GLOBAL PARTNERS LP
Form 10-Q
May 07, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

OR

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

For the transition period from to

Commission file number 001-32593

Global Partners LP

(Exact name of registrant as specified in its charter)

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

P.O. Box 9161

800 South Street

Waltham, Massachusetts 02454-9161

(Address of principal executive offices, including zip code)

(781) 894-8800

(Registrant s telephone number, including area code)

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

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

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

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The issuer had 11,338,139 common units and 5,642,424 subordinated units outstanding as of May 3, 2010.

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Item 1. Financial Statements

GLOBAL PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data)

(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 750	$ 662
Accounts receivable, net	268,347	335,912
Accounts receivable affiliates	4,222	1,565
Inventories	443,259	465,923
Brokerage margin deposits	10,301	18,059
Fair value of forward fixed price contracts	12,730	3,089
Prepaid expenses and other current assets	35,193	37,648
Total current assets	774,802	862,858
Property and equipment, net	158,236	159,292
Intangible assets, net	27,866	28,557
Other assets	1,431	1,996
Total assets	$ 962,335	$ 1,052,703
Liabilities and partners equity		
Current liabilities:		
Accounts payable	$ 187,648	$ 243,449
Working capital revolving credit facility current portion	109,788	221,711
Environmental liabilities current portion	3,296	3,296
Accrued expenses and other current liabilities	73,802	77,604
Income taxes payable	128	461
Obligations on forward fixed price contracts and other derivatives	19,380	21,114
Total current liabilities	394,042	567,635
Working capital revolving credit facility less current portion	231,412	240,889
Acquisition facility	71,200	71,200
Environmental liabilities less current portion	2,200	2,254
Accrued pension benefit cost	2,395	2,751
Deferred compensation	1,946	1,840
Other long-term liabilities	10,767	8,714
Total liabilities	713,962	895,283
Partners equity		
Common unitholders (11,338,139 units issued and 11,274,695 outstanding at March 31, 2010 and 7,428,139 units issued and 7,380,996 outstanding at December 31, 2009)	254,692	165,129
Subordinated unitholders (5,642,424 units issued and outstanding at March 31, 2010 and December 31, 2009)	2,651	(713)
General partner interest (230,303 equivalent units outstanding at March 31, 2010 and December 31, 2009)	108	(29)

Accumulated other comprehensive loss		(9,078)		(6,967)
Total partners equity		248,373		157,420
Total liabilities and partners equity	$	962,335	$	1,052,703

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

GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per unit data)

(Unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Sales	$ 1,962,384	$ 1,632,955
Cost of sales	1,916,977	1,582,241
Gross profit	45,407	50,714
Costs and operating expenses:		
Selling, general and administrative expenses	16,578	18,075
Operating expenses	8,659	8,475
Amortization expenses	691	800
Total costs and operating expenses	25,928	27,350
Operating income	19,479	23,364
Interest expense	(4,064)	(3,776)
Income before income tax expense	15,415	19,588
Income tax expense	(387)	(725)
Net income	15,028	18,863
Less: General partner s interest in net income, including incentive distribution rights	(299)	(376)
Limited partners interest in net income	$ 14,729	$ 18,487
Basic net income per limited partner unit	$ 1.08	$ 1.41
Diluted net income per limited partner unit	$ 1.06	$ 1.40
Basic weighted average limited partner units outstanding	13,585	13,071
Diluted weighted average limited partner units outstanding	13,838	13,203

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

GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31, 2010	2009
Cash flows from operating activities		
Net income	$ 15,028	$ 18,863
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,662	3,713
Amortization of deferred financing fees	387	289
Gain on disposition of property and equipment and other	(1)	
Bad debt expense	190	640
Stock-based compensation expense	128	530
Changes in operating assets and liabilities:		
Accounts receivable	67,375	20,445
Accounts receivable affiliate	(2,657)	1,422
Inventories	22,664	12,494
Broker margin deposits	7,758	(4,187)
Prepaid expenses, all other current assets and other assets	2,554	(1,966)
Accounts payable	(55,801)	(60,179)
Income taxes payable	(334)	71
Change in fair value of forward fixed price contracts	(11,375)	108,719
Accrued expenses, all other current liabilities and other long-term liabilities	(4,084)	10,376
Net cash provided by operating activities	45,494	111,230
Cash flows from investing activities		
Capital expenditures	(1,930)	(2,452)
Proceeds from sale of property and equipment	16	
Net cash used in investing activities	(1,914)	(2,452)
Cash flows from financing activities		
Proceeds from public offering, net	84,792	
Payments on credit facilities, net	(121,400)	(100,200)
Repurchased units withheld for tax obligations	(404)	
Distributions to partners	(6,480)	(6,534)
Net cash used in financing activities	(43,492)	(106,734)
Increase in cash and cash equivalents	88	2,044
Cash and cash equivalents at beginning of period	662	945
Cash and cash equivalents at end of period	$ 750	$ 2,989
Supplemental information		
Cash paid during the period for interest	$ 4,071	$ 3,903

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

GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF PARTNERS EQUITY

(In thousands)

(Unaudited)

	Common Unitholders	Subordinated Unitholders	General Partner Interest	Accumulated Other Comprehensive Loss	Total Partners Equity
Balance at December 31, 2009	$ 165,129	$ (713)	$ (29)	$ (6,967)	$ 157,420
Proceeds from public offering, net	84,792				84,792
Stock-based compensation	128				128
Distributions to partners	(3,621)	(2,751)	(162)		(6,534)
Phantom unit dividends	54				54
Repurchased units withheld for tax obligations	(404)				(404)
Comprehensive income:					
Net income	8,614	6,115	299		15,028
Other comprehensive income:					
Change in fair value of interest rate collars and forward starting swap				(2,232)	(2,232)
Change in pension liability				121	121
Total comprehensive income					12,917
Balance at March 31, 2010	$ 254,692	$ 2,651	$ 108	$ (9,078)	$ 248,373

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

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Organization and Basis of Presentation

Organization

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

The Partnership has five operating subsidiaries: Global Companies LLC, its subsidiary, Glen Hes Corp., Global Montello Group Corp., Chelsea Sandwich LLC and Global Energy Marketing LLC (Global Energy) (the five operating subsidiaries, collectively, the Companies). The Companies (other than Glen Hes Corp.) are wholly owned by Global Operating LLC, a wholly owned subsidiary of the Partnership. Global Energy was formed to conduct the Partnership s natural gas operations. It commenced operations in January 2010 after obtaining the necessary licensure. In addition, GLP Finance Corp. (GLP Finance) is a wholly owned subsidiary of the Partnership. GLP Finance has no material assets or liabilities. Its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto.

On March 19, 2010, the Partnership completed a public offering of 3,910,000 common units at a price of $22.75 per common unit, which included a 510,000 common unit purchase option exercised by the underwriters. Net proceeds were approximately $84.8 million, after deducting approximately $4.2 million in underwriting fees and offering expenses. The Partnership used the net proceeds to reduce indebtedness under its senior secured credit agreement. See Note 14 for additional information related to the public offering.

The Partnership s 1.34% general partner interest (reduced from 1.73% following the Partnership s public offering discussed above and in Note 14) is held by Global GP LLC, the Partnership s general partner (the General Partner). The General Partner, which is owned by affiliates of the Slifka family, manages the Partnership s operations and activities and employs its officers and substantially all of its personnel. Affiliates of the General Partner, including its directors and executive officers, own 241,141 common units and 5,642,424 subordinated units, representing a combined 34.2% limited partner interest.

Basis of Presentation

Interim Financial Statements

The accompanying consolidated financial statements as of March 31, 2010 and December 31, 2009 and for the three months ended March 31, 2010 and 2009 reflect the accounts of the Partnership. All intercompany balances and transactions have been eliminated.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial condition and operating results for the interim periods. The interim financial information, which has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 and notes thereto contained in the Partnership s Annual Report on Form 10-K. The significant accounting policies described in Note 2 Summary of Significant Accounting Policies of such Annual Report on Form 10-K are the same used in the preparing the accompanying consolidated financial statements.

The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results of operations that will be realized for the entire year ending December 31, 2010.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Organization and Basis of Presentation (continued)

As demand for some of the Partnership s refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, sales are generally higher during the first and fourth quarters of the calendar year which may result in significant fluctuations in the Partnership s quarterly operating results.

The following table presents the Partnership s products as a percentage of total sales for the periods presented:

	Three Months Ended March 31,	
	2010	**2009**
Distillate sales: home heating oil, diesel and kerosene	50%	63%
Gasoline sales	45%	31%
Residual oil sales	5%	6%
	100%	100%

The Partnership had one customer, ExxonMobil Oil Corporation (ExxonMobil), who accounted for approximately 17% and 15% of total sales for the three months ended March 31, 2010 and 2009, respectively.

The consolidated balance sheet at December 31, 2009 has been derived from the audited consolidated financial statements and footnotes thereto included in the Partnership s Annual Report on Form 10-K for the year ended December 31, 2009.

Note 2. Net Income Per Limited Partner Unit

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

On January 20, 2010, the board of directors of the General Partner declared a quarterly cash distribution of $0.4875 per unit for the period from October 1, 2009 through December 31, 2009. This declared cash distribution resulted in an incentive distribution to the General Partner, as the holder of the IDRs and enabled the Partnership to reach its second target distribution with respect to such IDRs. See Note 9, Cash Distributions for further information.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 2. Net Income Per Limited Partner Unit (continued)

The following table provides a reconciliation of net income and the assumed allocation of net income to the limited partners interesfor purposes of computing net income per limited partner unit for the three months ended March 31, 2010 and 2009 (in thousands, except per unit data):

	Three months ended March 31, 2010			
Numerator:	**Total**	**Limited Partner Interest**	**General Partner Interest**	**IDRs**
Net income(1)	$ 15,028	$ 14,729	$ 299	$
Declared distribution	$ 8,455	$ 8,278	$ 112	$ 65
Assumed allocation of undistributed net income	6,573	6,451	122	
Assumed allocation of net income	$ 15,028	$ 14,729	$ 234	$ 65
Denominator:				
Basic weighted average limited partner units outstanding(2)		13,585		
Dilutive effect of phantom units		253		
Diluted weighted average limited partner units outstanding(2)		13,838		
Basic net income per limited partner unit		$ 1.08		
Diluted net income per limited partner unit		$ 1.06		

	Three months ended March 31, 2009			
Numerator:	**Total**	**Limited Partner Interest**	**General Partner Interest**	**IDRs**
Net income(1)	$ 18,863	$ 18,487	$ 376	$
Declared distribution	$ 6,534	$ 6,372	$ 112	$ 50
Assumed allocation of undistributed net income	12,329	12,115	214	
Assumed allocation of net income	$ 18,863	$ 18,487	$ 326	$ 50
Denominator:				
Basic weighted average limited partner units outstanding		13,071		
Dilutive effect of phantom units		132		
Diluted weighted average limited partner units outstanding		13,203		
Basic net income per limited partner unit		$ 1.41		
Diluted net income per limited partner unit		$ 1.40		

(1) On March 19, 2010, the general partner interest was reduced to 1.34% as a result of the public offering (see Note 14). This calculation includes the effect of the public offering and is based on a weighted average of 1.66% for the three months ended March 31, 2010. For the three months ended March 31, 2009, the general partner interest was 1.73%.

(2) At March 31, 2010, limited partner units outstanding excluded common units held on behalf of the Partnership pursuant to its Repurchase Program and for future satisfaction of the General Partner s Obligations (as defined in Note 12). These units are not deemed outstanding for purposes of calculating net income per limited partner unit (basic and diluted).

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 3. Comprehensive Income

The components of comprehensive income consisted of the following (in thousands):

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net income	$ 15,028	$ 18,863
Change in fair value of interest rate collars and forward starting swap	(2,232)	1,152
Change in pension liability	121	(242)
Total comprehensive income	$ 12,917	$ 19,773

Note 4. Inventories

The Partnership hedges substantially all of its inventory purchases through futures contracts and swap agreements. Hedges are executed when inventory is purchased and are identified with that specific inventory. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are recognized in earnings as an increase or decrease in cost of sales. All hedged inventory is valued using the lower of cost, as determined by specific identification, or market. Prior to sale, hedges are removed from specific barrels of inventory, and the then unhedged inventory is sold and accounted for on a first-in, first-out basis.

Inventories consisted of the following (in thousands):

		March 31, 2010		December 31, 2009
Distillates: home heating oil, diesel and kerosene	$	292,379	$	339,737
Residual oil		43,756		39,787
Gasoline		65,323		64,645
Blend stock		41,801		21,754
Total	$	443,259	$	465,923

In addition to its own inventory, the Partnership has exchange agreements with unrelated third-party suppliers, whereby it may draw inventory from these other suppliers and suppliers may draw inventory from the Partnership. Positive exchange balances are accounted for as accounts receivable and amounted to $25.1 million and $22.9 million at March 31, 2010 and December 31, 2009, respectively. Negative exchange balances are accounted for as accounts payable and amounted to $20.4 million and $10.2 million at March 31, 2010 and December 31, 2009, respectively. Exchange transactions are valued using current quoted market prices.

Note 5. Derivative Financial Instruments

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

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

The following table presents the volume of activity related to the Partnership s derivative financial instruments at March 31, 2010:

	Units(1)	Unit of Measure
Oil Contracts		
Long	7,495	Thousands of barrels
Short	(11,934)	Thousands of barrels
Natural Gas Contracts		
Long	14,585	Thousands of decatherms
Short	(14,585)	Thousands of decatherms
Interest Rate Collars	$ 200	Millions of dollars
Forward Starting Swap	$ 100	Millions of dollars

(1) Number of open positions and gross notional amounts do not quantify risk or represent assets or liabilities of the Partnership, but are used in the calculation of cash settlements under the contracts.

Fair Value Hedges

The fair value of the Partnership s derivatives is determined through the use of independent markets and is based upon the prevailing market prices of such instruments at the date of valuation. The Partnership enters into futures contracts for the receipt or delivery of refined petroleum products in future periods. The contracts are entered into in the normal course of business to reduce risk of loss of inventory on hand, which could result through fluctuations in market prices. Changes in the fair value of these contracts, as well as the offsetting gain or loss on the hedged inventory item, are recognized in earnings as an increase or decrease in cost of sales. Ineffectiveness related to these hedging activities was immaterial for the three months ended March 31, 2010 and 2009.

The Partnership also uses futures contracts and swap agreements to hedge exposure under forward purchase and sale commitments. These agreements are intended to hedge the cost component of virtually all of the Partnership s forward purchase and sale commitments. Changes in the fair value of these contracts, as well as offsetting gains or losses on the forward fixed price purchase and sale commitments, are recognized in earnings as an increase or decrease in cost of sales. Gains and losses on net product margin from forward fixed price purchase and sale contracts are reflected in earnings as an increase or decrease in cost of sales as these contracts mature. Ineffectiveness related to these hedging activities was immaterial for the three months ended March 31, 2010 and 2009.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

The following table presents the gross fair values of the Partnership s derivative instruments and firm commitments and their location in the Partnership s consolidated balance sheets at March 31, 2010 and December 31, 2009 (in thousands):

Asset Derivatives	**Balance Sheet Location (Net)**		**March 31, 2010 Fair Value**		**December 31, 2009 Fair Value**
Derivatives designated as hedging instruments and firm commitments					
Oil product contracts(1)	(2)	$	3,360	$	4,085
Derivatives not designated as hedging instruments					
Oil product and natural gas contracts	(2)		15,006		11,067
Total asset derivatives		$	18,366	$	15,152
Liability Derivatives					
Derivatives designated as hedging instruments and firm commitments					
Oil product contracts(1)	(3)	$	9,959	$	23,030
Derivatives not designated as hedging instruments					
Oil product and natural gas contracts	(4)		14,277		10,805
Total liability derivatives		$	24,236	$	33,835

(1) Includes forward fixed price purchase and sale contracts as recognized in the Partnership s consolidated balance sheets at March 31, 2010 and December 31, 2009.

(2) Fair value of forward fixed price contracts, prepaid expenses and other current assets and accrued and other current liabilities

(3) Obligations on forward fixed price contracts and other derivatives and accrued expenses and other current liabilities

(4) Accrued expenses and other current liabilities

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

The following table presents the amount of gains and losses from derivatives involved in fair value hedging relationships recognized in the Partnership s consolidated statements of income for the three months ended March 31, 2010 and 2009 (in thousands):

Derivatives in Fair Value Hedging Relationship	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivatives Three Months Ended March 31, 2010	2009
Oil product contracts	Cost of sales	$ (27)	$ (100,224)

Hedged Items in Fair Value Hedge Relationships	Location of Gain (Loss) Recognized in Income on Related Hedged Item	Amount of Gain (Loss) Recognized in Income on Hedged Items Three Months Ended March 31, 2010	2009
Oil product contracts	Cost of sales	$ 27	$ 100,580

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

The table below presents the composition and fair value of forward fixed price purchase and sale contracts on the Partnership s consolidated balance sheet being hedged by the following derivative instruments (in thousands):

	March 31, 2010	December 31, 2009
Futures contracts	$ (5,381)	$ (14,605)
Swaps and other, net	(1,269)	(3,420)
Total	$ (6,650)	$ (18,025)

The total balances of $(6.6) million and $(18.0) million reflect the fair value of the forward fixed price contract liability net of the corresponding asset on the accompanying consolidated balance sheets at March 31, 2010 and December 31, 2009, respectively.

The Partnership also markets and sells natural gas. The Partnership generally conducts business by entering into forward purchase commitments for natural gas only when it simultaneously enters into arrangements for the sale of product for physical delivery to third-party users. The Partnership generally takes delivery under its purchase commitments at the same location as it delivers to third-party users. Through these transactions, which establish an immediate margin, the Partnership seeks to maintain a position that is substantially balanced between firm forward purchase and sales commitments. Natural gas is generally purchased and sold at fixed prices and quantities. Current price quotes from actively traded markets are used in all cases to determine the contracts fair value. Changes in the fair value of these contracts are recognized in earnings as an increase or decrease in cost of sales.

The Partnership formally documents all relationships between hedging instruments and hedged items after its risk management objectives and strategy for undertaking the hedge are determined. The Partnership calculates hedge effectiveness on a quarterly basis. This process includes specific identification of the hedging instrument and the hedged transaction, the nature of the risk being hedged and how the hedging instrument s effectiveness will be assessed. Both at the inception of the hedge and on an ongoing basis, the Partnership assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of hedged items. The derivative instruments that qualify for hedge accounting are fair value hedges.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

The Partnership has a daily margin requirement with its broker based on the prior day s market results on open futures contracts. The brokerage margin balance was $10.3 million and $18.1 million at March 31, 2010 and December 31, 2009, respectively.

The Partnership is exposed to credit loss in the event of nonperformance by counterparties of forward purchase and sale commitments, futures contracts, options and swap agreements, but the Partnership has no current reason to expect any material nonperformance by any of these counterparties. Futures contracts, the primary derivative instrument utilized by the Partnership, are traded on regulated exchanges, greatly reducing potential credit risks. The Partnership utilizes primarily one clearing broker, a major financial institution, for all New York Mercantile Exchange (NYMEX) derivative transactions and the right of offset exists. Accordingly, the fair value of all derivative instruments is presented on a net basis on the consolidated balance sheets. Exposure on forward purchase and sale commitments, swap and certain option agreements is limited to the amount of the recorded fair value as of the balance sheet dates.

The Partnership generally enters into master netting arrangements to mitigate counterparty credit risk with respect to its derivatives. Master netting arrangements are standardized contracts that govern all specified transactions with the same counterparty and allow the Partnership to terminate all contracts upon occurrence of certain events, such as a counterparty s default or bankruptcy. Because these arrangements provide the right of offset, and the Partnership s intent and practice is to offset amounts in the case of contract terminations, the Partnership records fair value of derivative positions on a net basis.

Cash Flow Hedges

The Partnership links all hedges that are designated as cash flow hedges to forecasted transactions. To the extent such hedges are effective, the changes in the fair value of the derivative instrument is reported as a component of other comprehensive income and reclassified into interest expense in the same period during which the hedged transaction affects earnings.

The Partnership executed two zero premium interest rate collars with major financial institutions. Each collar is designated and accounted for as a cash flow hedge. The first collar, which became effective on May 14, 2007 and expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. Under the first collar, the Partnership capped its exposure at a maximum three-month LIBOR rate of 5.75% and established a minimum floor rate of 3.75%. As of March 31, 2010, the three-month LIBOR rate of 0.25% was lower than the floor rate. As a result, in April 2010, the Partnership remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $428,000 and, at March 31, 2010, such amount was recorded in accrued expenses and other current liabilities in the accompanying consolidated balance sheets. The fair values of the first collar, excluding accrued interest, were liabilities of approximately $3.5 million and $3.9 million as of March 31, 2010 and December 31, 2009, respectively, and were recorded in both other long-term liabilities and accumulated other comprehensive income. Hedge effectiveness was assessed at inception and is assessed quarterly, prospectively and retrospectively. The changes in the fair value of the first collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the three-month LIBOR rate above and below the first collar s strike rates.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

On September 29, 2008, the Partnership executed its second zero premium interest rate collar. The second collar, which became effective on October 2, 2008 and expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on the Partnership s $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate. Under the second collar, the Partnership capped its exposure at a maximum one-month LIBOR rate of 5.50% and established a minimum floor rate of 2.70%. As of March 31, 2010, the one-month LIBOR rate of 0.23% was lower than the floor rate. As a result, in April 2010, the Partnership remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $206,000 and, at March 31, 2010, such amount was recorded in accrued expenses and other current liabilities in the accompanying consolidated balance sheet. The fair values of the second collar, excluding accrued interest, were liabilities of approximately $3.9 million and $3.2 million as of March 31, 2010 and December 31, 2009, respectively, and were recorded in both other long-term liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheets. Hedge effectiveness was assessed at inception and is assessed quarterly, prospectively and retrospectively, using the regression analysis. The changes in the fair value of the second collar are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR rate above and below the second collar s strike rates.

In addition, in October 2009, the Partnership executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be used to hedge the variability in interest payments due to changes in the one-month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings at a fixed rate of 3.93%. The fair value of the swap was a liability of approximately $1.8 million as of March 31, 2010 and was recorded in other long-term liabilities in the accompanying consolidated balance sheets. The fair value of the swap was an asset of approximately $80,000 as of December 31, 2009 and was recorded in other long-term assets in the accompanying consolidated balance sheets. Hedge effectiveness was assessed at inception and will be assessed quarterly, prospectively and retrospectively, using regression analysis. The changes in the fair value of the swap are expected to be highly effective in offsetting the changes in interest rate payments attributable to fluctuations in the one-month LIBOR swap curve.

The following table presents the fair value of the Partnership s derivative instruments and their location in the Partnership s consolidated balance sheets at March 31, 2010 and December 31, 2009 (in thousands):

Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**March 31, 2010 Fair Value**	**December 31, 2009 Fair Value**
Asset derivatives			
Forward starting swap	Other assets	$	$ 80
Liability derivatives			
Interest rate collars	Other long-term liabilities	$ 7,416	$ 7,047
Forward starting swap	Other long-term liabilities	1,783	
Total liability derivatives		$ 9,199	$ 7,047

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 5. Derivative Financial Instruments (continued)

The following table presents the amount of gains and losses from derivatives involved in cash flow hedging relationships recognized in the Partnership s consolidated statements of income for the three months ended March 31, 2010 and 2009 (in thousands):

Derivatives in Cash Flow Hedging Relationship	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives Three Months Ended March 31, 2010	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives Three Months Ended March 31, 2009	Recognized in Income on Derivatives (Ineffectiveness Portion and Amount Excluded from Effectiveness Testing) Three Months Ended March 31, 2010	Recognized in Income on Derivatives (Ineffectiveness Portion and Amount Excluded from Effectiveness Testing) Three Months Ended March 31, 2009
Interest rate collars	$ (368)	$ 1,152	$	$
Forward starting swap	(1,864)			
Total	$ (2,232)	$ 1,152	$	$

Ineffectiveness related to the interest rate collars and forward starting swap is recognized as interest expense and was immaterial for the three months ended March 31, 2010 and 2009. The effective portion related to the interest rate collars that was originally reported in other comprehensive income and reclassified to earnings was $1.5 million and $1.1 million for the three months ended March 31, 2010 and 2009, respectively.

Derivatives Not Involved in a Hedging Relationship

While the Partnership seeks to maintain a position that is substantially balanced within its product purchase activities, it may experience net unbalanced positions for short periods of time as a result of variances in daily sales and transportation and delivery schedules as well as logistical issues inherent in the business, such as weather conditions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for its business, the Partnership engages in a controlled trading program for up to an aggregate of 250,000 barrels of refined petroleum products at any one point in time.

The following table presents the amount of gains and losses from derivatives not involved in a hedging relationship recognized in the Partnership s consolidated statements of income for the three months ended March 31, 2010 and 2009 (in thousands):

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives Three Months Ended March 31, 2010	Amount of Gain (Loss) Recognized in Income on Derivatives Three Months Ended March 31, 2009
Oil product contracts	Cost of sales	$ (522)	$ 3,985

Note 6. Debt

The Partnership has a senior secured credit agreement (the Credit Agreement). Pursuant to the Credit Agreement, the Partnership exercised its accordion feature (discussed below) and requested an increase in the Total WC Revolver Commitment (as defined in the Credit Agreement) in an amount equal to $100.0 million. On December 4, 2009, certain lenders under the Credit Agreement agreed to fund the $100.0 million increase, bringing the total available commitments under the Credit Agreement from $750.0 million to $850.0 million.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 6. Debt (continued)

There are three facilities under the Credit Agreement:

- a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of the Partnership s borrowing base and $750.0 million; the $750.0 million includes two $50.0 million seasonal overline facilities that are available each year only during the period between September 1 and June 30;

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

- a $15.0 million revolving credit facility to be used for general purposes.

In addition, the Credit Agreement has an accordion feature whereby the Partnership may request on the same terms and conditions of its then existing Credit Agreement, provided no Event of Default (as defined in the Credit Agreement) then exists, an increase to: (1) the acquisition facility by up to another $50.0 million, for a total acquisition facility of up to $135.0 million; and (2) the working capital revolving credit facility by up to another $100.0 million, for a total working capital revolving credit facility of up to $850.0 million. Any such request for an increase by the Partnership must be in a minimum amount of $5.0 million, and no more than three such requests may be made for each facility. The Partnership, however, cannot provide assurance that its lending group will agree to fund any request by the Partnership for additional amounts in excess of the total available commitments of $850.0 million.

Availability under the Partnership s working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Under the Credit Agreement, the Partnership can borrow only up to the level of its then current borrowing base. Availability under the Partnership s borrowing base may be affected by events beyond the Partnership s control, such as changes in refined petroleum product prices, collection cycles, counterparty performance, advance rates and limits and general economic conditions. These and other events could require the Partnership to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. The Partnership can provide no assurance that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to the Partnership.

Borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the Credit Agreement, as amended, which in turn depends upon the Combined Interest Coverage Ratio (as such term is defined in the Credit Agreement). Borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the Credit Agreement, as amended, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates for the Credit Agreement were 3.3% and 3.9% for the three months ended March 31, 2010 and 2009, respectively.

In addition, the Partnership executed two zero premium interest rate collars with major financial institutions. The first collar, which became effective on May 14, 2007, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. The second collar, which became effective on October 2, 2008, is used to hedge the variability in cash flows in monthly interest payments made on the Partnership s $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 6. Debt (continued)

Further, in October 2009, the Partnership executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be used to hedge the variability in interest payments due to changes in the one-month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings at a fixed rate of 3.93%. See Note 5 for additional information on the interest rate collars and the forward starting swap.

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

The Credit Agreement will mature on April 22, 2011. The Partnership classifies a portion of its working capital revolving credit facility as a long-term liability because the Partnership has a multi-year, long-term commitment from its bank group. The long-term portion of the working capital revolving credit facility was $231.4 million and $240.9 million at March 31, 2010 and December 31, 2009, respectively, representing the amounts expected to be outstanding during the year. In addition, the Partnership classifies a portion of its working capital revolving credit facility as a current liability because it repays amounts outstanding and reborrows funds based on its working capital requirements. The current portion of the working capital revolving credit facility was approximately $109.8 million and $221.7 million at March 31, 2010 and December 31, 2009, respectively, representing the amounts the Partnership expects to pay down during the course of the year.

As of March 31, 2010, the Partnership had total borrowings outstanding under the Credit Agreement of $412.4 million, including $71.2 million outstanding on the acquisition facility. In addition, the Partnership had outstanding letters of credit of $32.8 million. The total remaining availability for borrowings and letters of credit at March 31, 2010 and December 31, 2009 was $404.8 million and $211.2 million, respectively.

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

The Credit Agreement imposes financial covenants that require the Partnership to maintain certain minimum working capital amounts, capital expenditure limits, a minimum EBITDA ratio, a minimum combined interest coverage ratio and a maximum leverage ratio. On January 26, 2010, the lenders under the Credit Agreement consented to increase the Partnership s capital expenditures limit for the fiscal year ending December 31, 2010 from $10.0 million to $20.0 million. The Partnership was in compliance with the foregoing covenants at March 31, 2010. The Credit Agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement).

The Credit Agreement also requires that in each calendar year, the outstanding amount under the working capital revolving credit facility must be equal to or less than $263.0 million for a period of ten consecutive calendar days.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 6. Debt (continued)

The Credit Agreement limits distributions by the Partnership to its unitholders to the amount of the Partnership s available cash and permits borrowings to fund such distributions only under the $15.0 million revolving credit facility. The revolving credit facility is subject to an annual clean-down period, requiring the Partnership to reduce the amount outstanding under the revolving credit facility to $0 for 30 consecutive calendar days in each calendar year.

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

Note 7. Employee Benefit Plan with Related Party

The General Partner employs substantially all of the Partnership s employees and charges the Partnership for their services. The Partnership also reimburses the General Partner for its contributions under the General Partner s 401(k) Savings and Profit Sharing Plan and the General Partner s qualified and non-qualified pension plans. The Partnership s net periodic benefit cost for the defined benefit pension plan consisted of the following components (in thousands):

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Service cost	$ 53	$ 325
Interest cost	163	229
Expected return on plan assets	(169)	(161)
Recognized net actuarial loss		48
Net periodic benefit cost	$ 47	$ 441

Effective December 31, 2009, the General Partner s qualified pension plan (the Plan) was amended to freeze participation in and benefit accruals under the Plan. Primarily for this reason, the net periodic benefit cost decreased by approximately $0.4 million for the three months ended March 31, 2010 compared to the same period in 2009.

Note 8. Related Party Transactions

The Partnership is a party to a Second Amended and Restated Terminal Storage Rental and Throughput Agreement with Global Petroleum Corp. (GPC), an affiliate of the Partnership, which extends through December 2013 with annual renewal options thereafter. The agreement is accounted for as an operating lease. The expenses under this agreement totaled approximately $2.2 million and $2.1 million for the three months ended March 31, 2010 and 2009, respectively.

Pursuant to an Amended and Restated Services Agreement with GPC, GPC provides certain terminal operating management services to the Partnership and uses certain administrative, accounting and information processing services of the Partnership. The expenses from these services totaled approximately $21,870 and $21,500 for the three months ended March 31, 2010 and 2009, respectively. These charges were recorded in selling, general and administrative expenses in the accompanying consolidated statements of income. The agreement is for an indefinite term, and either party may terminate its receipt of some or all of the services thereunder upon 180 days notice at any time after January 1, 2009. As of March 31, 2010, no such notice of termination was given by either party.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 8. Related Party Transactions (continued)

Pursuant to the Partnership s Amended and Restated Services Agreement with Alliance Energy LLC (Alliance), the Partnership also provides certain administrative, accounting and information processing services, and the use of certain facilities, to Alliance, an affiliate of the Partnership that is wholly owned by AE Holdings Corp., which is approximately 95% owned by members of the Slifka family. The income from these services was approximately $49,000 and $212,000 for the three months ended March 31, 2010 and 2009, respectively. These fees were recorded as an offset to selling, general and administrative expenses in the accompanying consolidated statements of income. The agreement extends through January 1, 2011.

The Partnership sells refined petroleum products to Alliance at prevailing market prices at the time of delivery. Sales to Alliance were approximately $7.3 million and $2.7 million for the three months ended March 31, 2010 and 2009, respectively.

The General Partner employs substantially all of the Partnership s employees and charges the Partnership for their services. The expenses for the three months ended March 31, 2010 and 2009, including payroll, payroll taxes and bonus accruals, were $10.4 million and $12.3 million, respectively. The Partnership also reimburses the General Partner for its contributions under the General Partner s 401(k) Savings and Profit Sharing Plan and the General Partner s qualified and non-qualified pension plans.

The table below presents trade receivables with Alliance, receivables incurred in connection with the services agreements between Alliance and the Partnership and GPC and the Partnership, as the case may be, and receivables from the General Partner (in thousands):

	March 31, 2010	**December 31, 2009**
Receivables from Alliance	$ 938	$ 838
Receivables from GPC	246	251
Receivables from the General Partner (1)	3,038	476
Total	$ 4,222	$ 1,565

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

Note 9. Cash Distributions

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

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

The Partnership will make distributions of available cash from distributable cash flow for any quarter during the subordination period as defined in its partnership agreement in the following manner: firstly, 98.66% to the common unitholders, pro rata, and 1.34% to the General Partner, until the Partnership distributes for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter; secondly, 98.66% to the common

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 9. Cash Distributions (continued) unitholders, pro rata, and 1.34% to the General Partner, until the Partnership distributes for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; thirdly, 98.66% to the subordinated unitholders, pro rata, and 1.34% to the General Partner, until the Partnership distributes for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and thereafter, cash in excess of the minimum quarterly distributions is distributed to the unitholders and the General Partner, as the holder of the IDRs, based on the percentages as provided below.

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

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions Unitholders	General Partner
Minimum Quarterly Distribution	$0.4625	98.66%	1.34%
First Target Distribution	$0.4625	98.66%	1.34%
Second Target Distribution	above $0.4625 up to $0.5375	85.66%	14.34%
Third Target Distribution	above $0.5375 up to $0.6625	75.66%	24.34%
Thereafter	above $0.6625	50.66%	49.34%

The Partnership paid the following cash distribution during 2010 (in thousands, except per unit data):

Cash Distribution Payment Date	Per Unit Cash Distribution	Common Units	Subordinated Units	General Partner	Incentive Distribution	Total Cash Distribution
02/12/10 (1)	$ 0.4875	$ 3,621	$ 2,751	$ 112	$ 50	$ 6,534

(1) This distribution of $0.4875 per unit resulted in the Partnership reaching its second target distribution for the fourth quarter of 2009. As a result, the General Partner, as the holder of the IDRs, received this additional incentive distribution.

In addition, on April 21, 2010, the board of directors of the General Partner declared a quarterly cash distribution of $0.4875 per unit for the period from January 1, 2010 through March 31, 2010 ($1.95 per unit on an annualized basis). On May 14, 2010, the Partnership will pay this cash distribution to its common and subordinated unitholders of record as of the close of business May 5, 2010. This distribution will result in the Partnership reaching its second target distribution for the quarter ended March 31, 2010.

Note 10. Segment Reporting

The Partnership is a wholesale and commercial distributor of gasoline, distillates and residual oil whose business is organized within two operating segments, Wholesale and Commercial, based on the way the chief operating decision maker (CEO) manages the business and on the similarity of customers and expected long-term financial performance of each segment. The accounting policies of the segments are the same as those described in Note 2, Summary of Significant Accounting Policies, in the Partnership s Annual Report on Form 10-K for the year ended December 31, 2009.

In the Wholesale segment, the Partnership sells gasoline, home heating oil, diesel, kerosene and residual oil to unbranded retail gasoline stations and other resellers of transportation fuels, home heating oil retailers and wholesale distributors. Generally, customers use their own vehicles or contract carriers to take delivery of the product at bulk terminals and inland storage facilities that the Partnership owns or controls or with which it has throughput arrangements.

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Note 10. Segment Reporting (continued)

The Commercial segment includes (1) sales and deliveries of unbranded gasoline, home heating oil, diesel, kerosene, residual oil and small amounts of natural gas to customers in the public sector and to large commercial and industrial customers, either through a competitive bidding process or through contracts of various terms, and (2) sales of custom blended distillates and residual oil delivered by barges or from a terminal dock through bunkering activity. Commercial segment customers include federal and state agencies, municipalities, large industrial companies, many autonomous authorities such as transportation authorities and water resource authorities, colleges and universities and a limited group of small utilities. Unlike the Wholesale segment, in the Commercial segment, the Partnership generally arranges the delivery of the product to the customer s designated location, typically hiring third-party common carriers to deliver the product.

The Partnership evaluates segment performance based on net product margins before allocations of corporate and indirect operating costs, depreciation, amortization (including non-cash charges) and interest. Based on the way the CEO manages the business, it is not reasonably possible for the Partnership to allocate the components of operating costs and expenses between the reportable segments. Additionally, due to the commingled nature and uses of the Partnership s assets, it is not reasonably possible for the Partnership to allocate assets between the two segments. There were no intersegment sales for any of the periods presented below.

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

	Three Months Ended March 31, 2010	2009
Wholesale Segment:		
Sales		
Distillates	$ 959,257	$ 1,006,616
Gasoline	872,326	501,659
Residual oil	12,129	11,490
Total	$ 1,843,712	$ 1,519,765
Net product margin (1)		
Distillates	$ 34,020	$ 33,853
Gasoline	6,350	11,786
Residual oil	2,856	2,820
Total	$ 43,226	$ 48,459
Commercial Segment:		
Sales	$ 118,672	$ 113,190
Net product margin (1)	$ 4,918	$ 4,928
Combined sales and net product margin:		
Sales	$ 1,962,384	$ 1,632,955
Net product margin (1)	$ 48,144	$ 53,387
Depreciation allocated to cost of sales	2,737	2,673
Combined gross profit	$ 45,407	$ 50,714

(1) Net product margin is a non-GAAP financial measure used by management and external users of the Partnership s consolidated financial statements to assess the Partnership s business. The table above reconciles net product margin on a combined basis to gross profit, a directly comparable GAAP measure.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 10. Segment Reporting (continued)

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Combined gross profit	$ 45,407	$ 50,714
Operating costs and expenses not allocated to reportable segments:		
Selling, general and administrative expenses	16,578	18,075
Operating expenses	8,659	8,475
Amortization expenses	691	800
Total operating costs and expenses	25,928	27,350
Operating income	19,479	23,364
Interest expense	(4,064)	(3,776)
Income tax expense	(387)	(725)
Net income	$ 15,028	$ 18,863

There were no foreign sales for the three months ended March 31, 2010 and 2009. The Partnership has no foreign assets.

Note 11. Environmental Liabilities

The Partnership currently owns or leases properties where refined petroleum products are being or have been handled. These properties and the refined petroleum products handled thereon may be subject to federal and state environmental laws and regulations. Under such laws and regulations, the Partnership could be required to remove or remediate containerized hazardous liquids or associated generated wastes (including wastes disposed of or abandoned by prior owners or operators), to clean up contaminated property arising from the release of liquids or wastes to the environment, including contaminated groundwater, or to implement best management practices to prevent future contamination.

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

In connection with the November 2007 acquisition of ExxonMobil s Glenwood Landing and Inwood, New York terminals, the Partnership assumed certain environmental liabilities, including the remediation obligations under remedial action plans submitted by ExxonMobil to and approved by the New York Department of Environmental Conservation (NYDEC) with respect to both terminals. As a result, the Partnership recorded, on an undiscounted basis, total environmental liabilities of approximately $1.2 million, of which approximately $0.7 million was paid by the Partnership as of March 31, 2010. The remaining liability of $0.5 million was recorded as a current liability of $0.4 million and a long-term liability of $0.1 million in the accompanying consolidated balance sheet at March 31, 2010. The Partnership has implemented the remedial action plans and does not believe that compliance with the terms thereof will result in material costs in excess of the environmental reserve or have a material impact on its operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 11. Environmental Liabilities (continued)

In connection with the May 2007 acquisition of ExxonMobil s Albany and Newburgh, New York and Burlington, Vermont terminals, the Partnership assumed certain environmental liabilities, including the remediation obligations under a proposed remedial action plan submitted by ExxonMobil to NYDEC with respect to the Albany, New York terminal. As a result, the Partnership recorded, on an undiscounted basis, total environmental liabilities of approximately $8.0 million. In June 2008, the Partnership submitted a remedial action work plan to NYDEC, implementing NYDEC s conditional approval of the remedial action plan submitted by ExxonMobil. The Partnership responded to NYDEC s requests for additional information and conducted pilot tests for the remediation outlined in the work plan. Based on the results of such pilot tests, the Partnership changed its estimate and reduced the environmental liability by $2.8 million during the fourth quarter ended December 31, 2008. At March 31, 2010, this liability had a balance of $5.0 million which was recorded as a current liability of $2.9 million and a long-term liability of $2.1 million in the accompanying consolidated balance sheet. In July 2009, NYDEC approved the remedial action work plan, and the Partnership signed a Stipulation Agreement with NYDEC to govern implementation of the approved plan. The Partnership does not believe that compliance with the terms of the approved remedial action work plan will result in material costs in excess of the environmental reserve or have a material impact on its operations.

In connection with the 2006 acquisition of its Macungie, Pennsylvania terminal (the Global Macungie Terminal), the Partnership assumed certain existing environmental liabilities at the terminal. The Partnership did not accrue for these contingencies as it believes that the aggregate amount of these liabilities cannot be reasonably estimated at this time. The Partnership also executed an Administrative Order on Consent (AOC) with the U.S. Environmental Protection Agency, Region III (EPA, Region III) requiring certain investigatory activities at the Global Macungie Terminal. The Partnership believes that the investigatory activities required by the AOC have been completed, and a final report concerning these investigatory activities has been submitted. In accordance with the AOC, the Partnership intends to request that EPA, Region III issue a Notice of Completion with respect to the AOC. Although the Partnership cannot predict whether EPA, Region III will grant this request, based upon current information, the Partnership does not anticipate that the outcome will have a material adverse effect on it. Furthermore, the Partnership does not believe that in the event EPA, Region III requests additional activities before issuing a Notice of Completion, those activities will result in material costs or have a material impact on the Partnership s operations.

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

Note 12. Long-Term Incentive Plan

In October 2005, the General Partner adopted a Long-Term Incentive Plan (LTIP) whereby 564,242 common units were authorized for issuance. Any units delivered pursuant to an award under the LTIP may be acquired in the open market or from any affiliate, be newly issued units or any combination of the foregoing. The LTIP provides for awards to employees, consultants and directors of the General Partner and employees and consultants of affiliates of the Partnership who perform services for the Partnership. The LTIP allows for the award of unit options, unit appreciation rights, restricted units, phantom units and distribution equivalent rights (DERs).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 12. Long-Term Incentive Plan (continued)

Long-Term Incentive Plan

On August 14, 2007, the Compensation Committee of the board of directors of the General Partner granted awards of phantom units and associated DERs under the LTIP to certain employees and non-employee directors of the General Partner. The phantom units granted vested on December 31, 2009 and became payable on a one-for-one basis in common units of the Partnership (or cash equivalent) in connection with the achievement of certain performance goals over the vesting period. The DERs that were granted in tandem with the phantom units vested and became payable in cash simultaneously with the vesting of the phantom units.

The Partnership recorded compensation expense with respect to these awards of approximately $0.2 million for the three months ended March 31, 2009 which is included in selling, general and administrative expenses in the accompanying consolidated statements of income. The total compensation cost related to these awards was fully recognized as of December 31, 2009. In March 2010, the Partnership distributed 62,620 common units in settlement of this award, and in April 2010, the Partnership paid approximately $305,000 in associated DERs.

Three-Year Phantom Units

On December 31, 2008, the Compensation Committee of the board of directors of the General Partner granted 99,700 phantom units to a named executive officer, including a contingent right to receive an amount in cash equal to the number of phantom units multiplied by the cash distribution per common unit made by the Partnership from time to time during the period the phantom units are outstanding. The phantom units, which are subject to graded vesting, vest in six equal installments on June 30 and December 31 of each year commencing June 30, 2009. Compensation expense related to these phantom units is recognized using the accelerated attribution method. The Partnership recorded compensation expense related to this phantom unit award of approximately $89,000 and $230,000 for the three months ended March 31, 2010 and 2009, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statements of income. The total compensation cost related to the non-vested awards not yet recognized at March 31, 2010 is approximately $0.3 million and is expected to be recognized over the remaining requisite service period. On June 30, 2009, 16,617 common units vested under this award and were distributed to the named executive officer, and in July 2009, the Partnership paid a cash distribution related to these units of approximately $8,000. On December 31, 2009, 16,617 common units vested under this award and were distributed, and in January 2010, the Partnership paid a cash distribution related to these units of approximately $32,000.

Five-Year Phantom Units

On February 5, 2009, the Compensation Committee of the board of directors of the General Partner granted awards of 277,777 phantom units under the LTIP to certain employees of the General Partner. The phantom units will vest and become payable on a one-for-one basis in common units of the Partnership (and/or cash in lieu thereof) on December 31, 2013 (or potentially sooner as described below), subject in each case to continued employment of the respective employee and subject to a performance goal for the phantom units granted to one of the recipients. Any phantom units that have not vested as of the end of the five year cliff vesting period will be forfeited.

All or a portion of the phantom units granted to the employees may vest earlier than December 31, 2013 if the Average Unit Price (as defined below) equals or exceeds specified target prices during specified periods. Specifically, if the Average Unit Price equals or exceeds: (i) $21.00 at any time prior to December 31, 2013, then 25% of the phantom units will automatically vest; (ii) $27.00 at any time during the period from February 5, 2011 through December 31, 2013, then an additional 25% of the phantom units will automatically vest; and (iii) $34.00 at any time during the period from June 5, 2012 through December 31, 2013, then all of the remaining phantom units will automatically vest. Average Unit Price means the closing market price of the Partnership s common units for any 10-consecutive trading day period. On August 21, 2009, the Average Unit Price of $21.00 per unit for the first tranche was achieved and, as a result, 25% of the phantom units vested at a price of $22.50 per unit.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 12. Long-Term Incentive Plan (continued)

The fair value of the award at the February 5, 2009 grant date approximated the fair value of the Partnership s common units at that date, reduced by the present value of the distributions stream on the equivalent number of common units over the derived service period. Compensation cost is recognized ratably over the derived service period which was determined for each tranche using the Monte Carlo simulation model. The derived service period of the award was assessed using expected volatility which was estimated based on historical volatility of the Partnership s common units. The Partnership recorded compensation expense related to this phantom unit award of approximately $39,000 and $111,000 for the three months ended March 31, 2010 and 2009, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statements of income. The total compensation cost related to the non-vested awards not yet recognized at March 31, 2010 is approximately $0.6 million and is expected to be recognized ratably over the remaining derived service periods.

Repurchase Program

In May 2009, the board of directors of the General Partner authorized the repurchase of the Partnership s common units (the Repurchase Program) for the purpose of assisting it in meeting the General Partner s anticipated obligations to deliver common units under the LTIP and meeting the General Partner s obligations under existing employment agreements and other employment related obligations of the General Partner (collectively, the General Partner s Obligations). The Partnership is authorized to spend up to $6.6 million to acquire up to 445,000 of its common units in the aggregate, over an extended period of time, consistent with the General Partner s Obligations. Common units of the Partnership may be repurchased from time to time in open market transactions, including block purchases, or in privately negotiated transactions. Such authorized unit repurchases may be modified, suspended or terminated at any time, and are subject to price, economic and market conditions, applicable legal requirements and available liquidity. As of March 31, 2010, the General Partner repurchased 195,291 common units pursuant to the Repurchase Program for approximately $4.0 million, of which 62,620 phantom units vested under the *Long-Term Incentive Plan,* 33,234 phantom units vested under the *Three-Year Phantom Units* award and 69,444 phantom units vested under the *Five-Year Phantom Units* award.

At March 31, 2010 and December 31, 2009, common units outstanding excluded 63,444 and 47,143 common units, respectively, held on behalf of the Partnership pursuant to its Repurchase Program and for future satisfaction of the General Partner s Obligations.

Status of Non-Vested Units

The following table presents a summary of the status of the non-vested units as of March 31, 2010:

	Number of Non-vested Units	**Weighted Average Grant Date Fair Value**
Outstanding non-vested units at January 1, 2010	337,419	$ 6.05
Granted		
Vested		
Forfeited		
Outstanding non-vested units at March 31, 2010	337,419	$ 6.05

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 13. Fair Value Measurements

Certain of the Partnership s assets and liabilities are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Financial Accounting Standards Board (FASB) established a fair value hierarchy, which prioritizes the inputs used in measuring fair value into the following three levels:

Level 1	Observable inputs such as quoted prices in active markets for identical assets or liabilities.
Level 2	Inputs other than the quoted prices in active markets that are observable for assets or liabilities, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.
Level 3	Unobservable inputs based on the entity s own assumptions.

The following table presents those financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2010 (in thousands):

	Fair Value March 31, 2010	**Fair Value Measurements Using Level 1**	**Level 2**	**Level 3**
Assets:				
Hedged inventories	$ 460,631	$	$ 460,631	$
Fair value of forward fixed price contracts	12,730		12,730	
Swap agreements and option contracts	1,382	858	524	
Total	$ 474,743	$ 858	$ 473,885	$
Liabilities:				
Obligations on forward fixed price contracts	$ (19,380)	$	$ (19,380)	$
Swap agreements and option contracts	(599)	(13)	(586)	
Interest rate collars	(7,416)		(7,416)	
Forward starting swap	(1,783)		(1,783)	
Total liabilities	$ (29,178)	$ (13)	$ (29,165)	$

The majority of the Partnership s derivatives outstanding are reported at fair value based market quotes that are deemed to be observable inputs in an active market for similar assets and liabilities and are considered Level 2 inputs for purposes of fair value disclosures. Specifically, the fair values of the Partnership s financial assets and financial liabilities provided above were derived from NYMEX and New York Harbor quotes for the Partnership s hedged inventories, forward fixed price contracts, swap agreements and option contracts and from the LIBOR rates for the Partnership s interest rate collars and forward starting swap. The Partnership has not changed its valuation techniques or inputs during the quarter ended March 31, 2010.

For assets and liabilities measured on a non-recurring basis during the period, accounting guidance requires quantitative disclosures about the fair value measurements separately for each major category. During the quarter ended March 31, 2010, the Partnership did not remeasure assets or liabilities at fair value on a non-recurring basis.

Financial Instruments

The fair value of the Partnership s financial instruments approximated the carrying value as of March 31, 2010 and December 31, 2009, in each case due to the short-term and the variable interest rate nature of the financial instruments.

GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 14. Unitholders Equity

On March 16, 2010, the Partnership entered into an Underwriting Agreement (the Underwriting Agreement) relating to the public offering of 3,400,000 common units representing limited partner interests in the Partnership (the Common Units), at a public offering price of $22.75, less underwriting discounts and commissions of $1.00 per Common Unit. Pursuant to the Underwriting Agreement, the Partnership also granted the underwriters an option to purchase an additional 510,000 Common Units from the Partnership at the same price, which option has been exercised. On March 19, 2010, the Partnership completed the public offering of the 3,910,000 Common Units for approximately $89.0 million. The net proceeds from the offering of $84.8 million, after deducting approximately $4.2 million in underwriting fees and offering expenses, were used to reduce indebtedness under the Partnership s Credit Agreement.

Note 15. Income Taxes

The following table presents a reconciliation of the difference between the statutory federal income tax rate and the effective income tax rate for the periods presented:

	Three Months Ended March 31,	
	2010	2009
Federal statutory income tax rate	34.0%	34.0%
State income tax rate, net of federal tax benefit	6.4%	6.4%
Partnership income not subject to tax	(37.9)%	(36.7)%
Effective income tax rate	2.5%	3.7%

Note 16. Legal Proceedings

General

Although the Partnership may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business, the Partnership does not believe that it is a party to any litigation that will have a material adverse impact on its financial condition or results of operations. Except as described below and in Note 11 included herein, the Partnership is not aware of any significant legal or governmental proceedings against it, or contemplated to be brought against it. The Partnership maintains insurance policies with insurers in amounts and with coverage and deductibles as the General Partner believes are reasonable and prudent. However, the Partnership can provide no assurance that this insurance will be adequate to protect it from all material expenses related to potential future claims or that these levels of insurance will be available in the future at economically acceptable prices.

Other

On October 22, 2009, the Federal Trade Commission (FTC) issued a Civil Investigative Demand and a Subpoena Duces Tecum in connection with the FTC s regulatory review of the Partnership s planned acquisition of three refined petroleum terminal facilities in Newburgh, New York from Warex Terminals Corporation. In April 2010, the FTC closed its regulatory review and determined that no further action is warranted by the FTC. The Partnership currently expects to close the transaction by the third quarter of 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 16. Legal Proceedings (continued)

Certain of the Partnership s employees at its terminal in Oyster Bay (Commander), New York were employed under a collective bargaining agreement that expired in April 2010. On February 25, 2010, the Partnership received a petition filed with the National Labor Relations Board (NLRB) by the union representing certain employees assigned to Glenwood Landing and Inwood, New York (Local 419) seeking to replace the incumbent union at the Partnership s Oyster Bay, New York terminal (Local 355) with respect to certain hourly employees. On March 1, 2010, Local 355 filed a disclaimer of representation with the NLRB with respect to the Oyster Bay hourly employees. A representation election was held in April 2010 pursuant to the terms of a Stipulated Election Agreement with Local 419 with respect to these employees. Local 419 was elected as the representative of these employees, and the Partnership will negotiate a new collective bargaining agreement with Local 419. The Partnership does not believe the results of these negotiations will have a material adverse effect on its operations.

Note 17. New Accounting Standard

In January 2010, guidance issued by the FASB related to fair value measurements and disclosure was updated to require additional disclosures related to transfers in and out of Level 1 and Level 2 fair value measurements and enhanced detail in the Level 3 reconciliation. This guidance clarifies the level of disaggregation required for assets and liabilities and the disclosures required for inputs and valuation techniques used to measure the fair value of assets and liabilities that fall in either Level 2 or Level 3. The updated guidance was effective for the Partnership on January 1, 2010, with the exception of the Level 3 disaggregation which is effective for the Partnership on January 1, 2011. The adoption had no impact on the Partnership s consolidated financial statements. See Note 13 for details regarding the Partnership s assets and liabilities measured at fair value.

Note 18. Subsequent Events

The Partnership evaluated all events or transactions that occurred through the date the Partnership issued its financial statements. Except as described below, no material subsequent events have occurred since March 31, 2010 that required recognition or disclosure in the accompanying financial statements.

On April 20, 2010, the board of directors of the General Partner granted 1,200 phantom units under the LTIP to each of the three independent directors. The phantom units vest on December 31, 2010.

On April 21, 2010, the board of directors of the General Partner declared a quarterly cash distribution of $0.4875 per unit ($1.95 per unit on an annualized basis) for the period from January 1, 2010 through March 31, 2010. On May 14, 2010, the Partnership will pay this cash distribution to its common and subordinated unitholders of record as of the close of business May 5, 2010.

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

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

Forward-Looking Statements

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

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

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

- Our sales of home heating oil and residual oil could be significantly reduced by conversions to natural gas which conversions could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

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

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

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

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

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

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

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

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

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

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

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

Additional information about risks and uncertainties that could cause actual results to differ materially from forward-looking statements is contained in Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2009 and Part II, Item 1A, Risk Factors, in this Quarterly Report on Form 10-Q. Developments in any of these areas could cause our results to differ materially from results that have been or may be anticipated or projected.

All forward-looking statements included in this Form 10-Q and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date of this Form 10-Q or, in the case of forward-looking statements, contained in any document incorporated by reference, the date of such document, and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based.

Overview

General

We own, control or have access to one of the largest terminal networks of refined petroleum products in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the Northeast). We are one of the largest wholesale distributors of gasoline, distillates (such as home heating oil, diesel and kerosene) and residual oil to wholesalers, retailers and commercial customers in New England and New York. For the three months ended March 31, 2010, we sold approximately $2.0 billion of refined petroleum products and small amounts of natural gas.

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

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

Products and Operational Structure

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

Our business is divided into two segments:

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

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

Our business activities are substantially comprised of purchasing, storing, terminalling and selling refined petroleum products. In a contango market (when product prices for future deliveries are higher than for current deliveries), we may use our storage capacity to improve our margins by storing products we have purchased at lower prices in the current market for delivery to customers at higher prices in the future. In a backwardated market (when product prices for future deliveries are lower than current deliveries), we attempt to minimize our inventories to reduce commodity risk and maintain or increase net product margins. See Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2009 for additional information related to commodity risk.

Outlook

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

• *The condition of credit markets may adversely affect our liquidity.* In the recent past, world financial markets experienced a severe reduction in the availability of credit. Although we were not negatively impacted by this condition, possible negative impacts in the future could include a decrease in the availability of borrowings under our credit agreement, increased counterparty credit risk on our derivatives contracts and our contractual counterparties requiring us to provide collateral. In addition, we could experience a tightening of trade credit from our suppliers.

• *We commit substantial resources to pursuing acquisitions, though there is no certainty that we will successfully complete any acquisitions or receive the economic results we anticipate from completed acquisitions.* Consistent with our business strategy, we are continuously engaged in discussions with potential sellers of terminalling, storage and/or marketing assets and related businesses. In an effort to prudently and economically leverage our asset base, knowledge base and skill sets, management pursues businesses that are closely related to or significantly intertwined with our existing lines of business. Our growth largely depends on our ability to make accretive acquisitions. We may be unable to make such accretive acquisitions for a number of reasons, including, but not limited to, the following: (1) we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts; (2) we are unable to raise financing for such acquisitions on economically acceptable terms; or (3) we are outbid by competitors. In addition, we may consummate acquisitions that at the time of consummation we believe will be accretive, but that ultimately may not be accretive. If any of these events were to occur, our future growth would be limited. We can give no assurance that our acquisition efforts will be successful or that any such acquisition will be completed on terms that are favorable to us.

• *Our financial results are generally better in the first and fourth quarters of the calendar year.* Demand for some refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally higher during November through March than during April through October. We obtain a significant portion of these sales during these winter months. Therefore, our results of operations for the first and fourth calendar quarters are generally better than for the second and third quarters. With lower cash flow during the second and third calendar quarters, we may be required to borrow money in order to maintain current levels of distributions to our unitholders.

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

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

- *Our financial condition and results of operations are influenced by the overall forward market for refined petroleum products, and increases and/or decreases in the prices of refined petroleum products may adversely impact the amount of borrowing available for working capital under our credit agreement, which credit agreement has borrowing base limitations and advance rates.* Results from our purchasing, storing, terminalling and selling operations are influenced by prices for refined petroleum products, pricing volatility and the market for such products. Prices in the overall forward market for refined petroleum products may impact our ability to execute advantageous purchasing opportunities. In a contango market (when product prices for future deliveries are higher than for current deliveries), we may use our storage capacity to improve our margins by storing products we have purchased at lower prices in the current market for delivery to customers at higher prices in the future. In a backwardated market (when product prices for future deliveries are lower than current deliveries), we attempt to minimize our inventories to reduce commodity risk and maintain or increase net product margins. When prices for refined petroleum products rise, some of our customers may have insufficient credit to purchase supply from us at their historical purchase volumes, and their customers, in turn, may adopt conservation measures which reduce consumption, thereby reducing demand for product. Furthermore, when prices increase rapidly and dramatically, we may be unable to promptly pass our additional costs to our customers, resulting in lower margins for us which could adversely affect our results of operation. Lastly, higher prices for refined petroleum products may (1) diminish our access to trade credit support and/or cause it to become more expensive and (2) decrease the amount of borrowings available for working capital under our credit agreement as a result of total available commitments, borrowing base limitations and advance rates thereunder. In addition, when prices for refined petroleum products decline, our exposure to risk of loss in the event of nonperformance by our customers of our forward contracts may be increased as they and/or their customers may breach their contracts and purchase refined petroleum products at the then lower spot and/or retail market price. Furthermore, lower prices for refined petroleum products may diminish the amount of borrowings available for working capital under our working capital revolving credit facility as a result of borrowing base limitations.

- *New, stricter environmental laws and regulations could significantly increase our costs, which could adversely affect our results of operations and financial condition.* Our operations are subject to federal, state and local laws and regulations regulating product quality specifications and other environmental matters. The trend in environmental regulation is towards more restrictions and limitations on activities that may affect the environment. Our business may be adversely affected by increased costs and liabilities resulting from such stricter laws and regulations. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. However, there can be no assurances as to the timing and type of such changes in existing laws or the promulgation of new laws or the amount of any required expenditures associated therewith.

Results of Operations

Evaluating Our Results of Operations

Our management uses a variety of financial and operational measurements to analyze our performance. These measurements include: (1) net product margin, (2) gross profit, (3) selling, general and administrative expenses (SG&A), (4) operating expenses, (5) degree days, (6) net income per diluted limited partner unit, (7) earnings before interest, taxes, depreciation and amortization (EBITDA) and (8) distributable cash flow.

Net Product Margin

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

Gross Profit

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

Selling, General and Administrative Expenses

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

Operating Expenses

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

Degree Day

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

Net Income Per Diluted Limited Partner Unit

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

EBITDA

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

- our compliance with certain financial covenants included in our debt agreements;

- our financial performance without regard to financing methods, capital structure, income taxes or historical cost basis;

- our ability to generate cash sufficient to pay interest on our indebtedness and to make distributions to our partners;

- our operating performance and return on invested capital as compared to those of other companies in the wholesale, marketing and distribution of refined petroleum products, without regard to financing methods and capital structure; and

- the viability of acquisitions and capital expenditure projects and the overall rates of return of alternative investment opportunities.

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

Distributable Cash Flow

Distributable cash flow is an important non-GAAP financial measure for our limited partners since it serves as an indicator of our success in providing a cash return on their investment. In December 2009, we amended our partnership agreement to restate the provisions governing conversion of the subordinated units to use distributable cash flow to test whether we have earned the minimum quarterly distribution. Distributable cash flow means our net income plus depreciation and amortization minus maintenance capital expenditures, as well as adjustments to eliminate items approved by the audit committee of the board of directors of our general partner that are extraordinary or non-recurring in nature and that would otherwise increase distributable cash flow. Specifically, this financial measure indicates to investors whether or not we have generated sufficient earnings on a current or historic level that can sustain or support an increase in our quarterly cash distribution. Distributable cash flow is a quantitative standard used by the investment community with respect to publicly traded partnerships. Distributable cash flow should not be considered as an alternative to net income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, our distributable cash flow may not be comparable to distributable cash flow or similarly titled measures of other companies.

Three months ended March 31, 2010 and 2009

During the three months ended March 31, 2010, we experienced the following events:

- Refined petroleum product prices dramatically increased during the first quarter of 2010 compared to the same period in 2009.

- The first quarter of 2010 was marked by significant margin pressure in the gasoline market compared to the first quarter of 2009.

- Temperatures for the three months ended March 31, 2010 were 9% warmer than normal and 12% warmer than the first quarter of 2009.

- We decreased our reserve for credit losses by $450,000 for the three months ended March 31, 2010 compared to the same period in 2009.

- We believe heating oil conservation continued during the three months ended March 31, 2010.

The following table provides the prices of and percentage increases in refined petroleum product and natural gas prices at March 31, 2010 as compared to March 31, 2009:

Period:	**Heating Oil** $ per gallon(1)	**Gasoline** $ per gallon(1)	**Residual Oil** $ per gallon(2)	**Natural Gas** $ per gallon equivalent(3)
At March 31, 2009	$1.34	$1.40	$0.95	$0.62
At March 31, 2010	$2.16	$2.31	$1.76	$0.63
Change	61%	65%	85%	2%

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

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

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

Key Performance Indicators

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net income	$ 15,028	$ 18,863
Net income per diluted limited partner unit (1)	$ 1.06	$ 1.40
EBITDA (2)	$ 23,528	$ 27,366
Distributable cash flow (3)	$ 18,593	$ 21,996
Wholesale Segment:		
Volume (gallons)	891,032	1,038,619
Sales		
Distillates	$ 959,257	$ 1,006,616
Gasoline	872,326	501,659
Residual oil	12,129	11,490
Total	$ 1,843,712	$ 1,519,765
Net product margin (4)		
Distillates	$ 34,020	$ 33,853
Gasoline	6,350	11,786
Residual oil	2,856	2,820
Total	$ 43,226	$ 48,459
Commercial Segment:		
Volume (gallons)	68,301	75,728
Sales	$ 118,672	$ 113,190
Net product margin (4)	$ 4,918	$ 4,928
Combined sales and net product margin:		
Sales	$ 1,962,384	$ 1,632,955
Net product margin (4)	$ 48,144	$ 53,387
Depreciation allocated to cost of sales	2,737	2,673
Combined gross profit	$ 45,407	$ 50,714
Weather conditions:		
Normal heating degree days	2,870	2,870
Actual heating degree days	2,624	2,977
Variance from normal heating degree days	(9%)	4%
Variance from prior period actual heating degree days	(12%)	9%

(1) See Note 2 of Notes to Consolidated Financial Statements for net income per diluted limited partner unit calculation.

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

(3) Distributable cash flow is a non-GAAP financial measure which is discussed above under Evaluating Our Results of Operations. The table below presents reconciliations of distributable cash flow to the most directly comparable GAAP financial measures.

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

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Reconciliation of net income to EBITDA:		
Net income	$ 15,028	$ 18,863
Depreciation and amortization and amortization of deferred financing fees	4,049	4,002
Interest expense	4,064	3,776
Income tax expense	387	725
EBITDA	$ 23,528	$ 27,366
Reconciliation of net cash provided by operating activities to EBITDA:		
Net cash provided by operating activities	$ 45,494	$ 111,230
Net changes in operating assets and liabilities and certain non-cash items	(26,417)	(88,365)
Interest expense	4,064	3,776
Income tax expense	387	725
EBITDA	$ 23,528	$ 27,366

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Reconciliation of net income to distributable cash flow:		
Net income	$ 15,028	$ 18,863
Depreciation and amortization and amortization of deferred financing fees	4,049	4,002
Maintenance capital expenditures	(484)	(869)
Distributable cash flow	$ 18,593	$ 21,996
Reconciliation of net cash provided by operating activities to distributable cash flow:		
Net cash provided by operating activities	$ 45,494	$ 111,230
Net changes in operating assets and liabilities and certain non-cash items	(26,417)	(88,365)
Maintenance capital expenditures	(484)	(869)
Distributable cash flow	$ 18,593	$ 21,996

Consolidated Results

Our total sales for three months ended March 31, 2010 increased by $329.4 million, or 20%, to $1,962.4 million compared to $1,633.0 million for the same period in 2009. The increase was driven primarily by significantly higher refined petroleum product prices for the three months ended March 31, 2010 compared to the same period in 2009. Our aggregate volume of product sold decreased by approximately 155 million gallons, or 14%, to 959 million gallons. The decrease in volume primarily includes decreases of approximately 173 million gallons and 19 million gallons in distillates and residual oil, respectively, attributable to warmer temperatures during the first quarter of 2010 compared to the same period in 2009, increased competition in the marketplace, continued conservation and economic conditions. The decrease in volume sold was offset by a 28 million gallon increase in gasoline. Our gross profit for the first quarter of 2010 was $45.4 million, a decrease of $5.3 million, or 10%, compared to $50.7 million for the same period in 2009, primarily due to a lower net product margin in gasoline.

Wholesale Segment

Distillates. Wholesale distillate sales for the three months ended March 31, 2010 were $959.3 million compared to $1,006.6 million for the three months ended March 31, 2009. The decrease of $47.3 million, or 5%, was due to a 171 million gallon decrease in volume sold due to warmer temperatures during the first quarter of 2010 compared to the same period in 2009, increased competition in the marketplace, continued conservation and economic conditions, despite the increase in refined petroleum product prices. Our net product margin from distillate sales increased, however, by $0.1 million to $34.0 million for the three months ended March 31, 2010 compared to $33.9 million for the same period in 2009, primarily attributable to improved unit margins through sales and inventory management and favorable market conditions.

Gasoline. Wholesale gasoline sales for the three months ended March 31, 2010 were $872.3 million compared to $501.7 million for the same period in 2009. The increase of $370.6 million, or 74%, was due primarily to significantly higher gasoline prices and an increase in gasoline volume sold compared to the prior year. The increase in gasoline volume was due to some select selling opportunities during the quarter. Our net product margin from gasoline sales decreased by $5.4 million to $6.4 million compared to $11.8 million for the three months ended March 31, 2009, primarily attributable to market pressure in the gasoline markets and unfavorable market conditions.

Residual Oil. Wholesale residual oil sales for the three months ended March 31, 2010 were $12.1 million compared to $11.5 million for the three months ended March 31, 2009. The increase of $0.6 million, or 5%, was primarily due to the increase in refined petroleum product prices, despite a 5 million gallon decrease in residual oil volume sold. The decrease in volume sold was primarily due to warmer temperatures during the first quarter of 2010 compared to same period in 2009, *continued conservation, economic conditions and conversion and fuel switching due to the comparative price advantage of natural gas over residual oil.* Our net product margin contribution from residual oil sales was relatively flat at $2.8 million for each of the three months ended March 31, 2010 and 2009.

Commercial Segment

In our Commercial segment, residual oil accounted for approximately 54% and 67% of total commercial volume sold for the three months ended March 31, 2010 and 2009, respectively. Distillates, gasoline and natural gas accounted for the remainder of the total volume sold.

Commercial residual oil sales and volume sold for the three months ended March 31, 2010 decreased by less than 1% and by 28%, respectively, compared to the same period in 2009. We attribute the decreases in sales and volume sold to the competitive pricing from natural gas and reductions in production by certain industry participants in our markets.

Selling, General and Administrative Expenses

SG&A expenses decreased by $1.5 million, or 8%, to $16.6 million for the three months ended March 31, 2010 compared to $18.1 million for the same period in 2009. The decrease was primarily due to decreases of $3.9 million in incentive compensation, $0.4 million in bad debt accruals and $0.2 million in compensation cost under the LTIP, offset by increases of $1.3 million in salaries, $0.8 million in professional fees, $0.3 million in costs associated with the expansion of our natural gas operations, $0.3 million in project development costs and $0.3 million in various other SG&A expenses. The overall decrease in SG&A expenses was offset by an increase of $1.0 million in legal, consulting and other expenses related to the FTC s regulatory review of our planned acquisition of three refined petroleum terminal facilities in Newburgh, New York from Warex Terminals Corporation (see Note 16 of Notes to Consolidated Financial Statements).

Operating Expenses

Operating expenses increased by $0.2 million, or 2%, to $8.7 million for the three months ended March 31, 2010 compared to $8.5 million for the three months ended March 31, 2009. The increase was primarily due to $0.3 million in expenses related to our leased storage facility in Oyster Bay (Commander) New York and $0.1 million in other operating expenses, offset by a decrease $0.2 million in operating expenses at our Albany, New York terminal.

Interest Expense

Interest expense for the three months ended March 31, 2010 increased by $0.3 million, or 8%, to $4.1 million compared to $3.8 million for the same period in 2009. We attribute the increase primarily to higher average balances on our working capital revolving credit facility from carrying higher average balances of inventories and accounts receivable, reflecting increased refined petroleum product prices, as well as carrying more distillate barrels of inventory during the first quarter of 2010 compared to the first quarter of 2009. The increase in interest expense was offset by a decrease in the average interest rate for the first three months of 2010 compared to the same period in 2009.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs are to fund our working capital requirements, capital expenditures and distributions. Cash generated from operations and our working capital revolving credit facility provide our primary sources of liquidity. Working capital increased by $85.6 million to $380.8 million at March 31, 2010 compared to $295.2 million at December 31, 2009 as a result of the public offering discussed below.

On February 12, 2010, we paid a cash distribution to our common and subordinated unitholders and our general partner of approximately $6.5 million for the fourth quarter of 2009. On April 21, 2010, the board of directors of our general partner declared a quarterly cash distribution of $0.4875 per unit for the period from January 1, 2010 through March 31, 2010 ($1.95 per unit on an annualized basis) to our common and subordinated unitholders of record as of the close of business May 5, 2010. We expect to pay the cash distribution of approximately $8.5 million on May 14, 2010.

On March 19, 2010, we completed our public offering of 3,910,000 common units representing limited partner interests at a price of $22.75 per common unit, which included a 510,000 common unit purchase option exercised by the underwriters. Net proceeds were approximately $84.8 million, after deducting approximately $4.2 million in underwriting fees and offering expenses. We used the net proceeds to reduce indebtedness under our credit agreement. See Note 14 of Notes to Consolidated Financial Statements for additional information related to the public offering.

Capital Expenditures

Our terminalling operations require investments to expand, upgrade and enhance existing operations and to meet environmental and operations regulations. We categorize our capital requirements as either maintenance capital expenditures or expansion capital expenditures. Maintenance capital expenditures represent capital expenditures to repair or replace partially or fully depreciated assets to maintain the operating capacity of, or revenues generated by, existing assets and extend their useful lives. Maintenance capital expenditures include expenditures required to maintain equipment reliability, tankage and pipeline integrity and safety and to address certain environmental regulations. We anticipate that maintenance capital expenditures will be funded with cash generated by operations. We had approximately $0.5 million and $0.9 million in maintenance capital expenditures for the three months ended March 31, 2010 and 2009, respectively, which are included in capital expenditures in the accompanying consolidated statements of cash flows. Repair and maintenance expenses associated with existing assets that are minor in nature and do not extend the useful life of existing assets are charged to operating expenses as incurred.

Expansion capital expenditures include expenditures to acquire assets to grow our business or expand our existing facilities, such as projects that increase our operating capacity or revenues by increasing tankage, diversifying product availability at various terminals and adding terminals. We have the ability to fund our expansion capital expenditures through cash from operations or credit our agreement or by issuing additional equity. We had approximately $1.4 million and $1.6 million in expansion capital expenditures for the three months ended March 31, 2010 and 2009, respectively. Specifically, for the three months ended March 31, 2010, expansion capital expenditures consisted of approximately $1.1 million in costs related to our terminal and rail expansion project in Albany, New York and $0.3 million in bio-fuel conversion costs at our Chelsea, Massachusetts terminal. The $1.1 million in costs in Albany include a continuing program to bring previously out-of-permit tanks back online, the installation of a marine vapor recovery system to allow for loading and offloading of gasoline and ethanol and the conversion of two distillate storage tanks to gasoline. Comparatively, for the three months ended March 31, 2009, expansion capital expenditures included approximately $1.0 million at the Albany, New York terminal in costs related to bringing formerly out-of-permit tanks back online and to dock expansion and $0.6 million in additional terminal equipment at the Providence, Rhode Island terminal.

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

Cash Flow

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Net cash provided by operating activities	$ 45,494	$ 111,230
Net cash used in investing activities	$ (1,914)	$ (2,452)
Net cash used in financing activities	$ (43,492)	$ (106,734)

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

Net cash provided by operating activities was $45.5 million for the three months ended March 31, 2010 compared to $111.2 million for the same period in 2009, for a quarter-over-quarter decrease in cash from operating activities of $65.7 million. The decrease was primarily due to the quarter-over-quarter change in the fair value of forward fixed price contracts of approximately $120.1 million and the $3.8 million decrease in net income. Specifically, the contracts supporting our forward fixed price hedge program required margin payments of $11.4 million to the NYMEX due to market direction in the three months ended March 31, 2010, while for the three months ended March 31, 2009, similar hedging activity provided funds from the NYMEX of $108.7 million. Despite the quarter-over-quarter increase in refined petroleum product prices, the overall decrease in cash provided by operating activities was offset by the seasonal change in the carrying values of accounts receivables and inventories. Such carrying values provided a combined $90.0 million in funds for the three months ended March 31, 2010 compared to $33.0 million for the three months ended March 31, 2009, an increase of $57.0 million.

Net cash used in investing activities was $1.9 million for the three months ended March 31, 2010 compared to $2.5 million for the same period in 2009, and included $0.5 million in maintenance capital expenditures and $1.4 million in expansion capital expenditures ($1.1 million in costs related to our terminal and rail expansion project in Albany, New York and $0.3 million in bio-fuel conversion costs at our Chelsea, Massachusetts terminal). The $1.1 million in costs in Albany include a continuing program to bring previously out-of-permit tanks back online, the installation of a marine vapor recovery system to allow for loading and offloading of gasoline and ethanol and the conversion of two distillate storage tanks to gasoline. Comparatively, for the three months ended March 31, 2009, net cash used in investing activities included $0.9 million in maintenance capital expenditures and $1.6 million in expansion capital expenditures ($1.0 million at the Albany, New York terminal in costs related to bringing formerly out-of-permit tanks back online and to dock expansion and $0.6 million in additional terminal equipment at the Providence, Rhode Island terminal).

Net cash used in financing activities was $43.5 million for the three months ended March 31, 2010 compared to $106.7 million for the same period in 2009, and included net payments on our credit facilities of $121.4 million, $6.5 million in cash distributions to our common and subordinated unitholders and our general partner and $0.4 million in repurchased units held for tax obligations related to units distributed under the LTIP, offset by $84.8 million in net proceeds from our recent public offering. Comparatively, for the three months ended March 31, 2009, net cash used in financing activities included $100.2 million in net payments on our credit facilities and $6.5 million in cash distributions to our common and subordinated unitholders and our general partner.

Credit Agreement

We, our general partner, our operating company and our operating subsidiaries have a four-year senior secured credit agreement. Pursuant to the credit agreement, we exercised our accordion feature (discussed below) and requested an increase in the Total WC Revolver Commitment (as defined in the credit agreement) in an amount equal to $100.0 million. On December 4, 2009, certain lenders under the credit agreement agreed to fund the $100.0 million increase, bringing the total available commitments under the credit agreement from $750.0 million to $850.0 million. We repay amounts outstanding and reborrow funds based on our working capital requirements and, therefore, classify as a current liability the portion of the working capital revolving credit facility we expect to pay down during the course of the year. The long-term portion of the working capital revolving credit facility is the amount we expect to be outstanding during the entire year. The credit agreement will mature on April 22, 2011.

There are three facilities under our credit agreement:

- a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of our borrowing base and $750.0 million; the $750.0 million includes two $50.0 million seasonal overline facilities that are available each year only during the period between September 1 and June 30;

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

- a $15.0 million revolving credit facility to be used for general purposes.

In addition, the credit agreement has an accordion feature whereby we may request on the same terms and conditions of our then existing credit agreement, provided no Event of Default (as defined in the credit agreement) then exists, an increase to: (1) the acquisition facility by up to another $50.0 million, for a total acquisition facility of up to $135.0 million; and (2) the working capital revolving credit facility by up to another $100.0 million, for a total working capital revolving credit facility of up to $850.0 million. Any such request for an increase by us must be in a minimum amount of $5.0 million, and no more than three such requests may be made for each facility. We, however, cannot provide assurance that our lending group will agree to fund any request by us for additional amounts in excess of the total available commitments of $850.0 million.

Availability under our working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time and based on specific advance rates on eligible current assets. Under the credit agreement, we can borrow only up to the level of our then current borrowing base. Availability under our borrowing base may be affected by events beyond our control, such as changes in refined petroleum product prices, collection cycles, counterparty performance, advance rates and limits and general economic conditions. These and other events could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We can provide no assurance that such waivers, amendments or alternative financing could be obtained, or, if obtained, would be on terms acceptable to us.

Borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio (as defined in the credit agreement). Borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates for the credit agreement were 3.3% and 3.9% for the three months ended March 31, 2010 and 2009, respectively.

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

As of March 31, 2010, we had total borrowings outstanding under our credit agreement of $412.4 million, including $71.2 million outstanding on our acquisition facility. In addition, we had outstanding letters of credit of $32.8 million. The total remaining availability for borrowings and letters of credit at March 31, 2010 and December 31, 2009 was $404.8 million and $211.2 million, respectively.

The credit agreement imposes financial covenants that require us to maintain certain minimum working capital amounts, capital expenditure limits, a minimum EBITDA ratio, a minimum combined interest coverage ratio and a maximum leverage ratio. On January 26, 2010, the lenders under the credit agreement consented to increase our capital expenditures limit for the fiscal year ending December 31, 2010 from $10.0 million to $20.0 million. We were in compliance with the foregoing covenants at March 31, 2010. The credit agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the credit agreement).

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

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

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

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

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

These estimates are based on our knowledge and understanding of current conditions and actions that we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. We have identified the following estimates that, in our opinion, are subjective in nature, require the exercise of judgment, and involve complex analysis: inventory, leases, revenue recognition, derivative financial instruments and environmental and other liabilities.

The significant accounting policies and estimates that we have adopted and followed in the preparation of our consolidated financial statements are detailed in Note 2 of Notes to Consolidated Financial Statements, Summary of Significant Accounting Policies included in our Annual Report on Form 10-K for the year ended December 31, 2009. There have been no subsequent changes in these policies and estimates that had a significant impact on our financial condition and results of operations for the periods covered in this report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risks to which we are exposed are interest rate risk and commodity risk. We utilize two interest rate collars and a forward starting swap to manage exposure to interest rate risk and various derivative instruments to manage exposure to commodity risk.

Interest Rate Risk

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

Borrowings under the working capital revolving credit facility bear interest at (1) the Eurodollar rate plus 1.75% to 2.25%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio (as defined in the credit agreement). Borrowings under the acquisition and revolving credit facilities bear interest at (1) the Eurodollar rate plus 2.25% to 2.75%, (2) the cost of funds rate plus 1.75% to 2.25%, or (3) the base rate plus 0.75% to 1.25%, each depending on the pricing level provided in the credit agreement, which in turn depends upon the Combined Interest Coverage Ratio. The average interest rates for the credit agreement were approximately 3.3% and 3.9% for the three months ended March 31, 2010 and 2009, respectively.

As of March 31, 2010, we had total borrowings outstanding under the credit agreement of $412.4 million. The impact of a 1% increase in the interest rate on this amount of debt would have resulted in an increase in interest expense, and a corresponding decrease in our results of operations, of approximately $4.1 million annually, assuming, however, that our indebtedness remained constant throughout the year.

We executed two zero premium interest rate collars with major financial institutions. Each collar is designated and accounted for as a cash flow hedge. The first collar, which became effective on May 14, 2007 and expires on May 14, 2011, is used to hedge the variability in interest payments due to changes in the three-month LIBOR rate with respect to $100.0 million of three-month LIBOR-based borrowings. Under the first collar, we capped our exposure at a maximum three-month LIBOR rate of 5.75% and established a minimum floor rate of 3.75%. Whenever the three-month LIBOR rate is greater than the cap, we receive from the respective financial institution the difference between the cap and the current three-month LIBOR rate on the $100.0 million of three-month LIBOR-based borrowings. Conversely, whenever the three-month LIBOR rate is lower than the floor, we remit to the respective financial institution the difference between the floor and the current three-month LIBOR rate on the $100.0 million of three-month LIBOR-based borrowings. As of March 31, 2010, the three-month LIBOR rate of 0.25% was lower than the floor rate. As a result, in April 2010, we remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $428,000.

On September 29, 2008, we executed our second zero premium interest rate collar. The second collar, which became effective on October 2, 2008 and expires on October 2, 2013, is used to hedge the variability in cash flows in monthly interest payments made on our $100.0 million one-month LIBOR-based borrowings (and subsequent refinancings thereof) due to changes in the one-month LIBOR rate. Under the second collar, we capped our exposure at a maximum one-month LIBOR rate of 5.50% and established a minimum floor rate of 2.70%. Whenever the one-month LIBOR rate is greater than the cap, we receive from the respective financial institution the difference between the cap and the current one-month LIBOR rate on the $100.0 million of one-month LIBOR-based borrowings. Conversely, whenever the one-month LIBOR rate is lower than the floor, we remit to the respective financial institution the difference between the floor and the current one-month LIBOR rate on the $100.0 million of one-month LIBOR-based borrowings. As of March 31, 2010, the one-month LIBOR rate of 0.23% was lower than the floor rate. As a result, in April 2010, we remitted to the respective financial institution the difference between the floor rate and the current rate which amounted to approximately $206,000.

In addition, in October 2009, we executed a forward starting swap with a major financial institution. The swap, which will become effective on May 16, 2011 and expire on May 16, 2016, will be used to hedge the variability in interest payments due to changes in the one-month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings at a fixed rate of 3.93%. See Note 5 of Notes to Consolidated Financial Statements for additional information on the interest rate collars and the forward starting swap.

Commodity Risk

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

While we seek to maintain a position that is substantially balanced within our product purchase activities, we may experience net unbalanced positions for short periods of time as a result of variances in daily sales and transportation and delivery schedules as well as logistical issues associated with inclement weather conditions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for our business, we engage in a controlled trading program for up to an aggregate of 250,000 barrels of refined petroleum products at any one point in time.

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

At March 31, 2010, the fair value of all of our commodity risk derivative instruments and the change in fair value that would be expected from a 10% price increase or decrease are shown in the table below (in thousands):

			Gain (Loss)	
	Fair Value at March 31, 2010	Effect of 10% Price Increase	Effect of 10% Price Decrease
NYMEX contracts	$ (22,225)	$ (38,179)	$ 38,179
Swaps, options and other, net	746	(4,634)	1,498
	$ (21,479)	$ (42,813)	$ 39,677

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX. The fair value of the swaps and option contracts are estimated based on quoted prices from various sources such as independent reporting services, industry publications and brokers. These quotes are compared to the contract price of the swap, which approximates the gain or loss that would have been realized if the contracts had been closed out at March 31, 2010. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. All hedge positions offset physical exposures to the spot market; none of these offsetting physical exposures are included in the above table. Price-risk sensitivities were calculated by assuming an across-the-board 10% increase or decrease in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10% change in prompt month prices, the fair value of our derivative portfolio would typically change less than that shown in the table due to lower volatility in out-month prices. We have a daily margin requirement to maintain a cash deposit with our broker based on the prior day s market results on open futures contracts. The balance of this deposit will fluctuate based on our open market positions and the commodity exchange s requirements. The brokerage margin balance was $10.3 million at March 31, 2010.

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our principal executive officer and principal financial officer, management evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2010.

Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting that occurred during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

General

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are a party to any litigation that will have a material adverse impact on our financial condition or results of operations. Except as described below and in Note 11 in this Quarterly Report on Form 10-Q, we are not aware of any significant legal or governmental proceedings against us, or contemplated to be brought against us. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our general partner believes are reasonable and prudent. However, we can provide no assurance that this insurance will be adequate to protect us from all material expenses related to potential future claims or that these levels of insurance will be available in the future at economically acceptable prices.

Other

On October 22, 2009, the Federal Trade Commission (FTC) issued a Civil Investigative Demand and a Subpoena Duces Tecum in connection with the FTC s regulatory review of our planned acquisition of three refined petroleum terminal facilities in Newburgh, New York from Warex Terminals Corporation. In April 2010, the FTC closed its regulatory review and determined that no further action is warranted by the FTC. We currently expect to close the transaction by the third quarter of 2010.

Certain of our employees at our terminal in Oyster Bay (Commander), New York were employed under a collective bargaining agreement that expired in April 2010. On February 25, 2010, we received a petition filed with the National Labor Relations Board (NLRB) by the union representing certain employees assigned to Glenwood Landing and Inwood, New York (Local 419) seeking to replace the incumbent union at our Oyster Bay, New York terminal (Local 355) with respect to certain hourly employees. On March 1, 2010, Local 355 filed a disclaimer of representation with the NLRB with respect to the Oyster Bay hourly employees. A representation election was held in April 2010 pursuant to the terms of a Stipulated Election Agreement with Local 419 with respect to these employees. Local 419 was elected as the representative of these employees, and we will negotiate a new collective bargaining agreement with Local 419. We do not believe the results of these negotiations will have a material adverse effect on our operations.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, which could materially affect our business, financial condition or future results.

Item 6. Exhibits

3.1	Third Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of December 9, 2009 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 15, 2009).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Global GP LLC, general partner of Global Partners LP.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Global GP LLC, general partner of Global Partners LP.
32.1	Section 1350 Certification of Chief Executive Officer of Global GP LLC, general partner of Global Partners LP.
32.2	Section 1350 Certification of Chief Financial Officer of Global GP LLC, general partner of Global Partners LP.

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

SIGNATURES

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

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

Dated: May 7, 2010	By:	/s/ Eric Slifka Eric Slifka President and Chief Executive Officer (Principal Executive Officer)
Dated: May 7, 2010	By:	/s/ Thomas J. Hollister Thomas J. Hollister Chief Operating Officer and Chief Financial Officer (Principal Financial Officer)

INDEX TO EXHIBITS

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