)
Net changes in operating assets and liabilities and certain non-cash items	111,172	(63,039)	171,671
Gain on sale of investment(1)			(14,118)
Maintenance capital expenditures	(4,610)	(2,120)	(3,870)
Distributable cash flow	$ 45,433	$ 34,061	$ 38,638

(1) We sold our investment in NYMEX Holdings, Inc. along with our NYMEX seats for approximately $15.3 million and realized a gain of approximately $14.1 million for the year ended December 31, 2007. See Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report.

Consolidated Sales

Our total sales for 2009 decreased by $3,200.7 million, or 35%, to $5,818.4 million compared to $9,019.1 million for 2008. The decrease was driven primarily by significantly lower refined petroleum product and natural gas prices for most of 2009 compared to 2008. Our aggregate volume of product sold decreased by approximately 146 million gallons, or 4%, to 3,404 million gallons. The decrease in volume primarily includes decreases of approximately 84 million gallons, 63 million gallons and 11 million gallons in gasoline, distillates and residual oil, respectively, mostly attributed to continued conservation, increased competition in the marketplace and economic conditions, despite colder temperatures. Our gross profit for 2009 was $149.8 million, an increase of $30.0 million, or 25%, compared to $119.8 million for 2008. The increase was primarily due to higher net product margins in distillates and gasoline.

Our total sales for 2008 increased by $2,261.3 million, or 33%, to $9,019.1 million compared to $6,757.8 million for 2007. The increase was driven primarily by higher refined petroleum product prices for most of 2008 compared to 2007 and our terminal acquisitions in Albany and Newburgh, New York and Burlington, Vermont in May 2007 and in Glenwood Landing and Inwood, New York in November 2007. Our aggregate volume of product sold increased by approximately 263 million gallons, or 8%, to 3,550 million gallons. The increase in volume was due to an increase of approximately 457 million gallons in gasoline, mostly due to our 2007 terminal acquisitions, offset by decreases of 105 million and 87 million gallons in distillates and residual oil, respectively. These decreases were primarily due to conservation by users of home heating oil, warmer-than-normal temperatures and conversion and fuel switching related to increased residual oil prices for most of 2008 relative to the prices of natural gas and intensified competition in the marketplace. The number of actual heating degree days decreased

4% to 5,426 for 2008 compared to 5,656 for 2007. Our gross profit for 2008 was $119.8 million, a decrease of $7.2 million, or 6%, compared to $127.0 million for 2007. The decrease was primarily due to lower net product margins in distillates and residual oil and an increase in depreciation on our terminals, which is included in cost of sales, as a result of our 2007 terminal acquisitions. The decrease was significantly offset by a higher net product margin in our Wholesale segment for gasoline also mostly as a result of our 2007 terminal acquisitions.

Wholesale Segment

Distillates.   Wholesale distillate sales for 2009 were $2,467.8 million compared to $4,044.0 million for 2008. The decrease of $1,576.2 million, or 39%, was due to the significantly lower refined petroleum product prices for most of 2009. We experienced a 73 million gallon decrease in distillate volume sold for 2009 compared to 2008 which was attributed to continued conservation, increased competition in the marketplace and economic conditions. Our net product margin from distillate sales increased by $25.1 million, or 36%, to $95.1 million 2009 compared to $70.0 million for 2008, primarily attributable to advantageous purchasing opportunities and improved unit margins through diligent inventory and sales management.

Wholesale distillate sales for 2008 were $4,044.0 million compared to $3,354.6 million for 2007. The increase of $689.4 million, or 21%, was due to increases in refined petroleum product prices for most of 2008 compared to 2007. Although we experienced an increase in distillate sales, our distillate volume sold was negatively impacted by the higher price for heating oil for most of 2008, warmer than normal temperatures, meaningful energy conservation and less favorable buying opportunities in 2008 compared to 2007. In addition, we had fewer fixed priced sales of heating oil in 2008 compared to 2007, which we believe was due to higher refined petroleum product prices. Primarily due to these same factors, our net product margin contribution from distillate sales decreased by $16.4 million, or 19%, to $70.0 million for 2008 compared to $86.4 million for 2007. For the year ended December 31, 2008, the decrease in net product margin for Wholesale distillates also reflected an increase of $2.5 million related to a change in estimate of our inventory reserve account recorded in the second quarter of 2008.

Gasoline.   Wholesale gasoline sales for 2009 were $2,954.5 million compared to $4,469.8 million for 2008. The decrease of $1,515.3 million, or 34%, was due primarily to significantly lower gasoline prices for most of 2009 compared to 2008 and an 84 million gallon decrease in volume sold attributed to continued conservation, increased competition in the marketplace and economic conditions. Our net product margin from gasoline sales increased by $4.2 million to $40.7 million for 2009 compared to $36.5 million for 2008, primarily attributable to advantageous purchasing opportunities and improved unit margins through diligent inventory and sales management.

Wholesale gasoline sales for 2008 were $4,469.8 million compared to $2,906.9 million for 2007. The increase of $1,562.9 million, or 54%, was due primarily to our 2007 terminal acquisitions, an increase in gasoline volume sold and higher prices for most of 2008. Our net product margin contribution from gasoline sales increased by $25.0 million to $36.5 million for 2008 compared to $11.5 million for 2007. We attribute the increase in net product margin to the new business generated by our 2007 terminal acquisitions, better margins overall in our gasoline business, and the prior year gasoline business start-up costs associated with our Albany and Newburgh, New York and Burlington, Vermont terminal acquisition in May of 2007 that were not incurred in 2008. Although we experienced an increase in gasoline sales, volume sold and net product margin, these results were negatively impacted for 2008 as a result of the following first quarter 2008 events: (1) the opportunistic conversion of certain gasoline markets to ethanol which put us in a temporarily disadvantaged competitive position while our terminal infrastructure was being converted; and (2) the temporary logistical supply issues related to rail capacity which adversely affected the performance of our Burlington, Vermont facility. We have since successfully completed the conversion to ethanol at our facilities which are now fully operational, and full rail service to our Burlington, Vermont facility has resumed.

Residual Oil. Wholesale residual oil sales for 2009 were $32.8 million compared to $75.4 million for 2008. The decrease of $42.6 million, or 56%, was primarily due to significantly lower refined petroleum product prices for most of 2009 compared to 2008 and a decrease in volume sold. The decrease in volume sold was the result of continued conservation, current economic conditions and conversion and fuel switching related to the decrease in natural gas prices compared to residual oil prices. Our net product margin contribution from residual oil sales decreased by $2.2 million, or 19%, to $9.4 million for 2009 compared to $11.7 million for 2008 due to a decrease in volume sold and intensified competition in the marketplace.

Wholesale residual oil sales for 2008 were $75.4 million compared to $115.3 million for 2007. The decrease of $39.9 million, or 35%, was primarily due to declines in residual oil volume sold despite an increase in refined petroleum product prices for most of 2008. Our net product margin contribution from residual oil sales decreased by $12.0 million, or 51%, to $11.7 million for 2008 compared to $23.7 million for 2007 due to conversion and fuel switching related to increased residual oil prices for most of 2008 relative to the prices of natural gas, a decrease in volume sold and intensified competition in the marketplace.

Commercial Segment

In our Commercial segment, residual oil accounted for approximately 61%, 67% and 75% of total commercial volume sold in 2009, 2008 and 2007, respectively. Distillates, gasoline and natural gas accounted for the remainder of the total volume sold. Commercial residual oil sales and volume sold for 2009 decreased by 21% and 2%, respectively, compared to 2008. We attribute the decreases in sales and volume sold to the competitive pricing from natural gas and reductions in production by certain industry participants in our markets.

Commercial residual oil sales and volume sold for 2008 decreased by 1% and 27%, respectively, compared to 2007. We attribute the decrease in volume sold to the competitive pricing from natural gas and reductions in production by certain industry participants who are contracting their business activities in our territory.

Selling, General and Administrative Expenses

SG&A expenses for 2009 increased by approximately $19.0 million to $61.0 million compared to $42.1 million for 2008. We had increases in variable SG&A expenses of approximately $7.7 million in bonuses and $1.9 million in bad debt accruals and credit collections. Increases in other variable SG&A expense for 2009 included $3.6 million in project development and due diligence costs which are generally one-time in nature and, we believe, will position the partnership for future growth. Included in the $3.6 million are some enhancements we made in our information technology infrastructure, including implementing an enterprise-wide system that provides improved access to information about hedging activities, inventory, scheduling, pricing and sales activities.

The increase in SG&A expenses was also due to increases of approximately $1.2 million in compensation costs on our long-term incentive plan, $0.9 million in salaries, $0.9 million in costs associated with the expansion of our natural gas operations, $0.6 million professional and consulting fees, $0.5 million in bank fees, $0.4 million in building and computer rent expenses, $0.4 million in franchise taxes and $2.4 million in various other SG&A expenses. The increase in SG&A expenses was offset by a $1.5 million curtailment gain associated with the pension plan freeze (see Note 12 of Notes to Consolidated Financial Statements included elsewhere in this report).

SG&A expenses for 2008 decreased by $3.4 million, or 7%, to $42.1 million compared to $45.5 million for 2007. The decrease was primarily due to decreases of $4.0 million in accrued bonuses, $0.6 million in professional fees, $0.4 million in insurance premiums and $0.3 million in other SG&A expenses, offset by increases of $0.8 million in bank fees, $0.7 million in salaries and employee benefits and $0.4 million in compensation cost on our long-term incentive plan.

Operating Expenses

Operating expenses were $35.0 million for 2009 compared to $31.8 million for 2008. Operating expenses for 2008, however, included an offset of $2.8 million due to a change in estimate of our remediation obligations under a proposed remedial action work plan submitted by us to NYDEC related to our Albany, New York terminal (see Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report). If not for the $2.8 million offset, operating expenses for 2008 would have been approximately $34.6 million. The increase in 2009 operating expenses was primarily due to increased costs of approximately $1.7 million related to our leased storage facility in Oyster Bay (Commander) New York, offset by decreases of $1.0 million in cost savings related to the non-renewal of the terminal lease in New Haven, Connecticut and $0.3 million in other operating expenses.

Operating expenses increased by $4.1 million, or 15%, to $31.8 million for 2008 compared to $27.7 million for 2007. The increase was primarily due to $4.2 million in costs associated with operating our Glenwood Landing and Inwood, New York terminals acquired in November 2007, $2.9 million in costs associated with operating our Albany and Newburgh, New York and Burlington, Vermont terminals acquired in May 2007, and $1.3 million in costs associated with our leased terminal in Providence, Rhode Island, offset by decreases of $0.8 million in costs related to the non-renewal of the terminal lease in New Haven, Connecticut and $0.6 million in miscellaneous operating expenses. For the year ended December 31, 2008, the increase in operating expenses also reflected a decrease of $2.8 million related to a change in estimate of our remediation obligations under a proposed remedial action work plan submitted by us to NYDEC with respect to the Albany, New York terminal (see Note 10 of Notes to Consolidated Financial Statements included elsewhere in this report).

Amortization Expense

Amortization expense was $3.0 million, $2.9 million and $2.3 million for the years ended December 31, 2009, 2008 and 2007, respectively. The increase of $0.6 million in 2008 compared to 2007 was primarily the result of amortization related to intangible assets recognized as part of the Albany, Newburgh, Glenwood Landing and Inwood, New York and Burlington, Vermont terminal acquisitions in 2007. See Note 5 of Notes to Consolidated Financial Statements included elsewhere in this report.

Interest Expense

Interest expense for 2009 decreased by $5.6 million, or 27%, to $15.2 million compared to $20.8 million for 2008. We attribute the decrease primarily to lower average costs on our working capital revolving credit facility from carrying lower average balances on inventories and accounts receivable due to lower refined petroleum product prices for most of 2009. In addition, interest rates were lower during the 2009 compared to 2008.

Interest expense for 2008 increased by $3.4 million, or 19%, to $20.8 million compared to $17.4 million for 2007. We attribute the increase primarily to higher average costs on our working capital revolving credit facility from carrying higher average balances of inventories and accounts receivable due to increased refined petroleum product prices for most of 2008, despite the overall interest rate environment. In addition, the costs of borrowings under the credit agreement were increased commencing with the July 18, 2008 amendment to the credit agreement. Also, we had increased borrowings on our working capital and acquisition facilities to fund our terminal acquisitions in May and November of 2007.

Gain on Sale of Investment

The $14.1 million gain on sale of investment for the year ended December 31, 2007 represented the amount we realized on the March 2007 sale of our NYMEX Holdings, Inc. and related seats. See Note 8 of Notes to Consolidated Financial Statements included elsewhere in this report.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs are to fund our working capital requirements, capital expenditures and distributions. Cash generated from operations and our working capital revolving credit facility provide our primary sources of liquidity. Working capital increased by $96.6 million to $295.2 million at December 31, 2009 compared to $198.6 million at December 31, 2008.

On February 13, 2009, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the fourth quarter of 2008. On May 15, 2009, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the first quarter of 2009. On August 14, 2009, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the second quarter of 2009. On November 13, 2009, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the third quarter of 2009. On February 12, 2010, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the fourth quarter of 2009.

Contractual Obligations

We have contractual obligations that are required to be settled in cash. The amounts of our contractual obligations at December 31, 2009 are as follows (in thousands):

	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Revolver loan obligations(1)(2)	$ 556,617	$ 240,807	$ 315,810	$	$
Operating lease obligations(3)	75,171	20,214	30,002	12,220	12,735
Capital lease obligations	577	271	306		
Other long-term liabilities	10,563	2,048	1,031	1,384	6,100
Total	$ 642,928	$ 263,340	$ 347,149	$ 13,604	$ 18,835

(1) Includes principal and interest on our working capital revolving credit facility at December 31, 2009.

(2) The credit agreement has a contractual maturity of April 22, 2011 and no 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. In addition, our credit agreement, as amended, provides that in each calendar year the outstanding amount under our working capital

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revolving credit facility must be equal to or less than $263.0 million for a period of ten consecutive calendar days.

(3) Includes operating lease obligations with related parties. Please read Note 17, Related Party Transactions, of Notes to Consolidated Financial Statements.

In addition to the obligations described in the above table, we have minimum volume purchase requirements at December 31, 2009. Pricing is based on spot prices at the time of purchase. Please read Note 14, Commitments and Contingencies, of Notes to Consolidated Financial Statements with respect to purchase commitments and sublease information related to certain lease agreements.

Capital Expenditures

Our terminalling 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 $4.6 million, $2.1 million and $3.9 million in maintenance capital expenditures for the years ended December 31, 2009, 2008 and 2007, 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 tankage, diversifying product availability 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 additional equity. We had approximately $4.5 million, $9.4 million and $147.8 million in expansion capital expenditures for the years ended December 31, 2009, 2008 and 2007, respectively. Specifically, for 2009, expansion capital expenditures consisted of approximately $3.2 million at the Albany, New York terminal in costs related to bringing formerly out-of-permit tanks back online and to dock expansion, $0.9 million in additional terminal equipment at the Providence, Rhode Island terminal, $0.2 million in automation costs at our recently leased storage facility in Long Island, New York and $0.2 million in other expansion capital expenditures.

In 2008, expansion capital expenditures consisted of approximately $6.4 million in costs primarily related to the second phase of construction of our terminal in Providence, Rhode Island, $1.2 million related to conversion expenditures to handle ethanol-based gasoline and $1.8 million in other expansion capital expenditures primarily related to additional terminal equipment at the Albany and Newburgh, New York and Burlington, Vermont terminals.

During 2007, expansion capital expenditures included the May 2007 acquisition of three refined petroleum products terminals in Albany and Newburgh, New York and Burlington, Vermont for approximately $102.6 million ($101.5 million cash consideration plus $1.1 million in acquisition costs) and the November 2007 acquisition of two refined petroleum products terminals in Glenwood Landing and Inwood, New York for approximately $35.4 million ($34.7 million cash consideration plus $0.7 million in acquisition costs), bringing the total for terminal acquisitions to $138.0 million. In addition, we had $6.2 million in expansion capital expenditures related to construction in process on our terminal in Providence, Rhode Island and $3.6 million in other expansion capital expenditures, which are included in capital expenditures in the accompanying consolidated statements of cash flows.

We believe that we will have 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 produce an adverse effect on our borrowing capacity as well as our ability to issue additional common units and/or debt securities.

Cash Flow (in thousands)

	Years Ended December 31,		
	2009	**2008**	**2007**
Net cash (used in) provided by operating activities	$ (61,129)	$ 99,220	$ (115,045)
Net cash used in investing activities	$ (9,062)	$ (11,510)	$ (136,464)
Net cash provided by (used in) financing activities	$ 69,908	$ (88,875)	$ 249,758

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

Net cash used in operating activities was $61.1 million for the year ended December 31, 2009 compared to net cash provided by operating activities of $99.2 million for year ended December 31, 2008, for a year-over-year decrease in cash from operating activities of $160.3 million.

During the first three quarters of 2009, refined petroleum product and natural gas prices declined significantly compared to same periods in 2008, while refined petroleum product prices rose significantly during the fourth quarter of 2009 compared to the fourth quarter of 2008. Due to favorable market conditions, we elected to use our storage capacity to carry increased inventories. As a result of these factors, for the year ended December 31, 2009 compared to the year ended December 31, 2008, we had increases of approximately $225.6 million in inventories, $89.3 million in accounts receivable and $47.2 million in accounts payable and accrued expenses and other current liabilities. Through the use of regulated exchanges or derivatives, we maintain a position that is substantially hedged with respect to such inventories. The cash used in operating activities was offset by $34.1 million in net income and a $171.9 million change in the fair value of our forward fixed price contracts. For the year ended December 31, 2009, contracts supporting our forward fixed price hedge program provided these funds from the NYMEX due to market direction.

Net cash provided by operating activities was $99.2 million for the year ended December 31, 2008 compared to cash used in operating activities of $115.0 million for the year ended December 31, 2007, for a year-over-year increase in cash from operating activities of $214.2 million.

While refined petroleum product prices were higher for most of 2008 compared to 2007, they declined significantly during the fourth quarter of 2008, thereby causing the carrying values of our accounts receivable, inventories and accounts payable at December 31, 2008 to be less than the carrying values we experienced at the beginning of the year. As a result, we had decreases of $243.9 million in inventories, $192.5 million in accounts receivable, $151.6 million in accounts payable and $15.7 million accrued expenses and all other current liabilities. During the year ended December 31, 2007, we experienced increases in refined petroleum products prices, and we funded additional working capital requirements due to our acquisition of the Albany and Newburgh, New York and Burlington, Vermont terminals in May of 2007.

The increase in cash provided by operating activities for 2008 compared to 2007 also included net income of $21.1 million, offset by $14.1 million representing the gain on the sale of our NYMEX Holdings, Inc. shares and related NYMEX seats in the first quarter of 2007, and a $195.0 million change in the fair value of our forward fixed price contracts and other derivatives. For the year ended December 31, 2008, contracts supporting our forward fixed price hedge program required these margin payments to the NYMEX due to market direction while for the year ended December 31, 2007, similar hedging activity provided funds from the NYMEX of $107.3 million.

Net cash used in investing activities decreased by $2.4 million for the year ended December 31, 2009 compared to the year ended December 31, 2008 and included $4.6 million in maintenance capital expenditures and $4.5 million in expansion capital expenditures ($3.2 million at the Albany, New York terminal in costs related to bringing formerly out-of-permit tanks back online and to dock expansion, $0.9 million in additional terminal equipment at the Providence, Rhode Island terminal, $0.2 million in automation costs at our recently leased storage facility in Long Island, New York and $0.2 million in other expansion capital expenditures).

Net cash used in investing activities decreased by $125.0 million for the year ended December 31, 2008 compared to the year ended December 31, 2007 and included $11.5 million in total capital expenditures comprised of $2.1 million in maintenance capital expenditures and $9.4 million in expansion capital expenditures ($6.4 million related to construction in process on our leased terminal in Providence, Rhode Island, $1.2 million related to conversion expenditures to handle ethanol-based gasoline and $1.8 million in other expansion capital expenditures).

Net cash used in investing activities for year ended December 31, 2007 included $151.7 million in total capital expenditures comprised of $3.9 million in maintenance capital expenditures and $147.8 million in expansion capital expenditures. Expansion capital expenditures included $102.6 million to acquire the Albany and Newburgh, New York and Burlington, Vermont terminals and $35.4 million to acquire the Glenwood Landing and Inwood, New York terminals (for a total of $138.0 million in terminal acquisitions), $6.2 million related to construction in process on our leased terminal in Providence, Rhode Island and $3.6 million in other expansion capital expenditures. The net cash used in investing activities was offset by gross proceeds of $15.3 million from the sale of our investment in NYMEX Holdings, Inc. and related NYMEX seats.

Net cash provided by financing activities was $69.9 million for the year ended December 31, 2009 compared to net cash used in financing activities of $88.9 million for the year ended December 31, 2008 and primarily included $100.3 million in net proceeds from our credit facilities, offset by $26.1 million in cash distributions to our common and subordinated unitholders and our general partner, $4.0 million in the repurchases of common units pursuant to our Repurchase Program for future satisfaction of our general partner's obligations and $0.3 million in repurchased units held for tax obligations. The general partner's obligations include anticipated obligations to deliver common units under the LTIP and meeting the general partner's obligations under existing employment agreements and other employment related obligations of the general partner (see Note 13 of Notes to Consolidated Financial Statements included elsewhere in this report).

Net cash used in financing activities increased by $338.6 million for the year ended December 31, 2008 compared to the year ended December 31, 2007. Net cash used in financing activities was $88.9 million for the year ended December 31, 2008 and included $61.5 million in net payments on our credit facilities, $26.1 million in cash distributions to our common and subordinated unitholders and our general partner, and $1.2 million in payments on our note payable. Comparatively, net cash provided by financing activities was $249.7 million for the year ended December 31, 2007 included net borrowings on our credit facilities of $224.3 million, consisting of $153.1 million in borrowings on our working capital revolving credit facility and $71.2 million in borrowings from our acquisition facility to fund the purchase of the Albany, Newburgh, Glenwood Landing and Inwood, New York and Burlington, Vermont terminals, and net proceeds of $49.1 million from the issuance of Class B units, offset by $23.3 million in cash distributions to our common and subordinated unitholders.

Credit Agreement

We, our general partner, our operating company and our operating subsidiaries have a four-year senior secured credit agreement. Pursuant to the credit agreement, we exercised our accordion feature (discussed below) and requested an increase in the Total WC Revolver Commitment (as defined in the credit agreement) in an amount equal to $100.0 million. On December 4, 2009, certain lenders under the credit agreement agreed to fund the $100.0 million increase, bringing the total available commitments under the credit agreement from $750.0 million to $850.0 million. 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 22, 2011. There are three facilities under our 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 $750.0 million; the $750.0 million includes two $50.0 million seasonal overline facilities that are available each year only during the period between September 1 and June 30;

- an $85.0 million acquisition facility to be used for funding acquisitions similar to our business line that have a purchase price of $25.0 million or less or $35.0 million or less in the aggregate in any 12-month period; and

- a $15.0 million revolving credit facility to be used for general 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: (1) the acquisition facility by up to another $50.0 million, for a total acquisition facility of up to $135.0 million; and (2) the working capital revolving credit facility by up to another $100.0 million, for a total working capital revolving credit facility of up to $850.0 million. Any such request for an increase by us must be in a minimum amount of $5.0 million, and no more than three such requests may be made for each facility. We, however, cannot provide assurance that our lending group will agree to fund any request by us for additional amounts in excess of the total available commitments of $850.0 million.

Availability under our working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Under the credit agreement, we can borrow only up to the level of our then current borrowing base. Availability under our borrowing base may be affected by events beyond our control, such as changes in refined petroleum 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.

During the period from January 1, 2008 through July 20, 2008 and for the year ended December 31, 2007, borrowings under our working capital revolving credit, acquisition and revolving credit facilities bore interest at our option at (1) the Eurodollar rate, plus 1%, $1^1/_2$% and $1^1/_2$%, respectively, (2) the cost of funds rate, plus 1%, $1^3/_4$% and $1^1/_2$%, respectively, or (3) the bank's base rate. Commencing July 21, 2008, borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio (as defined in the credit agreement). Commencing July 21, 2008, borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates for the credit agreement were 3.6%, 4.6% and 6.3% for the years ended December 31, 2009, 2008 and 2007, respectively.

We incur a letter of credit fee of 1.75% per annum for each letter of credit issued. In addition, we incur a commitment fee on the unused portion of the three facilities under the credit agreement (including the unused portion of either of the seasonal overline facilities exercised by us) equal to 0.3% to 0.375% per annum, depending on the pricing level and the Combined Interest Coverage Ratio provided in the credit agreement. We also incur a facility fee of 0.1% per annum on any unexercised seasonal overline facility during the period between September 1 and June 30 and a seasonal overline fee of $30,000 each time we elect to exercise either of the seasonal overline facilities.

As of December 31, 2009, we had total borrowings outstanding under our credit agreement of $533.8 million, including $71.2 million outstanding on our acquisition facility. In addition, we had outstanding letters of credit of $105.0 million. The total remaining availability for borrowings and letters of credit at December 31, 2009 and 2008 was $211.2 million $211.3 million, respectively.

The credit agreement imposes financial covenants that require us to maintain certain minimum working capital amounts, capital expenditure limits, a minimum EBITDA ratio, a minimum combined interest coverage ratio and a maximum leverage ratio. We were in compliance with the foregoing covenants at December 31, 2009. 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).

The credit agreement provides that in each calendar year the outstanding amount under the working capital revolving credit facility must be equal to or less than $263.0 million for a period of ten consecutive calendar days. We have complied with this provision for the year ended December 31, 2009. It is anticipated that the seasonal decrease in working capital as we exit our heating season will contribute to a decrease in borrowings outstanding under our credit agreement.

The credit agreement limits distributions to our unitholders to available cash and permits borrowings to fund such distributions only under the $15.0 million revolving credit facility. The revolving credit facility is subject to an annual "clean-down" period, requiring us to reduce the amount outstanding under the revolving credit facility to $0 for 30 consecutive calendar days in each calendar year. We have complied with this provision for the year ended December 31, 2009.

Our obligations under the credit agreement are secured by substantially all of our assets and the assets of our operating company and operating subsidiaries.

The lending group under the credit agreement includes the following institutions: Bank of America, N.A.; Standard Chartered Bank; JPMorgan Chase Bank, N.A.; Societe Generale; RBS Citizens, National Association; Sovereign Bank; Fortis Capital Corp.; Webster Bank National Association; KeyBank National Association; TD Bank, N.A. (f/k/a TD BankNorth, N.A.); Wells Fargo Bank, N.A.; Wachovia Bank, National Association; Calyon New York Branch; and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Impact of Inflation

Inflation in the United States has been relatively low in recent years and did not have a material impact on our results of operations for the years ended December 31, 2009, 2008 and 2007.

Environmental Matters

Our business of supplying refined petroleum products involves a number of activities that are subject to extensive and stringent environmental laws. For a complete discussion of the environmental laws and regulations affecting our business, please read Items 1 and 2, "Business and Properties Environmental."

Critical Accounting Policies and Estimates

A summary of the significant accounting policies that we have adopted and followed in the preparation of our consolidated financial statements is detailed in Note 2 of Notes to Consolidated Financial Statements. Certain of these accounting policies require the use of estimates. 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. We have identified the following estimates that, in our opinion, are subjective in nature, require the exercise of judgment and involve complex analysis:

Inventory

We hedge substantially all of our inventory purchases through futures contracts and swap agreements. Hedges are executed when inventory is purchased and are identified with that specific inventory. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are recognized in earnings as an increase or decrease in cost of sales. All hedged inventory is valued using the lower of cost, as determined by specific identification, or market. Prior to sale, hedges are removed from specific barrels of inventory, and the then unhedged inventory is sold and accounted for on a first-in, first-out basis. In addition to our own inventory, we have exchange agreements with unrelated third party suppliers, whereby we may draw inventory from these other suppliers and replace it at a later date. Similarly, these suppliers may draw inventory from us and replace it at a later date. Positive exchange balances are accounted for as accounts receivable. Negative exchange balances are accounted for as accounts payable. Exchange transactions are valued using current quoted market prices.

Leases

We have a throughput agreement with Global Petroleum Corp., one of our affiliates, with respect to its terminal in Revere, Massachusetts. This agreement is accounted for as an operating lease. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Throughput Agreement with Global Petroleum Corp." We also have entered into terminal and throughput lease arrangements with various unrelated oil terminals, certain of which arrangements have minimum usage requirements. Please read Items 1 and 2, "Business and Properties Storage."

We have future commitments, principally for office space and computer equipment, under the terms of operating lease arrangements, and we have lease income from office space leased to an unrelated third party at one of our terminals. Additionally, we have capital leases for other computer equipment. Accounting and reporting guidance for leases requires that leases be evaluated and classified as operating or capital leases for financial reporting purposes. The lease term used for lease evaluation includes option periods only in instances in which the exercise of the option period can be reasonably assured and failure to exercise such options would result in an economic penalty.

Revenue Recognition

Sales relate primarily to the sale of refined petroleum products and natural gas and are recognized along with the related receivable upon delivery, net of applicable provisions for discounts and allowances. Allowances for cash discounts are recorded as a reduction of sales at the time of sale based on the estimated future outcome. We also provide for shipping costs at the time of sale, which are included in cost of sales. The amounts recorded for bad debts are generally based upon historically derived percentages while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Bad debt provisions are included in selling, general and administrative expenses.

Revenue is not recognized on exchange agreements, which are entered into primarily to acquire various refined petroleum products of a desired quality or to reduce transportation costs by taking delivery of products closer to our end markets. Any net differential for exchange agreements is recorded as a nonmonetary adjustment of inventory costs in the purchases component of cost of sales in the statement of income.

Derivative Financial Instruments

Accounting and reporting guidance for derivative instruments and hedging activities requires that an entity recognize derivatives as either assets or liabilities on the balance sheet and measure the instruments at fair value. Changes in the fair value of the derivative are to be recognized currently in earnings, unless specific hedge accounting criteria are met.

Fair Value Hedges The fair value of our derivatives is determined through the use of independent markets and is based upon the prevailing market prices of such instruments at the date of valuation. We enter into futures contracts for the receipt or delivery of refined petroleum products in future periods. The contracts are entered into in the normal course of business to reduce risk of loss of inventory on hand, which could result through fluctuations in market prices. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are recognized in earnings as an increase or decrease in cost of sales.

We also use futures contracts and swap agreements to hedge exposure under forward purchase and sale commitments. These agreements are intended to hedge the cost component of virtually all of our forward purchase and sale commitments. Changes in the fair value of these contracts, as well as offsetting gains or losses on the forward fixed price purchase and sale commitments, are recognized in earnings as an increase or decrease in cost of sales. Gains and losses on net product margin from forward fixed price purchase and sale contracts are reflected in earnings as an increase or decrease in cost of sales as these contracts mature.

We also market and sell natural gas. We generally conduct business by entering into forward purchase commitments for natural gas only when we simultaneously enter into arrangements for the sale of product for physical delivery to third-party users. We generally take delivery under our purchase commitments at the same location as we deliver to third-party users. Through these transactions, which establish an immediate margin, we seek to maintain a position that is substantially balanced between firm forward purchase and sales commitments. Natural gas is generally purchased and sold at fixed prices and quantities. Current price quotes from actively traded markets are used in all cases to determine the contracts' fair value. Changes in the fair value of these contracts are recognized in earnings as an increase or decrease in cost of sales.

Interest Rate Hedges We executed two zero premium interest rate collars with major financial institutions. Each collar is designated as a cash flow hedge. The first collar, which expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. Under the first collar, we capped our exposure at a maximum three-month LIBOR rate of 5.75% and established a minimum floor rate of 3.75%. The changes in the fair value of the first collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the three-month LIBOR rate above and below the first collar's strike rates. The second collar, which expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on our $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate. Under the second collar, we capped our exposure at a maximum one-month LIBOR rate of 5.50% and established a minimum floor rate of 2.70%. The changes in the fair value of the second collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR rate above and below the second collar's strike rates. Changes in the fair values of the collars are recorded as either an asset or a liability with a corresponding amount recorded in accumulated other comprehensive income in the accompanying consolidated balance sheet.

Forward Starting Swap In October 2009, we executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be 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 at a fixed rate of 3.93%. Hedge effectiveness was assessed at inception and will be assessed quarterly, prospectively and retrospectively, using regression analysis. The changes in the fair value of the swap are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR swap curve.

Environmental and Other Liabilities

We record accrued liabilities for all direct costs associated with the estimated resolution of contingencies at the earliest date at which it is deemed probable that a liability has been incurred and the amount of such liability can be reasonably estimated. Costs accrued are estimated based upon an analysis of potential results, assuming a combination of litigation and settlement strategies and outcomes.

Estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Loss accruals are adjusted as further information becomes available or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recognized as assets when their receipt is deemed probable.

We are subject to other contingencies, including legal proceedings and claims arising out of our businesses that cover a wide range of matters, including, among others, environmental matters, contract and employment claims. Environmental and other legal proceedings may also include matters with respect to businesses we previously owned. Further, due to the lack of adequate information and the potential impact of present regulations and any future regulations, there are certain circumstances in which no range of potential exposure may be reasonably estimated.

Recent Accounting Pronouncements

A description and related impact expected from the adoption of certain new accounting pronouncements is provided in Note 2 of Notes to Consolidated Financial Statements included elsewhere in this report.

Item 7A. 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 utilize two interest rate collars 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 facility. Therefore, from time to time, we utilize interest rate collars and swaps to hedge interest obligations on specific and anticipated debt issuances.

During the period from January 1, 2008 through July 20, 2008 and for the year ended December 31, 2007, borrowings under our working capital revolving credit, acquisition credit and revolving credit facilities bore interest at our option at (1) the Eurodollar rate, plus 1%, $1^1/_2$% and $1^1/_2$%, respectively, (2) the cost of funds rate, plus 1%, $1^3/_4$% and $1^1/_2$%, respectively, or (3) the bank's base rate. Commencing July 21, 2008, borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio (as defined in the credit agreement). Commencing July 21, 2008, borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates were 3.6%, 4.6% and 6.3% for the years ended December 31, 2009, 2008 and 2007, respectively.

As of December 31, 2009, we had total borrowings outstanding under the credit agreement of $533.8 million. 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 $5.3 million annually, assuming, however, that our indebtedness remained constant throughout the year.

We executed two zero premium interest rate collars with major financial institutions. Each collar is designated as a cash flow hedge and accounted for in accordance with the guidance issued by the Financial Accounting Standards Board. The first collar, which became effective on May 14, 2007 and expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. Under the first collar, we capped our exposure at a maximum three-month LIBOR rate of 5.75% and established a minimum floor rate of 3.75%. Whenever the three-month LIBOR rate is greater than the cap, we receive from the respective financial institution the difference between the cap and the current three-month LIBOR rate on the $100.0 million of three-month LIBOR-based borrowings. Conversely, whenever the three-month LIBOR rate is lower than the floor, we remit to the respective financial institution the difference between the floor and the current three-month LIBOR rate on the $100.0 million of three-month LIBOR-based borrowings. As of December 31, 2009, the three-month LIBOR rate of 0.27% was lower than the floor rate. As a result, in January 2010, we remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $444,000.

On September 29, 2008, we executed our second zero premium interest rate collar. The second collar, which became effective on October 2, 2008 and expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on our $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate.

Under the second collar, we capped our exposure at a maximum one-month LIBOR rate of 5.50% and established a minimum floor rate of 2.70%. Whenever the one-month LIBOR rate is greater than the cap, we receive from the respective financial institution the difference between the cap and the current one-month LIBOR rate on the $100.0 million of one-month LIBOR-based borrowings. Conversely, whenever the one-month LIBOR rate is lower than the floor, we remit to the respective financial institution the difference between the floor and the current one-month LIBOR rate on the $100.0 million of one-month LIBOR-based borrowings. As of December 31, 2009, the one-month LIBOR rate of 0.23% was lower than the floor rate. As a result, in January 2010, we remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $205,000.

In addition, in October 2009, we executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be 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 at a fixed rate of 3.93%. See Note 3 of Notes to Consolidated Financial Statements for additional information on the interest rate collars and the forward starting swap.

Commodity Risk

We hedge our exposure to price fluctuations with respect to refined petroleum products in storage and expected purchases and sales of these commodities. The derivative instruments utilized consist primarily of futures contracts traded on the NYMEX and the Chicago Mercantile Exchange 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, some degree of exposure to unforeseen 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 product purchase activities, we may experience net unbalanced positions for short periods of time as a result of variances in daily sales and transportation and delivery schedules as well as logistical issues associated with inclement weather conditions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for our business, we engage in a controlled trading program for up to an aggregate of 250,000 barrels of refined petroleum products at any one point in time.

We enter into futures contracts to minimize or hedge the impact of market fluctuations on our purchases and forward fixed price sales of refined petroleum products. Any hedge ineffectiveness is reflected in our results of operations. We utilize regulated exchanges, including the NYMEX and the Chicago Mercantile Exchange, which are regulated exchanges for energy products that it 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, 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.

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At December 31, 2009, 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):

(Loss) gain:

	Fair Value at December 31, 2009	Effect of 10% Price Increase	Effect of 10% Price Decrease
NYMEX contracts	$ (12,221)	$ (38,535)	$ 38,535
Swaps, options and other, net	(1,130)	(8,849)	(5,123)
	$ (13,351)	$ (47,384)	$ 33,412

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX. The fair value of the swaps and option contracts are estimated based on quoted prices from various sources such as 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 December 31, 2009. 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 spot 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 broker 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 $18.1 million at December 31, 2009.

We are exposed to credit loss in the event of nonperformance by counterparties of futures contracts, 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. Futures contracts, the primary derivative instrument utilized, are traded on regulated exchanges, greatly reducing potential credit risks. Exposure on swap and certain option agreements is limited to the amount of the recorded fair value as of the balance sheet dates. We utilize primarily one clearing broker, a major financial institution, for all NYMEX derivative transactions and the right of offset exists. Accordingly, the fair value of all derivative instruments is displayed on a net basis.

Item 8. Financial Statements and Supplementary Data.

The information required here is included in the report as set forth in the "Index to Financial Statements" on page F-1.

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures 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

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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 that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2009.

Internal Control Over Financial Reporting

Management's Annual Report

We are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act). Internal control over financial reporting is the process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There are inherent limitations in the effectiveness of internal control over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation.

Under the supervision and with the participation of our principal executive officer and principal financial officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management believes that our internal control over financial reporting was effective as of December 31, 2009.

Ernst & Young LLP, our independent registered public accounting firm, has issued an attestation report on management's assessment of the effectiveness of our internal control over financial reporting, as stated in their report which is included herein.

Changes in Internal Control

There has not been any change in our internal control over financial reporting that occurred during the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors of Global GP LLC
and Unitholders of Global Partners LP

We have audited Global Partners LP's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Global Partners LP's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Global Partners LP maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Global Partners LP, as of December 31, 2009 and 2008, and the related consolidated statements of income, partners' equity and cash flows for each of the three years in the period ended December 31, 2009, and our report dated March 12, 2010 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
March 12, 2010

Item 9B. Other Information.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Global GP LLC, our general partner, manages our operations and activities on our behalf. Our general partner is not elected by our unitholders and will not be subject to re-election in the future. Affiliates of the Slifka family own 100% of the ownership interests in our general partner. Our general partner is controlled by Alfred A. Slifka and Richard Slifka through their beneficial ownership of entities that own ownership interests in our general partner. Eric Slifka beneficially owns an interest in our general partner. Unitholders are not entitled to elect the directors of our general partner or directly or indirectly participate in our management or operation. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Whenever possible, our general partner intends to incur indebtedness or other obligations that are nonrecourse.

Three members of the board of directors of our general partner serve on a conflicts committee to review specific matters that the board believes may involve conflicts of interest. The conflicts committee determines if the resolution of the conflict of interest is fair and reasonable to us. Members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates and must meet the independence and experience standards established by the New York Stock Exchange ("NYSE") and the Securities Exchange Act of 1934. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders. In addition, we have a separately-designated standing audit committee established in accordance with the Securities Exchange Act of 1934 and a compensation committee. The three independent members of the board of directors of our general partner, Messrs. McKown, McCool and Watchmaker, serve as members of the conflicts, audit and compensation committees.

Even though most companies listed on the NYSE are required to have a majority of independent directors serving on the board of directors of the listed company and establish and maintain an audit committee, a compensation committee and a nominating/corporate governance committee, each consisting solely of independent directors, the NYSE does not require a listed limited partnership like us to have a majority of independent directors on the board of directors of our general partner or establish a compensation committee or a nominating/corporate governance committee.

No member of the audit committee is an officer or employee of our general partner or director, officer or employee of any affiliate of our general partner. Furthermore, each member of the audit committee is independent as defined in the listing standards of the NYSE. The board of directors of our general partner has determined that a member of the audit committee, namely Kenneth Watchmaker, is an "audit committee financial expert" as defined by the SEC.

Among other things, the audit committee is responsible for reviewing our external financial reporting, including reports filed with the SEC, engaging and reviewing our independent auditors and reviewing procedures for internal auditing and the adequacy of our internal accounting controls.

We are managed and operated by the directors and executive officers of our general partner. Our operating personnel are employees of our general partner or certain of our operating subsidiaries.

All of our executive officers devote substantially all of their time managing our business and affairs, but from time to time perform services for certain of our affiliates. Messrs. Eric Slifka, Hollister, Faneuil and Rudinsky spend a portion of their time providing services to certain of our affiliates. Please read Item 13, "Certain Relationships and Related Transactions, and Director Independence Relationship of Management with Global Petroleum Corp. and Alliance Energy LLC." Our non-executive directors devote as much time as is necessary to prepare for and attend board of directors and committee meetings.

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The following table shows information for the directors and executive officers of our general partner.

Name	Age	Position with Global GP LLC
Alfred A. Slifka	77	Chairman
Richard Slifka	69	Vice Chairman
Eric Slifka	44	President, Chief Executive Officer and Director
Thomas J. Hollister	55	Chief Operating Officer, Chief Financial Officer and Director
Edward J. Faneuil	57	Executive Vice President, General Counsel and Secretary
Charles A. Rudinsky	62	Executive Vice President, Treasurer and Chief Accounting Officer
David K. McKown	72	Director
Robert J. McCool	71	Director
Kenneth I. Watchmaker	67	Director

Alfred A. Slifka was elected Chairman of the Board of our general partner in March 2005. He has been employed with Global Companies LLC or its predecessors for over fifty years. Mr. Slifka served as Chairman of the board of directors of Global Companies LLC since its formation in December 1998. Currently Mr. Slifka is a member of, is employed by and serves as Chairman of the board of directors of Alliance Energy LLC, a privately held affiliated company that engages in the retail distribution of gasoline in the Northeastern United States. Mr. Slifka also is a shareholder, a director and the President of Global Petroleum Corp., a privately held affiliated company that owns, operates and leases to us our petroleum products storage terminal located in Revere, Massachusetts. Mr. Slifka currently serves on the boards of the New England Fuel Institute, Petroleum Institute Research Foundation, and Children's Hospital. He is a past member of the boards of directors of Citibank and Trust and of Griffiths Consumer Company, the board of overseers of Beth Israel Deaconess Hospital, and numerous other civic and charitable organizations. Mr. Slifka's extensive knowledge of the oil industry in general and of our history, customers and suppliers make him uniquely qualified to serve as our Chairman of the Board.

Richard Slifka was elected Vice Chairman of the Board of our general partner in March 2005. He has been employed with Global Companies LLC or its predecessors since 1963. Mr. Slifka served as Treasurer and a director of Global Companies LLC since its formation in December 1998. Currently Mr. Slifka is a member of, is employed by and serves as Treasurer and Vice Chairman of the board of directors of Alliance Energy LLC, a privately held affiliated company that engages in the retail distribution of gasoline in the Northeastern United States. Mr. Slifka also is a shareholder, a director and the Treasurer of Global Petroleum Corp., a privately held affiliated company that owns, operates and leases to us our petroleum products storage terminal located in Revere, Massachusetts. Mr. Slifka currently serves on the boards of directors of New England Fuel Institute, Independent Fuel Terminal Operators Association (where he also serves as president), and National Oil Heat Research Alliance. He also currently serves on the board of directors of St. Francis House and the board of trustees of Boston Medical Center. He has been a director of the National Multiple Sclerosis Society since 1988. Mr. Slifka's extensive knowledge of the oil industry in general and of our history, customers and suppliers make him uniquely qualified to serve as our Vice Chairman of the Board. Alfred A. Slifka and Richard Slifka are brothers.

Eric Slifka was elected President, Chief Executive Officer and a director of our general partner in March 2005. He has been employed with Global Companies LLC or its predecessors since 1987. Mr. Slifka served as President and Chief Executive Officer and a director of Global Companies LLC since July 2004 and as Chief Operating Officer and a director of Global Companies LLC from its formation in December 1998 to July 2004. Prior to 1998, Mr. Slifka held various senior positions in the accounting, supply, distribution and marketing departments of the predecessors to Global Companies LLC. Mr. Slifka is a member of the board of directors and an owner of Alliance Energy LLC, a privately held affiliated company that engages in the retail distribution of gasoline in the Northeastern United States. He currently serves as a member of the board of directors of the Mass Oil Heat Council, the National Oilheat Research Alliance and the Energy Policy Research Foundation. He also is a member of the boards of directors of the Cystic Fibrosis Foundation, Massachusetts Youth Committed to Winning, and Buckingham, Browne & Nichols. Mr. Slifka's extensive experience in all aspects of our business and his position as President and Chief Executive Officer of our general partner make him uniquely qualified to serve as a director of our general partner. Mr. Slifka is the son of Alfred A. Slifka and the nephew of Richard Slifka.

Thomas J. Hollister was elected to serve as a director of our general partner in August 2009. He has served as Chief Operating Officer and Chief Financial Officer of our general partner since January 2007 and Chief Financial Officer of our general partner since July 2006, when he was first employed with our general partner. From 2005 to March 2006, Mr. Hollister served as Vice Chairman of Citizens Financial Group and as Chairman, President and Chief Executive Officer of Citizens Capital, Inc., Citizens Financial Group's private equity and venture capital business. From 2004 to 2005, he served as President and Chief Executive Officer of Charter One Bank. From 1998 to 2004 he served as President and Chief Executive Officer of Citizens Bank of Massachusetts. Mr. Hollister currently serves on the board of directors of Brookline Bancorp, where he serves as audit chair. He is the former chair of the Greater Boston Chamber of Commerce and currently serves on its Executive Committee. He is chair of the board of Tufts Medical Center and vice-chair of the board of Wheaton College. He is chair of the Initiative for a New Economy. He previously served on the boards of directors of the Massachusetts Bankers Association, Macomber Construction Company, the Massachusetts Housing Investment Corporation, Savings Bank Life Insurance of Massachusetts and the Massachusetts Community & Banking Council (where he served as chair of the board). Mr. Hollister has received awards on behalf of his work for the Massachusetts Association of Community Development Corporations, Habitat for Humanity, the New England Center for Children, Rogerson Communities and the Small Business Administration. His extensive financial and executive experience, as well as his broad community ties, are assets for our board of directors.

Edward J. Faneuil was elected Executive Vice President, General Counsel and Secretary of our general partner in March 2005. He has been employed with Global Companies LLC or its predecessors since 1991. Mr. Faneuil served as General Counsel and Secretary of Global Companies LLC since its formation in December 1998. He currently serves on the board of directors of New England Fuel Institute.

Charles A. Rudinsky has served as Executive Vice President, Treasurer and Chief Accounting Officer of our general partner since January 2007. He has been employed with Global Companies LLC or its predecessors since 1988. Mr. Rudinsky served as Assistant Controller from 1988 to 1997 and as the Senior Controller and Chief Accounting Officer of Global Companies LLC since its formation in December 1998.

David K. McKown was elected to serve as a director of our general partner and as a member of the conflicts committee, the compensation committee and the audit committee of the board of directors of our general partner in October 2005. He has been a Senior Advisor to Eaton Vance Management, whose principal business is creating, marketing and managing investment funds and providing investment management services to institutions and individuals, since 2000. In this capacity he serves as a credit analyst and a major research source for many of the changes in the accounting area, such as marked to market valuations, changes in bank lending rules and understanding of new financial products and derivatives. Mr. McKown retired in March 2000 having served as a Group Executive with BankBoston since 1993. Mr. McKown has been in the banking industry for over 40 years, where he acquired extensive accounting, financial structuring and negotiation skills, having worked at BankBoston for over 33 years as a Senior Credit Officer, the head of a workout unit, the head of BankBoston's energy lending group and the head of BankBoston's real estate and corporate finance departments. He also was a managing director of BankBoston's private equity unit. Mr. McKown has served on the boards of 4 public companies and 4 private companies in a variety of industries. He currently serves as a director of Safety Insurance Group, Newcastle Investment Co. and several private companies. Mr. McKown previously served as a member of the board of directors of Equity Office Properties. Mr. McKown's extensive financial expertise and longstanding work in BankBoston's energy practice make him well qualified to serve as a director of our general partner.

Robert J. McCool was elected to serve as a director of our general partner, the chair of the conflicts committee of the board of directors of our general partner, and a member of the compensation and audit committees of the board of directors of our general partner in October 2005. He has been an Advisor to Tetco Inc., a privately held company in the energy industry, since 1967. Mr. McCool has been in the refined petroleum industry for over 40 years. He worked for Mobil Oil for 33 years in various positions including manager, planning and financial analysis, controller, manager U.S. lubricants operations and manager, budget and controls for U.S. acquisitions. Mr. McCool retired in 1998 having served as Executive Vice President responsible for Mobil Oil's North and South America marketing and refining business. Mr. McCool's extensive experience with the financial, accounting and managerial aspects of the refined petroleum products industry make him well qualified to serve as a director of our general partner.

Kenneth I. Watchmaker was elected to serve as a director of our general partner, a member of the conflicts and compensation committees of the board of directors of our general partner, and chair of the audit committee of the board of directors of our general partner in October 2005. He subsequently became chair of our general partner's compensation committee as well. He served as Executive Vice President and Chief Financial Officer of Reebok International Ltd. from 1995 until March 2006, when he elected to retire in connection with the sale of Reebok International Ltd to adidas-Salomon AG. Mr. Watchmaker joined Reebok International Ltd. in July 1992 as Executive Vice President, Operations and Finance, of the Reebok Brand. Prior to joining Reebok International Ltd., he was an audit partner at Ernst & Young LLP., where he had various responsibilities including partner in charge of merger and acquisition services, regional partner in charge of bankruptcy and insolvency services and regional partner in charge of retail industry services. Mr. Watchmaker also serves as a director and the chair of the audit committee of American Biltrite Inc. Mr. Watchmaker's broad audit and accounting experience, as well as his significant corporate and financial experience as a senior executive with public companies, make him a valuable member of our board of directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors and executive officers of our general partner and persons who beneficially own more than 10% of a class of our equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 to file certain reports with the SEC and the NYSE concerning their beneficial ownership of such securities. Based solely upon a review of the copies of reports on Forms 3, 4 and 5 and amendments thereto furnished to us, or written representations that no reports on Form 5 were required, we believe that during the year ended December 31, 2009, the officers and directors of our general partner and beneficial owners of more than 10% of our equity securities registered pursuant to Section 12 were in compliance with the applicable requirements of Section 16(a), except one Form 4 filing with respect to phantom units awarded to Mr. Eric Slifka which was filed on October 16, 2009.

Executive Sessions

The board of directors of our general partner holds executive sessions for the non-management directors on a regular basis without management present. Since the non-management directors include directors who are not independent directors, the independent directors also meet in separate executive sessions without the other directors or management at least once each year to discuss such matters as the independent directors consider appropriate. In addition, any director may call for an executive session of non-management or independent directors at any board meeting. A majority of the independent directors selects a presiding director for any such executive session.

Communications with Unitholders, Employees and Others

Unitholders, employees and other interested persons who wish to communicate with the board of directors of our general partner, non-management or independent directors as a group, a committee of the board or a specific director may do so by transmitting correspondence addressed to the Board of Directors, Name of Director, Group or Committee, c/o Corporate Secretary, Global Partners LP, P.O. Box 9161, 800 South Street, Suite 200, Waltham, MA 02454-9161, Fax: 781-398-4165.

Letters addressed to the board of directors of our general partner in general will be reviewed by the corporate secretary and relayed to the chairman of the board or the chair of the appropriate committee. Letters addressed to the non-management or independent directors in general will be relayed unopened to the chair of the audit committee. Letters addressed to a committee of the board of directors or a specific director will be relayed unopened to the chair of the committee or the specific director to whom they are addressed. All letters regarding accounting, accounting policies, internal accounting controls and procedures, auditing matters, financial reporting processes or disclosure controls and procedures are to be forwarded by the recipient director to the chair of the audit committee.

Code of Ethics

Our general partner has adopted a code of business conduct and ethics that applies to all officers, directors and employees of our general partner, including the principal executive officer, principal financial officer and principal accounting officer and our subsidiaries.

A copy of our code of business conduct and ethics is available on our website at *www.globalp.com* or may be obtained without charge upon written request to the General Counsel at: Global Partners LP, P.O. Box 9161, 800 South Street, Suite 200, Waltham, MA 02454-9161.

Corporate Governance Matters

The NYSE requires the Chief Executive Officer of each listed company to certify annually that he is not aware of any violation by the company of the NYSE corporate governance listing standards as of the date of the certification, qualifying the certification to the extent necessary. The Chief Executive Officer of our general partner provided such certification to the NYSE in 2009.

The certifications of our general partner's Chief Executive Officer and Chief Financial Officer required by the Securities Exchange Act of 1934 are included as exhibits to this Annual Report on Form 10-K.

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Item 11. Executive Compensation.

All of our executive officers and substantially all of our employees are employed by our general partner. Our general partner does not receive any management fee or other compensation for its management of Global Partners LP. Our general partner and its affiliates are reimbursed for expenses incurred on our behalf. These expenses include the costs of employee, executive officer and director compensation and benefits properly allocable to Global Partners LP, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, Global Partners LP. Our partnership agreement provides that our general partner will determine the expenses that are allocable to Global Partners LP.

Compensation Discussion and Analysis

We are managed and operated by the directors and executive officers of our general partner. Executive officers of our general partner receive compensation in the form of salaries and short-term incentive awards (contractual and/or discretionary) and long-term incentive awards, and they are eligible to participate in employee benefit plans and arrangements sponsored by our general partner or its affiliates, including plans that may be established by our general partner or its affiliates in the future. Our named executive officers (defined below) serve as executive officers of our general partner and each of our subsidiaries, and the compensation described herein reflects their total compensation for services to us, our general partner and our subsidiaries.

Our "named executive officers" include Mr. Eric Slifka, our Chief Executive Officer ("CEO"), Mr. Thomas J. Hollister, our Chief Financial Officer ("CFO") and Chief Operating Officer, and the two other most highly compensated executive officers during 2009, who are Mr. Charles A. Rudinsky, our Treasurer and Chief Accounting Officer, and Mr. Edward J. Faneuil, our Executive Vice President and General Counsel. Messrs. Slifka, Hollister and Faneuil are parties to employment agreements with our general partner. Mr. Rudinsky is an employee at will with no employment agreement.

The compensation committee of the board of directors of our general partner (the "Compensation Committee") has direct responsibility for the compensation of our CEO based upon (i) contractual obligations pursuant to the employment agreement between our CEO and our general partner, and (ii) compensation parameters established by the Compensation Committee with respect to salary adjustments, incentive plans and discretionary bonuses, if any. The Compensation Committee also has oversight and approval authority for the compensation of our named executive officers other than our CEO based upon our CEO's recommendations, including awards under any incentive plans in which the named executive officers participate, and our general partner's contractual obligations pursuant to employment agreements with two of our named executive officers.

Compensation Objectives

The objectives of our compensation program with respect to our executive officers are to attract, engage and retain individuals with the requisite knowledge, experience and skill sets required for our future success. Our compensation program is intended to motivate and inspire employee behavior that fosters high performance, and to support our overall business objectives. To achieve these objectives, we aim to provide each executive officer with a competitive total compensation program. We currently utilize the following compensation components:

- Salaries and benefits designed to attract and retain high caliber employees;
- Short-term, performance-based incentives and discretionary bonus awards designed to focus employees on key business objectives for a particular year; and
- Long-term, equity-based incentive awards designed to support the achievement of our long-term business objectives and the retention of key personnel.

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Compensation Methodology

Our general partner uses third-party consultants to study and supply market comparable compensation data and to assist our management and the Compensation Committee in formulating competitive compensation plans. In 2008, our general partner engaged W.F. Conover III, Ltd. as an independent compensation consultant to provide advice and assistance to the Compensation Committee on matters related to named executive officer compensation as well as our general compensation programs (i.e., short-term and long-term incentive programs). In 2009, Michael Conover, the principal at W.F. Conover III, Ltd. who provided consulting services to our general partner, moved to BDO Seidman, LLP. References to "Conover" hereinafter mean our compensation consultant, whether the consulting services were provided through W.F. Conover III, Ltd. or BDO Seidman, LLP.

Conover has worked with our management and the Compensation Committee to assess the competitiveness of our executive compensation program and to undertake a more comprehensive, broad-based analysis of market information. Specifically, in 2008 Conover utilized the following data sources to develop overall consensus values for executive compensation: (i) data from the Watson Wyatt Worldwide Executive Compensation Survey: Energy (2008 Report) for 15 energy companies with revenues from $4 billion to $8 billion; (ii) data with respect to a group of more than 220 companies with market capitalizations of $200 million to $600 million, a range which was comparable to our market capitalization at the time of the study; and (iii) data with respect to a multi-factor based group of 17 energy and non-energy companies which had market capitalizations of $200 million to $600 million and between 100 to 600 employees. Conover also examined the responsibilities assigned to each of our executive officer positions in relation to the external positions to which they were compared, exercised judgment in terms of the relevance of each of the market data sources, and made adjustments to arrive at a competitive market benchmark for each executive position.

The 15 energy companies with revenues from $4 billion to $8 billion referenced above are a subset of the energy companies included in the Watson Wyatt Worldwide Executive Compensation Survey: Energy (2008 Report). In this report, data are provided with respect to these companies as a group, but not individually by name, and, therefore, we are unable to provide a list of these 15 companies.

The multi-factor based group of 17 energy and non-energy companies referenced above includes:

American Ecology Corp.
American Vanguard Corp.
Aventine Renewable Energy
Balchem Corp.
Electro Rent Corp.
EnergySouth, Inc.
Flotek Industries Inc.
Fuel Tech, Inc.
Houston Wire & Cable Co.
Metalico Inc.
Penford Corp.
Pioneer Companies Inc.
Semco Energy Inc.
Symyx Technologies Inc.
Topps Co. Inc.
Uranium Resources Inc.
Verenium Corp.

In 2008, Conover also worked with our Compensation Committee to revise the structure of our CEO's compensation by reducing his base salary, establishing an annual short-term incentive program

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with both performance-based and discretionary components, and granting him phantom units that vest over the term of his new multi-year employment agreement with our general partner.

In 2008 and 2009, Conover worked with our Compensation Committee to develop new short and long-term incentive plans for our named executive officers. These plans were structured to support the overall objectives of our compensation program by linking a significant portion of our named executive officers' compensation to our short and longer-term business goals. In 2009 several of our general partner's employees (including the named executive officers) were granted phantom units with elapsed time and performance-based vesting requirements.

Elements of Compensation

Our executive compensation structure utilizes complementary components to align our compensation with the needs of our business and to provide for desired levels of pay that competitively compensate our executive management personnel. We administer the program on the basis of total compensation. When our performance goals are met, we expect the total compensation levels (i.e., salary plus short and long-term incentives) for our named executive officers to fall between the median (50th percentile) and 75th percentile compensation levels in our competitive marketplace. When we perform above or below our performance goals, we expect that will be reflected in our compensation levels.

The elements of 2009 executive officer compensation of our general partner are base salary, discretionary bonus, short and long-term incentive awards, retirement and health benefits, and perquisites consistent with those provided to executive officers generally and as may be approved by the Compensation Committee from time to time.

A description of the components of the compensation program and principles used to guide their administration appears below:

Salaries

Under our new executive compensation structure, our goal is for our executive salaries to fall between the median (50^{th} percentile) and 75^{th} percentile of competitive salary levels following any adjustments made to marketplace pay levels in order to account for significant responsibilities that are assigned to our named executive officers and that exceed the scope of responsibilities generally associated with the external benchmark positions to which they are compared, specifically:

- Our Chief Financial Officer also serves as our Chief Operating Officer ("COO") and, as such, has responsibilities for many operational areas that are not commonly assigned to Chief Financial Officer positions.

- Our Executive Vice President and General Counsel is responsible for all our environmental compliance functions, many of our human resources matters, and many of our business transactions that he manages in an executive as well as legal capacity.

- Our Chief Accounting Officer, who also serves as our Treasurer, is responsible for our financial analyses for our acquisition due diligence.

Base salaries for three of our four named executive officers are set by the terms of their respective employment agreements. These terms place their salaries above our positioning goal. However, salaries for our named executive officers were not increased in 2009. Effective as of January 1, 2009, our CEO's base salary was reduced and a contractual annual cost of living adjustment was eliminated in his new employment agreement. These decisions reflect our commitment to managing salaries toward our goal in the future.

Short-Term Incentive Awards Contractual

No contractual incentives were paid to our named executive officers in 2009. Mr. Slifka, Mr. Faneuil and Mr. Rudinsky also did not receive contractual incentives in 2007 or 2008.

Thomas Hollister, our COO and CFO, is entitled to annual contractual bonuses under his employment agreement with our general partner based upon our achievement of specific targets established by the Compensation Committee. In 2007 Mr. Hollister was entitled to a contractual bonus of $130,000 because our distributable cash flow was in excess of the distributable cash flow target established by the Compensation Committee for the 2007 calendar year. Mr. Hollister was not entitled to a contractual bonus in 2008 because the distributable cash flow target established by the Compensation Committee for 2008 was not achieved. In 2009, the Compensation Committee implemented our general partner's Short-Term Incentive Plan (see *Short-Term Incentive Plan*), and Mr. Hollister was paid a discretionary bonus thereunder in an amount in excess of what he would have received as a contractual bonus under his employment agreement with our general partner. For purposes of determining whether a specified target was achieved, "distributable cash flow" (a non-GAAP financial measure used by management) means our net income plus depreciation and amortization, less our maintenance capital expenditures.

Annual Bonuses Discretionary

Our general partner establishes a cash bonus pool each year to fund discretionary bonus awards. The bonus pool is determined based on the amount of distributable cash flow generated by us, as adjusted by the Compensation Committee. The Compensation Committee determined discretionary bonus awards to our CEO. Discretionary bonus awards for all other named executive officers were determined by the Compensation Committee based upon recommendations by our CEO, taking into account our performance and the individual performance of each of our named executive officers.

Our performance was measured by distributable cash flow, by the organic development of our existing markets, and by the achievement of accretive acquisitions that are "bolt-on" and/or "step-out" in nature. "Bolt-on" acquisitions expand our geographic reach into markets that are adjacent to our existing markets, and allow us to leverage our existing expertise and customer and supplier relationships. "Step-out" transactions involve our acquisition of physical assets and expansion into new markets. In addition to considering the nature and scope of the transactional work performed by our named executive officers in 2007, review of their individual performance included consideration for each named executive officer's role in (i) maintaining compliance with applicable securities and corporate governance requirements such as Section 404 of the Sarbanes-Oxley Act of 2002, (ii) developing and deepening our investor relations, and (iii) advancing our growth strategies. The discretionary bonus payments awarded to each of Messrs. Slifka, Hollister, Faneuil and Rudinsky for their performance in 2007 were $675,000, $220,000, $125,000 and $125,000, respectively.

The Compensation Committee elected to not award any discretionary bonus payments in respect of 2008. Consequently, no discretionary bonus payments were awarded to our named executive officers for 2008.

Our compensation program for named executive officers contains a provision for the Compensation Committee to award a discretionary bonus to recognize significant contributions made by an executive in the course of the year. Typically, these are one-time awards and not associated with any of our incentive plans. For 2009, the Compensation Committee awarded discretionary bonuses of $115,000 and $50,000, respectively, to Messrs. Hollister and Faneuil. These bonuses recognized Mr. Hollister's and Mr. Faneuil's successful accomplishment of several critical objectives for the Partnership during 2009.

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Short-Term Incentive Plan

Our general partner established a cash bonus pool for 2009 to fund short-term incentive awards for each of our named executive officers. Target awards under our general partner's short-term incentive plan for 2009 (the "STIP") included a performance-based component, for which 60% of the cash bonus pool was available (the "STIP Performance Component"), and a discretionary component, for which 40% of the cash bonus pool was available (the "STIP Discretionary Component"). Incentive awards earned under the STIP were based on the Partnership's actual performance in relation to a specified objective for distributable cash flow established by our Compensation Committee in February 2009 (the "DCF objective"). The Partnership's DCF objective for 2009 was $38 million, which was exceeded by the Partnership's actual distributable cash flow of $45.4 million (or 119.5% of the DCF objective) for 2009.

Under the STIP, each of our named executive officers was assigned an incentive target value expressed as a percentage of his base salary. The 2009 incentive target values were: 100% (or $800,000) for Mr. Slifka; 58% (or $337,500) for Mr. Hollister; 37% (or $137,500) for Mr. Faneuil; and 41% or ($112,500) for Mr. Rudinsky. 60% of the target value for each named executive officer was allocated to his STIP Performance Component (the "60% Performance-Based Payout Target"), and 40% was allocated to his STIP Discretionary Component (the "40% Discretionary Payout Target").

STIP Performance Component (60% of the award opportunity): Under the terms of the STIP, 100% of the STIP Performance Component was earned when the DCF objective was achieved. However, the STIP also provides for an increased payout under the STIP Performance Component when the DCF objective is exceeded, and a reduced payout under the STIP Performance Component when the DCF objective is not achieved. Such increases and reductions in payouts are determined in accordance with an award payout grid adopted by the Compensation Committee at the time that the STIP was established. Using the award payout grid, the Partnership's actual distributable cash flow of 119% of the DCF objective in 2009 resulted in award payouts equal to 129% of each named executive officer's 60% Performance-Based Payout Target.

STIP Discretionary Component (40% of the award opportunity): The Compensation Committee uses the same performance metric to determine the size of the cash bonus pool available for awards under the STIP Discretionary Component as it uses to determine award payouts under the STIP Performance Component. Accordingly, by applying the award payout grid to the Partnership's actual distributable cash flow of 119% of the DCF objective in 2009, the cash bonus pool available for all 2009 STIP Discretionary Component payout awards was capped at 129% of the aggregate amount of all 2009 40% Discretionary Payout Targets. Individual award payouts under the STIP Discretionary Component are entirely within the discretion of the Compensation Committee, taking into account the recommendations of the general partner's CEO. For 2009, these awards could range from 0% to 129% of each named executive officer's 40% Discretionary Payout Target.

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Each of our named executive officers earned a short-term incentive award for 2009. A summary of these awards appears in the table below:

Name		Target Value as a Percentage of Salary	Target Value ($)	2009 Award Payouts ($)
Eric Slifka	Total Award	**100%**	**800,000**	**1,032,968**
	Performance	60%	480,000	619,781
	Discretionary	40%	320,000	413,187
Thomas J. Hollister	Total Award	**58%**	**337,500**	**435,784**
	Performance	35%	202,500	261,470
	Discretionary	23%	135,000	174,313
Edward J. Faneuil	Total Award	**37%**	**137,500**	**177,541**
	Performance	22%	82,500	106,525
	Discretionary	15%	55,000	71,017
Charles A. Rudinsky	Total Award	**41%**	**112,500**	**125,261**
	Performance	25%	67,500	87,157
	Discretionary	16%	45,000	38,104

Long-Term Incentive Plan

2007 Awards. Commencing in 2006 and continuing into 2007, Wilson Group made recommendations to management and the Compensation Committee with respect to the development and implementation of our LTIP as a performance-based non-cash incentive for our named executive officers, non-executive officers, managers and independent directors.

On August 14, 2007, the Compensation Committee made the initial grant of awards of phantom units and associated distribution equivalent rights ("DERs") under the LTIP to the named executive officers and independent directors of our general partner (see "Employment and Related Agreements Equity Award" below). The vesting of these phantom units was subject to a performance goal which had two components: (a) quarterly distributions to the holders of our limited partner units could not decrease at any time during the period from January 1, 2007 through December 31, 2009 (the "Restricted Period"); and (b) cumulative distributable cash flow over the Restricted Period had to equal or exceed the cumulative amount necessary to have achieved a certain coverage over pro forma average annual distribution increases of a certain percentage per limited partner unit (determined on a fully diluted basis, and giving effect to distributions to the general partner, including incentive distributions). On March 10, 2009, the Compensation Committee determined that the performance goal for these phantom units had been achieved on December 31, 2009. Additionally, on December 31, 2009 the named executive officers continued to be employed by our general partner and the independent directors continued in their service as directors of our general partner, which was also a condition for the vesting of their respective phantom unit awards. Upon the Compensation Committee's determination that the performance target was achieved, the phantom units that were granted on August 14, 2007 became payable on a one-for-one basis in our common units (or cash equivalent) and the DERs that were granted in tandem with the phantom units also vested. Our general partner intends to deliver promptly to the named executive officers and independent directors (i) common units purchased by our general partner in the open market, and (ii) cash (to the extent not used by each recipient to satisfy his tax obligations in respect of the award) in payment for the phantom units and DERs.

2008 CEO Award. On December 31, 2008, pursuant to a contractual commitment in Eric Slifka's employment agreement with our general partner, the Compensation Committee granted to Mr. Slifka

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99,700 phantom units together with a contingent right to receive an amount in cash equal to the number of then outstanding phantom units granted to Mr. Slifka multiplied by the cash distributions per common unit made by the Partnership from time to time during the period the phantom units are outstanding. The phantom units vest in six equal installments on June 30 and December 31 of 2009, 2010 and 2011; provided, however, that in accordance with the terms of Mr. Slifka's employment agreement, if Mr. Slifka's employment is terminated (i) for reason of death or disability, or (ii) without cause or for constructive termination, in either case within 12 months following a change in control, then all unvested phantom units shall vest on the applicable termination date. Additionally, if Mr. Slifka's employment is terminated without cause or for constructive termination but such termination does not occur within 12 months following a change in control, then a prorated portion of the phantom units scheduled to vest at the end of the then applicable six-month period will vest on the date of termination, such proration to be based upon the number of full months' service provided by Mr. Slifka during such six-month period. In accordance with Mr. Slifka's employment agreement, 16,617 phantom units vested on each of June 30, 2009 and December 31, 2009. The general partner delivered to Mr. Slifka common units that it purchased in the open market and cash (to the extent not used by Mr. Slifka to satisfy his tax obligations in respect of the award) in payment for the vested phantom units.

2009 Awards. On February 5, 2009, the Compensation Committee granted 88,183, 61,728, 48,501 and 17,637 phantom units (without DERs) under the LTIP, respectively, to Messrs. Eric Slifka, Hollister, Faneuil and Rudinsky. Grant levels were established by the Compensation Committee to achieve the overall objectives of the compensation program.

The phantom units granted in 2009 will vest and become payable on a one-for-one basis in common units (and/or cash in lieu thereof) on December 31, 2013 (or potentially sooner as described below). All or a portion of the phantom units granted to our named executive officers may vest earlier than December 31, 2013 if the Average Unit Price (as defined below) equals or exceeds specified target prices during specified periods. Specifically, if the Average Unit Price equals or exceeds: (i) $21.00 at any time prior to December 31, 2013, then 25% of the phantom units will automatically vest; (ii) $27.00 at any time during the period from January 20, 2011 through December 31, 2013, then an additional 25% of the phantom units will automatically vest; and (iii) $34.00 at any time during the period from May 20, 2012 through December 31, 2013, then all of the remaining phantom units will automatically vest. "Average Unit Price" means the closing market price per common unit for any 10-consecutive trading day period.

The phantom units granted to Mr. Slifka on February 5, 2009 that do not otherwise vest early as described above will be subject to a performance goal. Specifically, any unvested phantom units held by Mr. Slifka on December 31, 2013 will vest only if the Partnership makes cumulative distributions on all units of the Partnership outstanding during the 20 consecutive quarters ending December 31, 2013 in an amount equal to or exceeding the minimum quarterly distribution (as defined in the Partnership's Agreement of Limited Partnership) on all such units.

Any phantom units granted on February 5, 2009 that have not vested as of the end of the five year cliff vesting period will be forfeited. Additionally, upon a change of control event (as defined in the grant, as amended), all outstanding phantom units that were granted on February 5, 2009 to Messrs. Slifka, Hollister and Faneuil only and that have not otherwise vested automatically will become fully vested (in the case of the phantom units awarded to Mr. Slifka, without regard to the achievement of the performance goal.)

A portion (25%) of the February 5, 2009 phantom units vested on August 21, 2009 when the Compensation Committee determined that the first Average Unit Price condition ($21.00 for 10 consecutive trading days) was satisfied. The general partner delivered common units that it purchased in the open market to the named executive officers in payment for these vested phantom units.

Additional vesting opportunities will commence after January 20, 2011.

Retirement and Health Benefits; Perquisites

Each of our named executive officers is eligible to participate in our general partner's health insurance plans, pension plans, 401(k) savings and profit sharing plan and other employee benefit plans in accordance with our general partner's policies and on the same general basis as other employees of our general partner. Under the general partner's pension plan, an employee becomes fully vested in his or her pension benefits after completing five years of service or upon termination due to death, disability or retirement. See "Other Benefits *Pension Benefits*" for information with respect to eligibility standards and calculations of estimated annual pension benefits payable upon retirement under the pension plan. Our general partner's pension plan was frozen on December 31, 2009. Our general partner's 401(k) savings and profit sharing plan provides for discretionary matching contributions by our general partner equal to 50% of each employee's contribution, up to a maximum contribution of 4% of the employee's pre-tax annual compensation, subject to certain limitations under federal law. See "Other Benefits *401(k) Savings and Profit Sharing Plan*" for additional information with respect to eligibility and permitted contributions to this plan. Additional perquisites for our named executive officers may include payment of premiums for supplemental life and/or long-term disability insurance, automobile fringe benefits, club membership dues and payment of fees for professional financial planning and/or tax advice.

Relationship of Compensation Elements to Compensation Objectives

We use base salaries to provide financial stability and to compensate our executive officers for fulfillment of their respective job duties.

We use a short-term incentive plan with performance-based and discretionary components to align a significant portion of our executive officers' compensation with annual business performance and success, and to provide rewards and recognition for key annual business and financial results such as achieving increased quarterly distributions, expanding our terminalling storage capacity and the geographic markets that we serve, and diversifying our product mix to enhance profitability and effectively manage weather sensitivity in our business. Short-term performance-based incentives also allow flexibility to reward performance and individual success consistent with such criteria as may be established from time to time by our CEO and the Compensation Committee.

The long-term incentive plan provides incentive and rewards eligible participants for the achievement of long-term objectives, facilitates the retention of key employees by investing in our long-term performance, continues to make our compensation mix more competitive, and aligns the interests of management with those of our unitholders.

We offer a mix of traditional perquisites such as automobile fringe benefits and country/golf club memberships, and additional benefits, such as payment of professional financial planning and tax advice fees, that are tailored to address our executive officers' individual needs to facilitate the performance of their job duties and to be competitive with the total compensation packages available to executive officers generally.

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Compensation of Named Executive Officers

The following table sets forth certain information with respect to compensation of our Chief Executive Officer, our Chief Financial Officer and the two other most highly compensated executive officers during 2009, 2008 and 2007.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)(2)	Stock Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(6)	Total ($)
Eric Slifka	**2009**	800,000		1,147,261	1,032,968	34,648	80,313	3,095,190
President and	**2008**	1,049,889		1,126,610		39,908	82,576	2,298,983
CEO(1)(7)	**2007**	1,030,000	675,000	703,169		17,098	90,485	2,515,752
Thomas J. Hollister	**2009**	578,000	115,000	803,081	435,784	24,637	40,184	1,996,686
COO and CFO(8)	**2008**	577,500				25,680	26,779	629,959
	2007	563,750	220,000	261,602	130,000	17,077	27,903	1,220,332
Edward J. Faneuil	**2009**	376,000	50,000	630,998	177,541	224,953	48,963	1,508,455
EVP, General Counsel	**2008**	375,953				64,782	27,783	468,518
and Secretary(5)(9)	**2007**	367,001	125,000	228,787		35,634	24,760	781,182
Charles A. Rudinsky	**2009**	273,000		229,457	125,261	372,687	34,507	1,034,912
EVP, Treasurer and	**2008**	273,000				136,180	15,272	424,452
Chief Accounting Officer(5)(10)	**2007**	266,500	125,000	112,644		43,727	12,626	560,497

(1) The above table reflects the 2008 and 2007 compensation paid to Mr. Slifka pursuant to his employment agreement with our general partner that expired on December 31, 2008. On December 31, 2008, Mr. Slifka entered into a new employment agreement with our general partner, pursuant to which his base salary was reduced to $800,000.

(2) These discretionary bonuses represent the amounts paid to the named executive officers by our general partner in 2008 for services performed during 2007, and were awarded by the Compensation Committee. No discretionary bonuses were paid for services performed during 2008. Mr. Hollister and Mr. Faneuil were paid discretionary bonuses of $115,000 and $50,000, respectively, for services performed during 2009, which discretionary bonuses were in addition to the payments they received for services performed during 2009 under the 2009 Short-Term Incentive Plan.

(3) In accordance with accounting guidance related to stock-based compensation, the dollar values shown in the "Stock Awards" column represent the grant date fair value of awards as described below:

(a) *LTIP 2009 Awards.* On February 5, 2009, the Compensation Committee granted awards of 88,183, 61,728, 48,501 and 17,637 phantom units, respectively, to Messrs. Slifka, Hollister, Faneuil and Rudinsky. Twenty-five percent of these phantom units (22,046, 15,432, 12,125 and 4,409, respectively) vested on August 21, 2009 and were paid on a one-for-one basis in our common units. See "***Elements of Compensation*** *Long-Term Incentive Plan*" for the terms of the 2009 Awards.

(b) *LTIP 2008 CEO Award.* On December 31, 2008, pursuant to Mr. Slifka's employment agreement with our general partner, the Compensation Committee granted Mr. Slifka an award of 99,700 phantom units which have vested or will vest in six approximately equal installments on June 30, 2009, December 31, 2009, June 30, 2010, December 31, 2010, June 30, 2011 and December 31, 2011. See "***Elements of Compensation*** *Long-Term Incentive Plan*" for the terms of the 2008 CEO Award.

(c)

LTIP 2007 Awards. On August 14, 2007, the Compensation Committee granted awards of 24,541, 9,120, 7,976 and 3,927 phantom units and associated DERs, respectively, to Messrs. Slifka, Hollister, Faneuil and Rudinsky. These phantom units and associated DERs vested on December 31, 2009 and will be paid in common units purchased by our general partner on the open market and in cash (to the extent not used to satisfy the recipient's tax obligations in respect of the award. See "*Elements of Compensation Long-Term Incentive Plan*" for the terms of the 2007 Awards.

(4)

The contractual bonus received by Mr. Hollister in 2007 was paid in accordance with the provisions of his employment agreement with our general partner. The bonuses paid to each of the named executive officers for services performed during 2009 were determined in accordance with our general partner's Short-Term Incentive Plan described above under *Elements of Compensation Short-Term Incentive Plan.*

(5)

With respect to Messrs. Faneuil and Rudinsky, the amounts shown under "Change in Pension Value and Nonqualified Deferred Compensation Earnings" include $159,355 and $277,318, respectively, representing the full amounts they each would receive on a lump sum basis under their respective supplemental executive retirement plan agreements with our general partner. Mr. Faneuil's interest in his SERP benefit will fully vest on December 31, 2014, to the extent he remains continuously employed with our general partner through such date. Mr. Rudinsky's interest in his SERP benefit will fully vest on July 19, 2012, to the extent he remains continuously employed with our general partner through such date. See *Elements of Compensation Supplemental Executive Retirement Plan Agreements* for additional information regarding the SERP agreements.

(6)

All of our named executive officers are eligible to participate in our general partner's health insurance, pension, 401(k) and other employee benefit plans in accordance with our general partner's policies and on the same general basis as other employees of our general partner. See "Other Benefits Pension Benefits" for information with respect to eligibility standards and calculations of estimated annual pension benefits payable upon retirement. Our general partner's 401(k) Savings and Profit Sharing Plan provides for discretionary matching contributions to the plan by our general partner. See "Other Benefits 401(k) Savings and Profit Sharing Plan" for additional information with respect to eligibility and permitted contributions to this plan.

(7)

With respect to Mr. Slifka, "All Other Compensation" for the years ended December 31, 2009, 2008 and 2007 includes the following perquisites in connection with his employment by our general partner: employer contributions paid by us under the 401(k) plan; the estimated personal value of automobiles provided by us for Mr. Slifka's use; life insurance and long-term disability insurance premiums paid by us; club memberships in the aggregate amounts of $16,627, $23,442 and $8,095 for 2009, 2008 and 2007, respectively; and professional financial planning and tax advice fees in the aggregate amount of $20,500 paid by us.

(8)

With respect to Mr. Hollister, "All Other Compensation" for the years ended December 31, 2009, 2008 and 2007 includes the following perquisites in connection with his employment by our general partner: employer contributions paid by us under the 401(k) plan; the estimated personal value of an automobile provided by us for Mr. Hollister's use; and long-term disability insurance premiums paid by us.

(9)

With respect to Mr. Faneuil, "All Other Compensation" for the years ended December 31, 2009, 2008 and 2007 includes the following perquisites in connection with his employment by our general partner: employer contributions paid by us under the 401(k) plan; the estimated personal value of an automobile provided by us for Mr. Faneuil's use; long-term disability insurance premiums paid by us; and club membership fees paid by us.

(10)

With respect to Mr. Rudinsky, "All Other Compensation" for the years ended December 31, 2009, 2008 and 2007 includes the following perquisites in connection with his employment by our general partner: employer contributions paid by us under the 401(k) plan; the estimated personal value of an automobile provided by us for Mr. Rudinsky's use; and life insurance and long-term disability insurance premiums paid by us.

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Grants of Plan-Based Awards

The following table sets forth information regarding awards made to our named executive officers during the year ended December 31, 2009.

		Estimated Future Payouts Under Equity Incentive Plan Awards(1)(3)			
Name	**Grant Date**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**Grant Date Fair Value of Stock and Option Awards ($)(1)**
Eric Slifka(2)	02/05/09		88,183	88,183	1,147,261
Thomas J. Hollister(2)	02/05/09		61,728	61,728	803,081
Edward J. Faneuil(2)	02/05/09		48,501	48,501	630,998
Charles A. Rudinsky(2)	02/05/09		17,637	17,637	229,457

(1) The grant date fair value of the phantom units was determined by multiplying the number of units reported in the table by $13.01 (the grant date fair value of awards computed in accordance with accounting guidance related to stock-based compensation).

(2) On February 5, 2009, the general partner awarded grants of phantom units under the LTIP to each of our named executive officers. These phantom units will vest on December 31, 2013, subject to the continued employment of the recipient and, in the case of Mr. Slifka, subject to a performance goal; provided, however, that all or some of these phantom units may vest earlier subject to the satisfaction of successive "Average Unit Price" conditions pursuant to which the closing price per common unit for any 10-consecutive day trading period equals or exceeds certain specified targets. Phantom units that were awarded to Mr. Slifka are eligible for accelerated vesting upon satisfaction of each Average Unit Price condition regardless of whether the performance goal has been satisfied. On August 21, 2009, the Average Unit Price of $21.00 per unit for the first tranche was achieved and, as a result, 25% of the phantom units vested at a price of $22.50 per unit. As a result, Messrs. Slifka, Hollister, Faneuil and Rudinsky received 22,046, 15,432, 12,125 and 4,409 common units, respectively.

Outstanding Equity Awards at Fiscal Year End

The following table presents equity awards in the form of phantom units granted (i) under the LTIP to Mr. Slifka on December 31, 2008 pursuant to his employment agreement with our general partner, and (ii) under the LTIP on February 5, 2009. The awards shown on the table below are all of the equity awards held by the named executive officers at the end of the last fiscal year:

	Equity Incentive Plan Awards	
	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	**Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)**
Eric Slifka	132,603	3,044,565
Thomas J. Hollister	46,296	1,062,956
Edward J. Faneuil	36,376	835,193
Charles A. Rudinsky	13,228	303,715

(1) The market values of the equity awards shown in the table above were calculated based on the closing price of $22.96 per common unit on December 31, 2009.

See *"Elements of Compensation Long-Term Incentive Plan"* for a discussion of the plan.

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Restricted Units Vested

The following table provides information concerning the restricted unit awards that vested during 2009 with respect to the named executive officers. There were no options outstanding to named executive officers during 2009.

	Unit Awards	
Name	**Number of Units Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Eric Slifka(1)	46,587	1,059,496
Thomas J. Hollister(1)	24,552	556,615
Edward J. Faneuil(1)	20,101	455,941
Charles A. Rudinsky(1)	7,636	173,294

(1) Phantom units vested as follows:

Under the August 14, 2007 award: 24,541, 9,120, 7,976 and 3,227 phantom units vested on December 31, 2009 for Messrs. Slifka, Hollister, Faneuil and Rudinsky, respectively. The closing market price on the vesting date was $22.96 per unit.

Under the February 5, 2009 award: 22,046, 15,432, 12,125 and 4,409 phantom units vested on August 21, 2009 for Messrs. Slifka, Hollister, Faneuil and Rudinsky, respectively. The closing market price on the vesting date was $22.50 per unit.

Employment and Related Agreements

Eric Slifka is employed as President and Chief Executive Officer pursuant to an employment agreement with our general partner. The term of his initial employment agreement commenced on October 4, 2005 and continued through December 31, 2008. Effective December 31, 2008, Mr. Slifka entered into a new employment agreement with our general partner which amends, restates and supersedes his initial employment agreement. Unless terminated earlier in accordance with the terms of his new employment agreement, the term of the agreement ends on December 31, 2011 and, unless either party sends a notice of non-renewal to the other party, the agreement will automatically renew for an additional 36 months commencing January 1, 2012.

The agreement provides for a base salary of $800,000 per year, subject to increase as of each January 1 during the term, as may be determined by the Compensation Committee. In addition, the agreement provides that Mr. Slifka: is (a) eligible to receive a cash bonus, payable annually, no later than two and one-half months after each fiscal year end in an amount to be determined at the discretion of the Compensation Committee; (b) entitled to participate in our general partner's short-term incentive compensation plan, pursuant to which he shall be entitled to receive cash incentive amounts to be determined based upon the achievement of financial metrics to be established by the Compensation Committee in the first month of each fiscal year during the term of the agreement, with the annual "award target" amount being 100% of his base salary and the annual maximum cash incentive amount being 200% of his base salary; any such awards to be paid within two and one-half months after the applicable fiscal year end; and (c) entitled to participate in our general partner's LTIP, including without limitation (i) the December 31, 2008 grant to Mr. Slifka of 99,700 phantom units (with a contingent right to receive cash in amounts equal to the number of awarded phantom units outstanding multiplied by the cash distributions per common unit made by the Partnership from time to time), and (ii) the February 5, 2009 grant to Mr. Slifka of 88,183 performance-restricted phantom units under the LTIP. See "Elements of Compensation *Long-Term Incentive Plan*." As determined by the Compensation Committee, Mr. Slifka also may be eligible to participate in any other incentive plans in

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which management employees may participate. He is entitled to participate in such other benefit plans and programs as the general partner may provide for its executives in general.

Mr. Slifka's employment agreement includes a confidentiality provision which, subject to typical exceptions for requirement of law and public knowledge (other than as a result of unauthorized disclosure by Mr. Slifka), will continue for two years following Mr. Slifka's termination of employment. The agreement also includes a nonsolicitation provision, which will continue for one year following Mr. Slifka's termination of employment. The agreement is subject to the non-competition provisions included in the Omnibus Agreement dated October 4, 2005 (and filed as Exhibit 10.1 to the Partnership's Form 8-K filed on October 11, 2005), which non-competition obligations shall continue to apply to Mr. Slifka throughout the term of his employment agreement (including the renewal term, if any) and, in the event Mr. Slifka's employment with our general partner is terminated (x) by our general partner without cause or by Mr. Slifka for reasons constituting constructive termination, (y) by our general partner for cause, or (z) by Mr. Slifka for reasons other than constructive termination, the non-competition provisions included in the Omnibus Agreement shall remain in effect for one year following Mr. Slifka's termination of employment. See "Potential Payments Upon Termination or Change of Control" for a discussion of the provisions in Mr. Slifka's employment agreement, as amended, relating to termination, change in control and related payment obligations.

Thomas J. Hollister is employed as Chief Operating Officer and Chief Financial Officer of our general partner. Mr. Hollister's employment commenced effective July 1, 2006 and is on an "at will" basis, meaning that Mr. Hollister's employment has no specific duration and that, subject to the provisions of his employment agreement, either Mr. Hollister or our general partner may terminate his employment at any time for any reason. The agreement provides for a base salary of $550,000 for the initial 12-month period commencing July 1, 2006, and subsequent review by the Compensation Committee no less frequently than annually, at which time Mr. Hollister's base salary may be increased at the discretion of the Compensation Committee. In 2009, Mr. Hollister's base salary was $578,000. Mr. Hollister also is eligible to receive an annual cash bonus amount of $130,000 for each 12-month period that he is employed by our general partner, provided that we achieve a distributable cash flow target set by the Compensation Committee. No such bonus was earned in respect of calendar year 2008. Under the short-term incentive plan established by our general partner in 2009, Mr. Hollister's 2009 target award has been set at an amount that exceeds his contractual bonus amount. The employment agreement provides that Mr. Hollister also is entitled to participate in the LTIP and in such other benefit plans and programs as our general partner may provide for its employees in general. The agreement includes a confidentiality provision which, subject to typical exceptions for requirement of law and public knowledge (other than as a result of unauthorized disclosure by Mr. Hollister), will continue for two years following Mr. Hollister's termination of employment. The agreement also includes non-competition provisions which continue during the term of the agreement and for a period of two years thereafter. Also see "Potential Payments Upon Termination or Change of Control" for a discussion of the provisions in Mr. Hollister's employment agreement, as amended, relating to termination, change of control and related payment obligations.

Edward J. Faneuil is employed as Executive Vice President, General Counsel and Secretary pursuant to an employment agreement with our general partner. Mr. Faneuil's employment agreement became effective as of July 1, 2006 and continues through December 31, 2011 unless terminated earlier in accordance with the terms of the agreement. The agreement provides for an annual base salary of $358,050 for the 12-month period commencing July 1, 2006. Thereafter, Mr. Faneuil's base salary will be reviewed by the Compensation Committee at least annually. In 2009, Mr. Faneuil's base salary was $376,000. Mr. Faneuil also is entitled to receive bonuses in accordance with the then applicable short-term incentive plan as authorized by the Compensation Committee to be paid no later than March 15 of the calendar year immediately following the calendar year in which such bonuses are earned. Mr. Faneuil is eligible to participate in our general partner's health insurance, pension, 401(k)

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and other employee benefit plans and will also receive additional fringe benefits consistent with benefits previously provided to him under prior arrangements. Mr. Faneuil is eligible to participate in the LTIP on the same general basis as the other executive officers of our general partner. The agreement includes a confidentiality provision which, subject to typical exceptions for requirement of law and public knowledge (other than as a result of unauthorized disclosure by Mr. Faneuil), will continue for two years following Mr. Faneuil's termination of employment. The agreement also includes non-competition and non-solicitation provisions which continue during the term of the agreement and for a period of two years thereafter. Mr. Faneuil also has entered into a deferred compensation agreement with our general partner. See "Deferred Compensation Agreement" below for a description of this non-qualified deferred compensation plan. Mr. Faneuil also has entered into a supplemental executive retirement plan ("SERP") agreement with our general partner to provide him with supplemental retirement benefits in consideration of past and future services provided by him and in recognition of his ineligibility to participate in our increased benefits program in connection with the freezing of benefits under the pension plan. See "Supplemental Executive Retirement Plan Agreements" for a discussion of the provisions in Mr. Faneuil's SERP agreement. See "Potential Payments Upon Termination or Change of Control" for a discussion of the provisions in Mr. Faneuil's employment agreement, as amended, and in his amended and restated deferred compensation agreement relating to termination, change of control and related payment obligations.

Charles A. Rudinsky, Executive Vice President, Treasurer and Chief Accounting Officer, is an at will employee and does not have an employment agreement with our general partner. In 2009, Mr. Rudinsky's base salary was $273,000. Mr. Rudinsky also has entered into a supplemental executive retirement plan ("SERP") agreement with our general partner to provide him with supplemental retirement benefits in consideration of past and future services provided by him and in recognition of his ineligibility to participate in our increased benefits program in connection with the freezing of benefits under the pension plan. See "Supplemental Executive Retirement Plan Agreements" for a discussion of the provisions in Mr. Rudinsky's SERP agreement.

Deferred Compensation Agreement

On December 31, 2008, our general partner and Edward J. Faneuil entered into a deferred compensation agreement pursuant to which Mr. Faneuil will be subject to terms and conditions relating to confidential information, non-solicitation and non-competition, as provided therein. See "Potential Payments Upon Termination or Change of Control" for a discussion of the provisions in Mr. Faneuil's deferred compensation agreement relating to termination, change of control and related payment obligations.

Supplemental Executive Retirement Plan Agreements

On December 31, 2009, our general partner entered into SERP agreements with each of Edward J. Faneuil and Charles A. Rudinsky. The value of the SERP benefits to be provided under the agreements, expressed as single lump sum payments, will be $159,355 for Mr. Faneuil and $277,318 for Mr. Rudinsky. Each of Messrs. Faneuil and Rudinsky will acquire a fully vested and nonforfeitable interest in his respective SERP benefit only to the extent he is continuously employed with our general partner from December 31, 2009 through the vesting dates set forth in his agreement, or if he dies or becomes Disabled (as such term is defined in the agreements) or if there is a Change in Control (as such term is defined in the agreements). See "Potential Payments Upon Termination or Change of Control" for a discussion of the provisions in Mr. Faneuil's and Mr. Rudinsky's SERP agreements relating to termination, change of control and related payment obligations.

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Potential Payments upon a Change of Control or Termination

The following table shows potential payments to our named executive officers under existing contracts, agreements, plans or arrangements, whether written or unwritten, for various scenarios involving a change of control or termination of employment of each such named executive officer assuming a December 31, 2009 termination date.

				Termination by general partner without Cause / Constructive Termination / Breach by general partner		
Name	**Change in Control ($)**	**Death ($)**	**Disability ($)**	**No Change in Control ($)**	**With a Change in Control ($)**	**Nonrenewal ($)**
Eric Slifka(1)						
Severance Amount		3,665,936	3,665,936	3,665,936	5,498,904	800,000
LTIP awards(5)	670,951	4,259,055	4,259,055	1,692,287	4,259,055	607,407
Fringe benefits		80,313	80,313	80,313	80,313	
Life insurance benefits		210,000				
Total	**670,951**	**8,215,304**	**8,005,304**	**5,438,536**	**9,838,272**	**1,407,407**
Thomas J. Hollister(2)						
Severance Amount				1,156,000	2,027,568	
Discretionary bonus	115,000	115,000	115,000	115,000	115,000	
LTIP awards(5)	1,312,297	249,341	249,341	425,182	1,312,297	
Fringe benefits				80,368	80,368	
Life insurance benefits		210,000				
Total	**1,427,297**	**574,341**	**364,341**	**1,776,550**	**3,535,233**	
Edward J. Faneuil(3)						
Severance Amount				752,000	1,107,082	
Discretionary bonus	50,000	50,000	50,000	50,000	50,000	
Deferred Compensation	892,140	892,140	892,140			
SERP benefit	155,359	155,359	155,359			
LTIP awards(5)	1,071,257	218,064	218,064	552,132	1,071,257	
Fringe benefits				48,963	48,963	
Life insurance benefits		210,000				
Total	**2,168,756**	**1,525,563**	**1,315,563**	**1,403,095**	**2,277,302**	
Charles A. Rudinsky(4)						
SERP benefit	277,318	277,318	277,318			
LTIP awards(5)	105,950					
Life insurance benefits		336,000				
Total	**383,268**	**613,318**	**277,318**			

(1) ***Eric Slifka***

On December 31, 2008, Mr. Slifka entered into a new employment agreement with our general partner for an initial term commencing January 1, 2009 and continuing through December 31, 2012.

This employment agreement may be terminated at any time by either party with proper notice. Under the employment agreement, assuming Mr. Slifka's employment was terminated on December 31, 2009 for any reason, he would have been entitled to receive (i) all amounts of his base salary due and owing up through the date of termination, (ii) any earned but unpaid bonus, (iii) all reimbursements of expenses appropriately and timely submitted, and (iv) any and all other amounts that may be due to him as of the date of termination (the "Accrued Obligations").

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If Mr. Slifka's employment had been terminated by death or "Disability" (defined below) on December 31, 2009, within 10 days following such termination he (or his estate) would have been entitled to receive in addition to any Accrued Obligations:

(i) a lump sum payment of $1,600,000 (equal to his then base salary multiplied by 200%); plus

(ii) a lump sum payment of $2,065,936 (equal to his target incentive amount under the short-term incentive plan multiplied by 200%); plus

(iii) his interests in our general partner's long-term incentive plans, as described below.

Additionally, our general partner would have continued the monthly payment of all group health and similar insurance premiums on behalf of his spouse and dependents for 24 months following the date of termination. For purposes of Mr. Slifka's employment agreement, "Disability" is defined as a physical or mental condition which (a) renders Mr. Slifka, with or without reasonable accommodation, unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, results in Mr. Slifka receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of our general partner.

Assuming Mr. Slifka's employment had been terminated by our general partner without cause or by Mr. Slifka for reasons constituting "Constructive Termination" (defined below) on December 31, 2009, within 10 days following such termination he would have been entitled to receive in addition to any Accrued Obligations:

(i) a lump sum payment of $1,600,000 (an amount equal to his then base salary multiplied by 200%); provided, however, that the lump sum payment would be increased to $2,400,000 (an amount equal to his then base salary multiplied by 300%) if such termination were for reasons constituting Constructive Termination *and* such termination occurred within 12 months following a "Change in Control" (defined below); plus

(ii) a lump sum payment of $2,065,936 (an amount equal to his target incentive amount under the then applicable Short-Term Incentive Plan multiplied by 200%); provided, however, that the lump sum payment would be increased to $3,098,904 (an amount equal to his target incentive amount under the then applicable Short-Term Incentive Plan multiplied by 300%) if such termination were for reasons constituting Constructive Termination *and* such termination occurred within 12 months following a "Change in Control" (defined below); plus

(iii) his interests in our general partner's long-term incentive plans, as described below.

Also, our general partner would have continued the monthly payment of all group health and similar insurance premiums on behalf of Mr. Slifka's spouse and dependents for 24 months following the date of termination. For purposes of Mr. Slifka's employment agreement, "Constructive Termination" means termination of employment as a result of (a) any substantial diminution, without Mr. Slifka's written consent, in his working conditions consisting of (i) a material reduction in his duties and responsibilities, (ii) any change in the reporting structure so that he no longer reports solely to our Board of Directors, or (iii) a relocation of his place of work further than forty (40) miles from Waltham, Massachusetts, or (b) an uncured breach by the general partner of a material provision of the employment agreement, as amended. Pursuant to Mr. Slifka's employment agreement, a "Change in Control" would be deemed to have occurred upon (1) the date that any one person, entity or group (other than Alfred Slifka, Richard Slifka or Eric Slifka, or their respective family members or entities they control, individually or in the aggregate, directly or indirectly) acquires ownership of the membership interests of our general partner that, together with the membership interests of our

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general partner already held by such person, entity or group, constitutes more than 50% of the total fair market value or total voting power of the membership interests of our general partner; provided, however, if any one person, entity or group is considered to own more than 50% of the total fair market value or total voting power of the membership interests of our general partner, the acquisition of additional membership interests by the same person, entity or group shall not be deemed to be a Change in Control; (2) a consolidation or merger (in one transaction or a series of related transactions) of our general partner pursuant to which the holders of our general partner's equity securities immediately prior to such transaction or series of related transactions would not be the holders immediately after such transaction or series of related transactions of at least 50% of the voting power of the entity surviving such transaction or series of related transactions; or (3) the sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of our business and/or assets to a person other than Alfred Slifka, Richard Slifka or Eric Slifka, or their respective family members or entities they control, individually or in the aggregate, directly or indirectly.

With respect to Mr. Slifka's interests in our general partner's long-term incentive plans:

(i) Assuming a Change in Control event had occurred on December 31, 2009, all outstanding and unvested phantom units and associated DERs that were granted to Mr. Slifka under our LTIP on August 14, 2007 automatically would become fully vested without regard to the achievement of the performance goal provided in the grant. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $563,461 and the value of the associated DERs would have been $107,489, for a total value of $670,951.

(ii) Assuming, at December 31, 2009, that Mr. Slifka's employment had been terminated for death or Disability, or by our general partner without Cause or by Mr. Slifka for Constructive Termination, in either case within twelve months following a Change in Control, then:

(a) all outstanding and unvested phantom units that were granted to Mr. Slifka under our LTIP on August 14, 2007 automatically would become fully vested. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $563,461 and the value of the associated DERs would have been $107,489, for a total value of $670,951;

(b) all outstanding and unvested phantom units that were granted to Mr. Slifka under our LTIP on December 31, 2008 automatically would become fully vested. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $1,907,586 and the value of the associated DERs would have been $162,012, for a total value of $2,069,598.

(c) all outstanding and unvested phantom units that were granted to Mr. Slifka under our LTIP on February 5, 2009 automatically would become fully vested without regard to the achievement of the performance goal provided in the grant. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $1,518,506. There were no DERs associated with the February 5, 2009 grant.

(iii) Assuming, at December 31, 2009, that Mr. Slifka's employment had been terminated by our general partner without Cause or by Mr. Slifka for Constructive Termination, but such termination did not occur within twelve months following a Change in Control, then:

i. all outstanding and unvested phantom units that were granted to Mr. Slifka under our LTIP on August 14, 2007 automatically would become fully vested on the date that the Compensation Committee determines that the performance goal was achieved. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $563,461 and the value of the associated DERs would have been $107,489, for a total value of $670,951;

ii. because Mr. Slifka was employed by our general partner for all six months of the vesting period for the installment that vested on December 31, 2009, 16,617 of the outstanding and unvested phantom units that were granted to Mr. Slifka under our LTIP on December 31, 2008 automatically would become fully vested. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $381,526 and the value of the associated DERs would have been $32,403, for a total value of $413,929.

iii. because Mr. Slifka was employed by our general partner for two years of the five year vesting period for his February 5, 2009 LTIP award, he would become fully vested in 2/5 of the then outstanding and unvested phantom units granted to him, or 26,455 phantom units, automatically without regard to the achievement of the performance goal provided in the grant. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $607,407. There were no DERs associated with the February 5, 2009 grant.

In the event of termination for "Cause" (defined below), assuming a termination date of December 31, 2009, Mr. Slifka would have been entitled to receive the Accrued Obligations only. For purposes of Mr. Slifka's employment agreement, "Cause" is defined as (a) engaging in gross negligence or willful misconduct in the performance of duties, (b) committing an act of fraud, embezzlement or willful breach of a fiduciary duty to us including our general partner and any of our subsidiaries (including the unauthorized disclosure of any of our material secret, confidential and/or proprietary information, knowledge or data), (c) being convicted of a crime involving fraud, dishonesty or moral turpitude or any felony, or (d) breaching any material provision of the employment agreement or of the Omnibus Agreement, which agreement contains non-competition provisions applicable to Mr. Slifka.

If Mr. Slifka's employment agreement is not renewed by our general partner effective January 1, 2011 and he does not continue to serve as our general partner's President and Chief Executive Officer following the expiration of the current term of his employment agreement, he will be entitled to be paid a lump sum payment equal to 100% of his then base salary plus a proportionate amount of the then outstanding and unvested phantom units awarded to him under our LTIP on February 5, 2009 plus any Accrued Obligations. For purposes of the above table we have assumed that Mr. Slifka's employment agreement was due to be renewed as of December 31, 2009 and we used Mr. Slifka's current base salary.

(2) ***Thomas J. Hollister***

The employment agreement between our general partner and Mr. Hollister provides, upon termination of his employment for any reason, that Mr. Hollister will receive payment through the date of termination of his employment of (i) any earned, but unpaid, base salary as then in effect, (ii) all earned, but unpaid, bonuses, and (iii) all accrued vacation, expense reimbursements and other benefits (other than severance benefits, except as provided below) due Mr. Hollister in accordance with the established plans and policies of our general partner or applicable law (the "Accrued Obligations").

In the event of a change in control (defined below), Mr. Hollister's employment agreement provides for accelerated vesting on any and all outstanding Partnership options, restricted units, phantom units, unit appreciation rights and other similar rights (under the LTIP or otherwise) held by him as in effect on the date of termination. The Compensation Committee granted to Mr. Hollister 9,120 phantom units and associated DERs under the LTIP on August 14, 2007, and 61,728 phantom units (without DERs) on February 5, 2009. No other such options, restricted units, phantom units, unit appreciation rights and other similar rights had been granted to Mr. Hollister as of December 31, 2009. Assuming a change of control event (as defined in the grant) had occurred on December 31, 2009, all outstanding and unvested phantom units and associated DERs that were granted to Mr. Hollister on August 14, 2007 and all outstanding and unvested phantom units that were granted to him on February 5, 2009 automatically would become fully vested. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of the August 14, 2007 awarded phantom units would have been $209,395 and the value of the associated DERs would have been $39,946, for a total value of $249,341, and the fair value of the February 5, 2009 awarded phantom units would have been $1,062,956. In the event of a change in control Mr. Hollister also would have been entitled to receive the discretionary bonus of $115,000 which he earned in respect of his services to us during 2009. Pursuant to Mr. Hollister's employment agreement, a "change in control" is deemed to occur on the date that any one person, entity or group (other than Alfred Slifka, Richard Slifka or Eric Slifka, or their respective family members or entities they control, individually or in the aggregate, directly or indirectly) acquires ownership of the membership interests of our general partner that, together with the membership interests of our general partner already held by such person, entity or group, constitutes more than 50% of the total voting power of the membership interests of our general partner.

Assuming Mr. Hollister's employment had been terminated on December 31, 2009 by our general partner for "Cause" (defined below) or by Mr. Hollister voluntarily (for reasons other than Constructive Termination), then following such termination Mr. Hollister (or his estate, if applicable) would have been entitled to the Accrued Obligations. For purposes of Mr. Hollister's employment agreement, "Cause" is defined as (1) engaging in gross negligence or willful misconduct in the performance of duties, (2) committing an act of fraud, embezzlement or willful breach of a fiduciary duty to us including our general partner and any of our subsidiaries (including the unauthorized disclosure of any material secret, confidential and/or proprietary information, knowledge or data of the Company or any of its subsidiaries), (3) being convicted of (or pleading no contest to) a crime involving fraud, dishonesty or moral turpitude or any felony, or (4) an uncured breach of any material provision of the agreement.

Assuming Mr. Hollister's employment had been terminated on December 31, 2009 by reason of Mr. Hollister's death or "Disability" (defined below), then following such termination Mr. Hollister (or his estate, if applicable) would have been entitled to the Accrued Obligations plus accelerated vesting of all outstanding and unvested phantom units and associated DERs that were granted to Mr. Hollister on August 14, 2007. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of the August 14, 2007 awarded phantom units would have been $209,395 and the value of the associated DERs would have been $39,946, for a total value of $249,341. Pursuant to Mr. Hollister's employment agreement, "Disability" means a physical or mental disability or impairment which renders Mr. Hollister unable, with or without reasonable accommodation, to perform the essential functions of his duties for a period of at least 90 consecutive days and, following the expiration of the initial 90-day period, a medical doctor or other appropriate health care provider, in either case selected solely by our general partner, has delivered an opinion to our general partner that such physical or mental disability or impairment is expected to continue for at least an additional 90 consecutive days.

Assuming Mr. Hollister's employment had been terminated on December 31, 2009 by our general partner without Cause, or by Mr. Hollister for reasons constituting "Constructive Termination" (defined below), Mr. Hollister would have been entitled to receive a severance payment in an amount equal to the sum of (i) twice his then base salary ($1,156,000), plus (ii) if such termination had occurred within 12 months following a Change in Control, an additional amount equal to twice his target incentive amount under the then applicable short-term incentive for the fiscal year ($871,568), for a total severance amount of $2,027,568. Such severance payment would be payable monthly in 24 equal installments. During such severance payment payout period, Mr. Hollister would remain eligible to

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participate in our general partner's health insurance, pension, 401(k) and other employee benefit plans in accordance with our general partner's policies and on the same general basis as other employees. Additionally, in the absence of any Change in Control, all of the outstanding and unvested phantom units and associated DERs that were granted to Mr. Hollister on August 14, 2007 would automatically vest. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of the August 14, 2007 awarded phantom units would have been $209,395 and the value of the associated DERs would have been $39,946, for a total value of $249,341. Mr. Hollister's employment agreement defines "Constructive Termination" as the termination of employment by Mr. Hollister as a result of (i) an uncured breach by the general partner of a material provision of the employment agreement, as amended, (ii) the failure of any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of our business and/or assets to expressly assume and agree to perform the employment agreement, as amended or (iii) any material diminution, without Mr. Hollister's written consent, in his working conditions consisting of (a) a material reduction in his duties and responsibilities as the Chief Operating Officer or Chief Financial Officer, (b) any change in the reporting structure so that he no longer reports to the President or Chief Executive Officer of our general partner, or (c) a relocation of his place of work further than 40 miles from Waltham, Massachusetts. Assuming a December 31, 2009 termination date, in the event Mr. Hollister elected to terminate his employment for constructive termination at any time within three months before a change in control and 12 months after a change in control, then in addition to the foregoing severance and benefits Mr. Hollister also would have been entitled to the accelerated vesting provisions described above.

Our general partner is obligated to reimburse Mr. Hollister for any and all federal excise taxes and penalties (other than penalties imposed as a result of Mr. Hollister's actions), and any taxes imposed upon such reimbursement amounts, including, but not limited to, any federal, state and local income taxes, employment taxes, and other taxes, if any, which may become due pursuant to the application of Sections 4999 and/or 409A of the Internal Revenue Code of 1986 (the "Internal Revenue Code") on any payments to Mr. Hollister in connection with the employment agreement, as amended.

(3)
Edward J. Faneuil

The employment agreement between our general partner and Mr. Faneuil provides that, upon termination of his employment for any reason, Mr. Faneuil will receive payment through the date of termination of his employment of (i) any earned, but unpaid, base salary as then in effect, (ii) all earned, but unpaid, bonuses, and (iii) all accrued vacation, expense reimbursements and other benefits (other than severance benefits, except as provided below) due Mr. Faneuil in accordance with the established plans and policies of our general partner or applicable law (the "Accrued Obligations").

In the event of a change in control (defined below), Mr. Faneuil's employment agreement provides for accelerated vesting on any and all outstanding Partnership options, restricted units, phantom units, unit appreciation rights and other similar rights (under the LTIP or otherwise) held by him as in effect on the date of termination. The Compensation Committee granted to Mr. Faneuil 7,976 phantom units and associated DERs under the LTIP on August 14, 2007, and 48,501 phantom units (without DERs) on February 5, 2009. No other such options, restricted units, phantom units, unit appreciation rights and other similar rights had been granted to Mr. Faneuil as of December 31, 2009. Assuming a change of control event (as defined in the grant) had occurred on December 31, 2009, all outstanding and unvested phantom units and associated DERs that were granted to Mr. Faneuil on August 14, 2007 and all outstanding and unvested phantom units that were granted to him on February 5, 2009 automatically would become fully vested. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of the August 14, 2007 awarded phantom units would have been $183,129 and the value of the associated DERs would have been $34,935, for a total value of $218,064, and the fair value of the February 5, 2009 awarded phantom units would have been $1,071,257. In the event of a change in control Mr. Faneuil also would have been entitled to receive the discretionary bonus of $50,000 which he earned in respect of his services to us during 2009. Pursuant to Mr. Faneuil's employment agreement, a "change in control" is deemed to occur on the date that any one person, entity or group (other than Alfred Slifka, Richard Slifka or Eric Slifka, or their respective family members or entities they control, individually or in the aggregate, directly or indirectly) acquires ownership of the membership interests of our general partner that, together with the membership interests of our general partner already held by such person, entity or group, constitutes more than 50% of the total voting power of the membership interests of our general partner.

Assuming Mr. Faneuil's employment had been terminated on December 31, 2009 (i) by our general partner for "Cause" (defined below), (ii) by Mr. Faneuil voluntarily (for reasons other than Constructive Termination), or (iii) by reason of Mr. Faneuil's death, then following such termination Mr. Faneuil (or his estate, if applicable) would have been entitled to the Accrued Obligations. For purposes of Mr. Faneuil's employment agreement, "Cause" is defined as (1) engaging in gross negligence or willful misconduct in the performance of duties, (2) committing an act of fraud, embezzlement or willful breach of a fiduciary duty to us including our general partner and any of our subsidiaries (including the unauthorized disclosure of any material secret, confidential and/or proprietary information, knowledge or data of the Company or any of its subsidiaries), (3) being convicted of (or pleading no contest to) a crime involving fraud, dishonesty or moral turpitude or any felony, or (4) an uncured breach of any material provision of the agreement.

Assuming Mr. Faneuil's employment had been terminated on December 31, 2009 by our general partner without Cause, or by Mr. Faneuil for reasons constituting "Constructive Termination" (defined below), Mr. Faneuil would have been entitled to receive a severance payment in an amount equal to the sum of (i) twice his then base salary ($752,000), plus (ii) if such termination had occurred within 12 months following a Change in Control, an additional amount equal to twice his target incentive amount under the then applicable short-term incentive for the fiscal year ($355,082), for a total severance amount of $1,107,082. Such severance payment would be payable monthly in 24 equal installments. In addition, the general partner would provide health care continuation coverage benefits to Mr. Faneuil pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and would continue to pay the applicable percentage of the medical insurance premium that it pays for active employees during the applicable COBRA coverage period. Mr. Faneuil's employment agreement defines "Constructive Termination" as the termination of employment by Mr. Faneuil as a result of (i) an uncured breach by the general partner of a material provision of the employment agreement, as amended, (ii) the failure of any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of our business and/or assets to expressly assume and agree to perform the employment agreement, as amended or (iii) any material diminution, without Mr. Faneuil's written consent, in his working conditions consisting of (a) a material reduction in his duties and responsibilities as the Executive Vice-President and General Counsel, (b) any change in the reporting structure so that he no longer reports to the President or Chief Executive Officer of our general partner, or (c) a relocation of his place of work further than 40 miles from Waltham, Massachusetts. For purposes of Mr. Faneuil's employment agreement, however, Constructive Termination does not include a change in reporting structure as a result of our general partner becoming a subsidiary of an unrelated entity, including, without limitation, a change whereby Mr. Faneuil is not the chief legal officer or general counsel of the acquiring or parent entity or must report to the chief legal officer or general counsel of a currently unaffiliated parent corporation or entity. Assuming a December 31, 2009 termination date, in the event Mr. Faneuil elected to terminate his employment for constructive termination at any time within three months before a change in control and 12 months after a change in control, then in addition to the foregoing severance Mr. Faneuil also would have been entitled to the accelerated vesting provisions described above.

Our general partner and Mr. Faneuil also entered into an amended and restated deferred compensation agreement, pursuant to which Mr. Faneuil will be paid the sum of $70,000 per year (the

"Deferred Compensation") in equal monthly installments of $5,833.33 on the first business day of each month for 15 years (180 months) commencing on the earlier of: (i) August 1, 2014, and (ii) the first business day of the month following Mr. Faneuil's "separation from service" (as defined in the Code) with our general partner for reasons other than "Cause" (as defined in the deferred compensation agreement), subject to earlier termination as provided in the agreement. In the event of an unforeseeable emergency as referenced in the deferred compensation agreement, our general partner will pay Mr. Faneuil within 15 days of the occurrence of the unforeseeable emergency the maximum amount allowable in a lump sum promptly following the occurrence of such unforeseeable emergency. The Deferred Compensation will be forfeited in its entirety in the event that our general partner terminates Mr. Faneuil's employment prior to August 1, 2014 for Cause or Mr. Faneuil terminates his employment for any reason other than death, disability or a Change in Control (as defined in the deferred compensation agreement). On and after the date on which Deferred Compensation payments commence, our general partner may terminate its obligations under the deferred compensation agreement for Cause or if our general partner subsequently determines within 18 months of Mr. Faneuil's termination that circumstances which would give rise to a for Cause termination of Mr. Faneuil otherwise existed at the time of his earlier termination. In the event of Mr. Faneuil's death prior to his receiving any or all of the aggregate amount of the Deferred Compensation (including the event of Mr. Faneuil's death before August 1, 2014), our general partner will pay Mr. Faneuil's beneficiary within 60 days of the date of his death a single lump sum payment in an amount equal to the present value of the remaining payments that would have been paid to Mr. Faneuil. If there is a Change in Control or Mr. Faneuil is determined to have become disabled prior to his receiving any or all of the aggregate amount of the Deferred Compensation (including if the Change of Control occurred or the determination that Mr. Faneuil became disabled were made before August 1, 2014), our general partner will pay to Mr. Faneuil within 60 days of the effective date of the Change in Control or the determination that Mr. Faneuil became disabled a single lump sum payment in an amount equal to the present value of the remaining payments that would have been paid to him had the Change in Control not occurred or had Mr. Faneuil not become disabled. For purposes of the deferred compensation agreement. "Cause" means (a) any uncured material breach by Mr. Faneuil of his obligations under the deferred compensation agreement, (b) any breach by Mr. Faneuil of his confidentiality, non-competition and non-solicitation obligations set forth on Exhibit "A" to the deferred compensation agreement or included in his employment agreement with our general partner, (c) engagement in gross negligence or willful misconduct in the performance of his duties, (d) a conviction or plea of no contest to a crime involving fraud, dishonesty or moral turpitude or any felony, or (e) the commission of an act of embezzlement or willful breach of a fiduciary duty to our general partner, the Partnership or any of its Affiliates.

Mr. Faneuil entered into a SERP agreement with our general partner on December 31, 2009. The value of the benefit to be provided under the SERP agreement, expressed as a single lump sum payment, is $159,355. Mr. Faneuil will acquire a fully vested and nonforfeitable interest in his SERP benefit only to the extent he is continuously employed with our general partner from December 31, 2009 through the vesting dates set forth in his SERP agreement, or if he dies or becomes Disabled (as such term is defined in the SERP agreement) after December 31, 2009 while employed with our general partner or if there is a Change in Control (as such term is defined in the SERP agreement).

Our general partner is obligated to reimburse Mr. Faneuil for any and all federal excise taxes and penalties (other than penalties imposed as a result of Mr. Faneuil's actions), and any taxes imposed upon such reimbursement amounts, including, but not limited to, any federal, state and local income taxes, employment taxes, and other taxes, if any, which may become due pursuant to the application of Sections 4999 and/or 409A of the Code on any payments to Mr. Faneuil in connection with the employment agreement, as amended. Mr. Faneuil and our general partner have agreed to reform any provision of the deferred compensation agreement, as amended, between them in a manner mutually agreeable to avoid imposition of any additional tax under the provisions of Section 409A of the Internal Revenue Code and related regulations and Treasury pronouncements.

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(4) ***Charles A. Rudinsky***

On August 14, 2007, the Compensation Committee granted Mr. Rudinsky 3,927 phantom units and associated DERs under the LTIP. Upon a change of control event (as defined in the grant, as amended), all of the then outstanding phantom units and associated DERs under this grant that have not otherwise vested automatically will become fully vested without regard to the achievement of the performance goal provided in the grant. Using the closing market price of $22.96 per unit at December 31, 2009, the fair value of these phantom units would have been $88,750 and the value of the associated DERs would have been $17,200, for a total value of $105,950.

Mr. Rudinsky entered into a SERP agreement with our general partner on December 31, 2009. The value of the benefit to be provided under this SERP agreement, expressed as a single lump sum payment, is $277,318. Mr. Rudinsky will acquire a fully vested and nonforfeitable interest in his SERP benefit only to the extent he is continuously employed with our general partner from December 31, 2009 through the vesting dates set forth in his SERP agreement, or if he dies or becomes Disabled (as such term is defined in the SERP agreement) after December 31, 2009 while employed with our general partner or if there is a Change in Control (as such term is defined in the SERP agreement).

(5) ***LTIP Awards***

On February 5, 2009, the Compensation Committee made additional grants of 88,183, 61,728, 48,501 and 17,637 phantom units under the LTIP, respectively, to Messrs. Eric Slifka, Hollister, Faneuil and Rudinsky. Upon a change of control event (as defined in the grant, as amended), all outstanding phantom units that were granted on February 5, 2009 to Messrs. Slifka, Hollister and Faneuil only and that have not otherwise vested automatically will become fully vested (in the case of the phantom units awarded to Mr. Slifka, without regard to the achievement of the performance goal.). See "Elements of Compensation *Long-Term Incentive Plan*" for information regarding performance restrictions and additional vesting terms.

Other Benefits

Pension Benefits

The table below sets forth information regarding the present value as of December 31, 2009 of the accumulated benefits of our named executive officers under the Global Partners LP Pension Plan.

Pension Benefits at December 31, 2009

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
		(#)	($)	($)
Eric Slifka	(1)	23	263,536	
Thomas J. Hollister	(1)	4	83,090	
Edward J. Faneuil	(1)	19	439,552	
Charles A. Rudinsky(2)	(1)	26	773,302	

(1) Global Partners LP Pension Plan

(2) From 1984 through 1988, Mr. Rudinsky was employed by National Petroleum Corporation, Inc. In 1988, a predecessor of the Partnership acquired all of the outstanding capital stock of National Petroleum Corporation, Inc. and Mr. Rudinsky became an employee of said predecessor of the Partnership. In connection with this acquisition, and for purposes of the Global Partners LP Pension Plan, Mr. Rudinsky was credited with four additional years of service for the period from 1984 through 1988.

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All employees who (1) are 21 years of age or older, (2) are not covered by a collective bargaining agreement providing for union pension benefits, (3) have been employed by our predecessor, our general partner or one of our operating subsidiaries for one year prior to enrollment in the Pension Plan and (4) have worked for our predecessor, our general partner or one of our operating subsidiaries at least 1,000 hours during the applicable plan year are eligible to participate in the Global Partners LP Pension Plan (the "Pension Plan"). An employee is fully vested in benefits under the Pension Plan after completing five years of service or upon termination due to death, disability or retirement. When an employee retires at age 65, the employee can elect to receive either a lump sum distribution or monthly benefit payments under the Pension Plan equal to (1) 23% of the employee's average monthly compensation for the five consecutive calendar years during which the employee received the highest amount of pay ("Average Compensation") plus (2) 19.5% of the employee's Average Compensation in excess of his monthly "covered compensation" for Social Security purposes, as provided in the Pension Plan. However, if an employee completes less than 30 years of service on his termination at or after reaching age 65, the monthly benefit will be reduced by 1/30th for each year less than 30 years completed by the employee. If an employee is terminated before age 65, his benefit beginning at age 65 would be based on his Average Compensation multiplied by a fraction, the numerator of which is a number of years of service at termination (not to exceed 30) and the denominator of which is the number of years such employee would have served (not to exceed 30) had he stayed until age 65. An employee who is terminated after completing at least five years of service will be eligible for an early retirement benefit determined as described in the preceding sentence at any time after attaining age 60. Effective December 31, 2009, the Pension Plan was amended to freeze participation in and benefit accruals under the Pension Plan.

The following table sets forth the estimated annual pension benefits payable upon retirement under the Global Partners LP Pension Plan formula to persons in the specified compensation and years of service classifications:

	Estimated Annual Pension for Representative Years of Credited Service					
Highest Consecutive 5-Year Average Compensation $	**5 Years**	**10 Years**	**15 Years**	**20 Years**	**25 Years**	**30 Years & Over**
	$	**$**	**$**	**$**	**$**	**$**
125,000	6,924	13,849	20,773	27,697	34,621	41,546
150,000	8,695	17,390	26,085	34,780	43,475	52,171
175,000	10,466	20,932	31,398	41,864	52,330	62,796
200,000	12,237	24,474	36,710	48,947	61,184	73,421
225,000	14,008	28,015	42,023	56,030	70,038	84,046
245,000 and above	15,424	39,849	46,273	61,697	77,121	92,546

Benefits under the formula are based upon the employee's highest consecutive five-year average compensation and are not subject to offset for social security benefits. Compensation for such purposes means compensation including overtime, but excluding bonuses, commissions, any program of deferred compensation, employee benefits, moving expense, transportation allowances, salary continuation, and additional forms of remuneration.

401(k) Savings and Profit Sharing Plan

The 401(k) Savings and Profit Sharing Plan permits all eligible employees to make voluntary pre-tax contributions to the plan, subject to applicable tax limitations. Effective January 1, 2010, our general partner may make a discretionary matching contribution to the plan for each eligible employee equal to 50% of each employee's contribution, up to a maximum contribution of 4% of the employee's pre-tax annual compensation, subject to certain limitations under federal law. Eligible employees may elect to contribute up to 60% of their compensation to the plan for each plan year. Employee

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contributions are subject to annual dollar limitations, which are periodically adjusted by the cost of living index. Participants in the plan are always fully vested in any matching contributions under the plan; however, additional discretionary contributions are subject to a vesting schedule ranging from two to six years. The plan is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code so that contributions to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan, and so that contributions, if any, will be deductible when made.

Compensation of Directors

The following table sets forth (i) certain information concerning the compensation earned by our directors in 2009, and (ii) the aggregate amounts of stock awards and option awards, if any, held by each director at the end of the last fiscal year:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	Total ($)
Alfred Slifka	60,000			60,000
Richard Slifka	62,000			62,000
Eric Slifka(2)			34,648	
Thomas J. Hollister(3)			24,637	
Robert J. McCool	86,000	35,190		121,190
David McKown	86,000	35,190		121,190
Kenneth I. Watchmaker	93,500	35,190		128,690

(1) On August 14, 2007, Messrs. McCool, McKown and Watchmaker, as our independent directors, were each granted 1,227 phantom units and associated DERs under the LTIP. None of the phantom units granted were outstanding at December 31, 2009 as the phantom units vested on that date and became payable on a one-for-one basis in our common units (or cash equivalent) in connection with the achievement of certain performance goals over the vesting period. The DERs that were granted in tandem with the phantom units vested and became payable in cash simultaneously with the vesting of the phantom units. The amounts above were calculated in accordance with accounting guidance for share-based compensation. The fair value of the award at the August 14, 2007 grant date approximated the fair value of our common unit at that date. See Note 13 of Notes to Consolidated Financial Statements included elsewhere in this report for additional information on the LTIP.

(2) Mr. Eric Slifka, as an executive officer of our general partner, is otherwise compensated for his services and therefore receives no separate compensation for his service as a director. He was granted phantom units and associated DERs under the LTIP in 2007, phantom units and DERs under the LTIP in 2008, and phantom units without DERs in 2009 and he participated in the Global Partners LP Pension Plan pursuant to his employment agreement with our general partner, and not in his capacity as a director.

(3) Mr. Thomas Hollister, as an executive officer of our general partner, is otherwise compensated for his services and therefore receives no separate compensation for his service as a director. He was granted phantom units and associated DERs under the LTIP in 2007 and phantom units without DERs in 2009 and he participated in the Global Partners LP Pension Plan pursuant to his employment agreement with our general partner, and not in his capacity as a director.

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Employees of our general partner who also serve as directors do not receive additional compensation. In 2009, directors who are not employees of our general partner (1) received: (a) $50,000 annual cash retainer; (b) $1,000 for each meeting of the board of directors attended; (c) $2,000 for each audit committee meeting attended (limited to payment for one committee meeting per day); and (d) $1,000 for each committee meeting other than the audit committee meeting attended (limited to payment for one committee meeting per day), and (2) are eligible to participate in the LTIP. In 2009, the chair of the audit committee received an additional $7,500.

Each director also is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director will be fully indemnified by us for actions associated with being a director to the extent permitted under Delaware law.

Compensation Committee Interlocks and Insider Participation

Since the formation of Global GP LLC and throughout the fiscal year ended December 31, 2009, the Compensation Committee of Global GP LLC's board of directors has comprised of Robert J. McCool, David McKown and Kenneth I. Watchmaker, none of whom are officers or employees of our general partner or any of its affiliates. Mr. Alfred Slifka serves as the Chairman of the board of directors and is an employee of Alliance Energy LLC, which is a related party to (and customer of) the Partnership. Mr. Richard Slifka serves as Vice Chairman of our general partner's board of directors and is the Treasurer and an employee of Alliance Energy LLC. Mr. Eric Slifka serves as a director of Alliance Energy LLC.

Compensation Committee Report

The Compensation Committee of Global GP LLC held six meetings during fiscal year 2009. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based upon such review, the related discussions and such other matters deemed relevant and appropriate by the Compensation Committee, the Compensation Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this Form 10-K.

Kenneth I. Watchmaker (Chairman)
Robert J. McCool
David McKown

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

The following table sets forth as of March 9, 2010 the beneficial ownership of units of Global Partners LP held by certain beneficial owners of more than 5% of the units, by each director and named executive officer of our general partner and by all directors and executive officers of our general partner as a group:

Name of Beneficial Owner(1)	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned	Subordinated Units Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Percentage of Total Units Beneficially Owned
Kayne Anderson Capital Advisors L.P.(2)	2,208,176	29.7%			16.9%
Richard A. Kayne(2)	2,208,176	29.7%			16.9%
Global GP LLC (3)	109,763	1.5%			*
Global Petroleum Corp.(4)	2,267	*	1,723,196	30.5%	13.2%
Larea Holdings LLC(5)	742	*	564,242	10.0%	4.3%
Larea Holdings II LLC(6)	371	*	282,121	5.0%	2.2%
Montello Oil Corporation(7)	3,086	*	2,344,992	41.6%	17.9%
Sandwich Terminal, L.L.C.(8)	11	*	8,464	*	*
Chelsea Terminal Limited Partnership(9)	947	*	719,409	12.8%	5.5%
Amy Cook(6)	6,171	*	282,121	5.0%	2.2%
Karen Dattilo(6)	6,171	*	282,121	5.0%	2.2%
Andrew Slifka(6)	6,171	*	282,121	5.0%	2.2%
Alfred A. Slifka(4)(7)(8)(9)(10)	6,411	*	4,796,061	85.0%	36.7%
Richard Slifka(4)(7)(8)(9)(10)	6,311	*	4,796,061	85.0%	36.7%
Eric Slifka(5)	76,122	*	564,242	10.0%	4.9%
Thomas J. Hollister	20,432	*			*
Edward J. Faneuil	20,675	*			*
Charles A. Rudinsky	8,009	*			*
David K. McKown					
Robert J. McCool	8,800	*			*
Kenneth I. Watchmaker					
All directors and executive officers as a group (9 persons)	140,449	1.9%	5,360,303	95.0%	42.1%

* Less than 1%

(1) The address for each person or entity listed, other than Kayne Anderson Capital Advisors, L.P. and Richard A. Kayne, is P.O. Box 9161, 800 South Street, Suite 200, Waltham, Massachusetts 02454-9161.

(2) According to a Schedule 13G/A filed on February 10, 2010, Kayne Anderson Capital Advisors, L.P. and Richard A. Kayne beneficially owned 2,208,176 common units, or 29.73% of total common units outstanding, representing a 16.89% limited partner interest in Global Partners LP. The address for Kayne Anderson Capital Advisors, L.P. and Richard A. Kayne is 1800 Avenue of the Stars, Second Floor, Los Angeles, California 90067.

(3) Purchased by our general partner for the purpose of assisting us in meeting our anticipated obligations to deliver common units under our Long-Term Incentive Plan to officers, directors and employees, and meeting obligations under existing employment agreements with the officers of our

general partner. Affiliates of the Slifka family own 100% of the ownership interests in Global GP LLC. These affiliates of the Slifka family disclaim beneficial ownership of the units owned by Global GP LLC. The units beneficially owned by our general partner are excluded from the units beneficially owned by all directors and executive officers as a group.

(4) ASRS Global General Partnership owns 100% of the ownership interests in Global Petroleum Corp. Alfred A. Slifka and Richard Slifka are equal owners of ASRS Global General Partnership. As general partners of ASRS Global General Partnership, Alfred A. Slifka and Richard Slifka share voting and investment power with respect to, and therefore may be deemed to beneficially own, the units owned by Global Petroleum Corp.

(5) Eric Slifka has sole voting and investment power with respect to units owned by Larea Holdings LLC. Eric Slifka may, therefore, be deemed to beneficially own the units held by Larea Holdings LLC. Eric Slifka is the son of Alfred A. Slifka.

(6) Amy Cook, Karen Dattilo and Andrew Slifka each has a $33^1/_3$% ownership interest in Larea Holdings II LLC and share proportionate voting and investment power with respect to units owned by Larea Holdings II LLC. Each of Amy Cook, Karen Dattilo and Andrew Slifka may, therefore, be deemed to beneficially own the units held by Larea Holdings II LLC. Amy Cook, Karen Dattilo and Andrew Slifka are the children of Richard Slifka.

(7) ASRS Montello General Partnership owns 72.8% of the ownership interests in Montello Oil Corporation. Alfred A. Slifka and Richard Slifka are equal owners of ASRS Montello General Partnership. Alfred A. Slifka and Richard Slifka share voting and investment power with respect to and, therefore, may be deemed to beneficially own, the units owned by Montello Oil Corporation. Alfred Slifka Montello Irrevocable Trust ("AS Montello") owns 13.6% of Montello Oil Corporation. Alfred A. Slifka is the beneficial owner of AS Montello. Richard Slifka Montello Irrevocable Trust ("RS Montello") owns 13.6% of Montello Oil Corporation. Richard Slifka is the beneficial owner of RS Montello.

(8) Alfred A. Slifka and Richard Slifka are equal owners of Sandwich Terminal, L.L.C. and share voting and investment power with respect to and, therefore, may be deemed to beneficially own, the units owned by Sandwich Terminal, L.L.C.

(9) Chelsea Terminal Corp. is the general partner of Chelsea Terminal Limited Partnership. Alfred A. Slifka and Richard Slifka are equal owners of Chelsea Terminal Corp. and each owns a 50% limited partner interest in Chelsea Terminal Limited Partnership. Alfred A. Slifka and Richard Slifka share voting and investment power with respect to and, therefore, may be deemed to beneficially own, the units owned by Chelsea Terminal Limited Partnership.

(10) Beneficially owned unit amounts for each of Alfred A. Slifka and Richard Slifka include the units owned by Global Petroleum Corp., Montello Oil Corporation, Sandwich Terminal, L.L.C. and Chelsea Terminal Limited Partnership. Alfred A. Slifka and Richard Slifka are brothers.

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Equity Compensation Plan Table

The following table summarizes information about our equity compensation plans as of December 31, 2009:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and right (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
Equity compensation plans not approved by security holders(1)			564,242
Total			564,242

(1) For a description of the material terms of the Long-Term Incentive Plan, please see Item 11, "Executive Compensation Long-Term Incentive Plan."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Affiliates of our general partner, including directors and executive officers of our general partner, own 250,583 common units and 5,642,424 subordinated units representing a 44.3% limited partner interest in us. In addition, our general partner owns a 1.73% general partner interest in us.

Distributions and Payments to Our General Partner and Its Affiliates

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with the ongoing operation and liquidation of Global Partners LP. These distributions and payments were determined by and among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Operational Stage

Distributions of available cash to our general partner and its affiliates	We will generally make cash distributions of 98.27% to the unitholders, including affiliates of our general partner (including directors and executive officers of our general partner), as the holders of an aggregate of 250,583 common units and all of the subordinated units, and 1.73% to our general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target levels, our general partner will be entitled to increasing percentages of the distributions, up to 49.73% of the distributions above the highest target level. Assuming we have sufficient available cash to pay the full minimum quarterly distribution on all of our outstanding units for four quarters, our general partner and its affiliates, including directors and executive officers of our general partner, would receive an annual distribution of approximately \$0.4 million on the 1.73% general partner interest and \$10.9 million on their common units and subordinated units.

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Payments to our general partner and its affiliates	Our general partner does not receive a management fee or other compensation for its management of Global Partners LP. Our general partner and its affiliates are reimbursed for expenses incurred on our behalf. Our partnership agreement provides that our general partner determines the amount of these expenses.
Withdrawal or removal of our general partner	If our general partner withdraws or is removed, its general partner interest and its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.
Liquidation Stage	
Liquidation	Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Omnibus Agreement

We are a party to an omnibus agreement with certain members of the Slifka family and our general partner that addresses the following matters:

- the agreement of certain members of the Slifka family not to compete with us and to cause their affiliates not to compete with us under certain circumstances; and
- the obligation of Global Petroleum Corp. and certain of its affiliates to indemnify us for certain liabilities.

This agreement is not the result of arm's-length negotiations and may not have been effected on terms at least as favorable to the parties to this agreement as could have been obtained from unaffiliated third parties.

Noncompetition

Each of Alfred A. Slifka, Chairman of our general partner, and Richard Slifka, Vice Chairman of our general partner, agreed, and caused their affiliates to agree, for so long as such individual, Eric Slifka, President, Chief Executive Officer and a director of our general partner, or controlled affiliates thereof, individually or as part of a group, control our general partner, and Eric Slifka agreed, and caused his affiliates to agree, through December 31, 2011, not to engage in, acquire or invest in any business having assets engaged in the following businesses: (1) the wholesale marketing, sale, distribution and transportation (other than transportation by truck) of refined petroleum products in the United States, provided such activity generates qualifying income (as defined in Section 7704 of the Internal Revenue Code); (2) the storage of refined petroleum products in connection with any of the activities described in (1); and (3) bunkering. These restrictions will not apply to:

- any assets not contributed to us in connection with our initial public offering, including any replacements and natural extensions thereof;
- the ownership, individually or collectively, of up to 9.9% in a publicly traded entity that competes with us as long as none of Alfred A., Richard or Eric Slifka are on the board of directors of the publicly traded entity;
- any investment in or acquisition of any restricted business in an aggregate amount of up to $5.0 million per year; and

any investment in or acquisition of any restricted business in excess of an aggregate amount of $5.0 million per year with the approval of our conflicts committee.

Eric Slifka further agreed, pursuant to his employment agreement with our general partner, that the noncompetition obligations contained in the omnibus agreement shall continue to apply to him throughout the term of his employment agreement (including the renewal term, if any) and, in the event his employment is terminated (a) by our general partner without cause or by Mr. Slifka for reasons constituting constructive termination, (b) by our general partner for cause, or (c) by Mr. Slifka for reasons other than constructive termination, for one additional year from the date of such termination

In addition, pursuant to Eric Slifka's employment agreement, Eric Slifka also agreed that for a period of one year following his date of termination, he will not solicit or induce any employee of our general partner to terminate his/her employment with, or otherwise cease his/her relationship with our general partner.

Indemnification

Under the omnibus agreement, Global Petroleum Corp. and certain of its affiliates and our general partner (collectively, the "Indemnitors") will indemnify us for five years after the closing of our initial public offering against certain potential environmental liabilities associated with the operation of the assets and occurring before the closing date of our initial public offering and indefinitely against claims for covered environmental liabilities made before the fifth anniversary of the closing of our initial public offering and indefinitely against potential liabilities resulting from the two lawsuits alleging MTBE contamination in the groundwater in Massachusetts in which Global Companies LLC is a named defendant. We entered into an agreement to settle these cases and, as a result, paid $0.9 million during the quarter ended June 30, 2009. The matter with respect to Global Companies LLC and affiliates has been dismissed. Please read Item 3, "Legal Proceedings Environmental." The obligation of the Indemnitors will not exceed $7.5 million and they do not have any indemnification obligation in any 12-month period (starting with the closing date of our initial public offering) until our losses for that period exceed $400,000 in the aggregate and then only to the extent such aggregate losses exceed $400,000. Any unused amounts, including carried over unused amounts, will be carried over to the next 12-month period. After the fifth anniversary of the closing of our initial public offering, the annual deductible (not including carried over amounts) will be reduced to $150,000. The Indemnitors have no indemnification obligations with respect to environmental matters for claims made as a result of changes in environmental laws promulgated after the closing date of our initial public offering.

Additionally, the Indemnitors will indemnify us for losses attributable to title defects, retained assets and liabilities (including environmental liabilities at the Revere terminal) and income taxes attributable to pre-closing operations and the formation transactions. Furthermore, we will indemnify the Indemnitors for all losses attributable to the post-closing operations of the assets contributed to us, to the extent not subject to their indemnification obligations.

Shared Services Agreements

We are party to shared services agreements with Global Petroleum Corp. and with Alliance Energy LLC. We believe the terms of these agreements are at least as favorable as could have been obtained from unaffiliated third parties. Under each agreement, we provide Global Petroleum Corp. and Alliance Energy LLC with certain accounting, treasury, legal, information technology, human resources and financial operations support for which Global Petroleum Corp. and Alliance Energy LLC, as applicable, pay us an amount based upon the cost associated with provision of such services. In addition, Global Petroleum Corp. provides us with certain terminal, environmental and operational support services, for which we pay a fee based on an agreed assessment of the cost

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associated with provision of such services. We paid to Global Petroleum Corp. a net total of $73,000, $86,000 and $74,000 and received from Alliance Energy LLC a total of $382,000, $866,000 and $626,000 for the years ended December 31, 2009, 2008 and 2007, respectively. The agreement with Global Petroleum Corp. is for an indefinite term, and either party may terminate its receipt of some or all of the services thereunder upon 180 days' notice at any time after January 1, 2009. As of December 31, 2009, no such notice of termination was given by either party. The agreement with Alliance Energy LLC extends through January 1, 2011.

Throughput Agreement with Global Petroleum Corp.

We have an exclusive throughput agreement with Global Petroleum Corp., one of our affiliates, with respect to the Revere terminal in Revere, Massachusetts. We believe the terms of this agreement are at least as favorable as could have been obtained from unaffiliated third parties. We retain the title of all products stored at this terminal. The term of this agreement ends December 31, 2013. The agreement automatically renews annually unless it is terminated by either party by giving 90 days notice. We pay a monthly fee to Global Petroleum Corp., which is adjusted according to the Consumer Price Index for the Northeast region and for certain contractual costs. Including increases in certain contractual costs but excluding amortization of deferred rent, we paid to Global Petroleum Corp. a total of $8.4 million, $8.5 million and $8.2 million for the years ended December 31, 2009, 2008 and 2007, respectively. Throughout the term of the throughput agreement with Global Petroleum Corp., we will have a right of first refusal through September 30, 2014 to purchase or lease the Revere terminal if Global Petroleum Corp. desires to sell or lease the Revere terminal to a third party.

Relationship of Management with Global Petroleum Corp. and Alliance Energy LLC

Some members of our management team are also officers and/or directors of two of our affiliates, Global Petroleum Corp. and Alliance Energy LLC. Global Petroleum Corp. is wholly owned by ASRS Global General Partnership, an entity that is owned equally by Alfred A. and Richard Slifka. Messrs. Hollister, Faneuil and Rudinsky spend a portion of their time providing services to Global Petroleum Corp. under a shared services agreement. Please read " Shared Services Agreements."

Alliance Energy LLC is wholly owned by AE Holdings Corp., which is approximately 95% owned by members of the Slifka family. Alfred A. and Richard Slifka each own approximately 16% of AE Holdings Corp. and they together control another 63% of this entity through voting trusts for the benefit of their six children, each of whom owns approximately 10.5% of AE Holdings Corp. The remaining 5% ownership interest is held by a former employee of Global Companies LLC, Willard Poires. Under a shared services agreement, Messrs. Eric Slifka, Hollister, Faneuil and Rudinsky spend a portion of their time providing services to Alliance Energy LLC. Please read " Shared Services Agreements."

We sell refined petroleum products to Alliance at prevailing market prices at the time of delivery. Sales to Alliance were approximately $19.8 million, $29.1 million and $42.2 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Director Independence

Please see Item 10, "Directors, Executive Officers and Corporate Governance" for information regarding director independence.

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Item 14. Principal Accounting Fees and Services.

The audit committee of the board of directors of Global GP LLC selected Ernst & Young LLP, Independent Registered Public Accounting Firm, to audit the books, records and accounts of Global Partners LP for the 2009 and 2008 calendar years. The audit committee's charter, which is available on our website at www.globalp.com, requires the audit committee to approve in advance all audit and non-audit services to be provided by our independent registered public accounting firm. All services reported in the audit, audit-related, tax and all other fees categories below were approved by the audit committee.

Fees paid to Ernst & Young LLP were as follows (in thousands):

	2009	2008
Audit Fees(1)	$ 1,744	$ 1,489
Audit Related Fees	45	36
Tax Fees(2)	739	810
Total	$ 2,528	$ 2,335

(1) Represents fees for professional services provided primarily in connection with the audits of our annual financial statements and reviews of our quarterly financial statements. Audit fees also included Ernst & Young's audits of the effectiveness of our internal control over financial reporting at December 31, 2009 and 2008.

(2) Tax fees included tax planning and tax return preparation.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are included with the filing of this report:

1. Financial statements
See "Index to Financial Statements" on page F-1.

2. Financial statement schedules:
Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits
See "Exhibit Index" immediately following the financial statement schedules in this Annual Report on Form 10-K for a description of the documents that are filed as Exhibits to this report or incorporated herein by reference.

(b) The following documents are filed as Exhibits to this report:

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	Registration Rights Agreement, dated May 9, 2007, by and between Global Partners LP and the purchasers named therein (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on May 10, 2007).
4.2	Class B Unit Purchase Agreement, dated March 17, 2007, by and among Global Partners LP and the purchasers named therein (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-3 filed on August 6, 2007).
10.1	Omnibus Agreement, dated October 4, 2005, by and among Global Petroleum Corp., Montello Oil Corporation, Global Revco Dock, L.L.C., Global Revco Terminal, L.L.C., Global South Terminal, L.L.C., Sandwich Terminal, L.L.C., Chelsea Terminal Limited Partnership, Global GP LLC, Global Partners LP, Global Operating LLC, Alfred A. Slifka, Richard Slifka and Eric Slifka (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 11, 2005).
10.2^	Global Partners GP Long-Term Incentive Plan effective as of October 4, 2005 (incorporated herein by reference to Exhibit 10.4 to Amendment No. 1 to Form S-1 (File No. 333-124755) filed on July 1, 2005).
10.3	Amended and Restated Services Agreement, dated October 4, 2005, by and among Global Petroleum Corp., Global Companies LLC, Global Montello Group LLC, and Chelsea Sandwich LLC (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on October 11, 2005).
10.4	Amended and Restated Services Agreement, dated October 4, 2005, by and between Alliance Energy Corp. and Global Companies LLC (incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on October 11, 2005).

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10.5	Second Amended and Restated Terminal Storage and Throughput Agreement, dated October 4, 2005 by and among Global Petroleum Corp., Global Companies LLC and Global Montello Group LLC (incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on October 11, 2005).
10.6	Credit Agreement, dated October 4, 2005, among Global Operating LLC, Global Companies LLC, Global Montello Group LLC, Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto and Bank of America, N.A., as administrative agent and L/C issuer (incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K filed on October 11, 2005).
10.7	First Amendment to Credit Agreement, dated as of November 10, 2005, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP, Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 14, 2005).
10.8^	Employment Agreement dated April 19, 2006, by and between Global GP LLC and Thomas J. Hollister (incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed on May 11, 2006).
10.9	Second Amendment to Credit Agreement, dated as of August 2, 2006, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 3, 2006).
10.10^	Employment Agreement dated February 1, 2007, by and between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 6, 2007).
10.11	Third Amendment to Credit Agreement, dated as of April 24, 2007, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 26, 2007).
10.12	Terminals Sale and Purchase Agreement, dated March 16, 2007 by and between Global Partners LP and ExxonMobil Oil Corporation (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on August 9, 2007).
10.13	Forms of LTIP Grant Agreements dated August 14, 2007 (Named Executive Officers who are party to an employment agreement with Global GP LLC) (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 20, 2007).
10.14	Form of LTIP Grant Agreement (Directors) (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on August 20, 2007).
10.15	Form of LTIP Grant Agreement (General) (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on August 20, 2007).

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10.16	Fourth Amendment to Credit Agreement, dated as of August 21, 2007, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 24, 2007).
10.17	Fifth Amendment to Credit Agreement, dated as of October 23, 2007, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 24, 2007).
10.18	Sixth Amendment to Credit Agreement, dated as of November 29, 2007, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 3, 2007).
10.19	Terminals Sale and Purchase Agreement, dated July 9, 2007 by and between Global Partners LP and ExxonMobil Oil Corporation (incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K filed on March 14, 2008).
10.20	Waiver Letter and Seventh Amendment to Credit Agreement, dated as of March 13, 2008, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on August 8, 2008).
10.21	Eighth Amendment to Credit Agreement, dated as of June 13, 2008, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 17, 2008).
10.22	Ninth Amendment to Credit Agreement, dated as of July 18, 2008, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 21, 2008).

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10.23	Tenth Amendment to Credit Agreement and Limited Waiver, dated as of September 26, 2008, among Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 1, 2008).
10.24^	Employment Agreement dated December 31, 2008, by and between Global GP LLC and Eric S. Slifka (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on January 7, 2009).
10.25^	Amendment No. 1 to Employment Agreement dated December 31, 2008, by and between Global GP LLC and Thomas Hollister (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on January 7, 2009).
10.26^	Amendment No. 1 to Employment Agreement dated December 31, 2008, by and between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on January 7, 2009).
10.27^	Amended and Restated Deferred Compensation Agreement dated December 31, 2008, by and between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on January 7, 2009).
10.28^	First Amendment to LTIP Grant Agreement dated December 31, 2008 for Eric Slifka (incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on January 7, 2009).
10.29^	First Amendment to LTIP Grant Agreement (Named Executive Officers who are party to an employment agreement with Global GP LLC (except Mr. Slifka)), LTIP Grant Agreement (Directors) and LTIP Grant Agreement (General) dated December 31, 2008 (incorporated herein by reference to Exhibit 10.6 to the Current Report on Form 8-K filed on January 7, 2009).
10.30^	Amendment No. 1 to Employment Agreement dated February 4, 2009, by and between Global GP LLC and Eric S. Slifka (incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K filed on March 13, 2009).
10.31^	Amendment No. 2 to Employment Agreement dated February 4, 2009, by and between Global GP LLC and Thomas Hollister (incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K filed on March 13, 2009).
10.32^	Amendment No. 2 to Employment Agreement dated February 4, 2009, by and between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.32 to the Annual Report on Form 10-K filed on March 13, 2009).
10.33^	Amendment No. 3 to Employment Agreement dated March 11, 2009, by and between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.33 to the Annual Report on Form 10-K filed on March 13, 2009).
10.34	Joinder Agreement, dated as of August 5, 2009, among Global Energy Marketing LLC, as a new guarantor, Global Operating LLC, Global Companies LLC, Global Montello Group Corp., Glen Hes Corp. and Chelsea Sandwich LLC, as borrowers, Global Partners LP and Global GP LLC, as guarantors, and Bank of America, N.A., as Administrative Agent and L/C Issuer (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on August 7, 2009).

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10.35^	Supplemental Executive Retirement Plan dated December 31, 2009, between Global GP LLC and Edward J. Faneuil (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on January 7, 2010).
10.36^	Supplemental Executive Retirement Plan dated December 31, 2009, between Global GP LLC and Charles A. Rudinsky (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on January 7, 2010).
21.1*	List of Subsidiaries of Global Partners LP.
23.1*	Consent of Ernst & Young LLP.
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.
32.2	Section 1350 Certification of Chief Financial Officer of Global GP LLC, general partner of Global Partners LP.

^ Management contract or compensatory plan or arrangement.

* Filed herewith.

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 Section 13 or 15(d) 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: March 12, 2010

By: /s/ ERIC SLIFKA

Eric Slifka
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 12, 2010.

Signature	Title
/s/ ERIC SLIFKA Eric Slifka	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ THOMAS J. HOLLISTER Thomas J. Hollister	Chief Operating Officer, Chief Financial Officer and Director (Principal Financial Officer)
/s/ CHARLES A. RUDINSKY Charles A. Rudinsky	Executive Vice President, Treasurer and Chief Accounting Officer (Principal Accounting Officer)
/s/ ALFRED A. SLIFKA Alfred A. Slifka	Chairman
/s/ RICHARD SLIFKA Richard Slifka	Vice Chairman
/s/ DAVID K. MCKOWN David K. McKown	Director
/s/ ROBERT J. MCCOOL Robert J. McCool	Director
/s/ KENNETH I. WATCHMAKER Kenneth I. Watchmaker	Director

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GLOBAL PARTNERS LP FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

The Board of Directors of Global GP LLC
and Unitholders of Global Partners LP

We have audited the accompanying consolidated balance sheets of Global Partners LP ("the Partnership") as of December 31, 2009 and 2008, and the related consolidated statements of income, partners' equity and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Partners LP at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Global Partners LP's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2010 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
March 12, 2010

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GLOBAL PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data)

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 662	$ 945
Accounts receivable (less allowance of $3,006 and $2,974 as of December 31, 2009 and 2008, respectively)	335,912	246,638
Accounts receivable affiliates	1,565	2,518
Inventories	465,923	240,346
Brokerage margin deposits	18,059	8,991
Fair value of forward fixed price contracts	3,089	161,787
Prepaid expenses and other current assets	37,648	32,082
Total current assets	862,858	693,307
Property and equipment, net	159,292	161,988
Intangible assets, net	28,557	31,403
Other assets	1,996	2,564
Total assets	$ 1,052,703	$ 889,262
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	$ 243,449	$ 219,783
Working capital revolving credit facility current portion	221,711	208,210
Environmental liabilities current portion	3,296	4,191
Accrued expenses and other current liabilities	77,604	54,054
Income taxes payable	461	520
Obligations on forward fixed price contracts and other derivatives	21,114	7,954
Total current liabilities	567,635	494,712
Working capital revolving credit facility less current portion	240,889	154,090
Acquisition facility	71,200	71,200
Environmental liabilities less current portion	2,254	2,377
Accrued pension benefit cost	2,751	8,853
Deferred compensation	1,840	1,663
Other long-term liabilities	8,714	12,899
Total liabilities	895,283	745,794
Commitments and contingencies (See Note 14)		
Partners' equity		
Common unitholders (7,428,139 units issued and 7,380,996 outstanding at December 31, 2009 and 7,428,139 units issued and outstanding at December 31, 2008)	165,129	163,092

Subordinated unitholders (5,642,424 units issued and outstanding at December 31, 2009 and 2008)	(713)	(4,189)
General partner interest (1.73% interest with 230,303 equivalent units outstanding at December 31, 2009 and 2008)	(29)	(172)
Accumulated other comprehensive loss	(6,967)	(15,263)
Total partners' equity	157,420	143,468
Total liabilities and partners' equity	$ 1,052,703	$ 889,262

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

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per unit data)

	Years Ended December 31,		
	2009	**2008**	**2007**
Sales	$ 5,818,411	$ 9,019,123	$ 6,757,834
Cost of sales	5,668,583	8,899,332	6,630,850
Gross profit	149,828	119,791	126,984
Costs and operating expenses:			
Selling, general and administrative expenses	61,048	42,060	45,537
Operating expenses	35,043	31,788	27,703
Amortization expenses	2,986	2,937	2,250
Total costs and operating expenses	99,077	76,785	75,490
Operating income	50,751	43,006	51,494
Interest expense	(15,188)	(20,799)	(17,408)
Gain on sale of investment			14,118
Income before income tax expense	35,563	22,207	48,204
Income tax expense	(1,429)	(1,152)	(1,191)
Net income	34,134	21,055	47,013
Less: General partner's interest in net income, including incentive distribution rights	(791)	(564)	(962)
Limited partners' interest in net income	$ 33,343	$ 20,491	$ 46,051
Basic net income per limited partner unit	$ 2.56	$ 1.57	$ 2.38
Diluted net income per limited partner unit	$ 2.51	$ 1.57	$ 2.38
Basic weighted average limited partner units outstanding	13,017	13,071	12,444
Diluted weighted average limited partner units outstanding	13,279	13,071	12,444
Distributions per limited partner unit	$ 1.95	$ 1.95	$ 1.87

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

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2009	**2008**	**2007**
Cash flows from operating activities			
Net income	$ 34,134	$ 21,055	$ 47,013
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	14,740	14,188	9,150
Amortization of deferred financing fees	1,169	938	463
Loss on disposition of property and equipment and other	4	5	5
Bad debt expense	2,172	660	330
Stock-based compensation expense	1,946	745	297
Curtailment gain	(1,479)		
Gain on sale of investment			(14,118)
Changes in operating assets and liabilities:			
Accounts receivable	(91,446)	191,868	(236,915)
Accounts receivable affiliate	953	1,790	(2,320)
Inventories	(225,577)	243,913	(196,192)
Broker margin deposits	(9,068)	3,554	(11,920)
Prepaid expenses, all other current assets and other assets	(6,226)	(15,821)	337
Accounts payable	23,666	(151,559)	149,307
Income taxes payable	(59)	778	(1,424)
Change in fair value of forward fixed price contracts	171,858	(194,983)	107,265
Accrued expenses, all other current liabilities and other long-term liabilities	22,084	(17,911)	33,677
Net cash (used in) provided by operating activities	(61,129)	99,220	(115,045)
Cash flows from investing activities			
Terminal acquisitions			(138,020)
Capital expenditures	(9,075)	(11,524)	(13,720)
Proceeds from sale of investment			15,262
Proceeds from sale of property and equipment	13	14	14
Net cash used in investing activities	(9,062)	(11,510)	(136,464)
Cash flows from financing activities			
Proceeds from (payments on) credit facilities, net	100,300	(61,500)	224,300
Proceeds from common unit issuance, net of discount and fees			49,099
Payments on note payable, other		(1,239)	(319)
Repurchase of common units	(3,956)		
Repurchased units withheld for tax obligation	(386)		
Distributions to partners	(26,050)	(26,136)	(23,322)
Net cash provided by (used in) financing activities	69,908	(88,875)	249,758
Cash and cash equivalents			
Decrease in cash and cash equivalents	(283)	(1,165)	(1,751)
Cash and cash equivalents at beginning of year	945	2,110	3,861
Cash and cash equivalents at end of year	$ 662	$ 945	$ 2,110

Supplemental information

Cash paid during the year for interest	$ 15,280	$ 20,703	$ 16,581

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)

	Common Unitholders	Class B Units	Subordinated Unitholders	General Partner Interest	Accumulated Other Comprehensive Income	Total Partners' Equity
Balance December 31, 2006	$ 104,212	$	$ (13,672)	$ (560)	$ 13,259	$ 103,239
Proceeds of issuance of Class B units, net		49,099				49,099
Non-cash reduction on issuance of Class B units (Note 16)	(16,400)	16,400				
Conversion of Class B units	65,499	(65,499)				
Stock-based compensation	297					297
Distributions to partners	(12,267)		(10,565)	(490)		(23,322)
Comprehensive income:						
Net income	23,930		22,121	962		47,013
Other comprehensive income:						
Realized gain on NYMEX shares					(12,837)	(12,837)
Change in fair value of interest rate collar					(1,328)	(1,328)
Change in pension liability					(1,810)	(1,810)
Total comprehensive income						31,038
Balance December 31, 2007	165,271		(2,116)	(88)	(2,716)	160,351
Stock-based compensation	745					745
Distributions to partners	(14,484)		(11,004)	(648)		(26,136)
Comprehensive income:						
Net income	11,560		8,931	564		21,055
Other comprehensive income:						
Change in fair value of interest rate collars					(9,518)	(9,518)
Change in pension liability					(3,029)	(3,029)
Total comprehensive income						8,508
Balance December 31, 2008	163,092		(4,189)	(172)	(15,263)	143,468
Stock-based compensation	1,946					1,946
Distributions to partners	(14,398)		(11,004)	(648)		(26,050)
Phantom unit dividends	(32)					(32)
Repurchase of common units	(3,956)					(3,956)
Repurchased units withheld for tax obligations	(386)					(386)
Comprehensive income:						
Net income	18,863		14,480	791		34,134
Other comprehensive income:						
Change in fair value of interest rate collars					3,879	3,879
Curtailment gain					3,619	3,619
Change in pension liability					798	798

Total comprehensive income						42,430
Balance December 31, 2009	$ 165,129	$	$ (713)	$ (29)	$ (6,967)	$ 157,420

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

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Nature of Business

Global Partners LP (the "Partnership") is a publicly traded master limited partnership that engages in the wholesale and commercial distribution of refined petroleum products and small amounts of natural gas and provides ancillary services to companies.

The Partnership has five operating subsidiaries: Global Companies LLC, its subsidiary, Glen Hes Corp., Global Montello Group Corp., Chelsea Sandwich LLC and Global Energy Marketing LLC ("Global Energy") (the five operating subsidiaries, collectively, the "Companies"). The Companies (other than Glen Hes Corp.) are wholly owned by Global Operating LLC, a wholly owned subsidiary of the Partnership. Global Energy was recently formed to expand the Partnership's natural gas operations. It is in the process of obtaining licensure and is not yet operational. In addition, GLP Finance Corp. ("GLP Finance") is a wholly owned subsidiary of the Partnership. GLP Finance has no material assets or liabilities. Its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto.

On May 9, 2007, the Partnership issued 1,785,715 unregistered Class B units in a private placement from which it received gross proceeds of $50.0 million. The Class B units were convertible into common units on a one-for-one basis. In connection with the issuance of the Class B units, the Partnership agreed to a discount in the purchase price of approximately $0.8 million, which is the approximate amount of the product of (i) the 1,785,715 Class B units, and (ii) $0.4650, the amount of the Partnership's first quarter 2007 per unit distribution that was paid to the common and subordinated unitholders on May 15, 2007. Such discount was paid by the Partnership to the purchasers of the Class B units substantially contemporaneously with the payment of the Partnership's first quarter 2007 distribution and resulted in net proceeds to the Partnership of $49.2 million. On May 22, 2007, the Class B units converted into common units on a one-for-one basis. See Note 16 for additional information on the private placement.

The Partnership's 1.73% general partner interest (reduced from 2% following the private placement of Class B units discussed above and in Note 16) is held by Global GP LLC, the Partnership's general partner (the "General Partner"). The General Partner, which is owned by affiliates of the Slifka family, manages the Partnership's operations and activities and employs its officers and substantially all of its personnel. Affiliates of the General Partner, including its directors and executive officers, own 250,853 common units and 5,642,424 subordinated units, representing a combined 44.3% limited partner interest.

On December 9, 2009, the Partnership's General Partner entered into the Third Amended and Restated Agreement of Limited Partnership of the Partnership (the "Third Amendment and Restatement") which amended the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated May 9, 2007, as amended, to: (i) replace the terms "operating surplus" and "adjusted operating surplus" with the term "distributable cash flow" and thereby eliminate the term "working capital borrowings;" (ii) increase the minimum quarterly distribution, prospectively, from $0.4125 to $0.4625 per unit per quarter; and (iii) remove the provisions that previously permitted early conversion of a portion of the subordinated units and restate the provisions governing conversion of the subordinated units using distributable cash flow to test whether the Partnership has "earned" the minimum quarterly distribution. See Note 15.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The accompanying consolidated financial statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 reflect the accounts of the Partnership. All intercompany balances and transactions have been eliminated. Due to changes in operating procedures and efficiencies during 2008, the Partnership changed its estimate of the inventory reserve account by approximately $2.5 million. In addition, the Partnership changed its estimate of the environmental liability with respect to the Albany, New York terminal by approximately $2.8 million (see Note 10). The total change in estimates resulted in an increase in net income of approximately $5.3 million, or $0.41 per limited partner unit, for the year ended December 31, 2008.

Reclassification

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

Use of Estimates

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

Cash and Cash Equivalents

The Partnership considers highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value.

Accounts Receivable

The Partnership's accounts receivable result from sales of refined petroleum products and natural gas to its customers. The majority of the Partnership's accounts receivable relates to its petroleum marketing activities that can generally be described as high volume and low margin activities. The Partnership makes a determination of the amount, if any, of a line of credit it may extend to a customer based on the form and amount of financial performance assurances the Partnership requires. Such financial assurances are commonly provided to the Partnership in the form of standby letters of credit, personal guarantees or corporate guarantees.

The Partnership reviews all accounts receivable balances on a monthly basis and records a reserve for estimated amounts it expects will not be fully recovered. At December 31, 2009 and 2008, substantially all of the Partnership's accounts receivable classified as current assets were within payment terms.

Inventories

The Partnership hedges substantially all of its inventory purchases through futures contracts and swap agreements. Hedges are executed when inventory is purchased and are identified with that

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

specific inventory. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are recognized in earnings as an increase or decrease in cost of sales. All hedged inventory is valued using the lower of cost, as determined by specific identification, or market. Prior to sale, hedges are removed from specific barrels of inventory, and the then unhedged inventory is sold and accounted for on a first-in, first-out basis.

Inventories consisted of the following at December 31 (in thousands):

	2009	2008
Distillates: home heating oil, diesel and kerosene	$ 339,737	$ 160,000
Residual oil	39,787	24,878
Gasoline	64,645	40,183
Blend stock	21,754	15,285
Total	$ 465,923	$ 240,346

In addition to its own inventory, the Partnership has exchange agreements with unrelated third-party suppliers, whereby it may draw inventory from these other suppliers (see *Revenue Recognition*) and suppliers may draw inventory from the Partnership. Positive exchange balances are accounted for as accounts receivable and amounted to $22.9 million and $14.8 million at December 31, 2009 and 2008, respectively. Negative exchange balances are accounted for as accounts payable and amounted to $10.2 million and $8.4 million at December 31, 2009 and 2008, respectively. Exchange transactions are valued using current quoted market prices.

Property and Equipment

Property and equipment are stated at cost. Expenditures for routine maintenance, repairs and renewals are charged to expense as incurred, and major improvements are capitalized. Depreciation is charged to cost of sales and selling, general and administrative expenses over the estimated useful lives of the applicable assets, using principally straight-line methods. The Partnership capitalizes interest on qualified long-term projects and depreciates it over the life of the related asset. The estimated useful lives are as follows:

Buildings, docks, terminal facilities and improvements	15-25 years
Fixtures, equipment and automobiles	3-7 years

Long-Lived Assets

Accounting and reporting guidance for property, plant and equipment requires that a long-lived asset (group) be reviewed for impairment only when events or changes in circumstances indicate that the carrying amount of the long-lived asset (group) might not be recoverable. Accordingly, the Partnership evaluates for impairment whenever indicators of impairment are identified. The impairment evaluation is based on the projected cash flows of the particular asset. No impairments of long-lived assets were recorded during 2009, 2008 and 2007.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Environmental and Other Liabilities

The Partnership accrues for all direct costs associated with the estimated resolution of contingencies at the earliest date at which it is deemed probable that a liability has been incurred and the amount of such liability can be reasonably estimated. Costs accrued are estimated based upon an analysis of potential results, assuming a combination of litigation and settlement strategies and outcomes.

Estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Loss accruals are adjusted as further information becomes available or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Recoveries of environmental remediation costs from other parties are recognized as assets when their receipt is deemed probable.

The Partnership is subject to other contingencies, including legal proceedings and claims arising out of its businesses that cover a wide range of matters, including, among others, environmental matters and contract and employment claims. Environmental and other legal proceedings may also include matters with respect to businesses previously owned. Further, due to the lack of adequate information and the potential impact of present regulations and any future regulations, there are certain circumstances in which no range of potential exposure may be reasonably estimated. See Notes 10 and 20.

Leases

The Partnership leases office space and computer equipment and also has entered into terminal and throughput lease arrangements with various unrelated oil terminals. Accounting and reporting guidance for leases requires that leases be evaluated and classified as operating or capital leases for financial reporting purposes. The lease term used for lease evaluation includes option periods only in instances in which the exercise of the option period can be reasonably assured and failure to exercise such options would result in an economic penalty.

Revenue Recognition

Sales relate primarily to the sale of refined petroleum products and natural gas and are recognized along with the related receivable upon delivery, net of applicable provisions for discounts and allowances. Allowances for cash discounts are recorded as a reduction of sales at the time of sale based on the estimated future outcome. The Partnership also provides for shipping costs at the time of sale, which are included in cost of sales. The amounts recorded for bad debts are generally based upon historically derived percentages while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Bad debt provisions are included in selling, general and administrative expenses.

Revenue is not recognized on exchange agreements, which are entered into primarily to acquire various refined petroleum products of a desired quality or to reduce transportation costs by taking delivery of products closer to the Partnership's end markets. Any net differential for exchange agreements is to be recorded a nonmonetary adjustment of inventory costs.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

The Partnership collects trustee taxes, which consist of various pass through taxes collected from customers on behalf of taxing authorities, and remits such taxes directly to those taxing authorities. As such, it is the Partnership's policy to exclude trustee taxes from revenues and cost of sales and account for them as liabilities. Trustee taxes are included in accrued expenses and other current liabilities in the accompanying balance sheets.

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 crude oil, natural gas and products thereof. 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 and state income tax purposes and, therefore, is not subject to federal and state 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 bases and financial reporting bases of assets and liabilities and the taxable income allocation requirements under the Third Amended and Restated Agreement of Limited Partnership of Global Partners LP. Individual unitholders have different investment bases depending upon the timing and price at which they acquired their Partnership 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 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.

Global Montello Group Corp. ("Global Montello") is a taxable entity for federal and state income tax purposes. Current and deferred income taxes are recognized on the separate earnings of Global Montello for the years ended December 31, 2009, 2008 and 2007. The after-tax earnings of Global Montello 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 Global Montello. See Note 4.

The Partnership performed an evaluation of all material tax positions for the tax years that remain subject to examination by major tax jurisdictions as of December 31, 2009 (tax years ended December 31, 2009, 2008 and 2007). Tax positions that do not meet the more-likely-than-not recognition threshold at the financial statement date may not be recognized or continue to be recognized under the accounting guidance for income taxes. Based on such evaluation, the Partnership concluded that there were no significant uncertain tax positions requiring adjustment regarding recognition in its financial statements as of December 31, 2009.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Concentration of Risk

Financial instruments that potentially subject the Partnership to concentration of credit risk consist primarily of cash, cash equivalents, accounts receivable, firm commitments and, under certain circumstances, futures contracts, options and swap agreements. The Partnership invests excess cash primarily in investment-grade securities and, by policy, limits the amount of credit exposure to any one financial institution. The Partnership provides credit, in the normal course of business, primarily to other wholesale and retail petroleum companies and generally does not require collateral. The Partnership performs ongoing credit evaluations of its customers and provides for credit losses based on specific information and historical trends. Credit risk on trade receivables is minimized as a result of the Partnership's large customer base. Losses have historically been within management's expectations. See Note 3 for a discussion regarding risk of credit loss related to futures contracts, options and swap agreements.

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, sales are generally higher during the first and fourth quarters of the calendar year which may result in significant fluctuations in the Partnership's quarterly operating results.

The following table presents the Partnership's products as a percentage of total sales for the years ended December 31:

	2009	2008	2007
Gasoline	51%	50%	43%
Distillates	44%	46%	50%
Residual oil	5%	4%	7%
Total	100%	100%	100%

The Partnership had one customer, ExxonMobil Oil Corporation ("ExxonMobil") who accounted for approximately 22%, 20% and 14% of sales for the years ended December 31, 2009, 2008 and 2007, respectively.

Derivative Financial Instruments

Accounting and reporting guidance for derivative instruments and hedging activities requires that an entity recognize derivatives as either assets or liabilities on the balance sheet and measure the instruments at fair value. Changes in the fair value of the derivative are to be recognized currently in earnings, unless specific hedge accounting criteria are met.

Fair Value Hedges

The fair value of the Partnership's derivatives is determined through the use of independent markets and is based upon the prevailing market prices of such instruments at the date of valuation. The Partnership enters into futures contracts for the receipt or delivery of refined petroleum products in future periods. The contracts are entered into in the normal course of business to reduce risk of loss of inventory on hand, which could result through fluctuations in market prices. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

recognized in earnings as an increase or decrease in cost of sales. Ineffectiveness related to these hedging activities was immaterial at December 31, 2009 and 2008.

The Partnership also uses futures contracts and swap agreements to hedge exposure under forward purchase and sale commitments. These agreements are intended to hedge the cost component of virtually all of the Partnership's forward purchase and sale commitments. Changes in the fair value of these contracts, as well as offsetting gains or losses on the forward fixed price purchase and sale commitments, are recognized in earnings as an increase or decrease in cost of sales. Gains and losses on net product margin from forward fixed price purchase and sale contracts are reflected in earnings as an increase or decrease in cost of sales as these contracts mature. Ineffectiveness related to these hedging activities was immaterial at December 31, 2009 and 2008.

The Partnership also markets and sells natural gas. The Partnership generally conducts business by entering into forward purchase commitments for natural gas only when it simultaneously enters into arrangements for the sale of product for physical delivery to third-party users. The Partnership generally takes delivery under its purchase commitments at the same location as it delivers to third-party users. Through these transactions, which establish an immediate margin, the Partnership seeks to maintain a position that is substantially balanced between firm forward purchase and sales commitments. Natural gas is generally purchased and sold at fixed prices and quantities. Current price quotes from actively traded markets are used in all cases to determine the contracts' fair value. Changes in the fair value of these contracts are recognized in earnings as an increase or decrease in cost of sales. See Note 3 for additional information on fair value hedges.

Cash Flow Hedges

The Partnership links all hedges that are designated as cash flow hedges to forecasted transactions. To the extent such hedges are effective, the changes in the fair value of the derivative instrument is reported as a component of other comprehensive income and reclassified into interest expense in the same period during which the hedged transaction affects earnings. The Partnership executed two zero premium interest rate collars with major financial institutions. Each collar is designated as a cash flow hedge and accounted for in accordance with guidance issued by the Financial Accounting Standards Board ("FASB"). The first collar, which became effective on May 14, 2007 and expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. The second collar, which became effective on October 2, 2008 and expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on the Partnership's $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate.

In addition, in October 2009, the Partnership executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be 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 at a fixed rate of 3.93%. See Note 3 for additional information on the interest rate collars and the forward starting swap.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Net Income Per Limited Partner Unit

On January 1, 2009, the Partnership adopted guidance issued by the FASB to the calculation of earnings per share (in the Partnership's case, net income per limited partner unit). This guidance specifies the treatment of earnings per unit calculations when incentive distributions rights ("IDRs") exist in master limited partnerships. This guidance further provides that net income for the current period is to be reduced by the amount of available cash that will be distributed with respect to that period for purposes of calculating net income per unit. Any residual amount representing undistributed net income (or losses) is assumed to be allocated to the ownership interests in accordance with the contractual provisions of the partnership agreement.

Under the Partnership's partnership agreement, for any quarterly period, the 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 and subordinated unitholders, or limited partners' interest, and to the General Partner's interest.

On April 22, 2009, the board of directors of the General Partner declared a quarterly cash distribution of $0.4875 per unit for the period from January 1, 2009 through March 31, 2009. On July 23, 2009, the board declared a quarterly cash distribution of $0.4875 per unit for the period from April 1, 2009 through June 30, 2009. On October 21, 2009, the board declared a quarterly cash distribution of $0.4875 per unit for the period from July 1, 2009 through September 30, 2009. On January 20, 2010, the board declared a quarterly cash distribution of $0.4875 per unit for the period from October 1, 2009 through December 31, 2009. These declared cash distributions resulted in incentive distributions to the General Partner, as the holder of the incentive distribution rights, and enabled the Partnership to reach its second target distribution with respect to such incentive distribution rights. See Note 15, "Partners' Equity, Allocation and Cash Distributions" for further information.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

The following table provides a reconciliation of net income and the assumed allocation of net income to the limited partners' interest for purposes of computing net income per limited partner unit (in thousands, except per unit data):

	Year Ended December 31, 2009			
	Total	Limited Partner Interest	General Partner Interest	IDRs
Numerator:				
Net income	$ 34,134	$ 33,343	$ 791	$
Declared distribution	$ 26,262	$ 25,614	$ 448	$ 200
Assumed allocation of undistributed net income	7,872	7,729	143	
Assumed allocation of net income(1)	$ 34,134	$ 33,343	$ 591	$ 200
Denominator:				
Basic weighted average limited partner units outstanding		13,017		
Dilutive effect of phantom units (Note 13)		262		
Diluted weighted average limited partner units outstanding		13,279		
Basic net income per limited partner unit		$ 2.56		
Diluted net income per limited partner unit		$ 2.51		

	Year Ended December 31, 2008			
	Total	Limited Partner Interest	General Partner Interest	IDRs
Numerator:				
Net income	$ 21,055	$ 20,491	$ 564	$
Declared distribution	$ 26,136	$ 25,488	$ 448	$ 200
Assumed allocation of undistributed net income	(5,081)	(4,997)	(84)	
Assumed allocation of net income(1)	$ 21,055	$ 20,491	$ 364	$ 200
Denominator:				
Basic weighted average limited partner units outstanding		13,071		
Diluted weighted average limited partner units outstanding		13,071		
Basic net income per limited partner unit		$ 1.57		
Diluted net income per limited partner unit		$ 1.57		

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(1) Calculation includes the effect of the private placement of Class B units on May 9, 2007 and, as a result, the general partner interest was 1.73% for the years ended December 31, 2009 and 2008.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

	Year Ended December 31, 2007			
	Total	Limited Partner Interest	General Partner Interest	IDRs
Numerator:				
Net income	$ 47,013	$ 46,051	$ 962	$
Declared distribution	$ 24,617	$ 24,070	$ 438	$ 109
Assumed allocation of undistributed net income	22,396	21,981	415	
Assumed allocation of net income(1)	47,013	46,051	853	109
Non-cash reduction allocated to limited partners(2)	(16,400)	(16,400)		
Net income available to limited partners	$ 30,613	$ 29,651	$ 853	$ 109
Denominator:				
Basic weighted average limited partner units outstanding(3)		12,444		
Diluted weighted average limited partner units outstanding(3)		12,444		
Basic net income per limited partner unit		$ 2.38		
Diluted net income per limited partner unit		$ 2.38		

(1) Calculation includes the effect of the private placement of Class B units on May 9, 2007 and, as a result, the general partner interest was, based on a weighted average, 1.92% for the year ended December 31, 2007.

(2) In connection with the private placement of Class B units (see Note 16), the Partnership was required to record a non-cash reduction in net income available to limited partners for the year ended December 31, 2007 because the fair value of the Partnership's common units on May 9, 2007 (the date on which the Class B units were issued) was greater than the purchase price of the Class B units, which was established at the time of the execution of the Unit Purchase Agreement on March 14, 2007. Although this non-cash reduction affected net income available to limited partners, it did not affect net income nor did it affect total partners' equity.

(3) Per unit data includes the weighted average effect of the private placement of Class B units which converted to common units for year ended December 31, 2007.

At December 31, 2009, limited partner units outstanding excluded common units held on behalf of the Partnership pursuant to its Repurchase Program and for future satisfaction of the General Partner's Obligations (as defined in Note 13). These units are not deemed outstanding for purposes of calculating net income per limited partner unit (basic and diluted).

The Partnership applied the guidance issued by the FASB on a retroactive basis which had an immaterial impact on the limited partners' interest in net income and net income per limited partner unit for the years ended December 31, 2008 and 2007.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of the following:

	Pension Plan	Derivatives	Total
Balance at December 31, 2007	$ (1,388)	$ (1,328)	$ (2,716)
Change in fair value of interest rate collars		(9,518)	(9,518)
Change in pension liability	(3,029)		(3,029)
Balance at December 31, 2008	(4,417)	(10,846)	(15,263)
Change in fair value of interest rate collars		3,879	3,879
Curtailment gain	3,619		3,619
Change in pension liability	798		798
Balance at December 31, 2009	$	$ (6,967)	$ (6,967)

Recent Accounting Pronouncements

On September 30, 2009, the Partnership adopted guidance issued by the FASB to the authoritative hierarchy of nongovernmental U.S. GAAP. These changes establish the FASB Accounting Standards Codification ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issue Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates. This guidance and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes did not have an impact on the Partnership's consolidated financial statements.

On June 30, 2009, the Partnership adopted guidance issued by the FASB related to fair value accounting. This guidance relates to: (1) estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability, and (2) circumstances that may indicate that a transaction is not orderly (i.e., forced liquidation or distressed sale). The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements.

On June 30, 2009, the Partnership adopted guidance issued by the FASB related to fair value accounting. This guidance requires disclosures about the fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements. See Note 19.

On June 30, 2009, the Partnership adopted guidance issued by the FASB related to subsequent events. This guidance establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of this guidance did not have an impact on the Partnership's consolidated financial statements. See Note 22.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

On January 1, 2009, the Partnership adopted guidance issued by the FASB related to earnings per share. This guidance provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and, therefore, should be included in the computation of earnings per share pursuant to the two-class method. However, the award would not be considered a participating security if the holder forfeits the right to receive dividends or dividend equivalents in the event that the award does not vest. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements.

On January 1, 2009, the Partnership adopted guidance issued by the FASB related to earnings per share. This guidance specifies the treatment of earnings per unit calculations when incentive distribution rights exist in master limited partnerships. Further, when earnings exceed cash distributions, undistributed earnings are to be allocated to the general partner, limited partners and holders of the incentive distribution rights based on the distribution formula for available cash set forth in the partnership agreement. Conversely, when cash distributions exceed earnings, net income (or loss) would be reduced (or increased) by distributions to the general partner, limited partners and holders of incentive distribution rights. The excess of distributions over earnings would be allocated to the general partner and limited partners based on their respective sharing of losses set forth in the partnership agreement. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements. See Note 2.

On January 1, 2009, the Partnership adopted guidance issued by the FASB related to intangible assets. This guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The objective is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements.

On January 1, 2009, the Partnership adopted guidance issued by the FASB which requires enhanced disclosures about an entity's derivatives and hedging activities and how they affect an entity's financial position, financial performance and cash flows. See Note 3.

On January 1, 2009, the Partnership adopted guidance issued by the FASB to accounting for business combinations. This guidance defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any noncontrolling interest at their fair values as of the acquisition date. This guidance also requires that acquisition-related costs be recognized separately from the acquisition. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements.

The Partnership adopted the guidance issued by the FASB to fair value accounting and disclosures. This guidance defines fair value, establishes guidelines for measuring fair value and requires additional disclosures regarding fair value measurements. This guidance applies only to fair value measurements currently required or permitted and is expected to increase the consistency of those measurements. On January 1, 2008, the Partnership adopted this guidance for its financial assets and liabilities measured at fair value on a recurring basis and on January 1, 2009 for its non-financial assets and non-financial liabilities measured at fair value on a non-recurring basis. The adoption of this guidance did not have a material impact on the Partnership's consolidated financial statements. See Note 19.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Derivative Financial Instruments

On January 1, 2009, the Partnership adopted additional guidance issued by the FASB which requires the Partnership to provide enhanced disclosures about (a) how and why the Partnership uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect the Partnership's financial position, financial performance and cash flows. The following table presents the volume of activity related to the Partnership's derivative financial instruments at December 31, 2009:

	Units(1)	Unit of Measure
Oil Contracts		
Long	9,637	Thousands of barrels
Short	(14,547)	Thousands of barrels
Natural Gas Contracts		
Long	15,135	Thousands of decatherms
Short	(15,135)	Thousands of decatherms
Interest Rate Collars	$ 200	Millions of dollars
Forward starting swap	$ 100	Millions of dollars

(1) Number of open positions and gross notional amounts do not quantify risk or represent assets or liabilities of the Partnership, but are used in the calculation of cash settlements under the contracts.

Fair Value Hedges

The following table presents the gross fair values of the Partnership's derivative instruments and firm commitments and their location in the Partnership's consolidated balance sheets at December 31, (in thousands):

	Assets			Liabilities		
Derivatives	**Balance Sheet Location (Net)**	**2009 Fair Value**	**2008 Fair Value**	**Balance Sheet Location (Net)**	**2009 Fair Value**	**2008 Fair Value**
Derivatives designated as hedging instruments and firm commitments						
Oil product contracts(1)	(2)	$ 4,085	$ 175,557	(3)	$ 23,030	$ 25,202
Derivatives not designated as hedging instruments						
Oil product and natural gas contracts	(2)	11,067	29,215	Accrued expenses and other current liabilities	10,805	28,060
Total derivatives		$ 15,152	$ 204,772		$ 33,835	$ 53,262

(1) Includes forward fixed price purchase and sale contracts as recognized in the Partnership's consolidated balance sheets at December 31, 2009 and 2008

(2) Fair value of forward fixed price contracts, prepaid expenses and other current assets and accrued and other current liabilities

(3) Obligations on forward fixed price contracts and accrued expenses and other current liabilities

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Derivative Financial Instruments (Continued)

The following table presents the amount of gains and losses from derivatives involved in fair value hedging relationships recognized in the Partnership's consolidated statements of income for the years ended December 31 (in thousands):

Derivatives in Fair Value Hedging Relationship	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivatives 2009	2008	2007
Oil product contract	Cost of sales	$ (254,440)	$ 179,644	$ (159,489)

Hedged Items in Fair Value Hedge Relationships	Location of Gain (Loss) Recognized in Income on Related Hedged Item	Amount of Gain (Loss) Recognized in Income on Hedged Items 2009	2008	2007
Oil product contract	Cost of sales	$ 255,218	$ (180,345)	$ 161,456

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

The table below presents the composition and fair value of forward fixed price purchase and sale contracts on the Partnership's consolidated balance sheet being hedged by the following derivative instruments at December 31 (in thousands):

	2009	2008
Futures contracts	$ (14,605)	$ 138,741
Swaps and other, net	(3,420)	15,092
Total	$ (18,025)	$ 153,833

The total balances of $(18.0) million and $153.8 million reflect the fair value of the forward fixed price contract (liability)/asset net of the corresponding asset/(liability) in the accompanying consolidated balance sheets at December 31, 2009 and 2008, respectively.

The Partnership formally documents all relationships between hedging instruments and hedged items after its risk management objectives and strategy for undertaking the hedge are determined. The Partnership calculates hedge effectiveness on a quarterly basis. This process includes specific identification of the hedging instrument and the hedged transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness will be assessed. Both at the inception of the hedge and on an ongoing basis, the Partnership assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of hedged items. The derivative instruments that qualify for hedge accounting are fair value hedges.

The Partnership has a daily margin requirement with its broker based on the prior day's market results on open futures contracts. The brokerage margin balance was $18.1 million and $9.0 million at December 31, 2009 and 2008, respectively.

The Partnership is exposed to credit loss in the event of nonperformance by counterparties of forward purchase and sale commitments, futures contracts, options and swap agreements, but the Partnership has no current reason to expect any material nonperformance by any of these

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Derivative Financial Instruments (Continued)

counterparties. Futures contracts, the primary derivative instrument utilized by the Partnership, are traded on regulated exchanges, greatly reducing potential credit risks. The Partnership utilizes primarily one clearing broker, a major financial institution, for all New York Mercantile Exchange ("NYMEX") derivative transactions and the right of offset exists. Accordingly, the fair value of all derivative instruments is presented on a net basis on the consolidated balance sheets. Exposure on forward purchase and sale commitments, swap and certain option agreements is limited to the amount of the recorded fair value as of the balance sheet dates. See Note 2 for additional information on fair value hedges.

The Partnership generally enters into master netting arrangements to mitigate counterparty credit risk with respect to its derivatives. Master netting arrangements are standardized contracts that govern all specified transactions with the same counterparty and allow the Partnership to terminate all contracts upon occurrence of certain events, such as a counterparty's default or bankruptcy. Because these arrangements provide the right of offset, and the Partnership's intent and practice is to offset amounts in the case of contract terminations, the Partnership records fair value of derivative positions on a net basis in accordance with guidance issued by the FASB.

Cash Flow Hedges

The Partnership executed two zero premium interest rate collars with major financial institutions. Each collar is designated as a cash flow hedge and accounted for in accordance with guidance issued by the FASB. The first collar, which became effective on May 14, 2007 and expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. Under the first collar, the Partnership capped its exposure at a maximum three-month LIBOR rate of 5.75% and established a minimum floor rate of 3.75%. As of December 31, 2009, the three-month LIBOR rate of 0.27% was lower than the floor rate. As a result, in January 2010, the Partnership remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $444,000 and, at December 31, 2009, such amount was recorded in accrued expenses and other current liabilities in the accompanying consolidated balance sheet. The fair values of the first collar were liabilities of approximately $3.9 million and $5.3 million as of December 31, 2009 and 2008, respectively, and were recorded in both other long-term liabilities and accumulated other comprehensive income. Hedge effectiveness was assessed at inception and is assessed quarterly, prospectively and retrospectively. The changes in the fair value of the first collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the three-month LIBOR rate above and below the first collar's strike rates.

On September 29, 2008, the Partnership executed its second zero premium interest rate collar. The second collar, which became effective on October 2, 2008 and expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on the Partnership's $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate. Under the second collar, the Partnership capped its exposure at a maximum one-month LIBOR rate of 5.50% and established a minimum floor rate of 2.70%. As of December 31, 2009, the one-month LIBOR rate of 0.23% was lower than the floor rate. As a result, in January 2010, the Partnership remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $205,000 and, at December 31, 2009, such amount was recorded in accrued expenses and other current liabilities in the accompanying

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Derivative Financial Instruments (Continued)

consolidated balance sheet. The fair values of the second collar were liabilities of approximately $3.2 million and $5.5 million as of December 31, 2009 and 2008, respectively, and were recorded in both other long-term liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet. Hedge effectiveness was assessed at inception and is assessed quarterly, prospectively and retrospectively, using regression analysis. The changes in the fair value of the second collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR rate above and below the second collar's strike rates.

In addition, in October 2009, the Partnership executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be 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 at a fixed rate of 3.93%. The fair value of the swap was an asset of approximately $80,000 as of December 31, 2009 and was recorded in other long-term assets in the accompanying consolidated balance sheet. Hedge effectiveness was assessed at inception and will be assessed quarterly, prospectively and retrospectively, using regression analysis. The changes in the fair value of the swap are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR swap curve.

The following table presents the fair value of the Partnership's derivative instruments and their location in the Partnership's consolidated balance sheets at December 31 (in thousands):

	Assets			Liabilities		
Derivatives	**Balance Sheet Location**	**2009 Fair Value**	**2008 Fair Value**	**Balance Sheet Location**	**2009 Fair Value**	**2008 Fair Value**
Derivatives designated as hedging instruments				Other long-term liabilities		
Interest rate collars		$	$		$ 7,047	$ 10,846
Forward starting swap	Other assets	80				

The following table presents the amount of gains and losses from derivatives involved in cash flow hedging relationships recognized in the Partnership's consolidated statements of income for years ended December 31 (in thousands):

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives			Recognized in Income on Derivatives (Ineffectiveness Portion and Amount Excluded from Effectiveness Testing)		
Derivatives in Cash Flow Hedging Relationship	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Interest rate collars	$ 3,799	$ (9,518)	$ (1,328)	$	$	$
Forward starting swap	80					
Total	$ 3,879	$ (9,518)	$ (1,328)	$	$	$

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Derivative Financial Instruments (Continued)

Ineffectiveness related to the interest rate collars and forward starting swap is recognized as interest expense and was immaterial at December 31, 2009, 2008 and 2007. The effective portion related to the interest rate collars that was originally reported in other comprehensive income and reclassified to earnings was $5.2 million and $1.0 million for the years ended December 31, 2009 and 2008, respectively. There was no such reclassification for the year ended December 31, 2007.

Derivatives Not Involved in a Hedging Relationship

While the Partnership seeks to maintain a position that is substantially balanced within its product purchase activities, it may experience net unbalanced positions for short periods of time as a result of variances in daily sales and transportation and delivery schedules as well as logistical issues inherent in the business, such as weather conditions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for its business, the Partnership engages in a controlled trading program for up to an aggregate of 250,000 barrels of refined petroleum products at any one point in time.

The following table presents the amount of gains and losses from derivatives not involved in a hedging relationship recognized in the Partnership's consolidated statements of income for the years ended December 31 (in thousands):

	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives 2009	2008	2007
Oil product contracts	Cost of sales	$ 8,766	$ 10,469	$ 2,694

Note 4. Income Taxes

The following table presents a reconciliation of the difference between the statutory federal income tax rate and the effective income tax rate for the years ended December 31:

	2009	2008	2007
Federal statutory income tax rate	34.0%	34.0%	34.0%
State income tax rate, net of federal tax benefit	6.4%	6.4%	6.3%
Partnership income not subject to tax	(36.4)%	(35.2)%	(37.8)%
Effective income tax rate	4.0%	5.2%	2.5%

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Income Taxes (Continued)

The following table presents the components of the provision for income taxes for the years ended December 31 (in thousands):

	2009	2008	2007
Current:			
Federal	$ 1,106	$ 903	$ 984
State	381	279	288
Total current	1,487	1,182	1,272
Deferred:			
Federal	(43)	(23)	(62)
State	(15)	(7)	(19)
Total deferred	(58)	(30)	(81)
Total	$ 1,429	$ 1,152	$ 1,191

At December 31, 2009 and 2008, the Partnership had net deferred tax assets of approximately $140,000 and $80,000, respectively, which primarily represent the difference between tax and book amortization.

The following presents a reconciliation of the differences between income before income tax expense and income subject to income tax expense for the years ended December 31 (in thousands):

	2009	2008	2007
Income before income tax expense	$ 35,563	$ 22,207	$ 48,204
Non-taxable income	(32,580)	(19,669)	(45,560)
Income subject to income tax expense	$ 2,983	$ 2,538	$ 2,644

The Partnership made approximately $1.6 million, $0.4 million and $2.7 million in income tax payments during 2009, 2008 and 2007, respectively.

Note 5. Terminal Acquisitions

On May 9, 2007, the Partnership acquired three refined petroleum products terminals located in Albany and Newburgh, New York and Burlington, Vermont from ExxonMobil for cash consideration of approximately $101.5 million plus $1.1 million in acquisition costs, for an aggregate purchase price of $102.6 million. The Partnership financed the acquisition through an expansion of its credit facility, proceeds from the sale of its NYMEX Holdings, Inc. shares and related NYMEX seats (Note 8) and the private placement of Class B units (Note 16). This acquisition was accounted for as an asset acquisition.

On November 14, 2007, the Partnership acquired two refined petroleum products terminals located in Glenwood Landing and Inwood, New York from ExxonMobil for cash consideration of approximately $34.7 million plus $0.7 million in acquisition costs, for an aggregate purchase price of $35.4 million. The Partnership financed the acquisition through an expansion of its credit facility. This acquisition was accounted for as an asset acquisition.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Terminal Acquisitions (Continued)

Final purchase price allocations based on fair market values of acquired assets have been completed. The following table presents the allocation of the aggregate purchase price of the assets acquired and environmental liabilities assumed during 2007 (in thousands):

Assets purchased:	
Buildings, docks, terminal facilities and improvements	$ 99,571
Land	20,692
Fixtures, equipment and automobiles	251
Intangible assets	26,722
Total assets purchased	147,236
Less environmental liabilities assumed (see Note 10)	(9,216)
Total purchase price	$ 138,020

Note 6. Property and Equipment

Property and equipment consisted of the following at December 31 (in thousands):

	2009	2008
Buildings, docks, terminal facilities and improvements	$ 153,954	$ 148,815
Land	26,110	26,110
Fixtures, equipment and automobiles	8,866	7,639
Construction in process	5,028	2,361
	193,958	184,925
Less accumulated depreciation	(34,666)	(22,937)
Total	$ 159,292	$ 161,988

Construction in process

In November 2007, the Partnership entered into two separate sublease agreements for land located at the Port of Providence in Rhode Island. The terminal at one parcel opened for business in January 2008 and provides the Partnership with storage for distillates and biofuels. The terminal at the other parcel opened for business in November 2008 and provides the Partnership with storage for refined petroleum products. The initial term of each sublease began on November 1, 2007 and will expire on April 29, 2012. Each sublease is being accounted for as an operating lease and has option terms that, if exercised, would extend the sublease through August 29, 2036. Total expenses under the subleases were approximately $583,000, $586,000 and $127,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

As of December 31, 2009 and 2008, the Partnership was in the application development stage of internally developing software currently intended for internal use. The capitalized balance related to the development of this software was $3.2 million and $1.8 million as of December 31, 2009 and 2008, respectively. As the software has not been implemented for its intended use, no amortization was recorded for the years ended December 31, 2009, 2008 and 2007.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Property and Equipment (Continued)

The Partnership had other construction in process of approximately $1.8 million and $0.5 million as of December 31, 2009 and 2008, respectively.

Depreciation

Depreciation expense allocated to cost of sales was approximately $10.8 million, $10.2 million and $6.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Depreciation expense allocated to selling, general and administrative expenses was approximately $1.0 million for each of the years ended December 31, 2009, 2008 and 2007.

There were no fully depreciated assets written off for the years ended December 31, 2009 and 2008.

Note 7. Intangible Assets

Intangible assets consisted of the following at December 31 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Amortization Period
December 31, 2009				
Intangible assets subject to amortization:				
Terminalling services	$ 26,365	$ (3,378)	$ 22,987	20 years
Workforce	347	(42)	305	20 years
Customer relationships	11,462	(6,836)	4,626	8-12 years
Software	1,139	(1,139)		5 years
Covenants not to compete	942	(572)	370	3-5 years
Customer contracts	307	(307)		2 years
Total	40,562	(12,274)	28,288	
Brand names, not subject to amortization	269		269	Indefinite
Total intangible assets	$ 40,831	$ (12,274)	$ 28,557	
December 31, 2008				
Intangible assets subject to amortization:				
Terminalling services	$ 26,365	$ (2,061)	$ 24,304	20 years
Workforce	347	(24)	323	20 years
Customer relationships	11,462	(5,632)	5,830	8-12 years
Software	1,139	(1,025)	114	5 years
Covenants not to compete	803	(240)	563	3-5 years
Customer contracts	307	(307)		2 years
Total	40,423	(9,289)	31,134	
Brand names, not subject to amortization	269		269	Indefinite

Total intangible assets	$	40,692	$	(9,289)	$	31,403

The aggregate amortization expense was approximately $3.0 million, $2.9 million and $2.3 million for the years ended December 31, 2009, 2008 and 2007, respectively.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Intangible Assets (Continued)

The estimated annual intangible asset amortization expense for future years ending December 31 is as follows (in thousands):

2010	$ 2,735
2011	2,646
2012	2,177
2013	1,765
2014	1,734
Thereafter	17,231
Total intangible assets subject to amortization	28,288
Brand names, not subject to amortization	269
Total intangible assets	$ 28,557

Note 8. Investment in Equity Securities

The Partnership held an investment in NYMEX Holdings, Inc. which was accounted for under the accounting guidance for investments debt and equity securities. On March 6, 2007, the Partnership sold its investment in NYMEX Holdings, Inc. along with its NYMEX seats for approximately $15.3 million and realized a gain of approximately $14.1 million in the accompanying statements of income for the year ended December 31, 2007.

Note 9. Debt

Credit Agreement

The Partnership has a senior secured credit agreement (the "Credit Agreement"). Pursuant to the Credit Agreement, the Partnership exercised its accordion feature (discussed below) and requested an increase in the Total WC Revolver Commitment (as defined in the Credit Agreement) in an amount equal to $100.0 million. On December 4, 2009, certain lenders under the Credit Agreement agreed to fund the $100.0 million increase, bringing the total available commitments under the Credit Agreement from $750.0 million to $850.0 million. There are three 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 $750.0 million; the $750.0 million includes two $50.0 million seasonal overline facilities that are available each year only during the period between September 1 and June 30;

- an $85.0 million acquisition facility to be used for funding acquisitions similar to the Partnership's business line that have a purchase price of $25.0 million or less or $35.0 million or less in the aggregate in any 12-month period; and

- a $15.0 million revolving credit facility to be used for general 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: (1) the acquisition facility by up to another $50.0 million, for a total acquisition facility of up to $135.0 million; and (2) the working capital

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Note 9. Debt (Continued)

revolving credit facility by up to another $100.0 million, for a total working capital revolving credit facility of up to $850.0 million. Any such request for an increase by the Partnership must be in a minimum amount of $5.0 million, and no more than three such requests may be made for each facility. The Partnership, however, cannot provide assurance that its lending group will agree to fund any request by the Partnership for additional amounts in excess of the total available commitments of $850.0 million.

Availability under the Partnership's working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Under the Credit Agreement, the Partnership can borrow only up to the level of its then current borrowing base. Availability under the Partnership's borrowing base may be affected by events beyond the Partnership's control, such as changes in refined 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.

During the period from January 1, 2008 through July 20, 2008 and for the year ended December 31, 2007, borrowings under the Partnership's working capital revolving credit, acquisition and revolving credit facilities bore interest at the Partnership's option at (1) the Eurodollar rate, plus 1%, $1^1/_2$% and $1^1/_2$%, respectively, (2) the cost of funds rate, plus 1%, $1^3/_4$% and $1^1/_2$%, respectively, or (3) the bank's base rate.

Commencing July 21, 2008, borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the Credit Agreement, as amended, which in turn depends upon the Combined Interest Coverage Ratio (as such term is defined in the Credit Agreement). Commencing July 21, 2008, borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the Credit Agreement, as amended, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates for the Credit Agreement were 3.6%, 4.6% and 6.3% for the years ended December 31, 2009, 2008 and 2007, respectively.

In addition, the Partnership executed two zero premium interest rate collars with major financial institutions. The first collar, which became effective on May 14, 2007, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. The second collar, which became effective on October 2, 2008, is used to hedge the variability in cash flows in monthly interest payments made on the Partnership's $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate.

Further, in October 2009, the Partnership executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be 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 at a fixed rate of 3.93%. See Note 3 for additional information on the interest rate collars and the forward starting swap.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Debt (Continued)

The Partnership incurs a letter of credit fee of 1.75% per annum for each letter of credit issued. In addition, the Partnership incurs a commitment fee on the unused portion of the three facilities under the Credit Agreement (including the unused portion of either of the seasonal overline facilities exercised by the Partnership) equal to 0.3% to 0.375% per annum, depending on the pricing level and the Combined Interest Coverage Ratio provided in the Credit Agreement. The Partnership also incurs a facility fee of 0.1% per annum on any unexercised seasonal overline facility during the period between September 1 and June 30 and a seasonal overline fee of $30,000 each time the Partnership elects to exercise either of the seasonal overline facilities.

The Credit Agreement will mature on April 22, 2011. The Partnership classifies a portion of its working capital revolving credit facility as a long-term liability because the Partnership has a multi-year, long-term commitment from its bank group. The long-term portion of the working capital revolving credit facility was $240.9 million and $154.1 million at December 31, 2009 and 2008, respectively, representing the amounts expected to be outstanding during the year. In addition, the Partnership classifies a portion of its working capital revolving credit facility as a current liability because it repays amounts outstanding and reborrows funds based on its working capital requirements. The current portion of the working capital revolving credit facility was approximately $221.7 million and $208.2 million at December 31, 2009 and 2008, respectively, representing the amounts the Partnership expects to pay down during the course of the year.

As of December 31, 2009, the Partnership had total borrowings outstanding under the Credit Agreement of $533.8 million, including $71.2 million outstanding on the acquisition facility. In addition, the Partnership had outstanding letters of credit of $105.0 million. The total remaining availability for borrowings and letters of credit at December 31, 2009 and 2008 was $211.2 million and $211.3 million, respectively.

The Credit Agreement is secured by substantially all of the assets of the Partnership and each of the Companies and is guaranteed by the General Partner. The Credit Agreement imposes certain requirements including, for example, a prohibition against distributions if any potential default or Event of Default (as defined in the Credit Agreement) would occur, and 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, capital expenditure limits, a minimum EBITDA ratio, a minimum combined interest coverage ratio and a maximum leverage ratio. The Partnership was in compliance with the foregoing covenants at December 31, 2009. 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).

The Credit Agreement also requires that in each calendar year, the outstanding amount under the working capital revolving credit facility must be equal to or less than $263.0 million for a period of ten consecutive calendar days. The Partnership has complied with this provision for the year ended December 31, 2009.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Debt (Continued)

The Credit Agreement limits distributions by the Partnership to its unitholders to the amount of the Partnership's available cash and permits borrowings to fund such distributions only under the $15.0 million revolving credit facility. The revolving credit facility is subject to an annual "clean-down" period, requiring the Partnership to reduce the amount outstanding under the revolving credit facility to $0 for 30 consecutive calendar days in each calendar year. The Partnership has complied with this provision for the year ended December 31, 2009.

The lending group under the Credit Agreement includes the following institutions: Bank of America, N.A.; Standard Chartered Bank; JPMorgan Chase Bank, N.A.; Societe Generale; RBS Citizens, National Association; Sovereign Bank; Fortis Capital Corp.; Webster Bank National Association; KeyBank National Association; TD Bank, N.A. (f/k/a TD BankNorth, N.A.); Wells Fargo Bank, N.A.; Wachovia Bank, National Association; Calyon New York Branch; and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Term Note Note Payable

In 2001, the Partnership purchased the Fore River Terminal in South Portland, Maine. The purchase price included issuance by the Partnership of a promissory note for $3.0 million with a 7% interest rate. The note was secured by the property acquired and was fully paid in May 2008.

Note 10. Environmental Liabilities

The Partnership currently owns or leases properties where refined petroleum products are being or have been handled. These properties and the refined petroleum products 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 property arising from the release of liquids or wastes to 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 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 recorded, on an undiscounted basis, total environmental liabilities of approximately $1.2 million, of which approximately $0.7 million was paid by the Partnership as of December 31, 2009. The remaining liability of $0.5 million was recorded as a current liability of

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Liabilities (Continued)

$0.4 million and a long-term liability of $0.1 million in the accompanying consolidated balance sheet at December 31, 2009. The Partnership has implemented the remedial action plans. The Partnership does not believe that compliance with the terms thereof will result in material costs in excess of the environmental reserve or have a material impact on its operations.

In connection with the May 2007 acquisition of ExxonMobil's Albany and Newburgh, New York and Burlington, Vermont terminals, the Partnership assumed certain environmental liabilities, including the remediation obligations under a proposed remedial action plan submitted by ExxonMobil to NYDEC with respect to the Albany, New York terminal. As a result, the Partnership recorded, on an undiscounted basis, total environmental liabilities of approximately $8.0 million, of which approximately $0.1 million was paid for the year ended December 31, 2008 for a balance of $7.9 million. In June 2008, the Partnership submitted a remedial action work plan to NYDEC, implementing NYDEC's conditional approval of the remedial action plan submitted by ExxonMobil. The Partnership responded to NYDEC's requests for additional information and conducted pilot tests for the remediation outlined in the work plan. Based on the results of such pilot tests, the Partnership changed its estimate and reduced the environmental liability by $2.8 million during the fourth quarter ended December 31, 2008. At December 31, 2009, this liability had a balance of $5.0 million which was recorded as a current liability of $2.9 million and a long-term liability of $2.1 million in the accompanying consolidated balance sheet. In July 2009, NYDEC approved the remedial action work plan, and the Partnership signed a Stipulation Agreement with NYDEC to govern implementation of the approved plan. The Partnership does not believe that compliance with the terms of the approved remedial action work plan will result in material costs in excess of the environmental reserve or have a material impact on its operations.

In connection with the 2006 acquisition of its Macungie, Pennsylvania terminal (the "Global Macungie Terminal"), the Partnership assumed certain existing environmental liabilities at the terminal. The Partnership did not accrue for these contingencies as it believes that the aggregate amount of these liabilities cannot be reasonably estimated at this time. The Partnership also executed an Administrative Order on Consent ("AOC") with the U.S. Environmental Protection Agency, Region III ("EPA, Region III") requiring certain investigatory activities at the Global Macungie Terminal. The Partnership believes that the investigatory activities required by the AOC have been completed, and it intends to submit a final report concerning these investigatory activities and request that EPA, Region III issue a Notice of Completion with respect to the AOC. Although the Partnership cannot predict whether EPA, Region III will grant this request, based upon current information, the Partnership does not anticipate that the outcome will have a material adverse effect on it. Furthermore, the Partnership does not believe that in the event EPA, Region III requests additional activities before issuing a Notice of Completion, those activities will result in material costs or have a material impact on the Partnership's operations.

Global Companies LLC, in addition to several affiliates, was named as one of over 50 defendants in two lawsuits alleging methyl tertiary-butyl ether ("MTBE") contamination of groundwater in Massachusetts. MTBE is an oxygenate that has been used extensively to reduce motor vehicle tailpipe emissions. In the cases of Town of Duxbury, et al. v. Amerada Hess Corp., et al., filed December 31, 2003, and City of Lowell v. Amerada Hess Corp., et al., filed December 30, 2004, plaintiffs allege that manufacturers, refiners and others involved in the distribution of gasoline containing MTBE are liable for the costs of investigating possible MTBE groundwater contamination, treating such contaminated groundwater where found, and related relief including treble damages and injunctive relief. The

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Liabilities (Continued)

plaintiffs in these cases generally claim to be public water providers or municipal or other government authorities. These cases have been consolidated in multi-district litigation with over 60 other MTBE cases in federal court in the Southern District of New York. The Partnership entered into an agreement to settle these cases and, as a result, the Partnership paid $0.9 million during the quarter ended June 30, 2009. The matter with respect to Global Companies LLC and affiliates has been dismissed.

The Partnership's estimates used in these reserves 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 and the possibility of existing legal claims giving rise to additional claims. Therefore, although the Partnership believes that these reserves are adequate, no assurances can be made that any costs incurred in excess of these reserves 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.

Note 11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following at December 31 (in thousands):

	2009	2008
Barging transportation, product storage and other ancillary costs	$ 21,019	$ 15,208
Swaps and other derivatives	4,113	1,268
Trustee taxes (taxes other than income tax)	41,484	32,578
Employee compensation	7,468	1,681
Other	3,520	3,319
Total	$ 77,604	$ 54,054

Trustee taxes consisted of various pass-through taxes collected from customers on behalf of taxing authorities. Employee compensation consisted of bonuses, vacation and other salary accruals. Ancillary costs consisted of cost accruals related to product expediting and storage.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Employee Benefit Plans with Related Party

The General Partner has a qualified 401(k) Savings and Profit Sharing Plan that covers eligible employees. Contributions under the plan are determined annually, at the sole discretion of the General Partner's board of directors. The General Partner's discretionary matching contributions to the 401(k) Savings and Profit Sharing Plan have been equal to 50% of each employee's contribution, up to a maximum contribution of 3% of the employee's compensation. Matching contributions greater than this level are allowed under the plan. Effective January 1, 2010, the discretionary percentage match by the General Partner increased from 3% to 4% of the employee's compensation. The General Partner's matching contributions on behalf of higher-paid employees are subject to certain limitations under federal law. Employees may elect to contribute up to 60% of their compensation to the 401(k) Savings and Profit Sharing Plan for each plan year. Employee contributions are subject to annual dollar limitations, which are periodically adjusted by the cost of living index. This plan had expenses of approximately $498,000, $500,000 and $385,000 for the years ended December 31, 2009, 2008 and 2007, respectively, which are included in selling, general and administrative expenses in the accompanying statements of income.

In addition, the General Partner has a qualified pension plan (the "Plan") that covers all eligible employees. Accounting and reporting guidance related to compensation retirement benefits requires the Partnership to recognize the overfunded or underfunded status of its defined benefit pension plan as an asset or liability in its consolidated balance sheets and to recognize changes in that funded status through comprehensive income in the year in which such changes occur. The funded status is measured as the difference between the fair value of plan assets and the Plan's benefit obligation, with the benefit obligation including all actuarial gains and losses, prior service cost and any remaining transition amounts.

Effective December 31, 2009, the Plan was amended to freeze participation in and benefit accruals under the Plan. In order to reduce the adverse effects of the pension freeze on employees with substantial service who may not have time to replace future pension accruals with retirement savings before reaching the normal retirement age of 65, employees meeting certain age and service requirements will receive increased benefits under the Plan, effective December 31, 2009. As a result of the freeze, the Partnership recognized a curtailment gain of approximately $1.5 million which was recorded as an offset to selling, general and administrative expenses in the accompanying consolidated statements of income for the year ended December 31, 2009. The curtailment gain consisted of approximately $5.1 million in a change in benefit obligation and approximately $3.6 million in an unrecognized net actuarial loss.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Employee Benefit Plans with Related Party (Continued)

The following presents reconciliations of the beginning and ending balances of the benefit obligation, fair value of plan assets, funded status and the accumulated benefit obligation at December 31 (in thousands):

	2009	2008
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 15,403	$ 13,486
Service cost	1,300	1,061
Interest cost	916	800
Actuarial loss	572	551
Curtailment gain	(5,098)	
Benefits paid	(536)	(496)
Projected benefit obligation at end of year	12,557	15,402
Change in plan assets:		
Fair value of plan assets at beginning of year	6,549	8,250
Actual return on plan assets	1,822	(1,818)
Employer contributions	1,971	613
Benefits paid	(536)	(496)
Fair value of plan assets at end of year	9,806	6,549
Funded status at end of year	$ (2,751)	$ (8,853)
Unrecognized net actuarial loss		4,417
Net amount recognized	$ (2,751)	$ (4,436)
Accumulated benefit obligation	$ 12,557	$ 10,852

The following presents amounts recognized in the consolidated balance sheets at December 31 (in thousands):

	2009	2008
Accrued pension benefit cost	$ 2,751	$ 8,853
Accumulated other comprehensive loss		(4,417)
Net amount recognized	$ 2,751	$ 4,436

All of the Partnership's prior service costs and transition amounts have been fully amortized at December 31, 2009, 2008 and 2007. There was no unrecognized net actuarial gain or loss for the year ended December 31, 2009. The unrecognized net actuarial loss of $4.4 million is reflected in accumulated other comprehensive income as of December 31, 2008 and in Note 2.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Employee Benefit Plans with Related Party (Continued)

The following presents the components of the net periodic benefit cost for the Plan (in thousands):

	2009	2008	2007
Service cost	$ 1,300	$ 1,061	$ 814
Interest cost	916	800	654
Expected return on plan assets	(643)	(662)	(632)
Recognized net actuarial loss	192	3	
Net periodic benefit cost	$ 1,765	$ 1,202	$ 836

The following presents the weighted-average actuarial assumptions used in determining the Plan's annual pension expense:

	2009	2008	2007
Discount rate	6.0%	6.0%	6.0%
Expected return on plan assets	8.0%	8.0%	8.0%
Rate of compensation increase	4.0%	4.0%	4.0%

The following presents the benefits as of December 31, 2009 expected to be paid in each of the next five fiscal years and in the aggregate for the next five fiscal years thereafter (in thousands):

2010	$ 1,895
2011	226
2012	371
2013	494
2014	511
2015-2019	3,575
Total	$ 7,072

The General Partner expects to contribute, and the Partnership expects to reimburse the General Partner for, approximately $1.2 million to the Plan for 2009. The Partnership contributed approximately $845,000 during 2009 and will make the rest of this contribution in 2010. For 2010, the minimum funding contribution will be approximately $600,000, which will be paid during 2010 and up through 2011.

Investment Policy Summary

The fundamental investment objective of the Plan is to provide a rate of return sufficient to fund the retirement benefits under the Plan at a reasonable cost to the General Partner, which is the Plan sponsor. At a minimum, the rate of return should equal or exceed the discount rate assumed by the Plan's actuaries in projecting the funding cost of the Plan under the applicable Employee Retirement Income Security Act, or ERISA, standards. To do so, the General Partner's Pension Committee (the "Committee") may appoint one or more investment managers to invest all or portions of the assets of the Plan in accordance with specific investment guidelines, objectives, standards and benchmarks.

Because the Committee expects the Plan's investment income, when combined with anticipated contributions by the General Partner, to exceed the sum of benefit payments and expenses over the

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Employee Benefit Plans with Related Party (Continued)

next several years, the Committee intends that the Plan be managed to achieve long-term returns, with only a small percentage of the Plan invested in cash.

The fair values by category of the General Partner's Plan assets, all of which is with unrelated parties, at December 31 was as follows (in thousands):

	2009	2008
Cash equivalents	$ 378	$
Taxable municipal bond	158	
U.S. treasury bonds		119
Mortgage backed securities	741	707
Corporate bonds	3,631	2,624
Equity securities	4,898	3,100
Total	$ 9,806	$ 6,550

Please read Note 19, Fair Value Measurements.

Expected Long-term Rate of Return on Plan Assets

The expected long-term rate of return on assets assumption is based on historical experience and consultation with the General Partner's actuarial consultants. The current 8.0% assumption compares to the historical weighted average compound return of 5.1% actually achieved by the Plan assets in the Companies' eleven years of existence. Because the Plan was only in existence since December 1999, the time period over which the 5.1% return was calculated does not accurately reflect the long-term investment return which the Plan sponsor expects to be achieved. The Plan was created in December 1999 with a transfer of assets from the pension plan of Global Petroleum Corp. ("GPC"). Considering the investment return of the Plan from 1995 through December 1998, the calculation of the average investment return would increase the 5.1% investment return to 9.6% over a 15-year period.

Non-qualified Pension and Deferred Compensation Plans

The Partnership has a non-qualified pension plan for a former employee, which commenced fixed payments in November of 2003. The plan calls for payments over a fifteen-year period from the commencement date. Total remaining future fixed payments under this plan consist of $0.1 million per year for the period from 2010 through 2018 for an aggregate amount of $1.2 million. The Partnership had a discounted obligation of approximately $0.9 million recorded in long-term liabilities at December 31, 2009 and 2008.

The General Partner also has two non-qualified deferred compensation arrangements. One arrangement is for an executive officer that calls for annual payments of $70,000 for fifteen consecutive years from the commencement date. The other arrangement is for a former executive officer that calls for annual payments of $85,000 for fifteen consecutive years from the commencement date. The Partnership had a total discounted obligation of approximately $1.0 million and $0.7 million recorded in long-term liabilities at December 31, 2009 and 2008, respectively. In accordance with the provisions of the Partnership's partnership agreement, the General Partner will be reimbursed by the Partnership for payments to the executive officers under these non-qualified deferred compensation arrangements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Employee Benefit Plans with Related Party (Continued)

Supplemental Executive Retirement Plan

The General Partner, on behalf of the Partnership, entered into Supplemental Executive Retirement Plan ("SERP") agreements with four employees. Such SERP agreements were effective December 31, 2009 and are intended to reduce the adverse effects of the pension freeze on these four employees. The SERP agreements are intended to provide for benefits generally comparable in value to the increase in benefits the employee would have received under the Plan if such increased benefits could be provided to the employee under the Plan consistent with applicable tax qualification requirements. Total expenses related to the SERP were immaterial at December 31, 2009.

Long-Term Incentive Plan

Please see Note 13 for a discussion of the Long-Term Incentive Plan.

Note 13. Long-Term Incentive Plan

In October 2005, the General Partner adopted a Long-Term Incentive Plan ("LTIP") whereby 564,242 common units were authorized for issuance. Any units delivered pursuant to an award under the LTIP may be acquired in the open market or from any affiliate, be newly issued units or any combination of the foregoing. 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 unit options, unit appreciation rights, restricted units, phantom units and distribution equivalent rights ("DERs").

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Long-Term Incentive Plan

On August 14, 2007, the Compensation Committee of the board of directors of the General Partner granted awards of phantom units and associated DERs under the LTIP to certain employees and non-employee directors of the General Partner. The phantom units granted vested on December 31, 2009 and became payable on a one-for-one basis in common units of the Partnership (or cash equivalent) in connection with the achievement of certain performance goals over the vesting period. The DERs that were granted in tandem with the phantom units vested and became payable in cash simultaneously with the vesting of the phantom units.

Accounting guidance for share-based compensation requires that a non-vested equity share unit awarded to an employee is to be measured at its fair value as if it were vested and issued on the grant date. The fair value of the award at the August 14, 2007 grant date approximated the fair value of the Partnership's common unit at that date.

Compensation cost for an award of share-based employee compensation classified as equity, as is the case of the Partnership's award, is recognized over the requisite service period. The requisite

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Note 13. Long-Term Incentive Plan (Continued)

service period for these awards is from August 14, 2007, the grant date, through December 31, 2009, the vesting date. The Partnership recognized as compensation expense the value of the portion of the award that is ultimately expected to vest over the requisite service period on a straight-line basis. In accordance with the guidance issued by the FASB, the Partnership estimated forfeitures at the time of grant. Such estimates, which were based on the Partnership's service and performance history, did not change in subsequent periods as actual forfeitures did not differ from estimates.

The Partnership recorded compensation expenses with respect to these awards of approximately $0.8 million, $0.7 million and $0.3 million for the years ended December 31, 2009, 2008 and 2007, respectively, which are included in selling, general and administrative expenses in the accompanying consolidated statements of income. The total compensation cost related to these awards was fully recognized as of December 31, 2009.

Three-Year Phantom Units

On December 31, 2008, the Compensation Committee of the board of directors of the General Partner granted 99,700 phantom units to a named executive officer, including a contingent right to receive an amount in cash equal to the number of phantom units multiplied by the cash distribution per common unit made by the Partnership from time to time during the period the phantom units are outstanding. The phantom units, which are subject to graded vesting, vest in six equal installments on June 30 and December 31 of each year commencing June 30, 2009.

Compensation expense related to these phantom units is recognized using the accelerated attribution method. The Partnership recorded compensation expenses related to this phantom unit award of approximately $0.7 million for the year ended December 31, 2009 which is included in selling, general and administrative expenses in the accompanying statements of income. For the year ended December 31, 2008, compensation expense related to this phantom unit award was immaterial. The total compensation cost related to the non-vested awards not yet recognized at December 31, 2009 was approximately $0.4 million and is expected to be recognized over the remaining requisite service period. On June 30, 2009, 16,617 common units vested under this award and were distributed to the named executive officer, and in July 2009, the Partnership paid a cash distribution related to these units of approximately $8,000. On December 31, 2009, 16,617 common units vested under this award and were distributed, and in January 2010, the Partnership paid a cash distribution related to these units of approximately $32,000.

Five-Year Phantom Units

On February 5, 2009, the Compensation Committee of the board of directors of the General Partner granted awards of 277,777 phantom units under the LTIP to certain employees of the General Partner. The phantom units will vest and become payable on a one-for-one basis in common units of the Partnership (and/or cash in lieu thereof) on December 31, 2013 (or potentially sooner as described below), subject in each case to continued employment of the respective employee and subject to a performance goal for the phantom units granted to one of the recipients. Any phantom units that have not vested as of the end of the five year cliff vesting period will be forfeited.

All or a portion of the phantom units granted to the employees may vest earlier than December 31, 2013 if the Average Unit Price (as defined below) equals or exceeds specified target prices during specified periods. Specifically, if the Average Unit Price equals or exceeds: (i) $21.00 at

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Long-Term Incentive Plan (Continued)

any time prior to December 31, 2013, then 25% of the phantom units will automatically vest; (ii) $27.00 at any time during the period from February 5, 2011 through December 31, 2013, then an additional 25% of the phantom units will automatically vest; and (iii) $34.00 at any time during the period from June 5, 2012 through December 31, 2013, then all of the remaining phantom units will automatically vest. "Average Unit Price" means the closing market price of the Partnership's common unit for any 10-consecutive trading day period. On August 21, 2009, the Average Unit Price of $21.00 per unit for the first tranche was achieved and, as a result, 25% of the phantom units vested at a price of $22.50 per unit.

The fair value of the award at the February 5, 2009 grant date approximated the fair value of the Partnership's common unit at that date, reduced by the present value of the distributions stream on the equivalent number of common units over the derived service period. Compensation cost is recognized ratably over the derived service period which was determined for each tranche using the Monte Carlo simulation model. The derived service period of the award was assessed using expected volatility which was estimated based on historical volatility of the Partnership's common units. The Partnership recorded compensation expense related to this phantom unit award of approximately $0.5 million for the year ended December 31, 2009 which is included in selling, general and administrative expenses in the accompanying consolidated statements of income. The total compensation cost related to the non-vested awards not yet recognized at December 31, 2009 was approximately $0.6 million and is expected to be recognized ratably over the remaining derived service periods.

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 assisting it in 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 other employment related obligations of the General Partner (collectively, the "General Partner's Obligations"). The Partnership is authorized to spend up to $6.6 million to acquire up to 445,000 of its common units in the aggregate, over an extended period of time, consistent with the General Partner's Obligations. Common units of the Partnership 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, economic and market conditions, applicable legal requirements and available liquidity. As of December 31, 2009, the General Partner repurchased 195,291 common units pursuant to the Repurchase Program for approximately $4.0 million, of which 62,620 phantom units vested under the *"Long-term Investment Plan,"* 33,234 phantom units vested under the *"Three-Year Phantom Units"* award and 69,444 phantom units vested under the "*Five-Year Phantom Units"* award.

At December 31, 2009, common units outstanding excluded 47,143 common units held on behalf of the Partnership pursuant to its Repurchase Program and for future satisfaction of the General Partner's Obligations.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Long-Term Incentive Plan (Continued)

Status of Non-Vested Units

The following table presents a summary of the status of the non-vested units as of December 31:

	Number of Non-vested Units	Weighted Average Grant Date Fair Value
Outstanding non-vested units at December 31, 2007	64,951	$ 29.00
Granted	99,700	11.30
Vested		
Forfeited	(2,331)	29.00
Outstanding non-vested units at December 31, 2008	162,320	18.13
Granted	277,777	3.73
Vested	(102,678)	18.87
Forfeited		
Outstanding non-vested units at December 31, 2009	337,419	$ 6.05

Additionally, accounting guidance for share-based compensation requires that the income tax effects of share-based payments be recognized for financial reporting purposes if such awards would result in deductions on the Partnership's income tax return. Global Montello is a taxable entity for federal and state income tax purposes. In the ordinary course of business, the Partnership charges a portion of its selling, general and administrative expenses to Global Montello and, therefore, a portion of the compensation expense on the LTIP is allocated to Global Montello which results in a deduction for the Partnership. The amount allocated to Global Montello for such LTIP related costs was immaterial for the years ended December 31, 2009, 2008 and 2007.

Note 14. Commitments and Contingencies

The Partnership is subject to contingencies, including legal proceedings and claims arising out of the normal course of business that cover a wide range of matters, including, among others, environmental matters and contract and employment claims.

Leases of Office Space and Computer Equipment

The Partnership has future commitments, principally for office space and computer equipment, under the terms of operating lease arrangements. The following provides total future minimum

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Commitments and Contingencies (Continued)

payments under leases with non-cancelable terms of one year or more at December 31, 2009 (in thousands):

2010	$ 1,864
2011	1,559
2012	1,280
2013	1,060
2014	1,062
Thereafter	5,879
Total	$ 12,704

Total expenses under the operating lease arrangements amounted to approximately $1.9 million, $1.6 million and $1.7 million for the years ended December 31, 2009, 2008 and 2007, respectively. The Partnership also has lease income from office space leased at one of its owned terminals for $0.2 million per year through April of 2009.

The Partnership also leases certain equipment under capital lease agreements, for which the net book value was approximately $0.7 million and $0.9 million at December 31, 2009 and 2008, respectively. Depreciation expense for equipment under the capital leases was approximately $177,000, $166,000 and $69,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

Terminal and Throughput Leases

The Partnership entered into terminal and throughput lease arrangements with certain counterparties at various unrelated oil terminals. Certain arrangements have minimum usage requirements. The following provides future minimum lease and throughput commitments under these arrangements with non-cancelable terms of one year or more at December 31, 2009 (in thousands):

2010	$ 13,002
2011	7,767
2012	4,317
2013	1,438
2014	252
Thereafter	336
Total	$ 27,112

Purchase Commitments

The minimum volume purchase requirements for 2010 under the Partnership's existing supply agreements are 408 million gallons. All existing purchase commitments expire in 2010. The Partnership purchased approximately 0.9 billion, 0.9 billion and 1.7 billion gallons of product under the Partnership's existing supply agreements for $1.4 billion, $2.2 billion and $3.3 billion in 2009, 2008 and 2007, respectively, which included fulfillment of the minimum purchase obligation under these commitments.