

FRANCHISE DISCLOSURE DOCUMENT



SUNOCO RETAIL LLC

a Pennsylvania Limited Liability Company
8111 Westchester Drive, Suite 600, Dallas, Texas 75225
215.977.3000
www.sunocolp.com
www.sunoco.com

You will operate an Area Representative business as a part of the APLUS franchise system that uses our System and our Proprietary Marks to recruit, screen, and evaluate, potential APLUS franchisees who will operate full line retail grocery convenience stores (with or without a gas fueling station) within an agreed-upon territory in exchange for compensation from us.

The total investment necessary to begin operation of an Area Representative business ranges from \$20,000 to \$38,500, excluding the costs to obtain and operate an APLUS Store (which is offered under a separate Disclosure Document). The total investment includes the \$5,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your Area Representative agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Joe Bothell, 8111 Westchester Drive, Suite 600, Dallas, Texas 75225, (302) 242-0421, joe.bothell@sunoco.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: April 28, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised APLUS Store(s).
Will my business be the only APLUS Store Area Representative business in my area?	Item 12 and the “territory” provisions in the area representative agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be an APLUS Area Representative franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The area representative agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The area representative agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the area representative agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your area representative agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The area representative agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your area representative agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. The area representative agreement states that Texas law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel, which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into an area representative agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Area Representative Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials, which have no value to the franchisor, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business, are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Area Representative Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise, or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Area Representative Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to, the following:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Area Representative Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Area Representative Agreement and have failed to cure the breach in the manner provided in (c), above.

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

**SUNOCO RETAIL LLC
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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, “we”, “us,” and “our” refer to SUNOCO RETAIL LLC, a Pennsylvania limited liability company, the franchisor. “You” and “your” mean the person who buys this area representative opportunity. If you are a corporation, limited liability company, or other entity, each owner of the area representative entity must sign our Guaranty and Non-Compete Agreement, which means that all of the area representative agreement’s provisions also will apply to your owners.

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a limited liability company formed under the laws of the State of Pennsylvania on December 2015. We maintain our principal business address at 8111 Westchester Drive, Suite 600, Dallas, Texas 75225 which we share with our affiliates.

Our parent is Sunoco LP, a Delaware limited partnership (“Sunoco”), which was formed on June 11, 2012. Sunoco shares our principal business address. Sunoco has never offered franchises in any line of business. As noted in Item 21, Sunoco is our guarantor.

Our affiliate, Sunmarks, LLC, a Delaware limited liability company (“Sunmarks”), was formed on May 23, 1990, and owns certain Marks and licenses us the right to use them and to sub-license their use to franchisees. Sunmarks shares our principal business address. Sunmarks has never offered franchises in any line of business.

Our affiliate, Sunoco, LLC, a Delaware limited liability company, was formed on November 19, 2013 and provides certain petroleum products and services to our franchisees and its dealers and distributors. Sunoco, LLC shares our principal business address, and has never offered franchises in any line of business.

Our affiliate, Sunoco GP, LLC a Delaware limited liability company (“Sunoco GP”), was formed on June 11, 2012 and provides certain other APLUS services to our franchisees. Sunoco GP shares our principal business address. Sunoco GP has never offered franchises in any line of business.

We do not have any predecessors. We do business only under our corporate name, “SUNOCO RETAIL LLC” and under the trade name and service mark “APLUS” and “Sunoco”. We do not intend to use any other names to conduct business.

We engage in two lines of business: (1) the offering of APLUS convenience store with or without fueling station franchises and (offered under a separate Disclosure Document), and (2) the offering of Area Representative Businesses (described below). If you choose to operate a SUNOCO fueling station, you will sign a separate agreement. This disclosure document contains information for the offer of an Area Representative franchise. Other than as disclosed, we have not offered franchises in any other line of business. You must independently qualify to operate each brand, and we reserve the right to deny your application to purchase the remaining brand even if you qualify to franchise the other brand.

Information about our APLUS convenience store franchises are contained in a separate disclosure document. As an Area Representative you are not required to open and operate your own APLUS convenience store.

Our affiliates sell gasoline, diesel fuel and motor oils to certain franchisees who have gasoline facilities, distributors, independent business people who operate service stations leased from us, or one of our affiliates or subsidiaries, or service stations owned by them or leased from a third party. We or one of our affiliates or subsidiaries also sells products directly to consumers through various company operated service stations.

We do not operate businesses of the type being franchised. We have offered franchises for APLUS Stores since May 1993. Other than as disclosed above, we have not offered franchises in other lines of business. Other than as disclosed, none of our affiliates have offered franchises in other lines of business.

The Franchises Offered

We grant franchises that enable you to operate an Area Representative business (“Area Representative Business”), within a designated territory (“Territory”), that is authorized to use our System and our Proprietary Marks to recruit, screen, evaluate and coach prospective APLUS Store (“APLUS Store”) franchisees, as well as provide certain services to support specific APLUS franchisees operating stores in the Territory (“Prospects” or individually “Prospect”).

In order for you to qualify for this Area Representative Business, you must be a current Sunoco fuel distributor or fuel dealer (“**Sunoco Fuel Dealer**”). You must be a distributor or multi-site dealer under a separate agreement with Sunoco, LLC and us.

If we grant you an area representative franchise, you will sign our Area Representative Agreement (“AR Agreement” or “Area Representative Agreement”) (see Exhibit B to this disclosure document). In consideration for the Area Representative Business services performed by you, you will receive up to a 50% share of the royalty fees paid by the respective APLUS Store developed and operating due to your efforts (“**Royalty Commission**”). Minimum Royalty Commission will be \$500 per APLUS Store per month, subject to payment. As an additional consideration for the Area Representative Business services performed by you, upon APLUS Store franchisee’s execution of their franchise agreement, you are entitled to keep the \$5,000 of the Initial Franchise Fee per APLUS Store signed franchise agreement (“**Initial Fee Commission**”) and the remainder must be remitted to us. Royalty Commission and Initial Fee Commission is collectively defined in this disclosure documents as “**Commission**”.

As an Area Representative, at your option, you may choose to own, operate, and maintain a franchise APLUS Store. If you choose to do so, the APLUS Store opportunities are offered under a separate Disclosure Document and pursuant to a signed franchise agreement between you and us. We are not offering the rights to operate an APLUS Store in this Disclosure Document, as this Disclosure Document only applies to the Area Representative Business.

You may only sell APLUS franchises. You shall not be a master franchisee or perform Area Representative duties for another company. As an Area Representative, your primary roles will include actively and continually soliciting Prospects (“Sales Services”), perform certain site

acquisition and development services as described below (“Site Services”) and assisting us in rendering support services to the Prospects, as described in your AR Agreement and our Manuals. Among other things, you will be responsible for certain critical support functions (“Support Services”) as further defined below:

(1) *Solicitation of Prospects.* You must actively and continuously market and promote in your Territory through advertising (or otherwise as we direct) Franchises and solicit Prospects to develop and operate franchised APLUS Stores to be located in your Territory. You will be required to comply with all national, state, and local laws and regulations applicable to the marketing and sale of franchises. Depending on the location of your Territory, you may have to register, at your expense, yourself (which may include obtaining registrations or licenses as a franchise broker, real estate broker, business broker or otherwise) with one or more state authorities or make other state filings before offering Franchises. If your Territory is in a state that requires the registration of franchise offerings, you may not solicit Prospects in any period in which (i) we do not have an active franchise registration in such jurisdiction or (ii) you must suspend sales while an amendment or renewal application is pending.

You must provide us with a list of Prospects and requested information about the Prospect. If we determine in our sole discretion, the Prospect meets our then current criteria of being a franchisee, we will disclose the Prospect with our current franchise disclosure document. If we decide to move forward, we in our sole discretion will execute the franchise agreement with the Prospect. We will bear any costs related to the preparation and registration of the franchise disclosure document. You are responsible for developing through you, your affiliates, or third parties a minimum number of APLUS Stores in your Territory. You must ensure that Franchise Agreements are signed and APLUS Stores are developed, opened, and operated in your Territory in accordance with, and by the deadlines specified in, the development schedule set out in your AR Agreement (the “**Development Schedule**”). We will negotiate with you the terms of the Development Schedule, including the minimum number of APLUS Stores that you are responsible for directly or indirectly developing and the deadlines for signing Franchise Agreements and opening APLUS Stores. At a minimum, we require that you, directly or indirectly, to develop at least 5 APLUS Stores during your first twelve months of your AR Agreement; however, the exact number will be determined based on the Territory granted and the AR Agreement. If you fail to meet any of the deadlines in the Development Schedule, we may terminate the AR Agreement, or exercise other remedies outlined in the AR Agreement. We in our sole discretion retain the right to determine whether to execute and bring each Prospect into the franchise system.

(2) *Assisting Prospects.* You must work with Prospects in your Territory to help gather information requested by us and ensure that everything is in order for them to sign a franchise agreement.

(3) *Pre-Opening Assistance.* You must assist new franchisees with guidance on real estate selection and identification of vendors. You will be required to perform the following activities:

(a) *Pre-Development Phase.* Assist franchisees in planning and value-ads, and other support reasonably required by the franchisees. We may in our sole discretion approve the final location for the APLUS Store.

(b) *Construction Phase.* This on-going phase starts once the lease is signed and the plans are approved for a franchisee’s site. You will ensure that the construction plans meet our specifications; that the franchisee has obtained all required permits and approvals; and that the franchisee and its contractor(s) are following the plans without any changes or deviations. We at our sole discretion

may require you to conduct weekly or bi-weekly inspections and gather photographs to send to us. You will help franchisees in your Territory secure and order equipment for their APLUS Store, and you will ultimately be required to sign off on the APLUS Store build-out and provide all photographs to us before we will approve the APLUS Store to be opened for business.

(c) *Pre-Sales Phase.* Meet with franchisees and inspect the Franchised Business during the pre-sale period to ensure that all presales activities achieve consistency and brand compliance, as well as spot check agreements for accuracy.

(d) *Preparing for Opening.* We will provide training for Franchisees in your Territory at a location of our choosing; however, at our request you must assist us in coordinating the training and us getting the required information from trainees.

(f) *Grand Opening and Post Grand Opening.* You, or your approved representative, must attend the Grand Opening for each Franchised APLUS Store in your Territory, assist with grand opening and visit the APLUS Store and/or stay in contact with the franchised APLUS Store owner on a regular basis to provide support/assistance and audit the APLUS Store on a monthly basis.

(4) *On-going Franchisee Support.* You are required to support your franchisees in the following six critical component areas (we may require certain activities to be performed by you on a daily, weekly, monthly, quarterly or annual basis, as may be specified in the Manuals or otherwise by us):

- (a) Sales;
- (b) Operations;
- (c) Fitness;
- (d) Training and Development at our request;
- (e) Marketing;
- (f) Franchisee Management and Leadership; and
- (g) Inspection and compliance.

(5) *On-going Area Representative Obligations.* You and/or one of your other owners, if any, are required to attend all Area Representative, conferences, webinars, or training hosted by us and all other events as required, such as Fitness, Marketing and Sales.

The AR Business also renders certain services directly to us, including delivery of annual audit reports of Franchisees in the Territory; regular reports on business activities; collection of moneys due to us by Franchisees; and other activities that we may deem necessary from time to time.

You will have no right to grant franchises or sub-franchises, or to enter into any agreements with prospective franchisees or APLUS franchisees; only we have the right to grant franchises and enter into franchise and other agreements with prospective franchisees. You do not have any autonomous rights to make any decision regarding the design, selection, or implementation of any products, services, equipment, supplier, vendor, marketing program or promotion, or approval of a franchisee candidate except as we authorize in writing.

As long as you comply with the AR Agreement and all obligations therein, we will compensate you with a share of the revenue that we collect from those designated APLUS franchisees in your Territory. We will pay you a Sales Services Commission equal to \$5,000 of each initial franchise fee that is paid at the time a franchise (accredited to your efforts) is granted. Our current initial

franchise fee for an APLUS Store franchise is \$15,000. During the term of your Area Representative franchise, you will be entitled to a monthly Royalty Fee Commission, up to a 50% of the monthly royalties actually received by us from each related APLUS Store operating in the Territory for Support Services you provide with a minimum Royalty Commission of \$500 per APLUS Store per month. Our current monthly royalty fee requirement for an APLUS Store is up to 4% of gross sales for Non-Leased APlus Stores. You are not entitled to any commission on sale of Leased APLUS Stores. Leased APLUS Stores are units operated by the franchisees, where the premises of the store are owned by us or our affiliate. Non-Leased APlus Stores are units operated by the franchisees, where the premises of the store are owned by the franchisee or leased from an independent third-party.

You shall not be entitled to share in or receive any commissions from Sales Services or Site Services on fees paid to us by any APLUS Stores located in the Territory that were (i) opened under a franchise agreement entered into prior to the effective date of your AR Agreement; (ii) constructed by us and then transferred to an APLUS franchisee; (iii) any independent facility acquired by us and thereafter converted to a APLUS Store; (iv) if the store is currently leased through us or our affiliate; (v) signed or opened outside of the Term of your AR Agreement, or (vi) if Prospect regardless if they fall within your Territory or not, if the Prospect directly signs the franchise agreement with us without your involvement.

FTC and in states where registration of a franchise offering is required, you will not be able to work with prospective franchisees until we have notified you that our registration in that state has taken effect, been renewed, or amended, as may be the case. Therefore, you may not solicit or offer for sale any APLUS Store franchise opportunity without an approval from us. Upon our notice to you, you must cease all sales activities until further notified from us.

Market and Competition

The convenience store business is very competitive and highly developed. Our customers are both residential and commercial. Sales are not seasonal however you may experience peak months due to increased travel or certain weather conditions.

As an Area Representative, you will compete with other franchise development professionals who are seeking qualified franchise candidates. The competition is not limited by industry, and it is not seasonal. You will compete with franchise development professionals- independent, regional, and national, that seek franchisee candidates for all types of businesses. The market for a particular Area Representative Business or APLUS Store may differ significantly from the market conditions we experience in the markets where our affiliates operate Area Representative Business and APLUS Stores. Therefore, you should consider this and other factors in evaluating whether to invest in our franchise system.

Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your APLUS Store is subject to federal, state, and local regulations and guidelines governing the convenience store and retail gasoline industries. You are required to be knowledgeable of, and comply with, all federal, state, and local environmental laws and safety regulations requiring certain safety and security procedures and equipment, including laws applicable to the storage, handling and dispensing of gasoline, if applicable, and those specifying a certain number of employees to be present during business hours for safety reasons. We also require you to be knowledgeable of and comply with federal, state,

county, and local laws with respect to the sale of restricted products such as tobacco, alcohol, and certain over-the-counter drugs or similar substances including, but not limited to, minimum age restrictions for purchasers, qualifications of your employees to sell these items (i.e., minimum age, training and licensing requirements), and any other requirements for sale as mandated by law. You should also be aware of federal, state, and local labor regulations, including, but not limited to, minimum age and minimum wage laws. You alone are responsible for complying with all applicable laws and regulations for the operation of your franchise. Area Representatives must comply with the FTC's Franchise Rule, 16 CFR part 436, as well as state laws regulating the sale of franchises and business opportunities, in addition to other local, state and federal laws of a more general nature which affect the operation of an Area Representative Franchise, including employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations. You should familiarize yourself with these laws.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

Item 2 BUSINESS EXPERIENCE

Chief Executive Officer: Joseph Kim

Mr. Kim has served as Chief Executive Officer and President for us and Sunoco GP in Dallas, Texas since January 2018. He served as President and Chief Operating Officer for us and Sunoco GP in Dallas, Texas from June 2017 to December 2018.

Chief Operation Officer: Karl Fails

Mr. Fails has served as Chief Operations Officer for us and Sunoco GP in Dallas, Texas since February 2019. He served as Chief Commercial Officer for us and Sunoco GP in Dallas, Texas from July 2017 to January 2019.

Chief Financial Officer: Dylan Bramhall

Mr. Bramhall has served as Chief Financial Officer for us and Sunoco GP in Dallas, Texas since October 2020. He has also served as Executive Vice President of Finance and Group Treasurer for Energy Transfer Partners, L.L.C. since May 2015.

Senior Vice President Finance and Treasury: Scott Grischow

Mr. Grischow has served as Senior Vice President Finance and Treasury for us and Sunoco GP in Dallas, Texas since December 2022. He served as Vice President of Treasury and Investor Relations for us and Sunoco GP in Dallas, Texas from January 2019 to December 2022. He served as Senior Director Treasury and Investor Relations from July 2014 to January 2019.

General Counsel: Arnold D. Dodderer

Mr. Dodderer has served as General Counsel for us and Sunoco GP in both Dallas, Texas and Newtown Square, Pennsylvania since December 2012.

Senior Vice President: Chief Sales Officer: Brian A. Hand

Mr. Hand has served as Senior Vice President, Chief Sales Officer for us and Sunoco GP in Dallas, Texas since March 2019. He served as Chief Development and Marketing Officer for us and Sunoco GP in Dallas, Texas from September 2017 to March 2019.

Vice President of Account Management: Gerald Damico

Mr. Damico has served as Vice President of Account Management for us and Sunoco GP in Dallas, Texas since March 2020. He served as Vice President of Unbranded Sales for us and Sunoco GP in Dallas, Texas from January 2019 to March 2020. He served as Vice President of Finance for us and Sunoco GP in Dallas, Texas from August 2016 to January 2019.

Vice President Business Development and Race Fuels: Sandra Deiters

Ms. Deiters has served as Vice President of Business Development and Race Fuels for us and Sunoco GP in Dallas, Texas since June 2022. She served as Senior Director, Product Marketing & Customer Support for us and Sunoco GP in Dallas, Texas from January 2022 to June 2022. She served as Senior Director, Marketing & Customer Support for us and Sunoco GP in Dallas, Texas from January 2018 to December 2021.

Senior Director Account Management: Mark Burford

Mr. Burford has served as Senior Director, Account Management for us and Sunoco GP since November 2019 in Newtown Square, Pennsylvania. He served as Senior Director, Marketing for us and Sunoco GP in Newtown Square, Pennsylvania and in Dallas, Texas from November 2016 to November 2019.

Senior Director Sales Support: Joseph Bothell

Mr. Bothell has served as Senior Director Sales Support for us and Sunoco GP in Dallas, Texas since June 2020. He served as Senior Director M&A Integration for us and Sunoco GP in Dallas, Texas from January 2018 to June 2020.

Director Account Management: Luigi Mandarino

Mr. Mandarino has served as Director, Account Management for us and Sunoco GP in Houston, Texas since June 2022. He served as Director, Regional Sales for us and Sunoco GP in Houston, Texas from October 2019 to June 2022. He served as Division Manager for us and Sunoco GP in Houston, Texas from September 2016 to October 2019.

Senior Manager Division Sales Ops: Duane Tabor

Mr. Tabor has served as Senior Manager, Division Sales Ops for us and Sunoco GP since April 2020 in Dallas, Texas. He served as Operations Manager for Alimentation Couche Tard in Columbus, Indiana from July 1987 to April 2020.

Item 3 LITIGATION

Pending Litigation

Sunoco (R&M), LLC and Sunoco, LLC vs. Pennsylvania National Mutual Casualty Insurance Company, Greyhound Aramingo Petroleum Co., Inc., and Sergey Gorlov,

Court of Common Pleas of Philadelphia County, First Judicial District of Pennsylvania, Civil Trial Division, Commerce Program, No. 00271

In June of 2020, Plaintiffs Sunoco (R&M), LLC and Sunoco, LLC (collectively “Sunoco”) filed an action for breach of contract and indemnification against Pennsylvania National Mutual Casualty Insurance Company (“Penn National”), franchisee Greyhound Aramingo Petroleum Co., Inc. (“Greyhound”) and Sergey Gorlov arising out of defendants’ failure to perform their respective contractual duties to Sunoco with respect to litigation arising out of an accident occurring on September 25, 2014, at a Sunoco-branded gas station located at 2750 Aramingo Avenue in the City of Philadelphia. In its complaint, Sunoco alleges that Defendant Greyhound and non-party SG II, LLC (both of which are owned or controlled by Defendant Gorlov) entered into a dealer franchise agreement with Sunoco and undertook indemnity and insurance obligations as it pertains to the above-referenced accident. For the Greyhound agreement, Defendant Gorlov also executed a personal guaranty that he too would be personally responsible for any monetary liabilities or obligations that Defendant Greyhound owed Sunoco. In accordance with their obligations under the dealer franchise agreements, both SGII and Defendant Greyhound purchased insurance policies that named Sunoco as an additional insured; SG II purchased its policy through Defendant Penn National. Sunoco alleges that Penn National, Greyhound, and Mr. Gorlov have all breached their contractual obligations to Sunoco with respect to a settlement of the personal injury litigation surrounding the above-referenced accident. Sunoco further brought a claim against Defendant Penn National for bad faith in unreasonably refusing to pay for Sunoco’s loss incurred as a result of the personal injury litigation and settlement. Sunoco brought this suit to recover actual damages sustained, plus consequential damages, attorneys’ fees, and pre and post-judgment interest to the extent permitted by law. The lawsuit is still pending.

Completed Actions

Kiran Park Newsstand Inc. v. Sunoco, Inc.

United States District Court, Eastern District of New York, No. 1:17-cv-03817(AMD)(VMS)

Plaintiff Kiran Park Newsstand Inc. brought an action against Sunoco, Inc. alleging that Sunoco owed Kiran Park \$79,218.01 (representing funds for the return of a collateral security deposit) after the termination of Kiran Park’s franchise with Sunoco. After removing the action to federal court, Sunoco was contacted by counsel for station manager Azhar Saeed who claimed that Saeed was also entitled to some or all of the funds sought by former franchisee Kiran Park in the lawsuit. Sunoco filed an answer, counterclaim, and third-party complaint in interpleader asserting that it held \$79,218.01 in an account referencing prior franchisee Kiran Park. Sunoco offered to deposit the funds into the registry of the court and be dismissed with prejudice, as neither Kiran Park nor Saeed disputed that the amount held by Sunoco was the correct total to be returned. On November 7, 2017, Sunoco paid the funds into the registry of the court, and on February 8, 2018, Sunoco was dismissed with prejudice from the action.

The case is now closed.

Other than the two matters listed above, no other litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

Area Representative Fee

When you sign your AR Agreement, you must pay us an initial fee in the amount of \$5,000 (“Initial Fee”). Effective from the signing of the AR agreement, you must commit to developing minimum 5 APLUS Stores within the first 12 months of operation.

You must pay the Initial Fee as a lump sum when you sign the AR Agreement. The Initial Fee is fully earned and non-refundable upon our receipt.

All APLUS Stores operated by Prospects you or your affiliate recruit must pay the standard, then-current initial franchise fee for each APLUS Store. The franchise for the APLUS Store will be offered under a separate Disclosure Document.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Advertising	\$5,000	If you fail to meet your sales goals in a particular year, you may be required to make an additional advertising expenditure in the following year	If your sales goals are met, there will be no requirement to make this expenditure. This amount must be used for approved franchise sales advertising.
AR Brand Fee	Currently, not collected. If we establish AR Brand Fee, you must pay up to \$1,000 per month per Territory owned by you.	Monthly	Payable if we establish the Area Representative Marketing Fee (the “AR Brand Fee”), which is described in Item 11. If you engage and hire a broker, you are solely responsible for all costs and broker’s fees.
Market Cooperative Contribution	As determined by co-op. Currently, none.	Weekly, on Tuesday	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of Gross Sales.

Type of Fee	Amount	Due Date	Remarks
Successor License Fee	Currently you do not have any contractual right to renew.	Upon signing successor Area Representative Agreement	You do not have a contractual right to renew your Area Representative Agreement; however, upon expiration of your Area Representative Agreement or termination you are obligated to make payment to us for Royalty Fee Commission and may be entitled to Continued Right to Commission subject to services provided to the existing APLUS Store franchisees you signed pursuant to your agreement with us.
Continued Right to Commissions	Payment of Royalty Fee Commission to us		Upon expiration of your Area Representative Agreement, your right to receive and obligation to pay us the Royalty Fee Commission continues subject to your continued support and services as outlined in your Area Representative Agreement. If we terminate your Area Representative Agreement or you fail to provide the required support to the franchisee you signed, we reserve the right in our sole discretion and you are no longer entitled to the Continued Right to Commissions.
Training Fee ¹	Up to \$2,000 per person	Prior to attending training	If you send more than one principal, owner, manager or employee to our training program, we will charge our then-current training fee. The amount in this chart does not include any expenses incurred by such attendee.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	A minimum of 72 hours written notice is required otherwise the on-site cancellation fee will be applied.

Type of Fee	Amount	Due Date	Remarks
Records Audit	All costs and expenses associated with the audit, plus amount of outstanding fees due, if any	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 5% for any 4-week period.
Transfer Fee	The greater of (a) 10% of sales price, or (b) the average monthly revenue collected in the previous 12 months or specific number of months if less than 12.	When transfer occurs	You do not have contractual right to transfer your area representative agreement; however,, we may in our sole discretion allow you to assign to whoever takes over distributor's contracts for fuel, if appropriate and they meet our AR requirements. Fee would be 10% of sales price or the average monthly revenue collected in a 12-month period (or as long as AR has been around, if less than 12 months). Would collect the greater of the two amounts.
Failure to Perform Fee	Amount of out-of-pocket expenses incurred by us directly or indirectly plus 25%	On demand	Payable for work and expenses incurred by us in performing services to Franchisees in the Territory which you have failed to perform including any fees charged by an independent third-party. Additionally, at failure to perform services to APLUS Store franchisee in the Territory can lead to termination of your AR Agreement or forfeiture of any compensation otherwise due to us relating to such franchisee at our discretion.
Indemnity	Our actual costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently not enforced, however, we retain the right to enforce upon 10 days written notice in the amount \$350 to \$600 per month.	Monthly as Invoiced	Technology fee may cover the cost of acquiring software used to track the sales process of franchisees and e-mail addresses with “APLUS” domains. Each additional e-mail address required by the Area Representative will be subject to additional then-current cost. The amount due will be automatically deducted from any amount to you or other means designated by us. Technology Fee is subject to increase by an amount not to exceed 10% of the prior year’s Technology Fee.
Legal Costs	If you are in the default and if we take any action to enforce provisions of your area representative agreement, you must reimburse us for our actual attorney fees, court costs, and other expenses of a legal proceeding	On demand	This amount includes accounting and attorneys’ fees, travel costs, expert witness fees, filing fees, and other costs related to the action or claim.
Insurance Premiums	Cost to obtain missing insurance policies plus our costs, for which our costs are not to exceed \$1,000	As Incurred	If you fail to obtain or maintain required insurance, we may obtain insurance and seek from your reimbursement for insurance including late fees
Default Fee	\$1,500 plus the cost of reinspection and the cost of enforcing compliance	Within 3 days of Demand	If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee (“Default Fee”) in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay this default fee within 3 days of our demand.

Type of Fee	Amount	Due Date	Remarks
Interest Charges	18% per annum from due date	On demand	Applies to past due payments of all fees, charges, interest and payments due from you to us.
Administrative Enforcement Fee	\$200 which may increase by an amount not to exceed 10% of then-current amount	Per Occurrence	APLUS may impose and collect from Area Representative an Administrative Enforcement Fee (which may be increased each year by an amount not to exceed 10% of the then-current amount) for each “enforcement effort” that APLUS undertakes on account of Area Representative’s noncompliance with System Standards or this Agreement

All fees are imposed, and collected by and paid to us unless otherwise noted. All fees are nonrefundable. All fees are uniformly imposed except as otherwise noted.

Note 1: You are responsible for all expenses (in addition to the stated training fee) associated with travel, meals, and lodging while you attend training sessions. All of these expenses are paid to third parties. These expenses will vary according to where you stay, where you eat and how far you travel.

Item 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Area Representative Program

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Area Rep Initial Fee ¹	\$5,000 \$5,000	Check or wire transfer	Upon signing the franchise agreement	Us
Initial Training: travel and living expenses ²	\$2,500 to \$5,000	As Incurred	As Incurred	Airlines, Restaurants, Hotels
Office Supplies and Equipment (including Computer System) ³	\$2,500 to \$7,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance ⁴	\$5,000 to \$10,000	Check	Upon ordering	Insurance company

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Professional Fees (lawyer, accountant, etc.)	\$1,500 to \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Office Supplies	\$500 to \$1,500	Check, debit, and/or credit	As incurred	Vendors and suppliers
Additional funds (for first 3 months) ⁶	\$3,000 to \$7,000	Varies	Varies	Employees, suppliers, utilities
Total	\$20,000 \$38,500			

Note 1: See Item 5 for more information about the Area Representative Initial Fee. The Initial Fee is uniformly imposed on all area representatives and is not refundable under any circumstances.

Note 2: We provide an initial Area Representative training (“AR Training Program”) for one of your owners who have executed the AR Agreement without charge, but you are responsible for all compensation, travel and living expenses. We may charge a training fee (currently, \$2,000 per person trained) for additional or replacement trainees or owners. In any event you are responsible for yourself and your employees or agents’ expenses for attending such training. All individuals with Area Representative responsibility must attend our required training. The amounts in the chart represent the estimated out-of-pocket costs for up to three individuals to attend training.

Note 3: The costs of these items are dependent on the size and configuration of your AR business. This estimate includes computer, printer, scanner, cell phone, telephone, facsimile machine, and high-speed internet connection and general stationery and office materials.

Note 4: See Item 8 for our current minimum insurance requirements. The cost of insurance will vary based on types and limits of insurance purchased, location of the Franchised Business, terms available and other related factors. The amount reflected in the chart is cost of insurance for the first three month of area representative’s operation.

Note 5: You must apply for, obtain and maintain all required permits and licenses necessary to operate your AR Franchised Business. The licenses will vary depending on the state within which you operate and the location of your Area Representative Business. Depending on the location of your Area Representative Business you may be required to register as a franchise seller with a state franchise regulator.

Note 6: These amounts are our estimate of the amount needed to cover your expenses for the three-month start-up phase of your Area Representative Business. These amounts do not include any estimates for debt service.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers; Purchases According to Specifications

You must purchase only from us or from designated sources, as applicable, all: (1) proprietary products, advertising, point-of-purchase materials, and other printed promotional and marketing materials; (2) stationery, business cards, contracts, and forms; and (3) other such similar materials, memorabilia, and supplies bearing our Marks necessary to operate your Area Representative Business. In addition to approved suppliers, we may require you to buy your supplies from affiliated or third-party distributors. Information concerning approved and designated suppliers will be communicated to you via the Manual. Currently, neither we nor any affiliate is an approved supplier. None of our officers own an interest in any other privately-held supplier or a material interest in any publicly-held supplier.

If you desire to purchase any of the items specified in this Item 8 from a supplier that is not an Approved Supplier, you or the supplier must submit to us a written request for approval. We have sole discretion over the approval of such suppliers. At a minimum they must demonstrate the ability to meet our standards and specifications and possess adequate quality controls and capacity to supply your needs promptly and reliably. We may inspect the proposed supplier's facilities, and require that we receive samples from the proposed supplier for testing prior to granting or denying approval. We may impose a charge that does not exceed the reasonable costs of our inspection and testing. This charge may be paid by you or the proposed supplier. We may re-inspect the facilities and products of any supplier at any time, and may revoke the prior approval if we determine that the supplier does not meet the quality standard that is consistent with the favorable public image of the APLUS. The AR Agreement imposes no time period in which we are required to exercise our right of approval or disapproval. All suppliers approved by us are required to sign an agreement indemnifying us for the supplier's products, actions and services.

We will provide you a list of Approved Suppliers that will be incorporated in the Systems Manual. We will remove the status of a previously Approved Supplier by notifying you in writing of the revocation and the reasons for the revocation. We may also require you to purchase certain items and services only from specific suppliers designated by us ("Designated Specific Suppliers"). We reserve the right to require your purchases from Approved Suppliers or Designated Specific Suppliers be made through a buying group administered by us or our third-party designee.

Insurance

You must obtain and maintain insurance policies protecting you and us and our affiliates as additional insureds on a primary non-contributory basis. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Area Representative Business is located and with a rating of "A" or better by the A.M. Best Company's rating guide. Sunoco Retail LLC and its Subsidiaries & Affiliates must be included as an "Additional Insured" on all policies.

These policies must include the coverage that we require, which currently includes:

1. Comprehensive commercial general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, explosions, and collapse liability, coverage on all equipment (other than motor vehicles, licensed for highway use) and personal and advertising injury, with a combined bodily injury and property damage,

including personal injury single limit of at least \$1,000,000 each occurrence, or as required by the U.S. Department of Transportation, whichever is greater;

2. Automobile liability insurance, including contractual liability covering for any motor vehicles owned, hired, or used in connection with the AR Business, with a minimum combined single limit per occurrence of at least \$1,000,000 for property damage and bodily injury, and in full compliance with the U.S. Department of Transportation requirements, whichever is greater.
3. If you hire any employees for your AR Business, then you must maintain statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Area Representative Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$500,000 for each accident, \$500,000 for disease (policy limit), \$500,000 for disease (each employee);
4. You must maintain errors and omissions insurance to protect your AR Business for any negligent acts, errors or omissions committed during your AR Business activities that result in yours or our financial loss in the amount of \$2,000,000.00.
5. All other insurance that we require in the Manual or that is required by law or by the lease or sublease for the Area Representative Business.

We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

You may purchase insurance from any vendor and you may purchase greater coverage than the amounts listed here. You must name us as an additional insured on any insurance policies that you purchase and furnish proof to us before beginning operation of your Area Representative Business.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from your purchases and leases to the extent that you buy products or services from us, our affiliate, or our designated suppliers. We receive payments or material benefits from suppliers based on your purchases or leases of equipment, inventory, and operating supplies used in operating your Area Representative Business day-to-day.

During our fiscal year ending December 31, 2022, neither we nor our affiliates received any revenue as result of these types of purchases or leases by franchisees.

Estimated Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 27% to 30% of your total initial investment (not including the initial franchise fee). We estimate that approximately 90% of your total inventory purchases will be used to operate your Area Representative Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of Area Representatives. If we negotiate a purchase agreement for the region where your Area Representative Business is located, you must participate in the purchasing program at the price and other terms we negotiate with designated supplier for source restricted goods and services on behalf of the System. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular

suppliers. We and/or our affiliates may receive rebates payments and other material benefit from suppliers based on your purchase and we reserve the right to institute and expand rebate programs in the future.

Currently, no purchasing or distribution cooperatives exist in the Area Representative franchise system.

Item 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Area Representative Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 8.C	Item 11
b. Pre-opening purchase/leases	Section 8.C	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 8.E	Items 5, 7, 8 and 11
d. Initial and ongoing training	Section 6	Items 5, 6, 8 and 11
e. Opening	Section 8.G	Items 7, 8 and 11
f. Fees	Section 4	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Section 7	Items 8, 11 and 14
h. Trademarks and proprietary information	Sections 9 and 10	Items 13 and 14
i. Restrictions on products/services offered	Section 12	Items 8, 11 and 16
j. Warranty and customer service requirements	No provision	Item 8
k. Territorial development and sales quotas	Section 3.A., 3.B Attachment 1	Item 12
l. Ongoing product/service purchases	Section 8.K	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Section 8.F, 8.J	Items 6, 7 and 8
n. Insurance	Sections 12.G. and Section 12.H.	Items 6, 7 and 8
o. Advertising	Sections 3.C, 3.D, 12.I, 12.J	Items 6, 7, 8 and 11
p. Indemnification	Section 17.C	Items 6 and 8
q. Owner’s participation/management/staffing	Section 2.E	Items 15
r. Records and reports	Sections 12.K, and 12.L	Item 11
s. Inspections and audits	Section 13.A	Items 6 and 11
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 15.B	Item 17

Obligation	Section in Area Representative Agreement	Disclosure Document Item
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Sections 11 and 16	Item 17
x. Dispute resolution	Section 18	Items 6 and 17

Item 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligations.

Item 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Before you begin your operation as Area Representative Business, we will:

1. By mutual agreement we will establish: (a) the geographic area of your Territory (Section 1.D, and Attachment 1), and (b) your sales and opening goals (Section 3, and Attachment 1).
2. Provide your Controlling Principal, (defined in the Area Representative agreement) of the Area Representative franchisee, with our standard Area Representative training program as described in this Item 11. You are responsible for any additional persons training cost plus your own expenses associated with any such training by your attendees. (Section 6.A)
3. Provide you access to our Manual and various other manuals which may be available only through our web site or other on-line communications. (Section 7.A) The table of contents of the Manual is attached as Exhibit E.
4. Provide you with copies of the Franchise Agreement, Franchise Disclosure Document and related ancillary documents necessary to offer or sell APLUS Store franchises (the “Documentations”). Section 7.B.

During your operation as Area Representative, we will:

1. Distribute to you the applicable franchise Sales Service Commissions and royalty commissions due to you for the related APLUS Store(s) in your Territory (subject to the terms and conditions of the Area Representative Agreement.) (Section 5, and Attachment 2).
2. Provide counseling, information and materials on advertising and promotional matters, training and development procedures, and other elements of the APLUS System, through

directives, System bulletins, meetings and seminars, telephone and on-site visits, and through the APLUS web site or other on-line communications. (Section 7.B.)

Office Site Selection

Area Representatives may operate their Area Representative Franchise from any site located inside the Area Representative's Territory, including but not limited to a home office. Only you are responsible for compliance with any local rules and regulations, including any home owner's association if you operate your business from your home office. We do not own, lease, select or approve the site from which you will operate your Area Representative Franchise location.

Length of Time to Open

The average length of time to between signing of the Area Representative Agreement and the opening of the Area Representative Business is 30-90 days. Failure to open and operate your AR Business within the required time frame may lead to termination of your Area Representative Agreement without refunding any fees or other funds to you. You may not open or commence the operations of the Area Representative Business until you have completed our initial training requirements and obtained the necessary licensing and authorization from state and regulatory agencies within your Territory or our registration of the APLUS Store Franchise Disclosure Document, and all appropriate waivers and requirements related to the sale of franchises and/or business opportunities within your Territory and any other state that maintains jurisdiction related to the operations of the Area Representative Business.

Advertising

You will be responsible for assisting us in advertising for, recruiting, screening, and interviewing Prospects for APLUS Store franchises within the Territory.

The media in which the advertising may be disseminated includes merchandising materials and programs (i.e. handbills, flyers, brochures, signs, point-of-sale, billboards, and high-rise signs), electronic media (i.e. television, radio, cable and Internet) outdoor, print, point-of-sale and sponsorship. The scope of the coverage of the media, if any, is local or regional and is determined at our sole discretion. All advertising is created in-house with the help of outside agencies. If we provide any advertising materials or advertising support, we reserve the right to charge you a reasonable fee for such support and cost for advertising materials.

Any advertising and promotions conducted by you independently of those conducted by us must be reviewed and approved by us prior to implementation and must be in accordance with our standards and specifications. Any request not approved within 30 days of submission will be deemed not approved. You must promptly discontinue the use of any materials, media, or method of distribution promptly upon receipt of written notice from us. You may not use your own materials until we have approved them, and must promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us.

Website and Digital Media.

You may not utilize any websites, web-based media, or digital media unless expressly approved by us in writing. We strictly control how you may use websites and digital media, and you must assign all website media and digital media accounts to us.

AR BRAND FEE. Currently, Area Representatives are not required to participate in any advertising fees. We may, in our sole discretion, establish the AR Brand Fee for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate, in our sole discretion. The AR Brand Fee is intended to promote recognition of the Marks, efforts to recruit Prospects, and patronage of APLUS Stores. If we establish the AR Brand Fee, you must participate in it and contribute between \$500 to \$1,000 per month, as we designate from time to time. We will give you at least 30 days' written notice of any change in the amount of AR Brand Fees. We and our affiliates will not be obligated to contribute to the AR Brand Fee. We reserve the right to defer or reduce contributions of any or all Area Representative franchisees and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the AR Brand Fee for one or more periods of any length and to terminate (and, if terminated, to reinstate) the AR Brand Fee.

If we establish the AR Brand Fee, we or our designee will maintain and administer it as follows: (a) We will direct all advertising program fees or sponsorships using the AR Brand Fee, and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of the advertisements, and the allocation of the money in the AR Brand Fee to production, placement, or other costs. The AR Brand Fee may be used to pay the costs of preparing, producing, and distributing advertising materials in any form or format; administering regional and multi-regional advertising programs or services, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; developing marketing and advertising training programs and materials; conducting market research and secret shopper programs; creating, maintaining, and optimizing the System Website, other websites, and applications; implementing keyword or ad-word purchasing programs; conducting and managing social media activities; supporting public relations and other advertising, promotion and marketing activities, and reimbursing administrative costs related to the AR Brand Fee.

(b) In administering the AR Brand Fee, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular AR Business benefits directly or pro rata from the placement of advertising. We are not required to spend any advertising monies in your Territory.

(c) The AR Brand Fee will be accounted for separately from our other Fees and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the AR Brand Fee and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the AR Brand Fee. We have no fiduciary duty to you,

or any other franchisees, or your or their respective owners with regard to the operation or administration of the AR Brand Fee.

(d) The AR Brand Fee will from time to time furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

(e) We may spend, in any fiscal year, an amount greater or less than the contributions to the AR Brand Fee in that year. If excess amounts remain in the AR Brand Fee at the end of the fiscal year, the money will remain in the AR Brand Fee for use in the next year.

(f) We will not audit the AR Brand Fee and do not make any financial statements of the AR Brand Fee available for your review.

(g) Although the AR Brand Fee is intended to be of perpetual duration, we may terminate the AR Brand Fee. If the AR Brand Fee is terminated, all unspent monies, less any outstanding accounts payable and other obligations, on the date of termination will be, at our option, spent on marketing in accordance with the above or distributed to our franchisees in proportion to their respective contributions to the AR Brand Fee during the preceding 12-month period.

(h) There is no contractual restriction on our right to use monies from the AR Brand Fee for preparation of AR Business franchise sales solicitation materials. However, we do not anticipate using the AR Brand Fee for such purposes, other than including a brief statement about the availability of AR Business franchises in items produced and/or distributed using the AR Brand Fee.

Advertising Council

We do not have an advertising council that advises us on the use of the AR Brand Fee or advertising polices as it relates to your AR Business.

Computer Systems/Requirements

Strictly for the operation of your Area Representative Business you may use your own personal computer, that includes Internet access, which is able to send and receive e-mail communication. To facilitate automated communications, a broadband connection (DSL, Cable, FIOS, or similar connection) is required. You agree to fully cooperate with us, without limitation, to provide us with independent access to any Area Representative Business-related computer-based records and information as we deem appropriate.

Training Program

Our AR Training Program consists of the following:

AR TRAINING PROGRAM

The following chart summarizes the subjects covered in our AR Representative initial training program:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Store Development <ul style="list-style-type: none"> - Sales Process, Selecting Prospects - Design and Approval Process - Required Documents - Onboarding with Sunoco - Grand Opening 	3	-	Our headquarters in Pennsylvania, your franchised business location, or another location we designate including via any virtual platform.
Store Support <ul style="list-style-type: none"> - Monthly Visits and Checklist - Promotion and Planogram Compliance - Back Office Accounting Compliance - Improving Sales 	3	0	Our headquarters in Pennsylvania, your franchised business location, or another location we designate including via any virtual platform.
TOTALS:	6	0	

In addition to the AR Initial Training Program you must also complete the Franchisee Initial Training Program consisting of the following:

Subject	Hours of Classroom Training*	Hours of On-The-Job Training*	Location*
WEEK 1			
Sunoco History	1	0	Pennsylvania*
APLUS Program Overview	5	0	Pennsylvania*
Store Systems Manual	1	0	
SunocoNet	2	0	
Underground Storage Tank Review	4	0	Pennsylvania*
Security and Loss Prevention	2	0	Pennsylvania*
Merchandising / Marketing	4	0	Pennsylvania*
ServSafe Review and Certification	16	0	Pennsylvania*
WEEK 2			

Subject	Hours of Classroom Training*	Hours of On-The-Job Training*	Location*
Backoffice Training	40	0	Pennsylvania*
WEEKS 3-5			
Sales Associate Role Training	0	15	Certified On-the-Job (“OTJ”) Training Location*
Inventory Management	0	4	Certified OTJ Training Location*
Loss Prevention Techniques	0	1	Certified OTJ Training Location*
Safety Management	0	3	Certified OTJ Training Location*
Underground Storage Tank Review	0	3	Certified OTJ Training Location*
Driving Sales	0	30	Certified OTJ Training Location*
Driving Food Service Sales	0	30	Certified OTJ Training Location*
Driving Fuel Sales	0	30	Certified Training Location*
TOTAL	75	116	

*Or such other location or format (including virtual) as Sunoco may designate from time to time.

Training classes will be scheduled in accordance with the needs of new franchisees. Training will be held at our offices and business location in Pennsylvania or online. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program. You and your Controlling Principal or owner must satisfactorily complete the initial training before the opening of the Franchised Business.

Joe Bothell is the Director of Training and Sunoco University, He has thirty-one years’ experience in the industry and has been with us for over eighteen years. Training is administered by Tanya Slater, who has eighteen years’ experience in the industry and has been with us for over eighteen years.

There is no fee for 1 individual to attend training. You must pay the travel, salary, food, and living expenses of people attending training. All individuals with Area Representative responsibility must attend training. If you are an individual, you must attend training. If you are an entity, at least one of your Controlling Principals must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, or periodically, you, your general manager, or employee must attend a refresher-training program as we may designate to be conducted at our headquarters or another location we designate. We will charge a fee, which is currently \$2,000 per training per person. Attendance at these programs will be at your expense.

If we or our representative is scheduled to conduct an on-site training program, or scheduled for a visit at your location for training or other reasons, or if you register for a training program and you subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then you must pay us our current on-site training cancellation fee (the “On-Site Training Cancellation Fee”). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

Item 12 TERRITORY

You will not receive an exclusive territory. You may face competition from us, other franchisees, from APLUS Stores that we own, other Area Representatives, or from other channels of distribution or competitive brands that we control.

Under the Area Representative Agreement, we grant to you, subject to our Reserved Rights (defined below), the right to develop and operate an Area Representative Business to sell a minimum number of APLUS Store franchises only to those individuals or such entities which are currently under a contractual relationship with you or your affiliate to be supplied fuel pursuant to your signed agreement with Sunoco, LLC and us, which shall be your (“**Territory**”).

The scope and size of your Area Representative Territory will be limited to those dealers fueling stations currently supplied by you under a fuel distribution contract. At the time of signing your Area Representative Agreement we will mutually agree on the number of APLUS Store Franchises that must be sold, developed, operated and supported by you within your Territory. You must develop or sell, minimum five APLUS Store franchises within your Territory during your first twelve months as an Area Representative. Generally, we assume each APLUS Store will have a designated area which is generally specific to that fueling station only.

We retain all rights, including our right to offer and sell APLUS Store franchise opportunities and other franchise opportunities using different Marks inside and outside of your Territory. Except the rights granted to you pursuant to your Area Representative Agreement, you do not have the right to sell APLUS Store opportunities outside of your Territory.

In addition we reserve to ourselves all other rights, including the right (a) to own and operate and to grant others the right to own and operate an APLUS Store within and outside the Territory, regardless of their proximity to the Territory; (b) to operate APLUS Store and license the use of the Marks and System outside the Territory; (c) to operate, and license others to operate other convenience or similar stores or, businesses utilizing trademarks other than APLUS inside and outside the Territory and (d) engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, fuel, or other services and products, under the Marks or under other names or marks through any method of distribution, other than such products offered at a APLUS Store, regardless of the competitive impact, and including, but not limited to: from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, APLUS Store you develop or sell within and outside of the Territory.

We are not required to compensate you if we exercise any of the rights specified above inside your Territory.

The Area Representative Agreement requires that you refer to us franchise candidates which result in the opening of at least the agreed upon number of APLUS Stores per year (whether one or more).

The continuation of your Area Representative Territory rights is dependent and subject to your achievement of a certain sales volume, market penetration, and other contingencies in addition to your continued compliance with and satisfaction of, the terms and conditions of your Area Representative Agreement. To retain the rights of your Area Representative Business and to your rights in the your Area Representative Territory, as to each and every year and development period identified in your Area Representative Agreement, you must satisfy a development quota (the “Development Quota”) as to the total number of APLUS Store Franchise Agreements signed with APLUS Store Franchises designated and to be located within the Area Representative Territory and, the number of APLUS Store Franchises located within your Area Representative Territory that are developed, open, and operating in conformity with the requirements of our System. Your Development Quota will be determined and agreed to by both of us at the time of signing the Area Representative Agreement. Your failure to comply with the Development Quota is a violation of your Area Representative Agreement.

If you fail to meet the sales goal performance requirements we can, in our sole discretion, elect to either reduce your annual Development Quota or we may terminate the Area Representative Agreement. Other than as defined in this Item 12, boundaries of your Territory may be altered only by mutual consent of the parties.

We do not grant you any options or rights of first refusal to acquire additional franchises or additional area representative territories.

There may be Area Representative Agreements or other agreements already in effect between us and Franchisees in the Territory when you sign your AR agreement. The rights granted to you under the AR Agreement are subject to the rights of existing Franchisees in the Territory. Furthermore, if you are no longer in a contractual relationship with Sunoco, LLC and us, regardless due to expiration or termination, we retain the right to terminate your Area Representative Agreement. Upon your termination you relinquish any right to sell or receive Commission from APLUS Store franchisee in your Territory. We may in our sole discretion allow you to receive Royalty Fee Commission for existing franchisees in your Territory, subject to your continued support and services as outlined in your Area Representative Agreement.









Item 13 TRADEMARKS

Our affiliate Sunmarks owns the following Marks, which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) and all required affidavits have been filed:

Mark	Registration Number	Filing Date	International Class
APLUS	1760205	March 23, 1993	035

APLUS	1843340	July 5, 1994	042
 A PLUS and Design	6732447	May 24, 2022	035
 A PLUS and Design	6732448	May 24, 2022	035
 A PLUS and Design	6732449	May 24, 2022	035
 A PLUS and Design	6761171	June 14, 2022	035
 and Design	6907749	November 22, 2022	029, 030, 035
GRUB & CO.	6868072	October 4, 2022	029, 030, 032, 043
	4446193	December 10, 2013	035
	2471154	July 24, 2001	2471154
A PLUS EXPRESS	1867827	December 13, 1994	042

We have applied; however, the following Marks are not registered with the USPTO. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark which may increase your expenses.

Mark	Serial Number	Filing Date	International Class
APLUS	88937954	May 28, 2020	029, 030, 032
 A PLUS and Design	88937980	May 28, 2020	029, 030, 032
 A PLUS and Design	88938003	May 28, 2020	029, 030, 032
 A PLUS and Design	88982340	May 28, 2020	035
 A PLUS and Design	88938104	May 28, 2020	029, 030, 032
 A PLUS and Design	88982343	May 28, 2020	035
 A PLUS and Design	88938064	May 28, 2020	029, 030, 032
 A PLUS and Design	88938091	May 28, 2020	029, 030, 032
 A PLUS and Design	88938115	May 28, 2020	029, 030, 032

Through a master license agreement dated June 1, 1990, Sunmarks granted us a license to use the Marks and to sublicense their use to our franchisees. The license is perpetual unless terminated for cause by either party. In the event of termination by Sunmarks, you will have to change, at your expense, to the alternative Marks we designate. There are no other agreements currently in effect which would significantly limit our rights to use or license the use of the trademarks and service marks in a manner material to the franchise.

There are no currently pending or effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the exclusive right to use them in the operation of your APLUS Store. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the APLUS Store, except as may be required otherwise. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Area Representative Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Area Representative Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We, at our expense, take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, upon 30 days written notice, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your APLUS Store for the new or modified Marks. You do not have to spend an amount

unreasonably disproportionate to your initial investment during the initial term of the APlus Franchise Agreement to conform your APLUS Store to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You may not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks. You may not use service marks or service names the same or confusingly similar to any of our Marks in whole or in part as part of any corporate, partnership, or other business name used by you.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

We do claim copyright protection and proprietary rights in the original materials used in the System, including our recipes and procedures, menus, manuals, bulletins, correspondence and communications with our franchisees, training, advertising, and promotional materials, the content and designed of our web site, and other written materials regarding the operation of APLUS or SUNOCO franchised business and the System (“Copyrighted Works”).

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Manual and APLUS Systems Manual, as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business. We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The area representative agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential APLUS Systems Manual and Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We

also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our APLUS Systems Manual and Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE BUSINESS

If you are an individual, you must devote your full time, energy, and best efforts to the operation of the Area Representative Business. If you are a business entity, you must designate either one or more Controlling Principal(s) to be responsible for the day-to-day management of the Area Representative Business. You and your Controlling Principal (if not you) must successfully complete all APLUS required training for Area Representatives and the APLUS Store franchisee training.

If you have formed a business entity to operate the Area Representative Business, you and each holder of an ownership interest of 10% or more in that entity must personally guaranty the complete and timely performance of all the Area Representative's obligations under the Area Representative agreement, including payment of all fees and other expenses, and must sign the form of guaranty attached to the Area Representative agreement as Attachment 3.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide the sales and service activities that we authorize within your Territory. We may periodically add authorized services or require you to change the required services that you offer. Nothing limits our right to make these changes, and you must promptly implement them in the timeframe that we designate.

You may not sell Proprietary Products through any means of distribution unless we expressly authorize in writing. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion.

You must comply with all applicable federal, state, and local laws, rules, and regulations governing the marketing, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices. You may only promote the sale of APLUS Store Franchises as approved by us in writing and subject to our standards and specifications as set forth in our Manual. As an Area Representative you are not authorized to enter

any agreements on our behalf and we possess sole discretion as to whether or not we approve the APLUS Store franchisees. There is no limitation on our right to change the terms and conditions upon which we may offer APLUS Store franchises.

You may not offer any products or services to APLUS franchisees that are not authorized by us.

Item 17

**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Area Representative Agreement	Summary
a. Length of the AR term	Section 15.A	Unless sooner terminated, 5 years from effective date; however, if you do not meet the minimum development requirements according to the development schedule, this agreement shall terminate upon notice.
b. Renewal or extension of the term	Section 15.B	No contractual right to enter into a successor term.
c. Requirements for AR to renew or extend	Section 15.B	Conditions include (notwithstanding other provisions): you must give six months' notice, have provided requested information and meet current criteria, have substantially complied with and not be in breach under any other agreements with us or our affiliates, agree to a redefinition of the Territory, agree to a revised Development Schedule, pay a successor license fee, complete refresher training, correct any deficiencies, and sign a then-current AR Agreement (which may be materially different from the form attached to this Disclosure Document) and general release.
d. Termination by AR	No provision	Not applicable.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Section 16.A	We may terminate the AR Agreement if you materially default under your AR Agreement, any franchise agreement or any other agreement between you and us. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer requirements.
g. "Cause" defined--curable defaults	Section 16.A	We may terminate the Area Representative Agreement after providing you a 30-day cure period if you fail to comply with any provisions of

		the Agreement, except as described in 17.H., below.
h. “Cause” defined--non-curable defaults	Section 16.A	We may terminate the Area Representative Agreement without providing an opportunity to cure for failure to complete initial training, for the making of material misrepresentations or omissions in your franchise application, for failure to meet the sales and opening goals or if you or your affiliate’s agreement with us or Sunoco, LLC terminates. If we terminate your rights and obligations under your Area Representative Agreement, we may immediately terminate any rights you may have in Commissions.
i. AR’s obligations on termination/non-renewal	Section 16.C	You must cease the solicitation and recruitment of franchise Prospects, and you must cease all services to APLUS Stores in the Territory, and you must comply with all applicable confidentiality, non-competition covenants, and all your post termination obligations. Relinquish any right to receive Commission. You may however, continue to operate any APLUS Store under a franchise agreement between you and us that remains in effect after the termination or non-renewal of the Area Representative Agreement.
j. Assignment of agreement by franchisor	Section 14.A	We have the right to transfer or assign the Area Representative Agreement to any person or entity without restriction.
k. “Transfer” by AR - defined	Section 14.B	Includes sale, assignment, conveyance, pledge, mortgage, license or other disposal or encumbrance of any direct or indirect interest in the Area Representative Agreement or you (if you are not a natural person).
l. Franchisor’s approval of transfer by AR	Section 14.B	You must obtain our written consent before transferring any interest.
m. Conditions for franchisor’s approval of transfer	Section 14.C	Conditions include: you must pay all amounts due us, not otherwise be in default, execute a general release, remain liable for pre-transfer obligations and pay the Transfer Fee. Transferee must meet our current Sunoco, LLC fuel distributor criteria for AR representative, assume post-transfer obligations and execute our then-standard Area Representative Agreement.
n. Franchisor’s right of first refusal to acquire AR’s business	Section 14.G	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party.
o. Franchisor’s option to purchase franchisee’s business	No provision	Not applicable.

p. Death or disability of AR	Section 14.F	Upon your death, disability or incompetency if you are an individual, or upon the death, disability or incompetency of your Controlling Principal, the transferee must be approved by us, or the interest must be transferred to someone approved by us within six months after death, disability or incompetency.
q. Non-competition covenants during the term of the franchise	Article 11	You and your principals are prohibited from operating or having an interest in a similar business in the Territory or within 10 miles of any APLUS Store or APLUS territory granted to another area representative.
r. Non-competition covenants after the franchise is terminated or expires	Sections 11 and 16.E	For a period of two years, you and your principals are prohibited from operating or having an interest in a similar business which is located within the Territory or within 10 miles of any APLUS Store or territory granted to another area representative.
s. Modification of the agreement	Section 19.A	Except for those permitted to be made unilaterally by us under the Area Representative Agreement, the Area Representative Agreement may not be modified unless mutually agreed to in writing.
t. Integration/merger clause	Section 19.A	Only the terms of the Area Representative Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the franchise disclosure document and Area Representative Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	N/A	None
v. Choice of forum	Article 18	Venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
w. Choice of law	Section 18.A	Texas law applies (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.

For additional disclosures required by certain states, refer to Exhibit G - State Addenda to Disclosure Document.

Item 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representative to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Joe Bothell, 8111 Westchester Drive, Suite 600, Dallas, Texas 75225, (302) 242-0421, joe.bothell@sunoco.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	258	260	+2
	2021	260	251	-9
	2022	251	250	-1
Company-Owned	2020	21	21	0
	2021	21	21	0
	2022	21	21	0
Total Outlets	2020	279	281	+2
	2021	281	272	-9
	2022	272	271	-1

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

State	Year	Number of Transfers
CT	2020	0
	2021	1
	2022	0
MA	2020	0
	2021	0
	2022	1
MD	2020	2
	2021	0
	2022	1
NJ	2020	0
	2021	1
	2022	1
NY	2020	0
	2021	0
	2022	0
PA	2020	0
	2021	8
	2022	8
Total	2020	2
	2021	10
	2022	11

Table 3
Status of Franchised Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
CT	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
DC	2020	2	0	0	0	0	0	2

	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
DE	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
FL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
MA	2020	16	0	0	0	0	0	16
	2021	16	0	0	0	0	0	16
	2022	16	0	0	0	0	0	16
MD	2020	25	1	0	0	0	0	26
	2021	26	1	2	0	0	0	25
	2022	25	0	0	0	0	0	25
NJ	2020	16	0	1	0	0	0	15
	2021	15	0	0	0	0	2	13
	2022	13	0	1	0	0	0	12
NY	2020	54	0	0	0	0	0	54
	2021	54	1	0	2	0	0	53
	2022	53	0	0	0	0	0	53
PA	2020	108	2	2	0	0	0	108
	2021	108	1	0	5	0	0	104
	2022	104	1	2	0	0	0	103
RI	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
VA	2020	18	2	0	0	0	0	20
	2021	20	0	1	0	0	0	19
	2022	19	1	0	0	0	0	20
Totals	2020	258	6	1	0	0	0	260
	2021	260	3	3	7	0	2	251
	2022	251	2	3	0	0	0	250

Table 4
Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee ¹	Outlets at End of Year
DE	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
FL	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
IN	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
MD	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NC	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NH	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
NJ	2020	21	0	0	0	0	21
	2021	21	0	0	0	0	21
	2022	21	0	0	0	0	21
NY	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
OH	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
PA	2020	0	0	0	0	0	0

	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
RI	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
SC	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
TN	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
VA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	21	0	0	0	0	21
	2021	21	0	0	0	0	21
	2022	21	0	0	0	0	21

Table 5
Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
DE	0	0	0
MD	0	0	0
MI	0	0	0
NY	0	0	0
PA	0	0	0
VA	0	0	0
Totals	0	0	0

A list of the names and current addresses of our Area Representatives as of December 31, 2022, is located in Exhibit F. A list of names and current addresses of Area Representatives who have been terminated, canceled, not renewed, voluntarily or involuntarily ceased to do business under their franchise agreement during our fiscal year ending December 31, 2022, or who have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document are listed in Exhibit F.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any current or former Area Representatives.

As of the date of this Franchise Disclosure Document, we have not created, sponsored or endorsed any Area Representative association, and we are not aware of any independent trademark-specific Area Representative associations in existence for the system.

Item 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit D is Sunoco LP's Guaranty of Performance and audited consolidated financial statements for the years ended December 31, 2022, 2021, and 2020, as published in Sunoco LP's Annual Report for the Year Ended December 31, 2022.

Our fiscal year end is December 31.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Area Development Agreement with Attachments
- C. Form of General Release
- G. State Addenda to Disclosure Document
- H. State Addenda to Area Representative Agreements

Item 23 RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 320 W. 4 th Street, Suite 750 Los Angeles, California 90013 866-275-2677	
Hawaii	Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Franchise Section Indiana Securities Division Secretary of State 302 W. Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 6 th Floor Lansing, MI 48933 (517) 373-7117	Department of the Attorney General Consumer Protection Division, Franchise Section 525 Ottawa Street G. Mennen Williams Building, 6 th Floor Lansing, Michigan 48909
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920 401-462-9500	Department of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission, Securities Division 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions 345 West Washington Avenue Madison, Wisconsin 53703 (608) 266-2801	Administrator, Division of Securities Department of Financial Institutions 345 West Washington Avenue Madison, Wisconsin 53703

EXHIBIT B
AREA REPRESENTATIVE AGREEMENT

**AREA REPRESENTATIVE AGREEMENT
SUNOCO RETAIL LLC**



Area Representative

Date

**SUNOCO RETAIL LLC
AREA REPRESENTATIVE AGREEMENT
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ATTACHMENTS

- Attachment 1 Description of the Territory; Sales and Opening Goals
- Attachment 2 Initial Fee; Sales Services Commission; Royalty Fees Commission
- Attachment 3 Agreement of Controlling Principals and Guaranty
- Attachment 4 State Specific Amendment

**SUNOCO RETAIL LLC
AREA REPRESENTATIVE AGREEMENT**

This Area Representative Agreement (this “Agreement”) is made and entered into, on _____ (the “Effective Date”), by and between Sunoco Retail LLC, a Pennsylvania limited liability company, having its principal place of business at 8111 Westchester Drive, Suite 600, Dallas, Texas 75225 (“Franchisor”, or “us”), and _____, having a principal place of business at _____ (“Area Representative” or “you”).

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Franchisor has developed and owns a unique and distinctive system relating to the establishment and operation of APLUS Stores offering a full-line retail grocery convenience store that offers fast foods, prepackaged foods, beverages, sundries, and other convenience store goods (the “System”); and

WHEREAS, under certain circumstances and as authorized by Franchisor, a franchisee may operate a gasoline fueling station and related petroleum products identified principally by the trademark SUNOCO (“**SUNOCO Station**”) or another brand (generally referred to as “**Fueling Station**”); and

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks “APLUS” or “SUNOCO” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “Marks”);

WHEREAS, Area Representative desires to provide to Franchisor certain sales and services activities within the Territory (as defined below), enabling Area Representative to solicit the sale of franchises for APLUS Store and to develop, support, and provide services to APLUS Stores within such Territory, under the terms and conditions contained in this Agreement (the “Area Representative Business” or “Business”).

WHEREAS, Franchisor is willing to grant to Area Representative the right to solicit the sale of franchises for APLUS Stores and to provide site selection and support services to APLUS Stores within the Territory, under terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. DEFINITIONS

A. Franchise Agreement. “Franchise Agreement” means the forms of agreements (including, without limitation, franchise agreement and any exhibits, riders, collateral assignments of lease or sublease, and personal guarantees used in connection therewith) used by Franchisor from time to time in the granting of franchises for the ownership and operation of an “APLUS” or “APLUS Store” .

B. Commission. Royalty Commission and Initial Fee Commission is collectively defined in this Agreement as “**Commission**”.

C. Controlling Principal. “Controlling Principal” means the individual or individuals identified as Controlling Principal(s) on the signature page of this Agreement who have the responsibilities set forth in this Agreement or the individual(s) named as the franchisee and/or the individual(s) owning a direct or indirect interest in the legal entity named as Area Representative. The Controlling Principal(s) is responsible for the day-to-day management of the Business and has the authority to act for Area Representative in all matters regarding the Business including voting responsibilities.

D. Initial Fee Commission. \$5,000 per APLUS Store franchise fee collected by the Area Representative.

E. Manual. The “Manual” means the Area Representative Manual, and other manuals, technical bulletins, or other written materials covering the proper operating and marketing techniques of an Area Representative Business, as may be updated from time to time.

F. APLUS Systems Manual. The “APLUS Systems Manual” means the APLUS Store manual, technical bulletins, or other written materials with standards and specifications for implementing the System for operation of APLUS Store as may be updated from time to time.

G. Royalty Commission. Amount as defined in Attachment 1 of this Agreement. Area Representative shall have the right to retain the Royalty Commission for services performed.

H. Territory. “Territory” is the right to develop and operate an Area Representative Business to sell minimum number of APLUS Store franchises only to those individuals or such entities which are currently under a contractual relationship with the Area Representative to be supplied fuel pursuant the Area Representative or its affiliate’s signed agreement with Sunoco, LLC and us.

2. **SCOPE OF APPOINTMENT**

A. Grant of Area Representative Rights; Scope of Operations. Franchisor hereby grants to Area Representative the rights set forth in this Agreement, and Area Representative agrees to perform its obligations in accordance with the terms and conditions of this Agreement, and except as otherwise approved by Franchisor, only within the Territory to:

i) Solicit prospective franchisees for APLUS Stores to be located in the Territory as described in Section 8 (“Sales Services”);

ii) Perform certain site acquisition and development services described in Section 8 (“Site Services”); and

iii) Render support and other services (“Support Services”) to APLUS Stores located within the Territory, as those services are described in Section 8.

iv) Develop a minimum number of Stores in the Territory as specified in the Development Schedule, as specified in Attachment 1 of this Agreement.

B. Rights and Limitations to Territory. You do not have an exclusive Territory. Area Representative acknowledges and agrees that Franchisor retains the right to offer and sell APLUS Store franchise opportunities inside and outside of the Territory among other certain rights retained by Franchisor as described in Section 2.C.

C. Reservation of Rights to Franchisor. Area Representative acknowledges that the rights granted hereunder are nonexclusive and Franchisor (on behalf of itself, its affiliates,

assignees, and designees) retains the right in its sole discretion (and without compensation or obligation whatsoever to Area Representative unless specifically set forth herein):

i) To use, and to license others to use, the Marks and System for the operation of other area representative franchised businesses at any location inside or outside of the Territory, regardless of proximity to the Territory;

ii) To solicit prospective franchisees and to grant other persons franchises to operate APLUS Stores at such locations inside or outside the Territory, and on such terms and conditions as Franchisor deems appropriate in their sole discretion;

iii) If Franchisor purchases, merges, acquires, or affiliates with another business, Franchisor may continue to operate, franchise, or license the acquired business anywhere, including inside the Territory, under the Marks or different marks;

iv) Engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, fuel, or other services and products, under the Marks or under other names or marks through any method of distribution, other than such products offered at a APLUS Store, regardless of the competitive impact, and including, but not limited to: from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, APLUS Store(s) you develop or sell within and outside of the Territory.

v) Area Representative acknowledges and agrees that if Franchisor exercises its rights pursuant to this Section 2.C. the Area Representative is not entitled to any compensation for rights exercised by Franchisor within or outside of the Territory.

D. Non-Exclusive Grant. Area Representative acknowledges and agrees that the rights granted to Area Representative hereunder is non-exclusive and is only for the Territory; that Area Representative is not granted any area, market, or protected territorial rights other than as expressly provided in this Section 2 of this Agreement; and that Area Representative shall not have the right to sublicense, sublease, subcontract, or enter into any management agreement providing for the right to operate the Area Representative business or to use the System granted pursuant to this Agreement, except in the manner expressly provided for in this Agreement. Except as to the Area Representative business and Area Representative Territory designated in your Area Representative Agreement, you do not have the right to establish additional Area Representative businesses.

E. Controlling Principal. If Area Representative is an entity, the names of the Controlling Principal are identified on the signature page of this Agreement. Franchisor has entered into this Agreement with the Area Representative in reliance on the personal involvement, participation, and supervision of the Business by the Controlling Principals. At all times during the term of this Agreement, such Controlling Principals shall devote their full time and best efforts to the management and operation of the Business and to fulfill Area Representative's duties and obligations under this Agreement.

F. Minimum number of APLUS Stores. The Area Representative expressly agrees that this Agreement requires that Area Representative to either (a) refer to Franchisor franchise candidates which results in the opening of at least the agreed upon number of Stores per year as specified in Attachment 1 of this Agreement, or (b) the Area Representative may choose to develop and open one or more Stores for their own operations, as long as in so doing, the sales goals and

the Development Schedule as specified in Attachment 1 of this Agreement are met each year. The Area Representative further expressly agrees that failure to meet the sales goals performance requirements as defined in Attachment 1 of this Agreement, Franchisor at its sole discretion, can elect to either reduce the Development Quota, or terminate the Area Representative Agreement in its entirety. The continuation of Territory rights is dependent and subject to Franchisee's achievement of a certain sales volume, market penetration, and other contingencies in addition to the continued compliance with and satisfaction of, the terms and conditions of this Agreement.

G. There may be Area Representative Agreements, Franchise Agreements or other agreements already in effect between us and other franchisees in the Territory. The rights granted to you under this Agreement are subject to the rights of existing Franchisees in the Territory. Furthermore, if you or your affiliate is no longer in a contractual relationship with Sunoco, LLC and us, regardless whether due to expiration or termination, we retain the right to terminate this Agreement. Upon your termination you relinquish any right to sell or receive Commission from APLUS Store franchisees in your Territory. We may in our sole discretion allow you to receive Royalty Fee Commission for existing franchisees in your Territory, subject to your continued support and services as outlined in your Area Representative Agreement.

3. **FRANCHISE SALES PROCEDURES**

A. Sales and Openings Goals. Area Representative agrees that during the Term of this Agreement, Area Representative will comply with the franchise sales and openings goals ("Sales and Openings Goals") set forth in Attachment 1 to this Agreement.

i) Area Representative shall notify Franchisor, in writing at least 60 days prior to the expiration of each deadline by which Area Representative must meet its Sales and Opening Goals, as set forth in Attachment 1, if Area Representative will be unable to account for the required number of Stores sold and/or open before the expiration of the agreed-upon deadline.

ii) Area Representative shall ensure that each APLUS Store sold and commence business operations according to the Sales and Opening Goals set forth in Attachment 1. No extension of any deadline shall affect the duration of any other Sales and Opening Goal deadlines or any of the Area Representative's other obligations under this Agreement.

iii) Failure by Area Representative to adhere to the Sales and Opening Goals shall constitute a material event of default under this Agreement, except when such failure is the result of a Force Majeure event.

B. Franchise Registration and Disclosure. Neither Area Representative nor any employee, agent or representative of Area Representative shall solicit prospective Franchisees of APLUS Stores until Franchisor has registered its then-current franchise disclosure document ("FDD") in applicable jurisdictions and has provided Area Representative with the requisite documents, or at any time when Franchisor notifies Area Representative that its registration is not then in effect or its documents are not then in compliance with applicable law. Area Representative shall only use the version of the FDD specifically authorized by Franchisor, and Franchisor reserves the right to issue updated versions of the FDD at any time and retire all other versions from use. If Area Representative's activities pursuant to this Agreement require the preparation, amendment, registration, or filing of information or any disclosure or other documents, all requisite disclosure documents, ancillary documents, and registration applications shall be prepared and

filed by Franchisor or its designee, and registration secured before Area Representative may solicit prospective Franchisees of APLUS Stores.

C. Area Representative Advertising, Recruiting, and Screening. Area Representative shall be responsible for assisting Franchisor in advertising for, recruiting, screening, and interviewing prospects for APLUS franchises within the Territory. Franchisor may provide prospective franchisees with written information regarding an APLUS Store franchise as requested by Area Representative, or via the telephone or internet, face-to-face meetings or by visiting other APLUS Stores within the Territory. Area Representative shall submit each qualified applicant (“Applicant”, “Prospect” or “Prospects”) for an APLUS franchise to Franchisor for approval. You shall not disclose prospective franchisee with APLUS Store disclosure document. Upon Franchisor’s receipt of the prospective information, Franchisor retains the right in its sole discretion to disclose such franchisee with APLUS Store disclosure document. Area Representative further agrees that all Applicants submitted to Franchisor by Area Representative, if an individual, or the controlling principal of the Applicant if the Applicant is not an individual, shall be individuals who are of good character, have adequate financial resources, and meet Franchisor’s criteria for franchisees or controlling principals of franchisees. Each application for an APLUS franchise received by Area Representative shall be submitted to Franchisor with all information related to the Applicant in the form prescribed by Franchisor, including but not limited to the Controlling Principal of the Applicant, if applicable, the Applicant’s proposed APLUS franchise location, if known, and all other information then customarily required by Franchisor concerning Applicants, including such financial statements and other information as Franchisor may reasonably require. **Area Representative is strictly prohibited from making any financial representations to Applicant regarding the franchise opportunity beyond those disclosed in the then-current APLUS FDD.**

D. Franchisor Approval of Prospective Franchisees. By delivery of written notice which may be in a form of an electronic communication to Area Representative, Franchisor shall approve or disapprove, in its sole reasonable discretion, Applicants to become APLUS Store franchisees. Franchisor agrees to use commercially reasonable efforts to deliver such notification to Area Representative within 15 business days after the later of:

- i) Receipt by Franchisor of a complete application, financial statement, and other materials regarding the Applicant requested by Franchisor; and
- ii) The personal interview, if any, of Applicant by Franchisor.

Franchisor, in its sole reasonable discretion, shall determine whether the Applicant possesses sufficient financial and managerial capability and meets the other criteria then utilized by Franchisor in granting franchises. The grant of the franchise shall be effective only upon and after the full execution of the then current Franchise Agreement by and between Franchisor and the Applicant and payment of the initial franchise fee thereunder.

4. **PAYMENTS TO SUNOCO RETAIL LLC**

A. Initial Fee. The Initial Fee (“Initial Fee”) payable to Franchisor by Area Representative in consideration for Area Representative’s appointment as the exclusive Area Representative within the Territory shall be calculated and set forth in Attachment 2. Unless otherwise agreed, the Initial Fee is payable in full upon execution of this Agreement. The Initial Fee is fully earned by Franchisor upon receipt and is nonrefundable once paid. Area Representative

acknowledges that the Initial Fee does not include payment of any initial franchise fees for an individual APLUS Store developed and operated by Area Representative or an entity affiliated or owned (fully or partially) by Area Representative.

B. Administrative Enforcement Fee. If at any time Area Representative fails to conform to System standards or this Agreement, Franchisor shall have the right to impose and collect from Area Representative an administrative fee as described in this Section 4.B (“Administrative Enforcement Fee”). Specifically, (i) Franchisor may impose and collect from Area Representative a \$200 Administrative Enforcement Fee (which may be increased each year by an amount not to exceed 10% of the then-current amount) for each “enforcement effort” that Franchisor undertakes on account of Area Representative’s noncompliance with System Standards or this Agreement (e.g., a letter, email, or telephone communication notifying Area Representative of noncompliance or continued noncompliance, and attorneys’ fees), and (ii) if Franchisor has notified Area Representative of noncompliance and Area Representative has failed to correct the issue within seven days, Franchisor may impose and collect from Area Representative a \$200 Administrative Enforcement Fee (which may be increased each year by an amount not to exceed 10% of the then-current amount) per week until the issue has been corrected to Franchisor’s satisfaction. This fee is not a penalty but is intended to compensate Franchisor for the additional costs that Franchisor incurs in enforcing compliance with the System and is in addition to and not in lieu of any other rights or remedies that Franchisor may have based on Area Representative’s noncompliance. Franchisor may impose and collect the Administrative Enforcement Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of Area Representative’s obligations under this Agreement and, if it is, whether or not a cure period applies. This Administrative Enforcement Fee shall be imposed in addition to, and not in lieu of, any other right or remedy available under this Agreement or applicable law.

C. Default Fee: If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee (“Default Fee”) in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the default fee within 3 days of our demand.

D. Alcohol Sales. Area Representative acknowledges that if Franchisee is prohibited by law from offering for sale alcoholic beverages at the Franchised Business, or otherwise chooses not to offer for sale alcoholic beverages at the Franchised Business, Franchisee shall pay an additional fee of 1% of Gross Sales (“Alcoholic Beverages Assessment”) as indicated in Attachment 1, in addition to the Royalty Fee. If Franchisee’s APLUS Store is located in a state or county that prohibits the collection of royalties on the sale of alcoholic beverages, the Royalty Fee will be increased by 1% provided the definition of Gross Sales will not include any income from the sale of alcoholic beverages. This additional charge is in addition to and without prejudice to Franchisor’s remedies for a material default/termination under the terms of the applicable agreement.

5. PAYMENTS TO AREA REPRESENTATIVE

A. Collection of Fees: The parties acknowledge and agree that Area Representative shall collect initial franchise fee and royalty fee due for each APLUS Store franchisees signed by the Area Representative and shall keep Commission and remit remainder amount to the Franchisor. Franchisor may in its sole discretion choose to collect all fees from each APLUS franchisee

operating within the Territory upon a notice to you, and in turn will distribute to Area Representative its applicable compensation in accordance with this Section 5.

B. Sales Services Commission and Conditions of Payment. During the term of this Agreement, Area Representative shall be paid a Commission, as set forth in the attached Attachment 2, based on a portion of initial franchise fees paid by franchisees secured by Area Representative for the purchase of a franchise for an APLUS Store to be located within the Territory royalty fee paid by such APLUS Store franchisees, subject to fulfillment of the following conditions (“Franchise Sales Conditions”):

i) Franchisee executes a Franchise Agreement with Franchisor and an initial franchise fee has been paid and actually received by Franchisor (Franchisor shall not be deemed to have received any fees paid into escrow, if applicable, until such fees have actually been remitted to Franchisor);

ii) The sale for which the initial franchise fee has been paid is not a resale of any existing APLUS Store, or any interest therein; and

iii) Area Representative has complied with all other of its obligations under this Agreement with respect to such sale and has verified the same to Franchisor in writing in the form prescribed by Franchisor.

C. Initial Fee Commission. Initial Fee Commission shall be in an amount set forth on Attachment 2. These monies will be payable to Area Representative within 20 business days after the Franchise Sales Conditions have been fulfilled. If Area Representative collects the initial franchise fee, they may keep the Initial Fee Commission and promptly remit remainder to the Franchisor. If Area Representative utilizes a broker in the Territory or otherwise, the Area Representative shall be solely liable for all costs and fees associated with such broker services. . Area Representative shall not receive any Commission for Stores owned and operated by Franchisor, its affiliates, designees, existing franchisees or any new franchisees in the Territory that Area Representative did not generate lead for. (“Company Owned Stores”) in the Territory, if any. Area Representative shall not receive any Sales Services Commission for any franchised APLUS Stores already owned and operated inside the Territory at the time of executing this Agreement, including any APLUS Store already in operation but transferred within the Territory.

D. Commissions on Royalties. Area Representative shall be entitled to Royalty Fee Commission actually received by Franchisor from each designated franchisee located in the Territory during the applicable period pursuant to each franchisee’s Franchise Agreement in the amount set forth on Attachment 2. If Area Representative collects the royalty fee payment, they may retain the Royalty Commission due under this Agreement and remit remainder to the Franchisor by the 15th of each month during the term of the franchise agreement. If the royalty fee is collected by the Franchisor, the Royalty Commission will be paid to Area Representative by the 15th of each month during the term of franchise agreement signed by sub-franchisee within the Territory and during any renewal term of such sub-franchisee within the Territory, based on the previous month’s collections of both initial Franchise Fees and Royalties which were in Area Representative’s Territory; provided however the payment of the Royalty Fee Commission and obligation of the Franchisor to pay the Royalty Fee Commission shall be subject to the foregoing:

i) If Area Representative has failed to conduct the periodic inspections described in Section 8 and file a written report or failed to perform in any material respect the other

services described in Section 8 to be provided to Franchisees located in the Territory during any applicable month with respect to one or more franchisees located in the Territory, Area Representative shall not be entitled to Royalty Fees Commissions with respect to such franchisees for the period during which reports or services were not provided. Franchisor's payment of any such Royalty Fees Commissions, however, shall not be deemed confirmation that Area Representative has performed its obligations as required herein.

ii) If Area Representative is in default under any other agreement entered into between Area Representative and Franchisor or its affiliates, Area Representative shall not be entitled to receive Royalty Fees Commissions with respect to such franchisees for the period during which Area Representative remains in default. Franchisor's payment of any such commission, however, shall not be deemed confirmation that Area Representative is not in default of its obligations as required herein.

iii) Area Representative shall not be entitled to share in and receive any Royalty Fees Commission from any royalty fees paid to Franchisor by franchisees in the Territory prior to the time Area Representative completes the initial Area Representative training program and commences full performance of the services set forth in Section 8.

iv) Area Representative shall not be entitled to share in or receive any Royalty Fees Commission or any royalty fees paid to Franchisor by franchisees that operate their premises owned by Franchisor or its affiliates or such APLUS Stores in the Territory that was (i) opened, or operated under a Franchise Agreement entered into prior to the Effective Date of this Agreement; (ii) constructed by Franchisor and then transferred to a franchisee; or (iii) a non-APLUS operation acquired by Franchisor or its subsidiaries and thereafter converted to a APLUS Store (collectively, "Exempt Convenience Stores").

E. Application of Payments. If initial franchise fee and royalty fee is collected by the Area Representative, Area Representative shall retain Initial Fee Commission and the Royalty Commission and remit remainder amount to the Franchisor. If Franchisor collects the initial franchise fee and royalty fee, Franchisor shall pay Initial Fee Commission and Royalty Commission as specified in Attachment 1 of this Agreement. Franchisor's payments to Area Representative shall be based on monies actually collected by Franchisor from franchisees, not on payments accrued, due, or owing. Franchisor shall first apply any payments received from a franchisee to any past due indebtedness of that franchisee for royalty fees, advertising contributions, purchases from Franchisor or its affiliates, interest, or any other indebtedness of that franchisee to Franchisor or its affiliates. To the extent that such payments are applied to a franchisee's overdue royalty fee payments, Area Representative shall be entitled to its pro rata share of such payments, less its pro rata share of the costs of collection paid to attorneys or other third parties.

F. Set-offs. Franchisor shall be allowed to set-off amounts owed to Area Representative for Initial Fee Commission, Royalty Fees Commissions, or other amounts due hereunder, against any monies owed to Franchisor by Area Representative, if any.

6. TRAINING ASSISTANCE

A. Area Representative Training. Area Representative and at least one of Area Representative's Controlling Principals shall attend Franchisor's initial training course concerning the operation of an APLUS area representative business. Completion of the initial training course

is mandatory and must be satisfactorily completed within the timeframe established by Franchisor. The training is conducted at its headquarters, designated regional office, another designated location or in another format (including digitally or virtually) as Franchisor may designate at its sole option. Franchisor reserves the right to deliver training via video, the Internet or other on-line communications, or through other means. Training requirements may be communicated and updated through periodic memos, publications, manuals, or over the APLUS Web Site or other on-line communications. All individuals who attend a training course may be required to execute a confidentiality agreement. Additional individuals may attend training for a tuition equivalent to our then current training fee. Franchisor reserves the right to require Area Representative or any of Area Representative's Controlling Principals to re-attend any training sessions. If Area Representative or Area Representative's Controlling Principals fail to complete the training program to Franchisor's satisfaction, Franchisor may terminate this Agreement. Area Representative must also attend and complete to Franchisor's satisfaction the initial franchise training course.

B. Length of Training. Franchisor shall determine the appropriate length of the initial Area Representative training program. Other than the Initial Fee, no tuition or fee shall be charged for the Area Representative's first attendee at initial training. However, Area Representative shall be responsible for all travel and living expenses which are incurred in connection with attendance at the initial training program.

C. Additional Training. The initial training program will be made available to replacement or additional Controlling Principals and other management personnel during the term of this Agreement. All individuals with Area Representative responsibility must attend the initial training program. Franchisor reserves the right to charge a tuition or fee in an amount payable in advance for such training. Area Representative will be responsible for all wages, travel, and living expenses incurred by Area Representative and its personnel in connection with attendance at the training program. Further, the availability of the training programs will be subject to space considerations and prior commitments to new franchisees and Area Representatives.

D. Seminars and Ongoing Training. From time to time, Franchisor may present seminars, conventions, or continuing development programs for the benefit of Area Representatives. Area Representative or its Controlling Principal shall be required to attend any ongoing mandatory seminars, industry conventions, or programs as may be offered by Franchisor. If Area Representative or Controlling Principal fail to attend a mandatory seminar, convention, or program without obtaining Franchisor's prior written approval of the absence and fails to arrange for attendance at an alternate time, Area Representative or Controlling Principal shall be required to make up the missed program at a time and place designated by Franchisor and will be charged \$1,000 per attendee for each program missed. Franchisor shall give Area Representative at least 30 days' prior written notice of any seminar, convention, or program that is deemed mandatory, and shall not unreasonably withhold written approval for requested absences. Franchisor will not require that Area Representative or Controlling Principal attend any ongoing training more often than one time per calendar year. Area Representative will be responsible for all wages, travel, and living expenses which are associated with attendance at any ongoing training program.

E. Training Expenses. Area Representative shall be responsible for all its and its Controlling Principal's or employees' expenses associated with travel, meals, and lodging while attending any training sessions regardless if the training is required by the Franchisor or elected

by the Area Representative. Area Representative shall have sole responsibility to pay all of these expenses to third parties' vendors and suppliers.

F. Nature and Assistance of Training. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Area Representative Business, you must notify in writing within 30 days following the opening of your Area Representative Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

G. Training Franchisees. Area Representatives must assist in coordinating and must participate in training for Prospects in the Territory if Franchisor conducts the training. If Franchisor in its sole discretion require that Area Representative must conduct the training, the Area Representative or its employees will be responsible for training for franchisees in the Territory pursuant to specifications and instructions provided by Franchisor and to Franchisor's satisfaction. Area Representatives shall use an approved APLUS Store for all on-the-job training for the franchisees in the Territory. If you have not already completed the Initial Franchisee Training pursuant to the franchise agreement, in addition to the AR Initial Training Program you must also complete the Franchisee Initial Training Program to Franchisor's satisfaction.

7. **APLUS OPERATING ASSISTANCE**

A. Manual. Franchisor shall, provide Area Representative access to, during the term hereof, its Manual and APLUS Systems Manual to assist Area Representative and its employees in the conduct of the business contemplated by this Agreement. Franchisor may prescribe mandatory and suggested standards and operating procedures for Area Representative in the Manual, which may be modified from time to time by Franchisor in its sole discretion. Area Representatives shall keep its copy of the Manual current. In the event of a dispute relating to the Manual, the master copy that Franchisor maintains at its principal office shall be controlling manual. Area Representative shall take reasonable precautions to secure the Manual and prevent unauthorized disclosures of the confidential information contained in the Manual, and shall not at any time copy any part of the Manual, unless approved in writing by Franchisor. In the event Area Representative's copy of the Manual is lost, destroyed, or damaged, Area Representative shall be obligated to obtain from Franchisor, at Franchisor's then-applicable charge, a replacement copy of the Manual. The Manual is confidential information belonging to Franchisor. The Manual and other writings communicated to Area Representative shall constitute material provisions of this Agreement as if fully set forth herein.

B. Operating Assistance. Franchisor will make available the following services during the term of this Agreement:

i) Upon the reasonable request of Area Representative, consultation by telephone regarding franchise sales and franchisee support and assistance; and

ii) Access to franchise sales advertising and promotional materials as may be developed by Franchisor, the reasonable cost of which may be passed on to Area Representative at Franchisor's option.

iii) Provide AR Representative with copies of the franchise agreement, franchise disclosure document and related ancillary documents necessary to offer or sell franchises.

iv) Provide Franchisor's standard area representative training program as described in Section 6 of this Agreement.

C. AR BRAND FEE. Currently, Area Representatives are not required to participate in any advertising fees. We may, in our sole discretion, establish the AR Brand Fee for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate, in our sole discretion. The AR Brand Fee will be intended to promote recognition of the Marks, efforts to recruit Prospects, and patronage of APLUS Stores. If we establish the AR Brand Fee, you must participate in it and contribute to the AR Brand Fee up to \$1,000 per month, per Territory owned by Area Representative, as we may designate from time to time. We will give you at least 30 days' written notice of any change in the amount of AR Brand Fees. We and our affiliates will not be obligated to contribute to the AR Brand Fee. We reserve the right to defer or reduce contributions of any or all Area Representative franchisees and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the AR Brand Fee for one or more periods of any length and to terminate (and, if terminated, to reinstate) the AR Brand Fee.

i) If we establish the AR Brand Fee, we or our designee will maintain and administer it as follows: (a) We will direct all advertising programs fees or sponsored using the AR Brand Fee, and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of the advertisements, and the allocation of the money in the AR Brand Fee to production, placement, or other costs. The AR Brand Fee may be used to pay the costs of preparing, producing, and distributing advertising materials in any form or format; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; developing marketing and advertising training programs and materials; conducting market research and secret shopper programs; creating, maintaining, and optimizing the System Website, other websites, and applications; implementing keyword or ad word purchasing programs; conducting and managing social media activities; supporting public relations and other advertising, promotion and marketing activities, and reimbursing administrative costs related to the AR Brand Fee.

ii) In administering the AR Brand Fee, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular AR Business benefits directly or pro rata from the placement of advertising. We are not required to spend any advertising monies in your Territory.

iii) The AR Brand Fee will be accounted for separately from our other Fees and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the AR Brand Fee and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing

materials and collecting and accounting for contributions to the AR Brand Fee. We have no fiduciary duty to you, or any other franchisees, or your or their respective owners with regard to the operation or administration of the AR Brand Fee.

iv) The AR Brand Fee will from time to time furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

v) We may spend in any fiscal year an amount greater or less than the contributions to the AR Brand Fee in that year. If excess amounts remain in the AR Brand Fee at the end of the year, the money will remain in the AR Brand Fee in the next year.

vi) We will not audit the AR Brand Fee amount and do not have any obligation to provide you any financial statements regarding the same.

vii) Although the AR Brand Fee is intended to be of perpetual duration, we may terminate the AR Brand Fee at a time of our choosing with appropriate notice to you. If the AR Brand Fee is terminated, all unspent monies, less any outstanding accounts payable and other obligations, on the date of termination will be, at our option, spent on marketing in accordance with the above or distributed to our franchisees in proportion to their respective contributions to the AR Brand Fee during the preceding 12-month period.

viii) There is no contractual restriction on our right to use monies from the AR Brand Fee for preparation of AR Business franchise sales solicitation materials. However, we do not anticipate using the AR Brand Fee for such purposes, other than including a brief statement about the availability of AR Business franchises in items produced and/or distributed using the AR Brand Fee.

8. AREA REPRESENTATIVE'S OBLIGATIONS

A. Solicitation of Prospects. Area Representative must actively and continuously market and promote in the Territory through advertising (or otherwise as we direct) Franchises and solicit Prospects to develop and operate franchised APLUS Stores to be located in your Territory. You will be required to comply with all national, state, and local laws and regulations applicable to the marketing and sale of franchises. Depending on the location of your Territory, you may have to register, at your expense, yourself (which may include obtaining registrations or licenses as a franchise broker, real estate broker, business broker or otherwise) with one or more state authorities or make other state filings before offering Franchises. If your Territory is in a state that requires the registration of franchise offerings, you may not solicit prospects in any period in which (i) Franchisor has no active franchise registration in such jurisdiction and (ii) you must suspend sales while an amendment or renewal application is pending until further notice and instructions from Franchisor. Regardless, if Franchisee's Territory is in a state that requires the registration or not, upon Franchisor's notice, which may be in a form of electronic communication, Franchisee shall cease all sales activities immediately, until further notified by the Franchisor.

B. Site Selection. With respect to site selection, Area Representative is responsible for assisting franchisee as follows:

i) Assist with Store location selection for each franchisee, which shall consist of providing each franchisee with criteria for a satisfactory site and assisting each franchisee in completing a site submittal package (containing such demographic, commercial, and other

information as Franchisor may reasonably require) for each location at which franchisee proposes to establish and operate an APLUS Store, and assist in negotiating lease terms and assist in coordinating the work of contractors and architects with respect to the development of each Store;

ii) Provide standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color, and decor of the APLUS Store as prescribed from time to time by Franchisor; and

iii) Submit completed forms and reports to Franchisor as prescribed by Franchisor from time to time, including site selection and pre-opening assistance forms and reports related to leases and construction.

Area Representative acknowledges that Franchisor may withhold consent to any proposed Store location in its absolute discretion, and its consent, if granted, is permission only and not an assurance or guaranty to either Area Representative or franchisee as to the availability, suitability, or success of a location.

D. APLUS Store Standards and Opening. Area Representative shall be responsible for ensuring that Stores developed in the Territory are designed, constructed or improved, equipped and furnished in accordance with Franchisor's System standards and specifications. The Area Representative must ensure that the construction and the franchisee has obtained all required permits and approvals and that the franchisee and its contractor(s) are following the plans without any changes or deviations. Franchisor at their sole discretion may require that Area Representative conducts weekly or bi-weekly inspections and gather photographs to send to Franchisor. You will help franchisees in your Territory secure and order equipment for their APLUS Store, and you will ultimately be required to sign off on the Store's build-out and provide all photographs to us before we will approve the APLUS Store to be opened for business.

E. Assisting Prospects. Area Representative must work with Prospects in the Territory to help gather information requested by Franchisor and ensure that everything is in order for them to sign a franchise agreement.

F. Pre-Opening Assistance. Area Representative must assist new franchisees with guidance on real estate selection and identification of vendors. Assist franchisees in planning and value-ads, and other support reasonably required by the franchisees. Franchisor may in our sole discretion approve the final location for the APLUS Store.

G. Preparing for Opening. At Franchisor's sole discretion Franchisor may provide training for Franchisees in the Territory. If Franchisor conducts the training, Area Representative shall coordinate and assist Franchisor in scheduling the training and ensuring franchisee's attendance. If Franchisor in its sole discretion requires Area Representative to provide such training, the Area Representative shall successfully complete APLUS Store training and shall be responsible for the training for franchisees in the Territory. Area Representative must use a location of Franchisor's choosing for all hands-on training of the franchisees in the Territory.

H. Grand Opening and Post Grand Opening. Area Representative or a Franchisor approved representative, must attend the Grand Opening for each APLUS Store in the Territory, assist with grand opening and visit the APLUS Store and/or stay in contact with the franchised APLUS Store owner on a regular basis to provide support/assistance and audit the Store on a monthly basis.

I. On-going Area Representative Obligations. Area Representative or any Principal Owner are required to attend all Area Representative webinars or other training hosted by Franchisor and all other webinars as required, such as Fitness, Marketing and Sales.

J. Area Representative shall further render certain services directly to Franchisor, including delivery of annual audit reports of franchisees in the Territory; regular reports on business activities; inspections; collection of moneys due to Franchisor by franchisees; and other activities that Franchisor may deem necessary from time to time.

K. The APLUS Stores must conform to Franchisor's then-current approved Store layouts, floor plans, specifications, exterior and interior decorating designs and color schemes. Area Representative must confirm that the necessary permits, licenses and other legal or architectural requirements are obtained and shall insure that the Store is in compliance with all applicable local, state, and federal laws, statutes and building and architectural barrier codes, including the Americans with Disabilities Act prior to opening.

L. Products and Services. Area Representative will confirm that APLUS Stores operating in the Territory comply regarding the use and offer for sale only those products and services designated and approved periodically by Franchisor in writing. Area Representative acknowledges and agrees that designated products and services may be changed by Franchisor from time to time and Area Representative is obligated to confirm that each Store in the Territory conform to the then-current requirements as they may change. Area Representative shall require its franchisees in the Territory to purchase supplies and equipment used in the operation of its franchise businesses from only designated and approved suppliers to ensure quality and uniformity and to take advantage of quantity purchasing discounts, if any. Franchisor shall provide the list of approved and designated suppliers for supplies and equipment in the Manual and other correspondence.

M. Compliance with Laws Regarding the Operation of APLUS Stores. Area Representative shall require and confirm that all APLUS Stores operating in the Territory are maintained in a clean, orderly, and safe manner and in compliance with all applicable laws pertaining to the business including all health, sanitation, food preparation and service, and Occupational Safety and Health Administration laws. Area Representative shall require and confirm that all APLUS Stores operating in the Territory are operated and maintained in strict compliance with all fire, safety and building codes, the American with Disabilities Act, and other requirements that may be prescribed by Franchisor or by public authority.

N. Personnel. Area Representative shall require and confirm that all APLUS Stores operating in the Territory are managed or operated by and through Controlling Principal(s) or a competent manager who has successfully completed Franchisor's training programs. Area Representative shall confirm that all APLUS Stores operating in the Territory are staffed with qualified, competent employees who have been trained in accordance with Franchisor's standards. Area Representative shall take such steps as are necessary to ensure that each Store preserves good customer relations and complies with such dress code as Franchisor may prescribe. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for Area Representative, Area Representative's employees, or any franchisee's employees. Area Representative is exclusively responsible for labor relations with Area Representative's employees. Area Representative shall defend and indemnify

Franchisor and its affiliates against any and all proceedings, claims, investigations, and causes of action instituted by Area Representative's employees or by others that arise from Area Representative's employment practices.

O. Standards of Operation. Area Representative shall:

- i) require and confirm that all APLUS Stores operating in the Territory are operated in compliance with the System standards, authorized services, operating systems, and other aspects of the System prescribed by Franchisor in the Manual and other manuals, as revised periodically by Franchisor, or in other communications from Franchisor;
- ii) not duplicate or disseminate the Manual and other manuals in whole or in part, and shall destroy superseded pages of all manuals, and return the Manual and all other manuals to Franchisor immediately upon the assignment, termination, or expiration of this Agreement;
- iii) acknowledge that if there is a dispute about the contents of the Manual, the terms of the master copy at Franchisor's office shall control;
- iv) acknowledge that the entire contents of the Manual, and Franchisor's mandatory specifications, procedures and rules prescribed from time to time shall constitute provisions of this Agreement as if they were set forth herein, and
- v) implement changes in operational requirements when prescribed, even if additional investment or expenditure is required.

P. Commencement of Business. Area Representative shall have 30-90 days from the date of this Agreement within which to complete its initial training to Franchisor's satisfaction, and commence operation of its Area Representative Business. Such 90-day time period may be extended by Franchisor, in its reasonable discretion, upon satisfaction of each of the following conditions:

- i) Area Representative demonstrates that it has been delayed in opening such Business by events outside of Area Representative's reasonable control; and
- ii) Area Representative has made and is continuing to make reasonable and continuing efforts to commence operations;

Q. Sales Services. Area Representative shall use its best efforts to solicit and identify prospective franchisees for APLUS Stores to be located within the Territory. Area Representative may not initiate any Sales Services until Area Representative or Controlling Principal have satisfactorily completed Franchisor's initial training.

R. Pre-Opening and Opening Support Services to Franchisees. Area Representative shall provide the following to APLUS franchisees operating Store(s) in the Territory:

- i) Provide advice to franchisee regarding the standards and specifications for the equipment, supplies, and materials used in, and the items offered for sale by, the Store, and advice regarding the selection of suppliers for the purchasing of such items used in connection with APLUS Store operations;
- ii) Provide on-site assistance for not less than 40 hours in the opening of all APLUS Stores located in the Territory; and
- iii) Provide guidance in implementing Franchisor's approved advertising and marketing programs, operating and sales procedures, and bookkeeping (excluding accounting programs) all in compliance with the System.

S. Continuing Support Services. Area Representative shall perform the following Support Services on behalf of Franchisor:

i) Provide consultation by telephone regarding the continuing operation and management of the Store and advice regarding APLUS Stores services, product quality control, employee items, and customer relations issues;

ii) Provide advice and assistance in connection with the development of and improvements to APLUS franchises;

iii) Conduct at least one quality assurance inspection (or re-inspection in the case of a failed first inspection) of each Store in the Territory every month in the manner as required by Franchisor from time to time, said inspections to be verified by written reports in a form acceptable to Franchisor, such inspections to be conducted by Area Representative or Controlling Principal;

iv) Provide access to advertising and promotional materials as may be developed by Franchisor from time to time;

v) At Franchisor's written request, establish an advertising cooperative for all Stores located in the Territory using forms and procedures supplied by Franchisor;

vi) Submit periodic reports to Franchisor on activities in the Territory, using procedures and forms prescribed by Franchisor, as may be modified from time to time; and

vii) Supervise the use of all Marks by franchisees in the Territory and report any potential violations to Franchisor promptly in writing (digital communication is acceptable).

T. Compliance with Area Representative Agreement. Area Representative acknowledges that it is being delegated certain responsibilities of Franchisor under the Area Representative Agreement to franchisees in the Territory. The obligations to franchisees are to be performed by Area Representative as described herein or as may in the future be set forth in the Manual or other reasonable standards and specifications as may be provided by Franchisor from time to time. In the performance of services to franchisees of all franchisee Stores located in the Territory, Area Representative shall in all respects comply with the terms and conditions of any Franchise Agreement or other agreement in effect between franchisee and Franchisor. Area Representative understands, however, that its rights as an Area Representative are only by virtue of this Agreement and that it is not in any manner a party, third party, beneficiary, or holder of any other right, title, or interest in or to any Franchise Agreement.

U. No Other Business. Area Representative shall require and confirm that no franchisee nor any of its controlling principals shall operate, directly or indirectly, nor allow the operation of, any other business within or in connection with the respective APLUS Store, specifically excluding any fueling business or other business approved in writing by Franchisor.

V. Continuous Operations. Area Representative shall require and confirm that franchisees shall, beginning on the date hereof and continuing during the remaining term of the respective franchise agreements, continuously operate a quick service business at the APLUS Store premises during Franchisor -approved business hours (except if prevented by an act of God or other cause beyond Franchisee's control as determined by Franchisor in its sole discretion), using its best efforts in the conduct of the business.

W. Area Representative's Inspections. Area Representative shall ascertain through field audits, reviews, and inspections that each franchisee in the Territory has complied satisfactorily with all of the terms and conditions of the Franchise Agreement, specifications, standards, operating procedures, and the Manual, and shall promptly notify franchisee in writing, with a copy and evaluation report to Franchisor, of any deficiencies. Area Representative shall report any actual or potential violations or deficiencies of the franchise agreement between franchisees in the Territory and to Franchisor promptly in writing. Area Representative understands and acknowledges that as a result of any such deficiencies, Franchisor shall have the sole right to: i) inspect and ascertain compliance of franchisee; ii) send notices of default to franchisee; iii) terminate the related Franchise Agreement, and/or iv) take any legal action with respect to any default or any violation of franchisee or Franchise Agreement.

X. Discoveries. Should Area Representative, or anyone affiliated with Area Representative, develop any discoveries or ideas related to the operation of an APLUS Store, Area Representative shall immediately advise Franchisor of such discovery or idea in writing. Franchisor may authorize the use and/or dissemination of such discovery or idea in its discretion, and Area Representative agrees not to implement the discovery or idea until authorized to do so by Franchisor. All such discoveries and ideas developed or used in connection with the Business are the property of Franchisor, regardless of whether developed by Franchisor, Area Representative, or otherwise. No compensation is due to Area Representative on account of any such idea or discovery.

Y. Office Location. Area Representative is not required to maintain a commercial office space and may operate out of a home-based office or co-working space. Area Representative shall be solely responsible for any leases of real or personal property in connection with the operation of the Area Representative Business. Franchisor reserves the right, but is not required to, approve Area Representative's office location and any leasehold improvements to such location to protect its image, reputation, Marks, and goodwill.

Z. Public Relations. Area Representative shall not make any public statements (including giving interviews or issuing press releases) regarding the Area Representative Business or any particular incident or occurrence related to the Area Representative Business, the APLUS franchise opportunity, Franchisor and any of its affiliates, and APLUS franchisees, without the Franchisor's prior written approval.

AA. Association with Causes. Area Representative shall not in the name of the Area Representative Business, other Stores, or System (a) donate money, products, or services to any charitable, political, religious, social movement, or other organization, or (b) act in support of any such organization or social movement, without the Franchisor's prior written approval.

BB. Policies and Procedures. Area Representative shall not have the right to establish policies and/or procedures pertaining to the operation of the APLUS franchised business, or Area Representative business to protect the Marks and Franchisor's goodwill in the industry outside of the policies and/or procedures that Franchisor designates, and in no instance shall Area Representative's policies and procedures conflict with Franchisor's directives, policies, procedures, and the Manual.

CC. Continued Right to Commissions. Upon expiration of this Agreement, your right to receive Royalty Fee Commission and obligation to pay us royalty fee collected from APLUS franchisees shall continue subject to Franchisee's continued support and services as outlined in this Agreement. If Franchisor terminates this Agreement due to Franchisee's default or

Franchisee's failure to provide the required support to the APLUS Store franchisee, the Area Representative's right to the Commission shall immediately terminate and the Area Representative shall have no right to receive any monetary payment due to the Area Representative under this Agreement.

9. MARKS

A. Ownership and Goodwill of Marks. Area Representative acknowledges that its limited right to use the Marks is derived solely from this Agreement, unless such rights are granted under a separate written agreement with Franchisor, and is limited to operating as an Area Representative pursuant to and in compliance with this Agreement. Any unauthorized use of the Marks by Area Representative shall constitute a breach hereof and an infringement of Franchisor's rights in and to the Marks. Area Representative acknowledges and agrees that its usage of the Marks and any goodwill established thereby shall inure to Franchisor's exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Area Representative.

B. Limitation on Use. Area Representative shall not use any Mark as part of any corporate, legal, or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Area Representative hereunder), or in any modified form, nor may Area Representative use any Mark in connection with unauthorized services or products or in any other manner not expressly authorized in writing by Franchisor. Area Representative agrees to give such notices of trademark and service mark registration as Franchisor specifies and to use and obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law. Area Representative further agrees that no service mark other than Marks that are specified by Franchisor shall be used in the marketing, promotion, or operation of Area Representative's Business.

C. Use of Marks on the Internet. Area Representative's use of the Marks on the Internet and in domain names for the Internet is subject to the provisions of this Agreement. Franchisor reserves the right to establish and modify rules which will govern Area Representative's use of the Marks on the Internet and in domain names and Area Representative agrees to abide by such rules. Area Representative's right to use the Marks on the Internet will terminate immediately upon the expiration or termination of this Agreement.

D. Discontinuance of Use of Marks. Franchisor reserves the right in its sole discretion to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, and to require Area Representative to comply with such directions to do so, within a reasonable time after notice thereof.

E. Notification of Infringements and Claims. Area Representative shall immediately notify Franchisor of any apparent infringement of or challenge to Area Representative's use of any Mark, or claim by any person of any rights in any Mark, and Area Representative shall not communicate with any person other than Franchisor or its counsel in connection with any such matter. Area Representative may not settle any claim without Franchisor's written consent. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or any other administrative proceeding arising out of any such infringement, challenge, or claim or otherwise relating to any Mark. Area Representative agrees to execute any and all instruments and

documents, render such assistance and perform such acts as, in the opinion of Franchisor's counsel, may be necessary or advisable to protect and maintain Franchisor's interests in the Marks.

F. Indemnification. Franchisor agrees to indemnify Area Representative against and to reimburse Area Representative for all damages for which Area Representative is held liable in any proceeding arising solely out of its authorized use of any Mark pursuant to and in compliance with this Agreement and for all costs reasonably incurred by Area Representative in defending any such claim or any proceeding in which Area Representative is named as a party, provided that Area Representative has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement. Franchisor, at its option, shall be entitled to defend and control the defense of any proceeding arising out of Area Representative's authorized use of any Mark pursuant to and in compliance with this Agreement.

10. CONFIDENTIAL INFORMATION

A. Confidential Information and Nondisclosure. Franchisor possesses certain proprietary Confidential Information. Franchisor will disclose the Confidential Information to Area Representative in the training program, the Manual, APLUS Systems Manual, and in guidance furnished to Area Representative during the term hereof. Area Representative has not acquired any interest in the Confidential Information, other than the right to utilize it in the Territory in the execution of Area Representative's duties hereunder during the term of this Agreement, and Area Representative acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Area Representative acknowledges and agrees that the Confidential Information is proprietary, includes trade secrets of Franchisor, and is disclosed to Area Representative solely on the condition that Area Representative agrees, and Area Representative and its Controlling Principals do hereby agree that Area Representative:

- i) Shall not, directly or indirectly, use the Confidential Information in any other business or capacity;
- ii) Shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- iii) Shall not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and
- iv) Shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information.

Prior to disclosure of any Confidential Information, Area Representative shall advise all employees, representatives and Controlling Principals of Area Representative of the confidential and proprietary nature of the Confidential Information and ensure that Area Representative's employees, representatives and Controlling Principals maintain the confidentiality of the Confidential Information that they receive in connection with their relationship with Area Representative. Area Representative shall indemnify Franchisor from any related damages, costs, or expenses resulting from or related to disclosure or use of Confidential Information by Area Representative's Controlling Principals and/or employees.

Area Representative agrees that Franchisor shall have the perpetual right to use and authorize other franchisees and Area Representatives to use, and Area Representative shall fully and promptly disclose to Franchisor, all ideas, concepts, methods, and techniques relating to the development

and operation of the activities of the Business, howsoever conceived or developed by Area Representative or its employees or the franchisees serviced by Area Representative during the term of this Agreement. Area Representative acknowledges that any such ideas, concepts, methods, and techniques shall be the property of Franchisor, and Franchisor may utilize or disclose such information to franchisees or other agents as it determines to be appropriate.

“Confidential Information” means all Franchisor trade secrets; all information concerning any customer for whom Area Representative or any other APLUS business has provided services, including personal and financial information; the Standards and other elements of the System; Franchisor’s proprietary standards and specifications for the Stores and the services provided; the contents of the Manual, APLUS Systems Manual and all other manuals; the contents of the Web Site and other on-line communications; all training materials and the training program; strategies and site evaluations, drawings, equipment, software, selection guidelines and techniques; all marketing materials, vendor and supplier information and pricing; all other knowledge, trade secrets, or know-how concerning the methods of operation of an APLUS Store which may be communicated to Area Representative, or of which Area Representative may be apprised, by virtue of Area Representative’s operation under the terms of this Agreement; business plans; technology; all business, operational, and financial data created by or concerning APLUS Stores, any other Store in the APLUS system or APLUS; and any other information that Franchisor designates as “Confidential Information.”

B. Return of Confidential Information. Immediately upon any termination or expiration hereof, Area Representative and each Controlling Principal, representative, independent contractor and employee shall return to Franchisor the Confidential Information including, without limitation, that portion of the Confidential Information which consists of analyses, compilations, studies or other documents containing or referring to any part of the Confidential Information, prepared by Area Representative or such Controlling Principal, their agents, representatives or employees, and all copies thereof.

11. NONCOMPETITION

A. Noncompetition. Franchisor has entered into this Agreement with Area Representative on the condition that Area Representative will deal exclusively with Franchisor. Area Representative acknowledges and agrees that Franchisor would be unable to protect its Confidential Information and would be unable to encourage a free exchange of ideas and information among Area Representatives Franchisor if Area Representatives were permitted to hold interests in any Competitive Business, as defined below. Area Representative, therefore, agrees that, (i) during the term at any location, and (ii) for two years after the expiration, termination or assignment of this Agreement for any reason anywhere the Territory or within 25 miles of the any APLUS Store in or outside of the Territory, neither Area Representative nor any person identified in the signature block below shall:

i) Have any direct or indirect interest as a disclosed or beneficial owner in a “Competitive Business,” which shall be defined as a business operating or granting franchises or licenses to others to operate a convenience store deriving more than 25% of its revenue from the sale of gas or convenience store associated items (excluding Stores operated under valid franchise agreements by and between Area Representative and Franchisor);

- ii) Perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business; or
- iii) Divert or attempt to divert any business related to, or any customer or account of, the Area Representative Business, or any other franchisee's Franchisor Stores, by direct inducement or otherwise.

The restrictive time period shall be tolled during any period of Area Representative's noncompliance. Notwithstanding the foregoing, Area Representative shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

12. OPERATING STANDARDS

A. Standards of Service. Area Representative shall at all times give prompt, courteous, and efficient service to franchisees in the Territory. Area Representative shall, in all dealings with such franchisees, prospective franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct.

B. Compliance with Laws and Good Business Practices. Area Representative shall secure and maintain in force all required licenses, permits, and certificates relating to Area Representative's activities hereunder and shall operate in full compliance with all applicable laws, ordinances, and regulations. Area Representative must comply with all applicable federal, state, and local laws, rules, and regulations governing the marketing, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices.

C. Accuracy of Information. Before the offer or sale of any franchise, Area Representative shall each time take reasonable steps to confirm that the information contained in any written materials, agreements, and other documents related to the offer or sale of franchises is true, correct, and not misleading at the time of such offer or sale, and the offer or sale of such franchise will not at that time be contrary to or in violation of any applicable state law related to the registration of the franchise offering. Franchisor shall provide Area Representative with any changes to its disclosure documents and other agreements on a timely basis, and shall, upon request, provide Area Representative with confirmation that the information contained in any written materials, agreements, or documents being used by Area Representative is true, correct, and not misleading. If Area Representative notifies Franchisor of an error in any information in Franchisor's documents, Franchisor shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, or omissions in such information.

D. Notification of Litigation. Area Representative shall notify Franchisor in writing within five business days of having any knowledge of the commencement of any action, suit, arbitration, proceeding, or investigation, and of the issuance of any order, writ, injunction, award, or decree, by any court, agency, or other governmental instrumentality, which concerns the operation or financial condition of Area Representative, the Business or any franchisee in the Territory.

E. Ownership and Management of Business. Area Representative's Business shall at all times be under the direct, day-to-day, full-time supervision of Area Representative or a Controlling Principal. Area Representative shall at all times during the term of this Agreement

own and control the Business. Upon Franchisor's request, Area Representative shall promptly provide satisfactory proof of such ownership. Area Representative represents that the principals identified as Controlling Principals of Area Representative in Attachment 3 is true, complete, and accurate and not misleading. Area Representative shall promptly provide Franchisor with written notification if the information contained in the Attachment 3 changes at any time during the term of this Agreement and shall comply with the applicable transfer provision contained in Section 14. If Area Representative is not an individual, the Controlling Principal(s) shall execute the guaranty attached hereto as Attachment 3 and incorporated herein by this reference.

F. Conflicting Interests. Area Representative shall at all times faithfully, honestly, and diligently perform its obligations hereunder and continuously exert its best efforts to promote, enhance, and service APLUS Store(s) in the Territory. Area Representative shall not engage in any other business or other activity, directly or indirectly, that (i) competes with Franchisor, (ii) requires any significant management responsibility or time commitments, or (iii) otherwise may conflict with Area Representative's obligations hereunder, without the prior written approval of Franchisor. Area Representative will not enter into any form of alliance, agreement, or understanding with any service provider or vendors without the prior consent of Franchisor.

G. Insurance. You must obtain and maintain insurance policies protecting you and us and our affiliates as additional insureds on a primary non-contributory basis. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Area Representative Business is located and with a rating of "A" or better by the A.M. Best Company's rating guide. These policies must include the coverage that we require, which currently includes:

i) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, explosions, and collapse liability, coverage on all equipment (other than motor vehicles licensed for highway use) and personal and advertising injury, with a combined bodily injury and property damage limit, including personal injury single limit of at least \$1,000,000 per occurrence, \$2,000,000 in aggregate or as required by the US Department of Transportation, whichever is greater;

ii) Automobile liability insurance for any vehicles owned, including contractual liability covering for any motor vehicles owned, hired, or used in connection with the AR Business, with a minimum combined single limit of at least \$1,000,000 for property damage and bodily injury, and in full compliance with the U.S. Department of Transportation requirements, whichever is greater.

iii) If you hire any employees for your AR Business, then you must maintain statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Area Representative Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$500,000 for each accident, \$500,000 for disease (policy limit), \$500,000 for disease (each employee);

iv) You must maintain errors and omissions insurance to protect your AR Business for any negligent acts, errors or omissions committed during your AR Business activities that result in yours or our financial loss in the amount of 2,000,000 or any other amount we specify in the Manual or otherwise written communication.

v) All other insurance that we require in the Manual or that is required by law or by the lease or sublease for the Area Representative Business.

We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

You may purchase insurance from any vendor and you may purchase greater coverage than the amounts listed here. The policies must be written by an insurance company licensed in the state in which Area Representative operates and having at least an “A” Rating Classification as indicated in the latest issue of A.M. Best’s Key Rating Guide. You must name us as an additional insured on any insurance policies that you purchase and furnish proof to us before beginning operation of your Area Representative Business.

H. Evidence of Insurance Coverage. Area Representative will provide proof of insurance to Franchisor prior to commencement of operations of the Business. This proof will show that the insurer has been required to inform Franchisor in the event any policies are amended, lapse, or are cancelled. Franchisor has the right to change the minimum amount of insurance the Area Representative is required to maintain by giving Area Representative prior reasonable notice, giving due consideration to what is reasonable and customary in the similar business. Noncompliance with the insurance provisions set forth herein shall be deemed a material breach of this Agreement; and in the event of any lapse in insurance coverage, in addition to all other remedies, Franchisor shall have the right to demand that Area Representative cease operations of the Business until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to Area Representative.

I. Advertising in Territory. Area Representative will be required to market and advertise for prospective Franchisees within the Territory. All advertising and promotion by Area Representative in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise.

J. Approval of Advertising. Prior to use by Area Representative, samples of all advertising and promotional materials not prepared or previously approved by Franchisor shall be submitted to Franchisor for approval, which approval shall not be unreasonably withheld. Area Representative shall not use any advertising or promotional materials that Franchisor has rejected. Area Representative shall submit such unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within 15 business days of Franchisor’s receipt thereof. Area Representative shall not use such unapproved plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Area Representative shall not advertise or use the APLUS Marks in any fashion on the Internet or via other means of advertising through telecommunication without the written consent of Franchisor. Area Representative acknowledges and understands that certain states require the filing of franchise sales advertising materials with the appropriate state agency prior to dissemination. Area Representative agrees to fully and timely comply with such filing requirements at Area Representative’s own expense unless such advertising has been previously filed with the state by Franchisor. Franchisor may charge Area Representative, in Franchisor’s sole discretion, for the costs incurred by Franchisor in printing large quantities of advertising and marketing materials supplied by Franchisor to Area Representative at Area Representative’s request.

K. Accounting, Bookkeeping, and Records. Area Representative shall maintain at its Business premises all business records as Franchisor may require from time to time. Area Representative shall maintain all records and reports of the business conducted pursuant to this Agreement for at least three years after the date of termination or expiration of this Agreement all such records are co-owned by Franchisor upon creation and Franchisor may use all such data and information shall be a part of Confidential Information which Franchisor may use in its sole discretion.

L. Reports. Area Representative shall, as often as required by Franchisor, deliver to Franchisor a written report of its Business activities during such period, in such form and in such detail as Franchisor may from time to time specify, including information about efforts to solicit prospective Franchisees, the status of pending real estate transactions and the status of the APLUS Store(s) in the Territory. Area Representative shall, as often as required by Franchisor, during the term of this Agreement, deliver to Franchisor the quality assurance inspection reports required herein for each franchisee in the Territory, in such form and in such detail as Franchisor may from time to time specify. Area Representative authorizes Franchisor to use information from Area Representative's Business on a non-disclosed basis in Franchisor's disclosure statements as required by any federal or state law.

M. Failure to Perform Fee. Area Representative shall pay an amount of out of pocket expense plus additional 25% to Franchisor for work and expenses incurred by Franchisor in performing services to the Franchisees in the Territory which the Area Representative is responsible under this agreement.

N. Technology Fee. Area Representative shall pay \$350 to \$650 per month as an ongoing Technology fee which covers the cost of acquiring a software used to track sales process of franchisees as designated by Franchisor. Each additional e-mail address required by the Area Representative will be subject to additional then-current cost. The amount due will be automatically deducted from any amount to Area Representative owes or other means designated by Franchisor. The technology Fee is subject to increase by an amount not to exceed 10% of the prior year's Technology Fee. Franchisor retains sole right and discretion on technological services used in operation of the AR Business and may expand or reduce the scope of technological services provided, vendors used or other matters as they pertain to technology.

13. **INSPECTIONS AND AUDITS**

A. Inspections and Audits. To determine whether Area Representative is complying with this Agreement, Franchisor or its designee shall have the right at any time during normal business hours, and upon reasonable notice to Area Representative, to enter the premises in which Area Representative is then keeping its business records and inspect, and conduct an audit of the business records and documents of said Business. Area Representative and its employees shall fully cooperate with representatives of Franchisor making, conducting, supervising, or observing any such inspection or audit, including, without limitation, providing to Franchisor an independent access to all passwords necessary to access any Business related computer-based records, information concerning all software applications and programs, the location of all computer files, and an explanation of the functionality of all computer-based accounting and record keeping systems.

14. **TRANSFERS**

A. Transfers by Franchisor. This Agreement is fully transferable and assignable by Franchisor and shall insure to the benefit of any transferee or other legal successor to Franchisor's interests herein.

B. Transfers by Area Representative. Area Representative agrees that the rights and duties created by this Agreement are personal to Area Representative (and its Controlling Principals), and that Franchisor has entered into this Agreement in reliance upon Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Area Representative (and Controlling Principals). Accordingly, you do not have contractual right to transfer this Agreement; however, Franchisor may in its sole discretion allow you to assign to whoever takes over your or your affiliate's distributor's contracts for fuel with Sunoco, LLC and us, provided the Prospect meets out then-current area representative requirements and you shall pay transfer fee in the amount greater of 10% of sales price or the average monthly revenue collected in a 12-month period (or as long as AR has been around, if less than 12 months). As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, direct, or indirect assignment, sale, sub-franchise, gift, or other disposition by Area Representative (or any of its owners) of any interest in: i) this Agreement; ii) 20% or more of the ownership of Area Representative; or iii) the assets of the Business.

C. Condition for Approval of Transfer. Franchisor shall not be obligated to approve a proposed transfer unless Area Representative (and its owners) are in full compliance with this Agreement and any other agreement entered into between Franchisor and Area Representative or its affiliate. Area Representative acknowledges that since there is no contractual right to Transfer under this Agreement, the Franchisor retains the right to withhold its approval in its sole discretion. The proposed transferee and its owners must be individuals of good moral character and otherwise meet Franchisor's then-applicable standards for Area Representatives. If the transfer is of this Agreement, a 20% or more ("Controlling Interest") interest in Area Representative, or all or a substantial portion of the assets of the Business, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement, a Controlling Interest in Area Representative or all or a substantial portion of the assets of the Business, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

i) The transferee has sufficient business experience, aptitude, and financial resources to act as an Area Representative, or otherwise meet Franchisor's then-current criteria for Area Representative, and agrees to be bound by all of the terms and conditions of this Agreement, and the transferee and its Controlling Principal must have completed Franchisor's training program to Franchisor's satisfaction;

ii) Area Representative has paid all fees due hereunder and all other amounts owed to Franchisor or its affiliates and third-party creditors and submit to Franchisor all required reports and statements;

iii) Area Representative shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Area Representative and Franchisor or Sunoco, LLC and Area Representative shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

iv) Area Representative or the transferee has paid Franchisor a transfer fee which is calculated as the greater of (a) 10% of the sales price or (b) the average monthly revenue collected in the previous 12 months or specific number of months if less than 12 ("Transfer Fee");

v) Area Representative (and its transferring owners) executes a general release and covenant not to sue, in form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising;

vi) The transferee signs an express written assumption of Area Representative's obligations pursuant to this Agreement, or at the option of Franchisor, executes an Area Representative Agreement in the form then-currently offered by Franchisor, the terms of which will end on the expiration date of this Agreement, and which may be materially different and shall supersede this Agreement in all respects. If a new Area Representative Agreement is signed, the terms may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional Initial Fee;

vii) Franchisor approves the material terms and conditions of such transfer, including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the transferee's business as an Area Representative of Franchisor;

viii) If Area Representative (and the transferring owners) finances any part of the sale price of the transferred interest, Area Representative and its owners agree that all obligations of the transferee under any promissory notes, agreements, or security interests shall be subordinate to the transferee's obligations to pay fees, and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement; and

ix) Area Representative (and its transferring owners) executes a noncompetition covenant in favor of Franchisor and the transferee with terms the same as those set forth in Section 11.

D. Transfer to an Entity. If Area Representative is in full compliance with this Agreement, Area Representative may transfer this Agreement to a corporation or other entity of which Area Representative owns not less than two-thirds of the ownership interest with Franchisor's prior written approval, which approval shall not be unreasonably withheld. Pay transfer fee in the amount of \$5,000, and all owners of such entity shall sign a Guaranty attached hereto as Attachment 3 and an agreement expressly assuming the Area Representative's obligations.

E. Franchisor Approval of Transfer. Franchisor shall have 180 days from the date of the written notice to approve or disapprove in writing Area Representative's proposed transfer, which the approval may be withheld at sole discretion of the Franchisor. If the Franchisor does not approve the proposed transfer in writing the request shall be deemed denied. Written notice shall mean and include all documentation necessary to evaluate the transferee. Area Representative acknowledges that the proposed transferee shall be evaluated for approval by Franchisor based on the same criteria as is currently being used to assess new Area Representatives of Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law.

F. Death or Disability of Area Representative. In the event of the death, disability or incapacity of any individual Area Representative or a Controlling Principal, the transferee, assignee or beneficiary must apply for Franchisor's consent to assignment of the Area Representative Agreement. The assignment shall not be valid or effective until Franchisor has

received the properly executed legal documents which it deems necessary to properly and legally document the transfer, assignment or bequest of this Agreement, and until the transferee, assignee or beneficiary agrees to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of Area Representatives' obligations under this Agreement. The transferee, assignee, or beneficiary will be required to comply with all of the terms and conditions of Transfer of this Agreement including the payment of the Transfer Fee.

G. Right of First Refusal. In the event Area Representative wishes to sell, transfer, gift, assign, or otherwise dispose of any interest in this Agreement, a Controlling Interest in any entity that owns it, or all or a substantial portion of the assets of the Business, Area Representative agrees to grant to Franchisor a 60-day right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer to purchase submitted to Area Representative by a bona fide proposed purchaser; provided, however, the following Area Representative additional terms and conditions shall apply:

i) Area Representative shall notify Franchisor of such offer by sending a written notice to Franchisor, enclosing a copy of the written offer signed by the bona fide proposed purchaser;

ii) The 60-day right of first refusal period will run concurrently with the period in which Franchisor has to approve or disapprove the proposed transferee;

iii) Such right of first refusal arises for each proposed transfer and any material change in the terms or conditions of the proposed transfer, even if to the same bona fide proposed purchaser, shall be deemed a separate offer for which a new 60-day right of first refusal shall be given to Franchisor;

iv) If the consideration or manner of payment offered by a third party is such that Franchisor may not reasonably be required to furnish the same, then Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between Franchisor and Area Representative; and

v) If Franchisor chooses not to exercise its right of first refusal, Area Representative shall be free to complete the sale, transfer, or assignment, subject to compliance with this Section 14. Absence of a reply to Area Representative's notice of a proposed sale within the 60-day period shall not be deemed a waiver of such right of first refusal.

15. **TERM AND EXPIRATION**

A. Term. Unless sooner terminated, the term ("Term") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires in 5 years. However, if you do not meet the minimum development requirements according to the Development Schedule as identified in Attachment 1, this agreement shall terminate.

B. Area Representative is required to develop minimum 5 Stores within 12 months from the Effective Date. Area Representatives shall retain the right to compensation for the term of the APlus Store franchisee subject to on-going and continued support.

C. Successor License.

16. You do not have contractual right to renew this Agreement; however, upon expiration or termination you are obligated to make payment to Franchisor for Royalty Fee Commission and entitled to Continued Right to Commission subject to services provided to the existing APLUS Store franchisees you signed pursuant this Agreement.

17. TERMINATION

A. By Franchisor. Franchisor shall have the right to terminate this Agreement, effective upon delivery of written notice of termination to Area Representative, that any one or more of the following Events of Default shall have occurred:

i) At any time, for more than a 30-day period, your Controlling Principal or any individual Area Representative shall not have successfully completed the training program as required herein;

ii) The Area Representative or any Controlling Principal has made any material misrepresentation or omission in its application to be an Area Representative;

iii) Area Representative shall have failed to meet the Sales and Opening Goals set forth in Attachment 1 and does not correct such failure within 90 days after written notice of such failure to comply is delivered to Area Representative;

iv) Area Representative shall have failed to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by Franchisor and does not correct such failure within 30 days after written notice of such failure to comply is delivered to Area Representative;

v) Area Representative surrenders, transfers control of, or makes an unauthorized transfer of this Agreement or any person makes any unauthorized transfer of an ownership interest in Area Representative;

vi) Area Representative or any Controlling Principal is convicted or pleads no contest to a felony, or to any other crime or offense that is, in the opinion of Franchisor, likely to adversely affect the goodwill associated with the Marks, or engages in any conduct which may adversely affect the reputation of Franchisor or the goodwill associated with the Marks;

vii) Area Representative or any Controlling Principal is declared bankrupt or insolvent or voluntarily institutes a bankruptcy proceeding under the Bankruptcy Code or is adjudicated bankrupt as a result of an involuntary petition in bankruptcy being filed against it;

viii) Area Representative abandons or ceases to operate the Area Representative Business for a period of 15 consecutive days or any shorter period that indicates an intent by Area Representative to discontinue operation of the Area Representative Business unless precluded from doing so by an event beyond Area Representative's reasonable control, other than for financial reasons, or abandons any Franchised Location owned by Area Representative;

ix) Area Representative has been sent two notices of default by Franchisor within a 12-month period (or fails on two separate noticed occasions to comply with the same obligation), regardless of whether the defaults were cured by Area Representative;

x) Area Representative fails to pay any amounts due to Franchisor or its affiliates within 10 days after receiving notice that such fees or amounts are overdue

- xi) Area Representative discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;
- xii) Area Representative, after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor or the APLUS brand;
- xiii) Area Representative misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;
- xiv) Area Representative or any Controlling Principal's violation of non-disparagement requirement; or
- xv) Conduct of Area Representative or Controlling Principal for which a notice period with an opportunity to cure would not be reasonable or remedy the default;

This Agreement shall terminate upon termination of any agreement between Franchisor (or any Affiliate) and Area Representative. If we terminate your rights and obligations under this Agreement for any reason including termination of distribution agreement between you and Sunoco, LLC or us, we retain the right to terminate any rights you may have in Commissions

B. Upon default by Area Representative under this Section 16., Franchisor has the option, in its sole discretion, and in addition to exercising its option to terminate this Agreement as provided in this Sections 16.B., to do any one or more of the following:

- i) Terminate or modify any territorial rights granted to Area Representative in Section 2.B.;
- ii) Terminate Area Representative's Continued Right to Commissions;
- iii) Reduce the number Area Representative's Sales and Opening Goals;
- iv) Pursue any other remedy Franchisor may have at law or in equity.
- v) Terminate the Area Representative and continue manage the franchisees within the Territory or grant a third party the right to operate and manage the franchisees within the Territory without any compensation paid to the Area Representative. All rights granted to the Area Representative pursuant to this Agreement shall terminate upon Franchisor's election of Area Representative's termination.

C. Rights and Obligations of Area Representative Upon Termination or Expiration of the Agreement. Upon termination of this Agreement, whether pursuant to Sections 16.A., 16.B., or upon expiration of this Agreement pursuant to Section 15, all rights granted under this Agreement to Area Representative shall forthwith terminate and Area Representative agrees:

- i) To immediately cease to operate the Area Representative Business, and refrain from, directly or indirectly, representing to the public or hold itself out as a present or former Area Representative of Franchisor;
- ii) To immediately and permanently cease to use, by advertising or in any other manner whatsoever, of any confidential methods, procedures, and techniques associated with the System, and Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System;

iii) To take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Area Representative which contains the Marks; and furnish us with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

iv) To pay Franchisor within 15 days after the effective date of termination or expiration of this Agreement, or such later date that the amounts due to Franchisor are determined, such fees, amounts owed for purchases by Area Representative from Franchisor or its affiliates, interest due on any of the foregoing, and all other amounts owed to Franchisor or its affiliates which are then unpaid;

v) To not, directly or indirectly, at any time or in any manner (except with respect to Franchisor franchises owned and operated by Area Representative) identify itself or any business as a current or former Area Representative or authorized agent of Franchisor or its affiliates, use any Mark, any colorable imitation thereof, or other indicia of Franchisor in any manner or for any purpose or utilize for purpose any trade name, trademark, or service mark or other commercial symbol that suggests or indicates a connection or association with the APLUS brand;

vi) To immediately deliver to Franchisor all past and present franchise sales leads and records and all contracts, acknowledgments of receipt, and other information and records related to Franchisees of Franchisor in the Territory;

vii) To immediately deliver to Franchisor all advertising materials, the Manual, all other manuals and confidential information, forms, disclosure documents, franchise sales brochures, and other materials containing any Mark or otherwise identifying or relating to the sale or service of APLUS Stores;

viii) To refrain from communicating, in any manner, with Franchisees concerning APLUS or obligations arising from this Agreement or any franchise agreement, except as expressly authorized by Franchisor;

ix) To take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Area Representative's use of any Mark;

x) To notify the telephone company and all telephone directory publishers and any other necessary entity of the termination or expiration of Area Representative's right to use any telephone number, email, social media site, and any regular, classified, or other telephone directory listings associated with any Mark and to authorize transfer thereof to Franchisor or its designee. Area Representative acknowledges that, as between it and Franchisor, Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, Internet URLs, emails, websites, social media sites, social media accounts, and directory listings associated with any Mark. Area Representative authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Area Representative's attorney-in-fact, to direct the applicable third-parties to transfer any telephone numbers, Internet URLs, websites, email accounts, social media sites, social media accounts, and directory listings relating to Area Representative's Business to Franchisor at its direction; should Area Representative fail or refuse to do so, and the telephone company or other third-party provider may accept such direction or this Agreement as conclusive evidence of Franchisor's exclusive rights in such telephone numbers, Internet URLs, websites,

email accounts, social media sites, social media accounts, and directory listings and Franchisor's authority to direct their transfer; and

xi) Furnish Franchisor, within 30 days after the effective date of termination or expiration, with evidence satisfactory to Franchisor of Area Representative's compliance with the foregoing obligations.

D. Confidential Information. Area Representative agrees that, upon termination or expiration of this Agreement, Area Representative shall immediately cease to use any Confidential Information of Franchisor pursuant to this Agreement in any business or otherwise (except in connection with the operation of an APLUS Store as may be expressly permitted by a Franchise Agreement between Area Representative and Franchisor) and return to Franchisor all copies of all confidential materials which have been loaned or otherwise provided to Area Representative by Franchisor. Area Representative shall not directly or indirectly use or share the Confidential Information or trade secrets for any purpose thereafter.

E. Covenant Not to Compete. Upon termination or expiration of this Agreement, Area Representative and Controlling Principal agree that, for a period of two years commencing on the effective date of termination or expiration of this Agreement, neither Area Representative nor Controlling Principal shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent or in any other capacity in any Competitive Business in the Territory or within 25 miles of the any APLUS Store in the Territory. The restrictive time period in this Section 16 shall be tolled during any periods of noncompliance. The restrictions of this Section 16 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent or less of the number of shares of that class of securities issued and outstanding. Area Representative and Controlling Principal expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section 16 will not deprive them of their personal goodwill or ability to earn a living.

F. No Further Right to Payment. Area Representative shall have no further right to receive payment of commissions from Franchisor, except for those commissions which have been fully earned by Area Representative up through the date of such termination. For purposes of this Agreement, "fully earned" commissions shall mean commissions due on franchise sales attributed to Area Representative for which all conditions described herein have been met by no later than the date of termination. Franchisor shall have the right to immediately assume control of and manage all franchise sales in the Territory and to receive all royalty fees from franchisees in the Territory. Any fully earned Initial Fee Commission and/or Royalty Fee Commissions which are due to Area Representative will be paid by Franchisor in the time frames provided herein.

G. Continuing Obligations. All obligations of Franchisor and Area Representative and Controlling Principals that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

H. Non-Disparagement. Area Representative and Controlling Principals agree that neither will not publicly disparage nor make any derogatory statements to third parties concerning Franchisor, its affiliates or principals, or the franchise relationship. For the purposes of this Section 16, "statements" includes the use of any and all forms of communication, including but not limited

to, Internet, World Wide Web, telephone, e-mail, texting, social networking sites, and all other forms of oral and written communication and applies to any third party, without limitation.

I. State and Federal Law. The parties acknowledge that in the event that the terms of this Agreement regarding termination or expiration are inconsistent with applicable state or federal law, such law shall govern Area Representative's rights regarding termination or expiration of this Agreement.

J. Cross-Default. Any default by Area Representative (or any person/company affiliated with Area Representative) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any of its affiliates) and Area Representative (or any of its affiliates). Any default by Area Representative (or any person/company affiliated therewith) under any other agreement, including, but not limited to, any lease and/or sublease or fuel supply or fuel distributor agreement, between Franchisor (or any of its affiliates) and Area Representative (or any of its affiliates), and any default by Area Representative (or any person/company affiliated with Area Representative) under any obligation to Franchisor (or any of its affiliates) may be regarded as a default under this Agreement. In each of the foregoing cases, Franchisor (or any of its affiliates) shall have all remedies allowed at law, including termination of Area Representative's rights (and/or those of any person/company affiliated with it) and Franchisor's (or any of its affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

K. Right to Discontinue Services. If Area Representative is in breach of any obligation under this Agreement, and Franchisor delivers to Area Representative a notice of termination as provided herein, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an approved supplier to Area Representative and/or suspension of any listings associated with Area Representative on Franchisor controlled online media, including webpages and social media, if available.

18. RELATIONSHIP OF THE PARTIES

A. Relationship of the Parties. It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that the parties are independent contractors, and that nothing in this Agreement is intended to make either party a general agent, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. Area Representative shall conspicuously identify itself in all dealings with franchisees, prospective franchisees, lessors, contractors, suppliers, public officials, and others as the owner of its own business under an Area Representative Agreement with Franchisor, and shall place such other notices of independent ownership on signs, forms, stationary, advertising, and other materials as Franchisor may require from time to time.

B. Payment of Third-Party Obligations. Neither Franchisor nor Area Representative shall make any express or implied agreements, guaranties, or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than independent contractors, and neither Franchisor nor Area Representative shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall Franchisor be obligated for any damages to any person or property

directly or indirectly arising out of the operation of Area Representative's business, whether or not caused by Area Representative's negligent or willful action or failure to act.

C. Indemnification. Area Representative agrees to indemnify and hold Franchisor and its parents, subsidiaries, affiliates, stockholders, directors, members, managers, officers, employees, agents, and assignees harmless against, and to reimburse them for, any loss, liability, taxes, or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses) which any of them may suffer, sustain, or incur by reason of, arising from or in connection with any acts, omissions, or activities of Area Representative or any employee of or independent contractor hired by Area Representative. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect, subsequent to and notwithstanding the expiration or termination of this Agreement.

19. GOVERNING LAW, VENUE, AND REMEDIES

A. Governing Law. This Agreement, after review by Franchisor, was accepted in the State of Texas and shall be interpreted, construed and governed according to the internal laws, and not the laws pertaining to choice or conflict of laws, thereof, except that:

i) The laws of the state in which the Business is to be located which govern the offer, sale and registration of franchises, including, without limitation, any so-called "Little FTC Act" of such state, shall apply to the offer, sale, and registration of the APLUS franchise granted by this Agreement and not such laws of the State of Texas (unless the franchised business is to be located in Texas); and

ii) The laws of the jurisdiction in which any action to enforce any covenants not to compete provided or referenced herein shall govern such covenants not to compete, without giving effect to the principles pertaining to choice or conflict of laws thereof.

B. Remedies. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every right or remedy.

C. Attorneys' Fees and Costs of Enforcement. In the event Franchisor is required to pursue the enforcement of this Agreement, either in litigation or otherwise, Area Representative shall reimburse the Franchisor for all costs incurred in the enforcement of this Agreement, including but not limited to administrative, supervisory, or training costs; reasonably attorneys' and expert fees; costs of travel; costs of public relations; costs of audit and inspections or investigations; and other costs associated with the enforcement of this Agreement or to resolve non-compliance matters or other defaults.

D. Venue. Area Representative hereby irrevocably submits to the jurisdiction of the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated. Area Representative hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Area Representative further agrees that venue for any proceeding relating to or arising out of this Agreement shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated; provided,

however, with respect to any action for monies owed or for injunctive or other extraordinary relief, Franchisor may bring such action in any state or federal district court which has jurisdiction.

E. Contractual Limitations Period. No legal action or proceeding may be brought against Franchisor or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

F. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

G. WAIVER OF PUNITIVE DAMAGES. WITH THE EXCEPTION OF FRANCHISOR' RIGHT TO SEEK INDEMNIFICATION FOR THIRD PARTY CLAIMS AS SET FORTH IN THIS AGREEMENT AND ITS RIGHT TO SEEK RECOVERY OF LOST FUTURE PROFITS, THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

H. WAIVER OF CLASS ACTION. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

20. MISCELLANEOUS PROVISIONS

A. Entire Agreement. This Agreement, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between Franchisor and Area Representative and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Area Representative and the Controlling Principals. No other representation has induced Area Representative to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise; provided that nothing in this Agreement is intended to or shall disclaim any representation contained in Franchisor's disclosure document delivered to Area Representative in connection with this Agreement. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

B. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and

the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

C. Notice. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by prepaid facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Sunoco Retail LLC
8111 Westchester Drive, Suite 600
Dallas, TX 75225
Attention: General Counsel
(215) 977-3000

With a mandatory copy to: Attn: Laura Canada Lewis
Canada Lewis & Associates
5550 Granite Pkwy, Suite 195
Plano, Texas 75024
(469) 664-0022

Notices to Area Representative: _____

Phone: _____
Email: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three business days after the date and time of mailing.

D. Force Majeure. No party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of "Force Majeure," which shall be defined as those significant events outside the party's control, including but not limited to Force Majeure events. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the party has not caused such event(s) to occur and continues to use diligent, good faith efforts to avoid the effects of such event and to perform the obligation. A party claiming the benefit of this provision shall, as soon as reasonably

practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement, as applicable, as soon as reasonably practicable; and (c) otherwise continue performing its obligations hereunder.

E. Relationship. Franchisor and Area Representative stand solely in the business relationship of licensor and licensee and vendor and vendee. Area Representative is not and shall not act or represent itself as the employee, agent, partner, or joint venturer of Franchisor. Area Representative shall incur no debt, liability, or obligation on behalf of Franchisor. No fiduciary duties or relationship of special trust and confidence exist between the parties. Area Representative is liable for all taxes, fees and other benefits and assessments regarding the business for itself, its employees, and contractors.

F. Parties Affected. This Agreement binds the parties and their respective executors, administrators, successors and assigns. No person may acquire from Area Representative any interest in this Agreement except in accordance with Section 14. If Franchisee consists of more than one person, all are jointly and severally liable hereunder.

G. Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Area Representative under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee, or as to a subsequent breach or default by Franchisee. Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Representative of any terms, provisions, covenants, or conditions of this Agreement.

H. Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Area Representative shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing.

I. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

J. Captions. The captions and section headings used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions and section headings shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions or section headings otherwise be given any legal effect.

K. Survival. Any obligation of Area Representative that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Area Representative therein, shall be deemed to survive such termination, expiration, or transfer.

L. Cumulative Rights. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Area Representative or any of its affiliates and Franchisor. The rights and remedies of the parties to this Agreement shall be continuing and shall

not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time.

M. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

N. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Area Representative's explicit rights and obligations hereunder that may affect favorably or adversely Area Representative's interests; ii) Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests, promotion and benefit of the System and Stores generally (including Franchisor, and its affiliates and other franchisees), and specifically without considering Area Representative's individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and an APLUS Store generally include, without limitation, enhancing the value of the Marks and/or the APLUS brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); iii) Franchisor will have no liability to Area Representative for the exercise of its discretion in this manner; and iv) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

O. Timing. Time is of the essence with respect to all provisions in this Agreement.

P. Disavowal of Oral Representations. You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no

reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the Franchised Business other than contained in this agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the “FDD”). You agree that no claims, representations, warranties, or guarantees express or implied regarding actual or potential earnings sales profits or success of your Business have been made to you other than as forth in item 19 of the FDD.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement in counterparts on the date first mentioned above.

SUNOCO RETAIL LLC

AREA REPRESENTATIVE:

By: _____
Name, Title

By: _____
Name, Title

CONTROLLING PRINCIPAL(S):

Name, Individually
Percentage of Interest: _____%

Name, Individually
Percentage of Interest: _____%

Attachment 1

Description of the Territory; Sales and Opening Goals

Territory:

The Territory referred to in Section 1.D. of the Agreement shall be:

Sales and Opening Goals (Development Schedule):

Area Representative shall develop minimum of 5 APLUS Stores within first twelve months beginning Effective Date of the Area Representative Agreement. The Sales and Opening Goals, as referenced in Section 3 of the Agreement, are as follows:

Year	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline
1	December 31, [YEAR]	
2	December 31, [YEAR]	
3	December 31, [YEAR]	
4	December 31, [YEAR]	
5	December 31, [YEAR]	

(a) **Payment.** Upon execution of this Agreement, the Area Representative shall pay the total Initial AR Fee to Sunoco Retail LLC. The Total Initial AR Fee is \$5,000. The Initial AR Fee is fully earned upon receipt and is non-refundable.

(b) **Initial Fee Commission.** Upon execution of this Agreement, If Area Representative collects the initial franchise fee from the APLUS Store franchisee, the Area Representative is entitled to keep \$5,000 per franchisee and pay remainder amount collected to the Franchisor. If the Franchisor collects the APLUS Store initial franchise fee, the Franchisor shall pay Initial Fee Commission in the amount of \$5,000 per franchisee, to the Area Representative and shall have the right to keep the remainder. Franchisor’s obligation to pay the fee is subject to Franchisor’s collection of the initial fee.

(c) **Royalty Commission.** Area Representative shall receive up to 50% of all Royalties collected from APLUS Store franchisees which the Area Representative sold and supports pursuant to this Agreement in Area Representative’s Territory. Minimum Royalties to be paid to Area Representative is \$500 per month per APLUS Store subject to Franchisor’s receipt of royalty fee payment from the APLUS Store franchisee.

Attachment 2
Initial Fee; Sales Commissions; Royalty Fees Commission

PAYMENT TO FRANCHISOR (Section 4):

AR Initial Fee:

Pursuant to Section 4.A., the Area Representative shall pay Franchisor an Initial Fee in the amount of:

\$5,000, all of which is due upon the execution of the Agreement, for the development of the amount of APLUS Stores listed in Attachment 1;

or

PAYMENTS TO AREA REPRESENTATIVE (Section 5):

Initial Fee Commission:

Pursuant to Section 5.C., the Initial Fee Commission (subject to fulfillment of the Franchise Sales Conditions in Section 5.B.) in an amount equal \$5,000 of the total initial franchise fees paid to Franchisor by the applicable Franchisee

Royalty Fees Commission:

Pursuant to Section 5.C., Franchisee shall receive

_____%

of monthly royalties actually collected or received by Franchisor from Sub-Franchisees which are sold in the Territory and developed as part of this Agreement. The Royalty Commission shall be paid to Franchisor by the 15th of each month based on the previous month's collections of both initial franchise fees and royalties which were in Franchisee's Territory. Minimum royalties Area Representative is entitled to per month is \$500, subject to Franchisor's receipt of minimum royalty from the APLUS Store franchisee pursuant to their signed franchise agreement.

Attachment 3
Agreement of Controlling Principals and Guaranty

Each of the undersigned (each a “Guarantor”) agrees to be personally bound by Section 10 (Confidential Information), Section 8 (Area Representative’s Obligations), Section 11 (Noncompetition), Section 14 (Transfers), and Section 18.C. (Attorneys’ Fees) and Section 18.I. (Waiver of Jury Trial) in each case as such relates to breaches by the undersigned of Sections 8, 10, 11, or 14, of the preceding Area Representative Agreement (the “Area Representative Agreement”).

Listed below after the printed name of each Controlling Principal is the ownership percentage of the Controlling Principal in the Area Representative which is represented by the undersigned Controlling Principals, jointly and severally, to be correct. Upon the request of Franchisor from time to time, each Controlling Principal shall deliver to Franchisor in writing a complete statement listing the individuals who ultimately own any interest in Area Representative or any affiliated company, the form of such interests, and their percentage ownership.

Each Guarantor guarantees to Franchisor the timely, full, and complete performance of all of Area Representative’s obligations under the Area Representative Agreement, including, without limitation, payment to Franchisor of all amounts due. This guaranty is a guaranty of payment and performance and not a guaranty of collection. In the event of a default under the Area Representative Agreement by Area Representative, Franchisor may proceed against Area Representative or any Guarantor in any order or simultaneously. Each Guarantor represents that he or she has full and complete access to all information and records regarding Area Representative and Area Representative’s operations, and that it is the responsibility of each Guarantor to keep itself informed about Area Representative, Area Representative’s operations, and the Area Representative Agreement.

From time to time, without notice to or consent of any Guarantor, the Area Representative Agreement may be modified or amended, and the preceding guaranty shall not be affected by any amendment or modification to the Area Representative Agreement agreed to by Area Representative or by any delay, waiver, forbearance, or other similar act or omission of Franchisor in the enforcement of Franchisor’s rights and remedies under the Area Representative Agreement, or by any compromise or settlement of any claim or obligation or any amount due or owing, or claimed to be due or owing, under the Area Representative Agreement. The provisions of this guaranty will extend and be applicable to all renewals, amendments, extensions, and modifications of the Area Representative Agreement. Each Guarantor waives notice of acceptance of this guaranty, demand, notice of dishonor, notice of any and all proceedings to collect amounts due, and diligence in collecting any amounts due under the Area Representative Agreement. Each Guarantor waives any defense arising by reason of any disability of Area Representative by reason of the cessation from any cause whatsoever of the liability of Area Representative or by reason of Franchisor’s election of any remedy against Area Representative or any Guarantor. The insolvency or bankruptcy filing of Area Representative shall not in any manner affect the continuing obligations of each Guarantor hereunder. The obligations of Guarantors hereunder are joint and several.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Agreement.

GUARANTOR

Signature: _____

Print Name: _____, Individually

Ownership Percentage: _____%

Signature: _____

Print Name: _____, Individually

Ownership Percentage: _____%

Attachment 4

SUNOCO RETAIL LLC

ILLINOIS AMENDMENT TO AREA REPRESENTATIVE AGREEMENT

THIS AMENDMENT TO AREA REPRESENTATIVE AGREEMENT effective _____, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Area Representative Agreement (“**Area Representative Agreement**”) between Sunoco Retail LLC, a Pennsylvania limited liability company (“**APLUS**” or “**Franchisor**”) and _____ (“**Area Representative**”).

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (collectively, the “Act”). To the extent that this Area Representative Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Section 41 of the Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
- b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
- c. Illinois law shall apply to and govern the Franchise Agreement.
- d. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Area Representative Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

SUNOCO RETAIL LLC

AREA REPRESENTATIVE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Attachment 4

SUNOCO RETAIL LLC

MARYLAND AMENDMENT TO AREA REPRESENTATIVE AGREEMENT

THIS AMENDMENT TO AREA REPRESENTATIVE AGREEMENT effective _____, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Area Representative Agreement (“**Area Representative Agreement**”) between Sunoco Retail LLC, a Pennsylvania limited liability company (“**APLUS**” or “**Franchisor**”) and _____ (“**Area Representative**”).

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Area Representative Agreement is amended as follows:

- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise, such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 18.A requires that the Franchise be governed by the laws of the State of Texas however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- Section 18 requires litigation to be conducted in the State of Texas; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- Section 18.G is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

2. Any portion of the Area Representative Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

SUNOCO RETAIL LLC

By: _____

Name: _____

Title: _____

AREA REPRESENTATIVE:

By: _____

Name: _____

Title: _____

Attachment 4

SUNOCO RETAIL LLC

RHODE ISLAND AMENDMENT TO AREA REPRESENTATIVE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective _____, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Area Representative Agreement (“**Area Representative Agreement**”) between Sunoco Retail LLC (“**Franchisor**”, “**Sunoco**” or “**we**”) and _____ (“**Franchisee**” or “**you**”).

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Area Representative Agreement is amended as follows:

1. Franchisor will not require that Franchisee prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Investment Act. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Investment Act.
2. If a claim is enforceable under the Rhode Island Franchise Investment Act, Franchisor will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. Franchisor will not prohibit Franchisee from joining a trade association or association of franchisees. Franchisor will not retaliate against Franchisee for engaging in these activities.
4. Any provision in the Area Representative Agreement that limits the time period in which Franchisee may assert a legal claim against Franchisor under the Rhode Island Franchise Investment Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Investment Act. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after Franchisee’s receipt of the rescission offer.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Area Representative Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

FRANCHISOR:
SUNOCO RETAIL LLC

AREA REPRESENTATIVE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

1. **Release of Claims.** Area Representative and its Principals and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, “Area Representative Related Parties”) irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, parents, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively “Releasees”), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent (“Claim” or “Claims”), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Area Representative Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Area Representative or its representative in connection with the offer of this Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Area Representative Agreement (including any riders or addenda signed at the same time as this Agreement).
2. **Unknown Claims.** Area Representative acknowledges for itself and the Area Representative Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Area Representative Agreement or some part or aspect thereof, which if known by Area Representative on the date this Agreement is being executed may have materially affected its decision to execute this Agreement. Area Representative acknowledges and agrees for itself and the Area Representative Related Parties that by reason of the release contained in **Section 1** above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.
3. **Covenant Not to Sue.** Area Representative covenants and agrees for itself and for the Area Representative Related Parties not to bring or allow to be brought on behalf of itself or any Area Representative Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in **Section 1**.

4. No Assignment of Claims. Area Representative represents and warrants for itself and the Area Representative Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1. of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Area Representative represents and warrants that since the date of the Area Representative Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Area Representative Agreement, or any rights or interests therein or in the Area Representative.

5. Full and Independent Knowledge. Area Representative represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Area Representative further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.

6. Compromise. Area Representative agrees for itself and the Area Representative Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. General Provisions.

(a) Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

(c) Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

(d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

(e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

(f) Complete Defense. Area Representative acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1. of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Area Representative agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

[the signature page is the following page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:
SUNOCO RETAIL LLC
a Pennsylvania limited liability company

AREA REPRESENTATIVE:

By: _____
Name, Title

By: _____
Name, Title

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT D
FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, Sunoco LP, a Delaware limited partnership (the “Guarantor”), located at 8111 Westchester Drive, Dallas, Texas 75225, absolutely and unconditionally guarantees to assume the duties and obligations of Sunoco Retail LLC, a Pennsylvania limited liability company, located at 8111 Westchester Drive, Dallas, Texas 75225 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registration and the Franchise Agreement have been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns and shall be subject to all defenses and counterclaims that may be available to the Franchisor.

The Guarantor signs this guarantee at Dallas, Texas on March 7, 2023.

GUARANTOR:

SUNOCO LP

By SUNOCO GP LLC, Its general partner

By: 

Dylan Bramhall, Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Sunoco LP (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Partnership’s internal control over financial reporting as of December 31, 2022, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 17, 2023 expressed an unqualified opinion.

Basis for opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair values of property and equipment and intangible assets acquired in the 2022 acquisitions

As described further in Note 3 to the consolidated financial statements, the Partnership completed the acquisitions of Gladioux Capital Partners, LLC (“Gladioux”) and the Peerless Oil & Chemicals, Inc. (“Peerless”) during the year ended December 31, 2022. The assets acquired and liabilities assumed were recorded at fair value as of each respective transaction date. The fair values of property and equipment and intangible assets recorded in the Gladioux acquisition were \$73 million and \$98 million, respectively. The fair value of the property and equipment recorded in the Peerless acquisition was \$71 million. The Partnership utilized third-party valuation specialists to determine the fair values of the acquired property and equipment and intangible assets. We identified the estimation of the fair values of the acquired property and equipment and intangible assets as a critical audit matter.

The principal consideration for our determination that the estimation of the fair values of the acquired property and equipment and intangible assets is a critical audit matter is that there was estimation uncertainty due to significant judgments with respect to assumptions used to estimate the future cash flows, including gross profit, operating expenses, capital expenditures and discount rates as well as the valuation methodologies applied by the third-party valuation specialists, including income, market and cost approaches. This in turn led to a high degree of auditor judgment and subjectivity, in performing procedures and evaluating audit evidence related

to management's forecasted future cash flows and assumptions. In addition, the audit effort involved the use of specialists to assist in performing these procedures and evaluating the audit evidence.

Our audit procedures related to the estimation of the fair value of the acquired property and equipment and intangible assets included the following procedures, among others. We tested the effectiveness of controls relating to management's review of the assumptions used to project future cash flows, the reconciliation of the future cash flows prepared by management to the data used in the valuation report prepared by the third-party specialists, and review of the valuation methodologies and assumptions applied by the third-party valuation specialists. In addition to testing the effectiveness of controls, we also performed the following:

- Assessed the reasonableness of management's future cash flow by:
 - evaluating management's significant assumptions used to project future cash flows, which included forecasted gross profit, operating expenses, capital expenditures and discount rates, and
 - testing the projected future cash flows by comparing forecasted amounts to actual historical results to identify material changes and corroborating the basis for the changes, as applicable.
- Utilized an internal valuation specialist to evaluate:
 - the qualifications of the third-party valuation specialists engaged by the Partnership based on their credentials and experience,
 - the process used by management to develop the estimate, including valuation methodologies and assumptions used by the third-party valuation specialists and whether they were acceptable for the underlying assets and applied correctly,
 - the useful lives utilized by the third-party specialists by comparing to industry standards and estimates,
 - the estimates of fair values for assets which were valued based on comparable market data and the appropriateness of the replacement costs, by performing independent market research and analyses, and
 - the appropriateness of the discount rate used by recalculating the weighted average cost of capital

/s/ GRANT THORNTON LLP

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

Dallas, Texas
February 17, 2023

SUNOCO LP
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 82	\$ 25
Accounts receivable, net	890	526
Receivables from affiliates	15	12
Inventories, net	821	534
Other current assets	175	95
Total current assets	1,983	1,192
Property and equipment	2,796	2,581
Accumulated depreciation	(1,036)	(914)
Property and equipment, net	1,760	1,667
Other assets:		
Finance lease right-of-use assets, net	9	9
Operating lease right-of-use assets, net	524	517
Goodwill	1,601	1,568
Intangible assets, net	588	542
Other noncurrent assets	236	188
Investment in unconsolidated affiliate	129	132
Total assets	\$ 6,830	\$ 5,815
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 966	\$ 515
Accounts payable to affiliates	109	59
Accrued expenses and other current liabilities	310	291
Operating lease current liabilities	21	19
Current maturities of long-term debt	—	6
Total current liabilities	1,406	890
Operating lease non-current liabilities	528	521
Revolving line of credit	900	581
Long-term debt, net	2,671	2,668
Advances from affiliates	116	126
Deferred tax liability	156	114
Other noncurrent liabilities	111	104
Total liabilities	5,888	5,004
Commitments and contingencies (Note 13)		
Equity:		
Limited partners:		
Common unitholders (84,054,765 units issued and outstanding as of December 31, 2022 and 83,670,950 units issued and outstanding as of December 31, 2021)	942	811
Class C unitholders - held by subsidiary (16,410,780 units issued and outstanding as of December 31, 2022 and December 31, 2021)	—	—
Total equity	942	811
Total liabilities and equity	\$ 6,830	\$ 5,815

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

SUNOCOLP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Dollars in millions, except per unit data)

	Year Ended December 31,		
	2022	2021	2020
Revenues:			
Motor fuel sales	\$ 25,216	\$ 17,152	\$ 10,332
Non motor fuel sales	370	306	240
Lease income	143	138	138
Total revenues	25,729	17,596	10,710
Cost of sales and operating expenses:			
Cost of sales	24,350	16,246	9,654
General and administrative	120	109	112
Other operating	338	270	275
Lease expense	63	59	61
(Gain) loss on disposal of assets and impairment charges	(13)	(14)	2
Depreciation, amortization and accretion	193	177	189
Total cost of sales and operating expenses	25,051	16,847	10,293
Operating income	678	749	417
Other income (expense):			
Interest expense, net	(182)	(163)	(175)
Other income (expense), net	1	—	2
Equity in earnings of unconsolidated affiliate	4	4	5
Loss on extinguishment of debt and other, net	—	(36)	(13)
Income before income taxes	501	554	236
Income tax expense	26	30	24
Net income and comprehensive income	\$ 475	\$ 524	\$ 212
Net income per common unit:			
Common units - basic	\$ 4.74	\$ 5.35	\$ 1.63
Common units - diluted	\$ 4.68	\$ 5.28	\$ 1.61
Weighted average common units outstanding:			
Common units - basic	83,755,378	83,369,534	83,062,159
Common units - diluted	84,803,698	84,438,276	83,716,464
Cash distribution per unit	\$ 3.30	\$ 3.30	\$ 3.30

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

SUNOCOLP
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in millions)

Balance at December 31, 2019	\$	758
Cash distribution to unitholders		(354)
Unit-based compensation		14
Other		2
Net income		212
Balance at December 31, 2020		632
Cash distribution to unitholders		(357)
Unit-based compensation		16
Other		(4)
Net income		524
Balance at December 31, 2021		811
Cash distribution to unitholders		(359)
Unit-based compensation		14
Other		1
Net income		475
Balance at December 31, 2022	\$	942

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

SUNOCOLP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income	\$ 475	\$ 524	\$ 212
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	193	177	189
Amortization of deferred financing fees	7	7	7
(Gain) loss on disposal of assets and impairment charges	(13)	(14)	2
Loss on extinguishment of debt and other, net	—	36	13
Non-cash unit-based compensation expense	14	16	14
Deferred income tax	28	10	5
Inventory adjustments	(5)	(190)	82
Equity in earnings of unconsolidated affiliate	(4)	(4)	(5)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(312)	(231)	104
Receivables from affiliates	(3)	(1)	1
Inventories	(172)	38	(45)
Other assets	(94)	(95)	12
Accounts payable	390	296	(163)
Accounts payable to affiliates	50	(20)	7
Accrued expenses and other current liabilities	—	9	63
Other noncurrent liabilities	7	(15)	4
Net cash provided by operating activities	561	543	502
Cash flows from investing activities:			
Capital expenditures	(186)	(174)	(124)
Contributions to unconsolidated affiliate	—	—	(8)
Distributions from unconsolidated affiliate in excess of cumulative earnings	8	9	11
Cash paid for acquisitions, net of cash acquired	(318)	(256)	(12)
Proceeds from disposal of property and equipment	32	34	13
Net cash used in investing activities	(464)	(387)	(120)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	800	800
Payments on long-term debt	—	(1,252)	(590)
Revolver borrowings	4,127	1,922	1,146
Revolver repayments	(3,808)	(1,341)	(1,308)
Distributions to unitholders	(359)	(357)	(354)
Net cash used in financing activities	(40)	(228)	(306)
Net increase (decrease) in cash and cash equivalents	57	(72)	76
Cash and cash equivalents at beginning of period	25	97	21
Cash and cash equivalents at end of period	\$ 82	\$ 25	\$ 97

	Year Ended December 31,		
	2022	2021	2020
Supplemental disclosure of non-cash investing activities:			
Change in note payable to affiliate	\$ 6	\$ 4	\$ 8
Payable due to seller in acquisition	10	—	—
Supplemental disclosure of cash flow information:			
Interest paid	176	174	162
Income taxes paid (refunded), net	30	14	(58)

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

SUNOCOLP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Principles of Consolidation

As used in this document, the terms “Partnership,” “SUN,” “we,” “us,” and “our” should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (“General Partner”), which is owned by Energy Transfer LP (“Energy Transfer”). As of December 31, 2022, Energy Transfer and its subsidiaries owned 100% of the membership interests in our General Partner, all of our incentive distribution rights (“IDRs”) and approximately 33.9% of our common units, which constitutes a 28.3% limited partner interest in us.

The consolidated financial statements are composed of Sunoco LP, a publicly traded Delaware limited partnership, and our wholly-owned subsidiaries. We distribute motor fuels across approximately 40 states and territories throughout the East Coast, Midwest, South Central and Southeast regions of the United States, from Maine to Florida and from Florida to New Mexico, as well as Hawaii and Puerto Rico. We also operate retail stores in Hawaii and New Jersey.

Our primary operations are conducted by the following consolidated subsidiaries:

- Sunoco, LLC (“Sunoco LLC”), a Delaware limited liability company, primarily distributes motor fuel in approximately 40 states and territories throughout the East Coast, Midwest, South Central and Southeast regions of the United States. Sunoco LLC also processes transmix and distributes refined product through its terminals in Alabama, Arkansas, Florida, Indiana, Illinois, Maryland, New Jersey, New York, Texas and Virginia.
- Sunoco Retail LLC (“Sunoco Retail”), a Pennsylvania limited liability company, owns and operates retail stores that sell motor fuel and merchandise primarily in New Jersey and distributes motor fuel in Puerto Rico. Sunoco Retail also leases owned sites to commission agents who sell motor fuels to the motoring public on Sunoco Retail's behalf for a commission.
- Aloha Petroleum LLC, a Delaware limited liability company, distributes motor fuel and operates terminal facilities on the Hawaiian Islands.
- Aloha Petroleum, Ltd. (“Aloha”), a Hawaii corporation, owns and operates retail stores on the Hawaiian Islands and leases owned sites to commission agents who sell motor fuels to the motoring public on Aloha's behalf for a commission.

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

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

2. Summary of Significant Accounting Policies

Use of Estimates

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

Fair Value Measurements

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

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

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

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

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

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

Segment Reporting

We operate our business in two primary operating segments, Fuel Distribution and Marketing and All Other, both of which are included as reportable segments. Our Fuel Distribution and Marketing segment sells motor fuel to our All Other segment and external customers. Our All Other segment includes the Partnership's credit card services, franchise royalties, and its retail operations in Hawaii and New Jersey.

Acquisition Accounting

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

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

Cash and Cash Equivalents

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

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

Accounts Receivable

The majority of trade receivables are from wholesale fuel customers or from credit card companies related to retail credit card transactions. Wholesale customer credit is extended based on an evaluation of the customer's financial condition. We maintain allowances for expected credit losses based on the best estimate of the amount of expected credit losses in existing accounts receivable. Credit losses are recorded against the allowance when accounts are deemed uncollectible.

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

Inventories

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

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$25 million, \$22 million and \$19 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Property and Equipment

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

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

Long-Lived Assets and Assets Held for Sale

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

Properties that have been closed and other excess real property are recorded as assets held for sale, and are written down to the lower of cost or estimated net realizable value at the time we close such stores or determine that these properties are in excess and intend to offer them for sale. We estimate the net realizable value based on our experience in utilizing or disposing of similar assets and on estimates provided by our own and third-party real estate experts. Although we have not experienced significant changes in our estimate of net realizable value, changes in real estate markets could significantly impact the net values realized from the sale of assets. When we have determined that an asset is more likely than not to be sold in the next twelve months, that asset is classified as assets held for sale and included in other current assets. We had no assets classified as assets held for sale as of December 31, 2022 or 2021.

Goodwill and Indefinite-Lived Intangible Assets

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

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

If qualitative factors are not deemed sufficient to conclude that the fair value of the reporting unit more likely than not exceeds its carrying value, then a one-step approach is applied in making an evaluation. The evaluation utilizes multiple valuation methodologies, including a market approach (market price multiples of comparable companies) and an income approach (discounted cash flow analysis). The computations require management to make significant estimates and assumptions, including, among other things, selection of comparable publicly traded companies, the discount rate applied to future earnings reflecting a weighted average cost of capital, and earnings growth assumptions. The Partnership believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. A discounted cash flow analysis requires management to make various assumptions about future sales, operating margins, capital expenditures, working capital, and growth rates. Cash flow projections are derived from one year budgeted amounts plus an estimate of later period cash flows, all of which are determined by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Partnership determined the estimated fair value of each of our reporting units by applying valuation multiples of comparable publicly-traded companies to each reporting unit's projected EBITDA and then averaging that estimate with similar historical calculations using a three year average. In addition, the Partnership estimated a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business. If the evaluation results in the fair value of the reporting unit being lower than the carrying value, an impairment charge is recorded.

Indefinite-lived intangible assets are composed of certain tradenames and liquor licenses which are not amortized but are evaluated for impairment annually or more frequently if events or changes occur that suggest an impairment in carrying value, such as a significant adverse change in the business climate. Indefinite-lived intangible assets are evaluated for impairment by comparing each

asset's fair value to its book value. Management first determines qualitatively whether it is more likely than not that an indefinite-lived asset is impaired. If management concludes that it is more likely than not that an indefinite-lived asset is impaired, then its fair value is determined by using the discounted cash flow model based on future revenues estimated to be derived in the use of the asset.

Other Intangible Assets

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

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

Asset Retirement Obligations

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

Long-lived assets related to asset retirement obligations aggregated \$14 million and \$17 million, and were reflected as property and equipment, net on our consolidated balance sheets as of December 31, 2022 and 2021, respectively.

Environmental Liabilities

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

Revenue Recognition

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

Lease Income

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

Cost of Sales

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

Motor Fuel and Sales Taxes

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

For retail locations where the Partnership holds inventory, including commission agent locations, motor fuel sales and motor fuel cost of sales include motor fuel taxes. Such amounts were \$285 million, \$332 million and \$301 million for the years ended December 31, 2022, 2021 and 2020, respectively. Merchandise sales and cost of merchandise sales are reported net of sales tax in the consolidated statements of operations and comprehensive income.

Deferred Branding Incentives

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

Lease Accounting

At the inception of each lease arrangement, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify lease assets as operating or finance leases under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on the balance sheet.

Balances related to operating leases are included in operating lease ROU assets, operating lease current liabilities and non-current operating lease liabilities in our consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in finance lease ROU assets, current maturities of long-term debt and long-term debt, less current maturities in our consolidated balance sheets. The ROU assets represent the Partnership's right to use an underlying asset for the lease term and lease liabilities represent the obligation of the Partnership to make minimum lease payments arising from the lease for the duration of the lease term.

The Partnership leases a portion of its properties under non-cancelable operating leases, whose initial terms are typically five to fifteen years, with options permitting renewal for additional periods. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 20 years or greater. The exercise of lease renewal options is typically at the sole discretion of the Partnership and lease extensions are evaluated on a lease-by-lease basis. Leases containing early termination clauses typically require the agreement of both parties to the lease. At the inception of a lease, all renewal options reasonably certain to be exercised are considered when determining the lease term. The depreciable life of lease assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. Presently, because many of our leases do not provide an implicit rate, the Partnership applies its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of minimum lease payments. The operating and finance lease ROU assets include any lease payments made and exclude lease incentives.

Minimum rent is expensed on a straight-line basis over the term of the lease, including renewal periods that are reasonably assured at the inception of the lease. The Partnership is typically responsible for payment of real estate taxes, maintenance expenses, and insurance. The Partnership also leases certain vehicles, and such leases are typically less than five years.

For short-term leases (leases that have term of twelve months or less upon commencement), lease payments are recognized on a straight-line basis and no ROU assets are recorded.

Earnings Per Unit

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

Unit-Based Compensation

Under the Partnership's long-term incentive plans, various types of awards may be granted to employees, consultants, and directors of our General Partner who provide services for us. Compensation expense related to outstanding awards is recognized over the vesting period based on the grant-date fair value. The grant-date fair value is determined based on the market price of our common units on the grant date. We amortize the grant-date fair value of these awards over their vesting period using the straight-line method. Expenses related to unit-based compensation are included in general and administrative expenses.

Income Taxes

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

As a publicly traded limited partnership, we are subject to a statutory requirement that our "qualifying income" (as defined by the Internal Revenue Code, related Treasury Regulations, and IRS pronouncements) exceed 90% of our total gross income, determined on a calendar year basis. If our qualifying income were not to meet this statutory requirement, the Partnership would be taxed as a corporation for federal and state income tax purposes. For the years ended December 31, 2022, 2021, and 2020, our qualifying income met the statutory requirement.

The Partnership conducts certain activities through corporate subsidiaries which are subject to federal, state, local and foreign income taxes. These corporate subsidiaries include Sunoco Retail, Aloha and Peerless. The Partnership and its corporate subsidiaries account for income taxes under the asset and liability method.

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

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

3. Acquisitions

2022 Acquisitions

On November 30, 2022, we completed the acquisition of Peerless Oil & Chemicals, Inc. ("Peerless") for \$76 million, net of cash acquired. Peerless is an established terminal operator that distributes fuel products to over 100 locations within Puerto Rico and throughout the Caribbean. Management, with the assistance of a third-party valuation firm, has determined the preliminary fair value of assets and liabilities at the date of the acquisition. Goodwill acquired in connection with the acquisition is deductible for tax purposes.

	November 30, 2022
Other current assets	\$ 18
Property and equipment	71
Goodwill	13
Current liabilities	(3)
Deferred tax liability	(14)
Net assets	85
Cash acquired	(9)
Total cash consideration, net of cash acquired	\$ 76

On April 1, 2022, we completed the acquisition of a transmix processing and terminal facility in Huntington, Indiana from Gladieux Capital Partners, LLC for \$252 million, net of cash acquired. Management, with the assistance of a third-party valuation firm, has determined the fair value of assets and liabilities at the date of the acquisition. Goodwill acquired in connection with the acquisition is deductible for tax purposes.

	April 1, 2022
Inventories	\$ 108
Other current assets	56
Property and equipment	73
Goodwill	20
Intangible assets	98
Current liabilities	(88)
Net assets	267
Cash acquired	(15)
Total cash consideration, net of cash acquired	\$ 252

2021 Acquisitions

On October 8, 2021, we acquired eight refined product terminals from NuStar Energy L.P. for \$250 million. The terminals have a combined storage capacity of approximately 14.8 million barrels and are located along the East Coast and in the greater Chicago market. Management, with the assistance of a third-party valuation firm, determined the purchase price allocation. The purchase price was substantially all allocated to property and equipment.

Additionally, on September 24, 2021, we acquired a refined product terminal from Cato, Incorporated for approximately \$6 million. The terminal, located in Salisbury, Maryland, has storage capacity of approximately 140 thousand barrels.

2020 Acquisition

On December 15, 2020, we acquired a terminal in New York for approximately \$12 million plus working capital adjustments.

4. Accounts Receivable, net

Accounts receivable, net, consisted of the following:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Accounts receivable, trade	\$ 755	\$ 428
Credit card receivables	81	37
Vendor receivables for rebates and branding	12	35
Other receivables	44	28
Allowance for expected credit losses	(2)	(2)
Accounts receivable, net	<u>\$ 890</u>	<u>\$ 526</u>

5. Inventories, net

Fuel inventories are stated at the lower of cost or market using the last-in-first-out (“LIFO”) method. As of December 31, 2022 and 2021, the Partnership’s fuel inventory balance included lower of cost or market reserves of \$116 million and \$121 million, respectively. For the years ended December 31, 2022, 2021 and 2020, the Partnership’s consolidated statements of operations and comprehensive income did not include any material amounts of income from the liquidation of LIFO fuel inventory. For the years ended December 31, 2022 and 2021, the Partnership’s cost of sales included favorable inventory adjustments of \$5 million and \$190 million, respectively, and for the year ended December 31, 2020, the Partnership’s cost of sales included a write-down of fuel inventory of \$82 million.

Inventories, net consisted of the following:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Fuel	\$ 809	\$ 526
Other	12	8
Inventories, net	<u>\$ 821</u>	<u>\$ 534</u>

6. Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Land	\$ 645	\$ 627
Buildings and leasehold improvements	686	687
Equipment	1,383	1,144
Construction in progress	82	123
Total property and equipment	2,796	2,581
Less: accumulated depreciation	1,036	914
Property and equipment, net	<u>\$ 1,760</u>	<u>\$ 1,667</u>

Depreciation expense on property and equipment was \$141 million, \$120 million and \$122 million for the years ended December 31, 2022, 2021 and 2020, respectively.

7. Goodwill and Other Intangible Assets

Goodwill

Goodwill balances and activity for the years ended December 31, 2022 and 2021 consisted of the following:

	Segment		Consolidated
	Fuel Distribution and Marketing	All Other	
	<i>(in millions)</i>		
Balance at December 31, 2020	\$ 1,264	\$ 300	\$ 1,564
Goodwill related to terminal acquisition	4	—	4
Balance at December 31, 2021	1,268	300	1,568
Goodwill related to transmix processing and terminal acquisition	20	—	20
Goodwill related to Peerless acquisition	13	—	13
Balance at December 31, 2022	<u>\$ 1,301</u>	<u>\$ 300</u>	<u>\$ 1,601</u>

During 2020, 2021, and 2022, management performed annual goodwill impairment testing on its reporting units. No goodwill impairment was identified for the reporting units as a result of these tests. During the fourth quarter of 2022, 2021 and 2020, we used qualitative factors to determine whether it was more likely than not (likelihood of more than 50%) that the fair value of a reporting unit exceeded its carrying amount. During the first quarter of 2020, due to the impacts of the COVID-19 pandemic and the decline in the Partnership's market capitalization, management determined that interim quantitative impairment testing should also be performed. We performed the interim quantitative impairment tests consistent with our approach for annual impairment testing, including using similar models, inputs and assumptions. As a result of the interim quantitative impairment test, no goodwill impairment was identified for the reporting units.

Other Intangibles

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

	December 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	<i>(in millions)</i>					
Indefinite-lived						
Tradenames	\$ 302	\$ —	\$ 302	\$ 295	\$ —	\$ 295
Liquor licenses	12	—	12	12	—	12
Finite-lived						
Customer relations including supply agreements	669	396	273	578	348	230
Loan origination costs (1)	—	—	—	9	6	3
Other intangibles	8	7	1	8	6	2
Intangible assets, net	<u>\$ 991</u>	<u>\$ 403</u>	<u>\$ 588</u>	<u>\$ 902</u>	<u>\$ 360</u>	<u>\$ 542</u>

(1) Loan origination costs are associated with the Revolving Credit Agreement, see Note 9 "Long-Term Debt" for further information.

During the fourth quarters of 2020, 2021, and 2022, we performed the annual impairment tests on our indefinite-lived intangible assets. No impairments were recorded in 2020, 2021 or 2022.

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion was \$48 million, \$52 million and \$57 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Customer relations and supply agreements have a remaining weighted-average life of approximately 11 years. Other intangible assets have a remaining weighted-average life of approximately 11 years. Loan origination costs have a remaining weighted-average life of approximately 1 year.

As of December 31, 2022, the Partnership's estimate of amortization includable in amortization expense for each of the five succeeding fiscal years and thereafter for finite-lived intangibles is as follows (in millions):

	Amortization	
2023	\$	44
2024		34
2025		24
2026		24
2027		24
Thereafter		124
Total	\$	<u>274</u>

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2022		December 31, 2021	
	<i>(in millions)</i>			
Wage and other employee-related accrued expenses	\$	35	\$	23
Accrued tax expense		164		152
Accrued insurance		32		22
Accrued interest expense		31		31
Dealer deposits		21		21
Accrued environmental expense		6		7
Other		21		35
Total	\$	<u>310</u>	\$	<u>291</u>

9. Long-Term Debt

Long-term debt consisted of the following:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Credit Facility	\$ 900	\$ 581
6.000% Senior Notes Due 2027	600	600
5.875% Senior Notes Due 2028	400	400
4.500% Senior Notes Due 2029	800	800
4.500% Senior Notes Due 2030	800	800
Lease-Related Financing Obligations	94	100
Total debt	<u>3,594</u>	<u>3,281</u>
Less: current maturities	—	6
Less: debt issuance costs	23	26
Long-term debt, net of current maturities	<u>\$ 3,571</u>	<u>\$ 3,249</u>

At December 31, 2022, scheduled future debt principal maturities are as follows (in millions):

2023	\$ —
2024	—
2025	—
2026	—
2027	1,500
Thereafter	2,094
Total	<u>\$ 3,594</u>

Senior Notes

The terms of each tranche of the Partnership's senior notes (the "Notes") are governed by indentures among the Partnership and Sunoco Finance Corp. (together, the "Issuers"), and certain other subsidiaries of the Partnership (the "Guarantors") and U.S. Bank National Association, as trustee. The Notes are senior obligations of the Issuers and are guaranteed by all of the Partnership's existing subsidiaries and certain of its future subsidiaries. The Notes and guarantees are unsecured and rank equally with all of the Issuers' and each Guarantor's existing and future senior obligations. The Notes and guarantees are effectively subordinated to the Issuers' and each Guarantor's secured obligations, including obligations under the Partnership's Credit Facility (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the Notes.

The 2027 Notes will mature on April 15, 2027, and interest on the 2027 Notes is payable semi-annually on April 15 and October 15 of each year. The 2028 Notes will mature on March 15, 2028 and interest is payable semi-annually on March 15 and September 15 of each year. The 2029 Notes will mature on May 15, 2029, and interest on the 2029 Notes is payable semi-annually on May 15 and November 15 of each year. The 2030 Notes will mature on April 30, 2030, and interest on the 2030 Notes is payable semi-annually on April 30 and October 30 of each year.

Energy Transfer guarantees collection to the Issuers with respect to the payment of the principal amount of the 2028 Notes. Energy Transfer is not subject to any of the covenants under the Indenture.

Revolving Credit Agreement

On April 7, 2022, we entered into a Second Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a letter of credit issuer (the "Credit Facility"). The Credit Facility amended and restated the former revolving credit facility entered into on July 27, 2018. The Credit Facility is a \$1.50 billion revolving credit facility, expiring April 7, 2027 (which date may be extended in accordance with the terms of the Credit Facility). The Credit Facility can be increased from time to time upon our written request, subject to certain conditions, up to an additional \$500 million.

Borrowings under the revolving credit facility will bear interest at a base rate (a rate based off of the higher of (a) the Federal Funds Rate (as defined in the Credit Facility) plus 0.5%, (b) Bank of America’s prime rate and (c) one-month Term SOFR (as defined therein) plus 1.00%), in each case plus an applicable margin ranging from 1.25% to 2.25%, in the case of a Term SOFR loan, or from 0.250% to 1.25%, in the case of a base rate loan (determined with reference to the Partnership’s Net Leverage Ratio as defined in the Credit Facility). Upon the first achievement by the Partnership of an investment grade credit rating, the applicable margin will decrease to a range of 1.125% to 1.75%, in the case of a Term SOFR loan, or from 0.125% to 0.750%, in the case of a base rate loan (determined with reference to the credit rating for the Partnership’s senior, unsecured, non-credit enhanced long-term debt and the Partnership’s corporate issuer rating). Interest is payable quarterly if the base rate applies, and at the end of the applicable interest period Term SOFR applies. In addition, the unused portion of the Partnership’s revolving credit facility will be subject to a commitment fee ranging from 0.250% to 0.350%, based on the Partnership’s Leverage Ratio. Upon the first achievement by the Partnership of an investment grade credit rating, the commitment fee will decrease to a range of 0.125% to 0.350%, based on the Partnership’s credit rating as described above.

The Credit Facility requires the Partnership to maintain a Net Leverage Ratio of not more than 5.50 to 1.00 before the first achievement by the Partnership of an investment grade credit rating, and from and after the first occurrence of an investment grade credit rating, a Net Leverage Ratio of not more than 5.00 to 1.00. The maximum Net Leverage Ratio is subject to upwards adjustment after the achievement by the Partnership of an investment grade credit rating to not more than 5.50 to 1.00 for a period not to exceed three fiscal quarters in the event the Partnership engages in certain specified acquisitions of not less than \$50 million (as permitted under the Credit Facility). The Credit Facility also requires the Partnership to maintain an Interest Coverage Ratio (as defined in the Credit Facility) of not less than 2.25 to 1.00.

Indebtedness under the Credit Facility is secured by a security interest in, among other things, all of the Partnership’s present and future personal property and all of the present and future personal property of its guarantors, the capital stock of its material subsidiaries, and any intercompany debt. Upon the first achievement by the Partnership of an investment grade credit rating, all security interests securing the Credit Facility will be released.

As of December 31, 2022, the balance on the Credit Facility was \$900 million, and \$7 million in standby letters of credit were outstanding. The unused availability on the Credit Facility at December 31, 2022 was \$593 million. The weighted average interest rate on the total amount outstanding at December 31, 2022 was 6.17%. The Partnership was in compliance with all financial covenants at December 31, 2022. The Partnership’s leverage ratio was 3.84 to 1.00 at December 31, 2022.

Lease-Related Financing Obligations

Southside Oil, LLC (“Southside”), a subsidiary of the Partnership, is a party to a sale leaseback transaction that did not meet the criteria for sale leaseback accounting. This transaction was accounted for as a financing arrangement over the course of the lease agreement. The obligations mature in varying dates through 2058, require monthly interest and principal payments, and bear interest at 11.865%. As of December 31, 2022 and 2021, the balance of the sale leaseback financing obligation was \$85 million and \$91 million, respectively.

Lease-related financing obligations also include finance lease obligations of \$9 million as of both December 31, 2022 and 2021, as further discussed in Note 13.

Fair Value of Debt

The estimated fair value of debt is calculated using Level 2 inputs. The fair value of debt as of December 31, 2022, is estimated to be approximately \$3.4 billion, based on outstanding balances as of the end of the period using current interest rates for similar securities.

10. Other Noncurrent Liabilities

Other noncurrent liabilities consisted of the following:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Asset retirement obligations	\$ 81	\$ 79
Accrued environmental expense, long-term	12	12
Other	18	13
Total	\$ 111	\$ 104

We record an asset retirement obligation for the estimated future cost to remove underground storage tanks. Revisions to the liability could occur due to changes in tank removal costs, tank useful lives or if federal and/or state regulators enact new guidance on the removal of such tanks. Changes in the carrying amount of asset retirement obligations for the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
	<i>(in millions)</i>	
Balance at beginning of year	\$ 79	\$ 75
Liabilities incurred	—	—
Liabilities settled	(2)	—
Accretion expense	4	4
Balance at end of year	<u>\$ 81</u>	<u>\$ 79</u>

11. Related-Party Transactions

We are party to fee-based commercial agreements with various affiliates of Energy Transfer for pipeline, terminalling and storage services. We also have agreements with subsidiaries of Energy Transfer for the purchase and sale of fuel.

Our investment in J.C. Nolan pipeline (a joint venture with Energy Transfer) was \$129 million and \$132 million as of December 31, 2022 and 2021, respectively. In addition, we recorded income on the unconsolidated joint venture of \$4 million, \$4 million and \$5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Summary of Transactions

Related party transactions with affiliates for the years ended December 31, 2022, 2021, and 2020 were as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Motor fuel sales to affiliates	\$ 52	\$ 25	\$ 58
Bulk fuel purchases from affiliates	\$ 2,188	\$ 1,705	\$ 951

Significant affiliate balances included on the consolidated balance sheets are as follows:

- Net advances from affiliates were \$116 million and \$126 million at December 31, 2022 and 2021, respectively. Advances to and from affiliates are primarily related to the treasury services agreements between Sunoco LLC and Energy Transfer (R&M), LLC and Sunoco Retail and Energy Transfer (R&M), LLC, which are in place for purposes of cash management and transactions related to the diesel fuel pipeline joint venture with Energy Transfer.
- Net accounts receivable from affiliates were \$15 million and \$12 million at December 31, 2022 and 2021, respectively, which are primarily related to motor fuel sales to affiliates.
- Net accounts payable to affiliates were \$109 million and \$59 million as of December 31, 2022 and 2021, respectively, attributable to operational expenses and bulk fuel purchases.

12. Revenue

Disaggregation of Revenue

We operate our business in two primary segments, Fuel Distribution and Marketing and All Other. We disaggregate revenue within the segments by channels.

The following table depicts the disaggregation of revenue by channel within each segment:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions)</i>		
Fuel Distribution and Marketing Segment			
Distributor	\$ 10,938	\$ 8,388	\$ 4,838
Dealer	4,735	3,599	2,211
Unbranded Wholesale	7,098	3,144	1,831
Commission Agent	1,737	1,438	1,050
Non motor fuel sales	140	82	54
Lease income	132	127	127
Total	24,780	16,778	10,111
All Other Segment			
Motor fuel	708	583	402
Non motor fuel sales	230	224	186
Lease income	11	11	11
Total	949	818	599
Total Revenue	\$ 25,729	\$ 17,596	\$ 10,710

Fuel Distribution and Marketing Revenue

The Partnership's Fuel Distribution and Marketing operations earn revenue from the following channels: sales to Dealers, sales to Distributors, Unbranded Wholesale revenue, Commission Agent revenue, Non motor fuel sales, and Lease income. Motor fuel revenue consists primarily of the sale of motor fuel under supply agreements with third-party customers and affiliates. Fuel supply contracts with our customers generally provide that we distribute motor fuel at a formula price based on published rates, volume-based profit margin, and other terms specific to the agreement. The customer is invoiced the agreed-upon price with most payment terms ranging less than 30 days. If the consideration promised in a contract includes a variable amount, the Partnership estimates the variable consideration amount and factors in such an estimate to determine the transaction price under the expected value method.

Revenue is recognized under the motor fuel contracts at the point in time the customer takes control of the fuel. At the time control is transferred to the customer the sale is considered final, because the agreements do not grant customers the right to return motor fuel. Under the new standard, to determine when control transfers to the customer, the shipping terms of the contract are assessed as shipping terms are considered a primary indicator of the transfer of control. For FOB shipping point terms, revenue is recognized at the time of shipment. The performance obligation with respect to the sale of goods is satisfied at the time of shipment since the customer gains control at this time under the terms. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Once the goods are shipped, the Partnership is precluded from redirecting the shipment to another customer and revenue is recognized.

Commission agent revenue consists of sales from commission agent agreements between the Partnership and select operators. The Partnership supplies motor fuel to sites operated by commission agents and sells the fuel directly to the end customer. In commission agent arrangements, control of the product is transferred at the point in time when the goods are sold to the end customer. To reflect the transfer of control, the Partnership recognizes commission agent revenue at the point in time fuel is sold to the end customer.

The Partnership receives lease income from leased or subleased properties. Revenues from leasing arrangements for which we are the lessor are recognized ratably over the term of the underlying lease.

All Other Revenue

The Partnership's All Other operations earn revenue from the following channels: Motor fuel sales, Non motor fuel sales, and Lease income. Motor fuel sales consist of fuel sales to consumers at company-operated retail stores. Non motor fuel sales includes merchandise revenue that comprises the in-store merchandise and foodservice sales at company-operated retail stores, and other revenue that represents a variety of other services within our All Other segment including credit card processing, car washes, lottery, automated teller machines, money orders, prepaid phone cards and wireless services. Revenue from All Other operations is recognized when (or as) the performance obligations are satisfied (i.e. when the customer obtains control of the good or the service is provided).

Contract Balances with Customers

The Partnership satisfies its performance obligations by transferring goods or services in exchange for consideration from customers. The timing of performance may differ from the timing the associated consideration is paid to or received from the customer, thus resulting in the recognition of a contract asset or a contract liability.

The Partnership recognizes a contract asset when making upfront consideration payments to certain customers. The upfront considerations represent a pre-paid incentive, as these payments are not made for distinct goods or services provided by the customer. The pre-payment incentives are recognized as a contract asset upon payment and amortized as a reduction of revenue over the term of the specific agreement.

The Partnership recognizes a contract liability if the customer's payment of consideration precedes the Partnership's fulfillment of the performance obligations. We maintain some franchise agreements requiring dealers to make one-time upfront payments for long-term license agreements. The Partnership recognizes a contract liability when the upfront payment is received and recognizes revenue over the term of the license.

The balances of the Partnership's contract assets and contract liabilities as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021		Increase/ (Decrease)
	<i>(in millions)</i>				
Contract Balances					
Contract Asset	\$	200	\$	157	\$ 43
Accounts receivable from contracts with customers	\$	834	\$	463	\$ 371
Contract Liability	\$	—	\$	—	\$ —

The amount of revenue recognized in the years ended December 31, 2022, 2021, and 2020 that was included in the contract liability balance at the beginning of each period was \$0.1 million, \$0.2 million, and \$0.2 million, respectively. This amount of revenue is a result of changes in the transaction price of the Partnership's contracts with customers. The difference in the opening and closing balances of the contract asset and contract liability primarily results from the timing difference between the Partnership's performance and the customer's payment.

Performance Obligations

At contract inception, the Partnership assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Partnership considers all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. For a contract that has more than one performance obligation, the Partnership allocates the total contract consideration to each distinct performance obligation on a relative standalone selling price basis. Revenue is recognized when (or as) the performance obligations are satisfied, that is, when the customer obtains control of the good or the service is provided.

The Partnership distributes fuel under long-term contracts to branded distributors, branded and unbranded third-party dealers, and branded and unbranded retail fuel outlets. Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately ten years, with an estimated, volume-weighted term remaining of approximately five years.

As part of the 2018 7-Eleven Transaction, the Partnership and 7-Eleven and SEI Fuel (collectively, the "Distributor") have entered into a 15-year take-or-pay fuel supply agreement in which the Distributor is required to purchase a volume of fuel that provides the Partnership a minimum amount of gross profit annually. We expect to recognize this revenue in accordance with the contract as we transfer control of the product to the customer. However, in case of an annual shortfall we will recognize the amount payable by the Distributor at the sooner of the time at which the Distributor makes up the shortfall or becomes contractually or operationally unable to do so. The transaction price of the contract is variable in nature, fluctuating based on market conditions. The Partnership has elected to take the practical expedient not to estimate the amount of variable consideration allocated to wholly unsatisfied performance obligations. 7-Eleven is the only third-party dealer or distributor which is individually over 10% of our Fuel Distribution and Marketing segment or individually over 10%, in terms of revenue, of our aggregate business.

In some contractual arrangements, the Partnership grants dealers a franchise license to operate the Partnership's retail stores over the life of a franchise agreement. In return for the grant of the retail store license, the dealer makes a one-time nonrefundable franchise fee payment to the Partnership plus sales based royalties payable to the Partnership at a contractual rate during the period of the franchise agreement. Under the requirements of ASC Topic 606, the franchise license is deemed to be a symbolic license for which

recognition of revenue over time is the most appropriate measure of progress toward complete satisfaction of the performance obligation. Revenue from this symbolic license is recognized evenly over the life of the franchise agreement.

Costs to Obtain or Fulfill a Contract

The Partnership recognizes an asset from the costs incurred to obtain a contract (e.g. sales commissions) only if it expects to recover those costs. On the other hand, the costs to fulfill a contract are capitalized if the costs are specifically identifiable to a contract, would result in enhancing resources that will be used in satisfying performance obligations in future, and are expected to be recovered. These capitalized costs are recorded as a part of other current assets and other noncurrent assets and are amortized as a reduction of revenue on a systematic basis consistent with the pattern of transfer of the goods or services to which such costs relate. The amount of amortization on these capitalized costs that the Partnership recognized in the years ended December 31, 2022, 2021, and 2020 was \$22 million, \$21 million, and \$18 million, respectively. The Partnership has also made a policy election of expensing the costs to obtain a contract, as and when they are incurred, in cases where the expected amortization period is one year or less.

Practical Expedients Selected by the Partnership

The Partnership elected the following practical expedients in accordance with ASC 606:

- **Significant financing component** - The Partnership elected not to adjust the promised amount of consideration for the effects of a significant financing component if the Partnership expects at contract inception that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
- **Incremental costs of obtaining a contract** - The Partnership elected to expense the incremental costs of obtaining a contract when the amortization period for such contracts would have been one year or less.
- **Shipping and handling costs** - The Partnership elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.
- **Measurement of transaction price** - The Partnership has elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Partnership from a customer (i.e., sales tax, value added tax, etc.).
- **Variable consideration of wholly unsatisfied performance obligations** - The Partnership has elected to exclude the estimate of variable consideration to the allocation of wholly unsatisfied performance obligations.

13. Commitments and Contingencies

Lessee Accounting

The Partnership leases retail stores, other property, and equipment under non-cancellable operating leases whose initial terms are typically 5 to 30 years, with some having a term of 40 years or more, along with options that permit renewals for additional periods. At the inception of each, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify leased assets as operating or finance under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on the balance sheet.

At this time, the majority of active leases within our portfolio are classified as operating leases under the new standard. Operating leases are included in lease right-of-use (“ROU”) assets, operating lease current liabilities, and operating lease non-current liabilities in our consolidated balance sheet. Finance leases represent a small portion of the active lease agreements and are included in ROU assets and long-term debt in our consolidated balance sheet. The ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make minimum lease payments arising from the lease for the duration of the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 year to 20 years or greater. The exercise of lease renewal options is typically at our discretion. Additionally many leases contain early termination clauses, however early termination typically requires the agreement of both parties to the lease. At lease inception, all renewal options reasonably certain to be exercised are considered when determining the lease term. At this time, the Partnership does not have leases that include options to purchase or automatic transfer of ownership of the leased property to the Partnership. The depreciable life of leased assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. At this time, many of our leases do not provide an implicit rate, therefore to determine the present value of minimum lease payments we use our incremental borrowing rate based on the information available at lease commencement date. The ROU assets also include any lease payments made and exclude lease incentives.

Minimum rent payments are expensed on a straight-line basis over the term of the lease. In addition, some leases may require additional contingent or variable lease payments based on factors specific to the individual agreement. Variable lease payments we are typically responsible for include payment of real estate taxes, maintenance expenses and insurance.

The components of lease expense consisted of the following:

<u>Lease cost</u>	<u>Classification</u>	<u>Year Ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
		<i>(in millions)</i>	
Operating lease cost	Lease expense	\$ 49	\$ 50
Finance lease cost			
Amortization of leased assets	Depreciation, amortization, and accretion	—	1
Interest on lease liabilities	Interest expense	—	1
Short term lease cost	Lease expense	2	3
Variable lease cost	Lease expense	12	6
Sublease income	Lease income	(39)	(40)
Net lease cost		<u>\$ 24</u>	<u>\$ 21</u>

<u>Lease Term and Discount Rate</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Weighted-average remaining lease term (years)		
Operating leases	22	23
Finance leases	28	29
Weighted-average discount rate (%)		
Operating leases	6%	6%
Finance leases	4%	4%

<u>Other information</u>	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<i>(in millions)</i>	
Cash paid for amount included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ (49)	\$ (50)
Operating cash flows from finance leases	\$ —	\$ (1)
Financing cash flows from finance leases	\$ —	\$ (1)
Leased assets obtained in exchange for new finance lease liabilities	\$ —	\$ 9
Leased assets obtained in exchange for new operating lease liabilities	\$ 17	\$ 7

Maturities of lease liabilities as of December 31, 2022 are as follows:

<u>Maturity of lease liabilities</u>	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
	<i>(in millions)</i>		
2023	\$ 50	\$ —	\$ 50
2024	47	—	47
2025	47	—	47
2026	47	—	47
2027	46	—	46
Thereafter	757	15	772
Total lease payment	<u>994</u>	<u>15</u>	<u>1,009</u>
Less: interest	445	6	451
Present value of lease liabilities	<u>\$ 549</u>	<u>\$ 9</u>	<u>\$ 558</u>

Lessor Accounting

The Partnership leases or subleases a portion of its real estate portfolio to third-party companies as a stable source of long-term revenue. Our lessor and sublease portfolio consists mainly of operating leases with convenience store operators. At this time, most lessor agreements contain 5-year terms with renewal options to extend and early termination options based on established terms specific to the individual agreement.

Minimum future lease payments receivable as of December 31, 2022 are as follows (in millions):

2023	\$	67
2024		47
2025		45
2026		43
2027		41
Thereafter		25
Total undiscounted cash flow	\$	<u>268</u>

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to personal injury or property damage in the future. In addition, various regulatory agencies such as tax authorities, environmental agencies, or other such agencies may perform audits or reviews to ensure proper compliance with regulations. We are not fully-insured for any claims that may arise from these various agencies and there can be no assurance that any claims arising from these activities would not have an adverse, material effect on our financial statements.

Environmental Remediation

We are subject to various federal, state and local environmental laws and make financial expenditures in order to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. In particular, at the federal level, the Resource Conservation and Recovery Act of 1976, as amended, requires the EPA to establish a comprehensive regulatory program for the detection, prevention, and cleanup of leaking underground storage tanks (e.g. overfills, spills, and underground storage tank releases).

Federal and state regulations require us to provide and maintain evidence that we are taking financial responsibility for corrective action and compensating third parties in the event of a release from our underground storage tank systems and terminals. In order to comply with these requirements, we have historically obtained private insurance in the states in which we operate. These policies provide protection from third-party liability claims. During 2022, our coverage was \$10 million per occurrence and in the aggregate. Our sites continue to be covered by these policies.

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling \$18 million and \$19 million as of December 31, 2022 and 2021, respectively, which are classified as accrued expenses and other current liabilities and other noncurrent liabilities. As of December 31, 2022, we had \$0.6 million in an escrow account to satisfy environmental claims related to the acquisition of Mid-Atlantic Convenience Stores, LLC.

14. Assets under Operating Leases

The balances of property and equipment that are being leased to third parties were as follows:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Land	\$ 374	\$ 359
Buildings and improvements	466	448
Equipment	402	261
Total property and equipment	1,242	1,068
Less: accumulated depreciation	(497)	(363)
Property and equipment, net	<u>\$ 745</u>	<u>\$ 705</u>

15. Interest Expense, net

Components of net interest expense were as follows:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions)</i>		
Interest expense	\$ 176	\$ 156	\$ 170
Amortization of deferred financing fees	7	7	7
Interest income	(1)	—	(2)
Interest expense, net	<u>\$ 182</u>	<u>\$ 163</u>	<u>\$ 175</u>

16. Income Tax Expense

As a partnership, we are generally not subject to federal income tax and most state income taxes. However, the Partnership conducts certain activities through corporate subsidiaries which are subject to federal and state income taxes. The components of the federal and state income tax expense (benefit) are summarized as follows:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions)</i>		
Current:			
Federal	\$ —	\$ 15	\$ 18
State	(2)	5	1
Total current income tax expense	(2)	20	19
Deferred:			
Federal	24	7	1
State	4	3	4
Total deferred tax expense	28	10	5
Net income tax expense	<u>\$ 26</u>	<u>\$ 30</u>	<u>\$ 24</u>

Our effective tax rate differs from the statutory rate primarily due to Partnership earnings that are not subject to U.S. federal and most state income taxes at the Partnership level. A reconciliation of income tax expense at the U.S. federal statutory rate to net income tax expense is as follows:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions)</i>		
Tax at statutory federal rate	\$ 105	\$ 116	\$ 50
Partnership earnings not subject to tax	(74)	(96)	(34)
State and local tax, including federal expense (benefit)	1	7	3
Other	(6)	3	5
Net income tax expense (benefit)	\$ 26	\$ 30	\$ 24

Deferred taxes result from the temporary differences between financial reporting carrying amounts and the tax basis of existing assets and liabilities. Principal components of deferred tax assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
	<i>(in millions)</i>	
Deferred tax assets:		
Net operating and other loss carry forwards	\$ 3	\$ 4
Other	22	14
Total deferred tax assets	25	18
Deferred tax liabilities:		
Property and equipment	52	11
Trademarks and other intangibles	89	79
Investments in affiliates	39	41
Other	1	1
Total deferred tax liabilities	181	132
Net deferred income tax liabilities	\$ 156	\$ 114

As of December 31, 2022, Sunoco Retail LLC, a corporate subsidiary of Sunoco LP, had a state net operating loss carryforward of \$84 million, which we expect to fully utilize. Sunoco Retail LLC has no federal net operating loss carryforward.

The following table sets forth the changes in unrecognized tax benefits:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions)</i>		
Balance at beginning of year	\$ 11	\$ 11	\$ 11
Additions attributable to tax positions taken in the current year	—	—	—
Additions attributable to tax positions taken in prior years	—	—	—
Reduction attributable to tax positions taken in prior years	—	—	—
Lapse of statute	—	—	—
Balance at end of year	\$ 11	\$ 11	\$ 11

As of December 31, 2022, we had \$11 million (\$8 million after federal income tax benefits) related to tax positions which, if recognized, would impact our effective tax rate.

Our policy is to accrue interest and penalties on income tax underpayments (overpayments) as a component of income tax expense. During 2022, we recognized interest and penalties of \$1 million. At December 31, 2021, we had interest and penalties accrued of \$2 million, net of taxes.

Peerless is subject to Puerto Rican corporate income taxes at a reduced 7% tax rate due to a tax exemption granted by the Commonwealth of Puerto Rico on October 23, 2007 which currently expires on October 23, 2027. The Puerto Rican government may grant an extension of this tax exemption but such an extension is not guaranteed. If the tax exemption is not extended, Peerless' income will be subject to Puerto Rico's normal corporate income tax rates which start at 18.5% and can rise to as much as 37.5% depending on Peerless' income. We expect to file for an extension of the tax exemption one year prior to the expiration date. If an

extension of the tax exemption is not granted, we do not expect the increase in the Puerto Rican tax rates applicable to Peerless' activity to have a material impact on the Partnership's financial statements.

The Partnership and its subsidiaries are no longer subject to examination by the Internal Revenue Service and most state jurisdictions for 2017 and prior years.

17. Partners' Capital

As of December 31, 2022, Energy Transfer and its subsidiaries owned 28,463,967 common units, which constitutes a 28.3% limited partner interest in the Partnership. As of December 31, 2022, our wholly-owned consolidated subsidiaries owned 16,410,780 Class C units representing limited partner interests in the Partnership (the "Class C Units") and the public owned 55,590,798 common units.

Common Units

Common unit activity for the years ended December 31, 2022 and 2021 was as follows:

	Number of Units
Number of common units at December 31, 2020	83,333,631
Phantom unit vesting	337,319
Number of common units at December 31, 2021	83,670,950
Phantom unit vesting	383,815
Number of common units at December 31, 2022	84,054,765

Allocation of Net Income

Our Partnership Agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to Energy Transfer.

The calculation of net income allocated to common unitholders was as follows (in millions, except per unit amounts):

	Year Ended December 31,		
	2022	2021	2020
Attributable to Common Units			
Distributions (a)	\$ 277	\$ 275	\$ 274
Distributions (in excess of) less than net income	120	171	(139)
Common unitholders' interest in net income	\$ 397	\$ 446	\$ 135
<i>(a) Distributions declared per unit to unitholders as of record date</i>	\$ 3.3020	\$ 3.3020	\$ 3.3020

Class C Units

The Partnership has outstanding an aggregate of 16,410,780 Class C Units, all of which are held by wholly-owned subsidiaries of the Partnership.

Class C Units (i) are not convertible or exchangeable into Common Units or any other units of the Partnership and are non-redeemable; (ii) are entitled to receive distributions of available cash of the Partnership (other than available cash derived from or attributable to any distribution received by the Partnership from Sunoco Retail, the proceeds of any sale of the membership interests of Sunoco Retail, or any interest or principal payments received by the Partnership with respect to indebtedness of Sunoco Retail or its subsidiaries) at a fixed rate equal to \$0.8682 per quarter for each Class C Unit outstanding, (iii) do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, (iv) are not allocated any items of income, gain, loss, deduction or credit attributable to the Partnership's ownership of, or sale or other disposition of, the membership interests of Sunoco Retail, or the Partnership's ownership of any indebtedness of Sunoco Retail or any of its subsidiaries ("Sunoco Retail Items"), (v) will be allocated gross income (other than from Sunoco Retail Items) in an amount equal to the cash distributed to the holders of Class C Units and (vi) will be allocated depreciation, amortization and cost recovery deductions as if the Class C Units were Common Units and 1% of certain allocations of net termination gain (other than from Sunoco Retail Items).

Pursuant to the terms described above, these distributions do not have an impact on the Partnership's consolidated cash flows and as such, are excluded from total cash distributions and allocation of limited partners' interest in net income.

Incentive Distribution Rights

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

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

Cash Distributions

Our Partnership Agreement sets forth the calculation used to determine the amount and priority of cash distributions that the common unitholders receive.

Cash distributions paid or to be paid were as follows:

Payment Date	Limited Partners		Distribution to IDR Holders
	Per Unit Distribution	Total Cash Distribution	
	<i>(in millions, except per unit amounts)</i>		
February 21, 2023	\$ 0.8255	\$ 69	\$ 18
November 18, 2022	\$ 0.8255	\$ 69	\$ 18
August 19, 2022	\$ 0.8255	\$ 69	\$ 18
May 19, 2022	\$ 0.8255	\$ 69	\$ 18
February 18, 2022	\$ 0.8255	\$ 69	\$ 18
November 19, 2021	\$ 0.8255	\$ 69	\$ 18
August 19, 2021	\$ 0.8255	\$ 69	\$ 18
May 19, 2021	\$ 0.8255	\$ 69	\$ 18
February 19, 2021	\$ 0.8255	\$ 69	\$ 18
November 19, 2020	\$ 0.8255	\$ 68	\$ 18
August 19, 2020	\$ 0.8255	\$ 68	\$ 18
May 19, 2020	\$ 0.8255	\$ 68	\$ 18
February 19, 2020	\$ 0.8255	\$ 68	\$ 18

18. Unit-Based Compensation

The Partnership has issued phantom units to its employees and non-employee directors, which vest 60% after three years and 40% after five years. Phantom units have the right to receive distributions prior to vesting. The fair value of these units is the market price of our common units on the grant date, and is amortized over the five-year vesting period using the straight-line method. Unit-based compensation expense related to the Partnership included in our Consolidated Statements of Operations and Comprehensive Income was \$14 million, \$16 million and \$14 million for the years ended December 31, 2022, 2021 and 2020, respectively. The total fair value of phantom units vested for the years ended December 31, 2022, 2021 and 2020, was \$22 million, \$20 million and \$14 million, respectively, based on the market price of SUN's common units as of the vesting date. Unrecognized compensation expenses

related to our nonvested phantom units totaled \$18 million as of December 31, 2022, which are expected to be recognized over a weighted average period of 4.00 years. The fair value of nonvested phantom units outstanding as of December 31, 2022 and 2021, totaled \$79 million and \$82 million, respectively.

Phantom unit award activity for the years ended December 31, 2022 and 2021 consisted of the following:

	Number of Phantom Common Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2020	2,140,492	\$ 28.63
Granted	418,898	37.72
Vested	(506,120)	27.06
Forfeited	(38,982)	28.57
Outstanding at December 31, 2021	2,014,288	30.92
Granted	441,049	43.54
Vested	(525,608)	29.95
Forfeited	(107,956)	30.31
Outstanding at December 31, 2022	1,821,773	\$ 34.29

19. Segment Reporting

Our financial statements reflect two reportable segments, Fuel Distribution and Marketing and All Other.

We report Adjusted EBITDA by segment as a measure of segment performance. We define Adjusted EBITDA as net income before net interest expense, income tax expense, depreciation, amortization and accretion expense, non-cash compensation expense, gains and losses on disposal of assets and impairment charges, unrealized gains and losses on commodity derivatives, inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations.

Fuel Distribution and Marketing Segment

Our Fuel Distribution and Marketing segment purchases motor fuel primarily from independent refiners and major oil companies and supplies it to independently-operated dealer stations under long-term supply agreements, distributors and other consumers of motor fuel, and Partnership-operated stations included in our All Other segment. Also included in the Fuel Distribution and Marketing segment are motor fuel sales to commission agent locations and sales and costs related to processing transmix. We distribute motor fuels across approximately 40 states and territories throughout the East Coast, Midwest, South Central and Southeast regions of the United States from Maine to Florida and from Florida to New Mexico, as well as Hawaii and Puerto Rico. Sales of fuel from our Fuel Distribution and Marketing segment to Partnership-operated stations included in our All Other segment are delivered at cost plus a profit margin. These amounts are included in intercompany eliminations of motor fuel revenue and motor fuel cost of sales. Also included in our Fuel Distribution and Marketing segment is lease income from properties that we lease or sublease.

All Other Segment

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

The following tables present financial information by segment for the years ended December 31, 2022, 2021 and 2020.

Segment Financial Data for the Year Ended December 31, 2022

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
	<i>(in millions)</i>			
Revenue				
Motor fuel sales	\$ 24,508	\$ 708		\$ 25,216
Non motor fuel sales	140	230		370
Lease income	132	11		143
Intersegment sales	534	—	(534)	—
Total revenue	<u>\$ 25,314</u>	<u>\$ 949</u>	<u>\$ (534)</u>	<u>\$ 25,729</u>
Net income and comprehensive income				\$ 475
Depreciation, amortization and accretion				193
Interest expense, net				182
Income tax expense				26
Non-cash unit-based compensation expense				14
Gain on disposal of assets				(13)
Unrealized loss on commodity derivatives				21
Loss on extinguishment of debt				—
Inventory adjustments				(5)
Equity in earnings of unconsolidated affiliate				(4)
Adjusted EBITDA related to unconsolidated affiliate				10
Other non-cash adjustments				20
Adjusted EBITDA	<u>\$ 807</u>	<u>\$ 112</u>		<u>\$ 919</u>
Capital expenditures	\$ 143	\$ 43		\$ 186
Total assets, end of period	\$ 5,727	\$ 1,103		\$ 6,830

Segment Financial Data for the Year Ended December 31, 2021

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
	<i>(in millions)</i>			
Revenue				
Motor fuel sales	\$ 16,569	\$ 583		\$ 17,152
Non motor fuel sales	82	224		306
Lease income	127	11		138
Intersegment sales	412	—	(412)	—
Total revenue	\$ 17,190	\$ 818	\$ (412)	\$ 17,596
Net income and comprehensive income				\$ 524
Depreciation, amortization and accretion				177
Interest expense, net				163
Income tax expense				30
Non-cash unit-based compensation expense				16
Gain on disposal of assets				(14)
Unrealized gain on commodity derivatives				(14)
Loss on extinguishment of debt				36
Inventory adjustments				(190)
Equity in earnings of unconsolidated affiliate				(4)
Adjusted EBITDA related to unconsolidated affiliate				9
Other non-cash adjustments				21
Adjusted EBITDA	\$ 672	\$ 82		\$ 754
Capital expenditures	\$ 131	\$ 26		\$ 157
Total assets, end of period	\$ 4,825	\$ 990		\$ 5,815

Segment Financial Data for the Year Ended December 31, 2020

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
	<i>(in millions)</i>			
Revenue				
Motor fuel sales	\$ 9,930	\$ 402		\$ 10,332
Non motor fuel sales	54	186		240
Lease income	127	11		138
Intersegment sales	222	—	(222)	—
Total revenue	<u>\$ 10,333</u>	<u>\$ 599</u>	<u>\$ (222)</u>	<u>\$ 10,710</u>
Net income and comprehensive income				\$ 212
Depreciation, amortization and accretion				189
Interest expense, net				175
Income tax expense				24
Non-cash unit-based compensation expense				14
Loss on disposal of assets and impairment charges				2
Unrealized loss on commodity derivatives				6
Loss on extinguishment of debt				13
Inventory adjustments				82
Equity in earnings of unconsolidated affiliate				(5)
Adjusted EBITDA related to unconsolidated affiliate				10
Other non-cash adjustments				17
Adjusted EBITDA	<u>\$ 654</u>	<u>\$ 85</u>		<u>\$ 739</u>
Capital expenditures	\$ 94	\$ 30		\$ 124
Total assets, end of period	\$ 3,417	\$ 1,850		\$ 5,267

20. Net Income per Common Unit

Net income per common unit applicable to common unitholders is computed by dividing common unitholders' interest in net income by the weighted-average number of outstanding common units. Our net income is allocated to common unitholders in accordance with their respective partnership percentages, after giving effect to any priority income allocations for incentive distributions and distributions on employee unit awards. Earnings in excess of distributions are allocated to common unitholders based on their respective ownership interests. Payments made to our common unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit.

In addition to the common units, we identify the IDRs as participating securities and use the two-class method when calculating net income per unit applicable to limited partners, which is based on the weighted-average number of common units outstanding during the period. Diluted net income per unit includes the effects of potentially dilutive units on our common units, consisting of unvested phantom units.

A reconciliation of the numerators and denominators of the basic and diluted per unit computations is as follows:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in millions, except units and per unit amounts)</i>		
Net Income and comprehensive income	\$ 475	\$ 524	\$ 212
Less:			
Incentive distribution rights	72	71	71
Distributions on nonvested phantom unit awards	6	7	6
Common unitholders' interest in net income	\$ 397	\$ 446	\$ 135
Weighted average common units outstanding:			
Basic	83,755,378	83,369,534	83,062,159
Dilutive effect of nonvested phantom unit awards	1,048,320	1,068,742	654,305
Diluted	84,803,698	84,438,276	83,716,464
Net income per common unit:			
Basic	\$ 4.74	\$ 5.35	\$ 1.63
Diluted	\$ 4.68	\$ 5.28	\$ 1.61

EXHIBIT E
OPERATING MANUAL TABLE OF CONTENTS

APlus Area Representative Systems Manual

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EXHIBIT F

CURRENT AND FORMER AREA REPRESENTATIVES

Current Area Representatives

Names of all current area representatives (as of the end of our last fiscal year) and the address and telephone number of each of their APLUS Store(s):

None

Note: We did not have any area representatives at the close of our last fiscal year.

Former Area Representatives

Area Representatives who were terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their Area Representative Agreement as of December 31, 2022, or who have not communicated with us within the last 10 weeks.

None

EXHIBIT G
STATE ADDENDA TO DISCLOSURE DOCUMENT

FOR THE STATE OF ILLINOIS

Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the “Illinois Franchise Disclosure Act”) provides that any provision in the Area Representative Agreement and Development Agreement that designates venue outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Illinois law shall apply to and govern the Area Representative Agreement and Development Agreement.

The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

FOR THE STATE OF MARYLAND

Item 17 of the disclosure document is supplemented as follows:

The Area Representative Agreement and Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon renewal, transfer or any amendment of the Area Representative Agreement and Development Agreement, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the General Release shall operate to release us from any liability under the Maryland Franchise Registration and Disclosure Law.

FOR THE STATE OF NEW YORK

1. The following information is added to the Cover Page of the Franchise Disclosure document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY, THE FRANCHISOR MAY, IF IT CHOOSES,

NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises, under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antifraud, or securities law, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17 (m), entitled "**Conditions for franchisor approval of transfer**".

"However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York, and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied."

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**".

“You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”.

“The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.”

FOR THE STATE OF RHODE ISLAND

Section 19-28.1-14 of the Rhode Island Franchise Investment Act (“RIFIA”) provides that any provision in the Area Representative Agreement and Development Agreement restricting jurisdiction or venue to a forum outside of Rhode Island or requiring the application of the laws of another state is void with respect to claims otherwise enforceable under RIFIA.

FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document is supplemented by the following:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Representative Agreement and Development Agreement do not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

FOR THE STATE OF WISCONSIN

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Area Representative Agreement and Development Agreement or a related contract.

EXHIBIT H
STATE ADDENDA TO AGREEMENTS

EXHIBIT I
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SUNOCO RETAIL LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If SUNOCO RETAIL LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
	8111 Westchester Drive, Ste 600, Dallas, TX 75225	215-977-3000

Issuance Date: April 28, 2023

I received a disclosure document dated April 28, 2023, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Area Representative Agreement with Attachments
- C. Form of General Release
- D. Financial Statements
- E. AR Manual Table of Contents
- F. Current and Former Area Representatives
- G. State Addenda to Disclosure Document
- H. State Addenda to Area Representative Agreements
- I. State Effective Dates
- J. Receipts

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

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If SUNOCO RETAIL LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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- H. State Addenda to Area Representative Agreements
- I. State Effective Dates
- J. Receipts

Signature: _____

Print Name: _____

Date Received: _____

**Please return the signed receipt by signing, dating, and mailing to:
SUNOCO RETAIL LLC - 8111 Westchester Drive, Ste 600, Dallas, TX 75225**