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# Sunoco Logistics Partners L.P.



**Sunoco Logistics**



Third Quarter 2010  
Earnings Conference Call  
October 28, 2010

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# Forward-Looking Statement

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**You should review this slide presentation in conjunction with the third quarter 2010 earnings conference call for Sunoco Logistics Partners L.P., held on October 28 at 8:30 a.m. EDT. You may listen to the audio portion of the conference call on our website at [www.sunocologistics.com](http://www.sunocologistics.com) or by dialing (USA toll-free) 1-888-889-4955. International callers should dial 1-312-470-0130. Please enter Conference ID “Sunoco Logistics”.**

**Audio replays of the conference call will be available for two weeks after the conference call beginning approximately two hours following the completion of the call. To access the replay, dial 1-800-294-7481. International callers should dial 1-203-369-3233.**

**During the call, those statements we make that are not historical facts are forward-looking statements. Although we believe the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements involve risks that may affect our business prospects and performance, causing actual results to differ from those discussed during the conference call. Such risks and uncertainties include, among other things: our ability to successfully consummate announced acquisitions and organic growth projects and integrate them into existing business operations; the ability of announced acquisitions to be cash-flow accretive; increased competition; changes in the demand both for crude oil that we buy and sell, as well as for crude oil and refined products that we store and distribute; the loss of a major customer; changes in our tariff rates; changes in throughput of third-party pipelines that connect to our pipelines and terminals; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction; potential labor relations problems; the legislative or regulatory environment; plant construction/repair delays; and political and economic conditions, including the impact of potential terrorist acts and international hostilities.**

**These and other applicable risks and uncertainties are described more fully in our Form 10-Q, filed with the Securities and Exchange Commission in August 2010. We undertake no obligation to update publicly any forward-looking statements whether as a result of new information or future events.**

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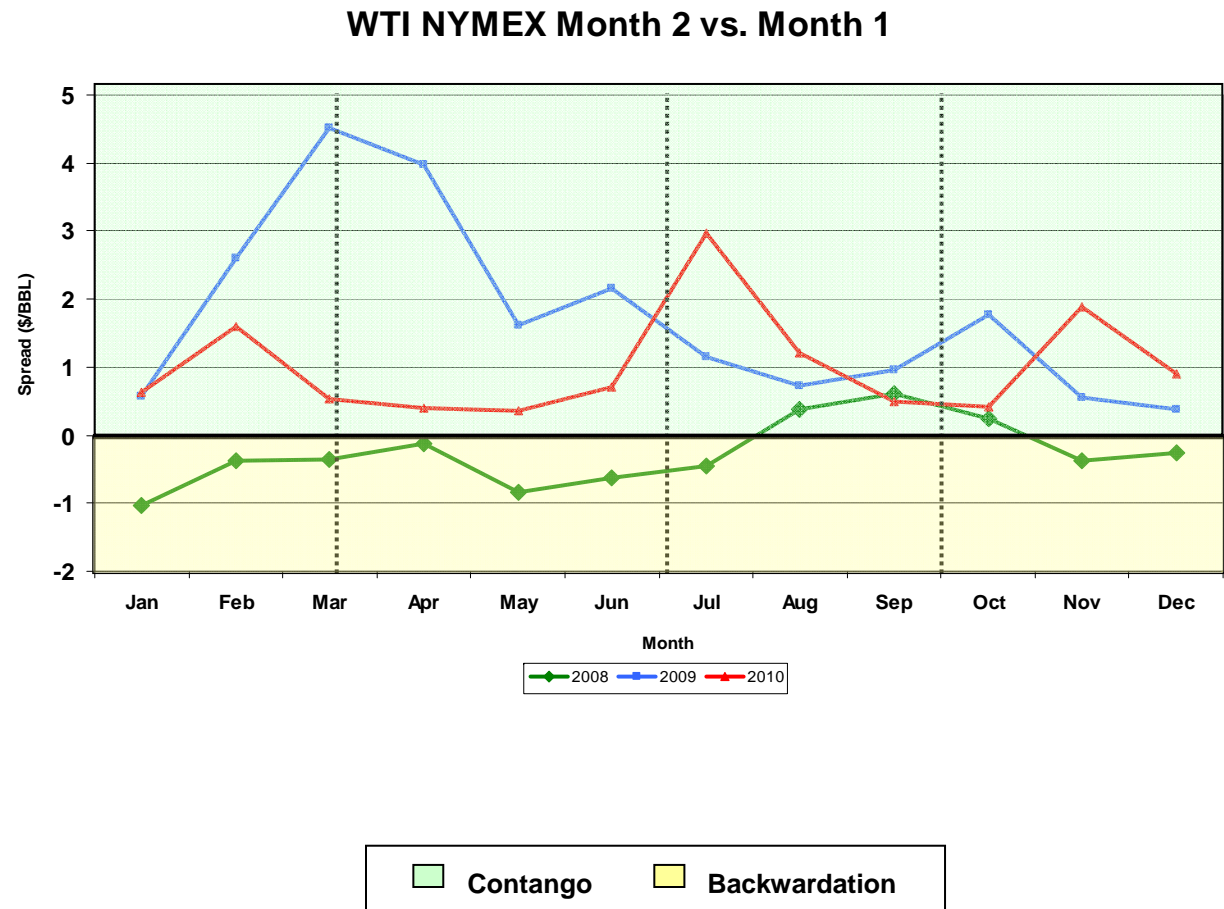
# Q3 2010 Assessment

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- Increased total distribution to \$1.17 (\$4.68 annualized) per unit, a 10 percent increase over the prior year's distribution
  - Represents the twenty-second consecutive distribution increase
  
- Distributable cash flow for the third quarter of 2010 was \$70 million compared to \$54 million in the prior year
  
- Completed acquisitions totaling \$243 million

# Crude Oil Contango

- Widened contango market structure provided strong earnings in the third quarter
- While the contango market has come off from the very strong early 3Q levels, we do have a contango investment at September 30 of approximately \$215MM to take advantage of fourth quarter opportunities



# YTD 2010 Operating Performance

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- Continued solid performance by our asset base supplemented by:
  - Crude contango market opportunities
  - Contribution from 2010 and 2009 organic growth projects including:
    - Expanded services at refined products terminals
    - Expansion program at Nederland facility
  - Contributions from recent acquisitions
- Through the first three quarters of 2010, operating performance as expected
  - Distribution decisions exclude market related activities
  - Will continue to take advantage of market related opportunities when available

# 2010 Growth - Acquisitions

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- Acquired Butane Blending Business – Third Quarter
  - Enhances terminal service offerings
  - Tremendous growth potential: actively working to increase installations at key terminals and third-party locations
  
- Acquired Three Additional Joint Venture Interests – Third Quarter
  - Joint venture assets are an excellent fit with Sunoco Logistics asset base
  
- Acquired Terminal in Bay City, Texas – Fourth Quarter
  - 110 thousand barrel terminal expands the lease crude gathering business and provides an opportunity to continue our growth in southwest refined products

# 2010 Growth - Organic

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- Agreement with TransCanada
  - Provide access to Nederland for their Keystone XL project
  
- Project Mariner with MarkWest
  - Economical solution of transporting ethane from Marcellus Shale to market
  - Excellent growth potential for fee based income
  
- Nederland Tank Expansion
  - Two additional tanks to bring capacity to 22 MMB
  
- Investment in Biodiesel at 11 terminals

# Q3 2010 Financial Highlights

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Sales and other operating revenue	\$ 1,876.2	\$ 1,420.0	\$ 5,585.5	\$ 3,740.8
Other income	7.2	8.8	24.4	21.3
Total revenues	1,883.4	1,428.8	5,609.9	3,762.1
Cost of products sold and operating expenses	1,762.4	1,342.0	5,296.2	3,450.5
Depreciation and amortization	16.4	12.2	44.9	35.3
Selling, general and administrative expenses	15.6	14.7	51.8	47.6
Total costs and expenses	1,794.4	1,368.9	5,392.9	3,533.4
<b>Operating income</b>	89.0	59.9	217.0	228.7
Interest cost and debt expense	20.9	12.6	57.0	36.3
Capitalized interest	(1.2)	(1.2)	(3.2)	(3.6)
Gain on investments in affiliates	128.5	-	128.5	-
<b>Income before provision for income taxes</b>	\$ 197.8	\$ 48.5	\$ 291.7	\$ 196.0
Provision for income taxes	3.8	-	3.8	-
<b>Net Income</b>	\$ 194.0	\$ 48.5	\$ 287.9	\$ 196.0
Net income attributable to noncontrolling interests	1.1	-	1.1	-
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 192.9	\$ 48.5	\$ 286.8	\$ 196.0

# Q3 2010 Financial Highlights

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*(amounts in millions, except unit and per unit amounts, unaudited)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Calculation of Limited Partners' interest:</b>				
Net Income attributable to Sunoco Logistics Partners L.P.	\$ 192.9	\$ 48.5	\$ 286.8	\$ 196.0
Less: General Partner's interest	(14.7)	(13.4)	(35.5)	(38.9)
Limited Partners' interest in Net Income	<u>\$ 178.2</u>	<u>\$ 35.1</u>	<u>\$ 251.3</u>	<u>\$ 157.1</u>
<b>Net Income per Limited Partner unit:</b>				
Basic	<u>\$ 5.60</u>	<u>\$ 1.13</u>	<u>\$ 8.03</u>	<u>\$ 5.22</u>
Diluted	<u>\$ 5.57</u>	<u>\$ 1.13</u>	<u>\$ 7.99</u>	<u>\$ 5.19</u>
<b>Weighted Average Limited Partners' units outstanding (in thousands):</b>				
Basic	<u>31,797</u>	<u>30,981</u>	<u>31,291</u>	<u>30,085</u>
Diluted	<u>31,955</u>	<u>31,190</u>	<u>31,463</u>	<u>30,288</u>

# Q3 2010 Financial Highlights

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Operating income (<i>\$ in millions, unaudited</i>)</b>				
Refined Products Pipeline System	\$ 13.2	\$ 13.3	\$ 33.4	\$ 34.5
Terminal Facilities	23.6	20.7	74.0	63.1
Crude Oil Pipeline System	52.2	25.9	109.6	131.1
Total	<u>\$ 89.0</u>	<u>\$ 59.9</u>	<u>\$ 217.0</u>	<u>\$ 228.7</u>

# Refined Products Pipeline System

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(\$ in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Sales and other operating revenue	\$ 29.7	\$ 32.0	\$ 90.2	\$ 94.6
Other income	5.5	3.9	11.4	9.2
Total revenues	35.2	35.9	101.6	103.8
Operating expenses	13.5	14.4	40.2	43.7
Depreciation and amortization	3.6	3.2	11.1	9.6
Selling, general and administrative expenses	4.9	5.0	16.9	16.0
Operating income	<u>\$ 13.2</u>	<u>\$ 13.3</u>	<u>\$ 33.4</u>	<u>\$ 34.5</u>

# Terminal Facilities

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(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Total Revenues	\$ 58.9	\$ 46.2	\$ 173.2	\$ 140.8
Cost of products sold and operating expenses	22.7	15.7	63.9	48.4
Depreciation and amortization	7.3	5.2	18.6	14.5
Selling, general and administrative expenses	5.4	4.6	16.8	14.8
Operating income	<u>\$ 23.6</u>	<u>\$ 20.7</u>	<u>\$ 74.0</u>	<u>\$ 63.1</u>

# Crude Oil Pipeline System

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(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Sales and other operating revenue	\$ 1,787.5	\$ 1,341.9	\$ 5,322.8	\$ 3,506.8
Other income	1.7	4.9	12.3	10.7
Total revenues	<u>1,789.2</u>	<u>1,346.8</u>	<u>5,335.1</u>	<u>3,517.5</u>
Cost of products sold and operating expenses	1,726.1	1,311.9	5,192.2	3,358.4
Depreciation and amortization	5.5	3.9	15.2	11.2
Selling, general and administrative expenses	5.4	5.1	18.1	16.8
Operating income	<u>\$ 52.2</u>	<u>\$ 25.9</u>	<u>\$ 109.6</u>	<u>\$ 131.1</u>

# Q3 2010 Operating Highlights

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Operating highlights (unaudited)</b>				
Refined Products Pipeline System:				
Total shipments (barrel miles per day) <sup>(1)(2)</sup>	50,411,601	56,848,807	51,253,071	58,145,900
Revenue per barrel mile (cents)	0.641	0.612	0.645	0.596
Terminal Facilities:				
Refined products terminals throughput (bpd)	505,465	465,206	483,966	462,969
Nederland terminal throughput (bpd)	780,313	559,874	730,551	619,297
Refinery terminals throughput (bpd)	459,174	609,020	475,897	597,191
Crude Oil Pipeline System:				
Crude oil pipeline throughput (bpd) <sup>(2)(3)</sup>	1,556,365	610,856	1,501,307	648,183
Crude oil purchases at wellhead (bpd)	187,953	176,643	187,779	183,047
Gross margin per barrel of pipeline throughput (cents) <sup>(3)(4)</sup>	46.4	46.4	41.5	77.6
Average crude oil price (per barrel)	\$ 76.21	\$ 68.29	\$ 77.65	\$ 57.13

<sup>(1)</sup> Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.

<sup>(2)</sup> Excludes amounts attributable to equity ownership interests which are not consolidated.

<sup>(3)</sup> Includes 602 thousand bpd from the Partnership's consolidation of Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company from the acquisition date.

<sup>(4)</sup> Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by crude oil pipeline throughput. Gross margin and throughput volumes for Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company have been included from the acquisition date.

# Q3 2010 Financial Highlights

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Capital Expenditure Data:</b>				
Maintenance capital expenditures	\$ 10.7	\$ 6.3	\$ 25.0	\$ 15.3
Expansion capital expenditures	269.2	82.1	331.1	143.5
Total	\$ 279.9	\$ 88.4	\$ 356.1	\$ 158.8

	September 30,	December 31,
	2010	2009
<b>Balance Sheet Data (at period end):</b>		
Cash and cash equivalents	\$ 2.0	\$ 2.0
Total debt <sup>(1)</sup>	1,347.8	868.4
Equity		
Sunoco Logistics Partners L.P. Equity	957.5	861.6
Noncontrolling interests	78.1	-
	\$ 1,035.6	\$ 861.6

(1) Total debt includes the \$100 million promissory note to Sunoco, Inc.

# Non-GAAP Financial Measures

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 192.9	\$ 48.5	\$ 286.8	\$ 196.0
Add: Interest expense, net	19.7	11.4	53.8	32.7
Add: Depreciation and amortization	16.4	12.2	44.9	35.3
Add: Provision for income taxes	3.8	-	3.8	-
Less: Gain on investments in affiliates	(128.5)	-	(128.5)	-
<b>EBITDA</b>	104.3	72.1	260.8	264.0
Less: Interest expense, net	(19.7)	(11.4)	(53.8)	(32.7)
Less: Maintenance capital expenditures	(10.7)	(6.3)	(25.0)	(15.3)
Less: Provision for income taxes	(3.8)	-	(3.8)	-
<b>Distributable cash flow</b>	\$ 70.1	\$ 54.4	\$ 178.2	\$ 216.0

## *Non-GAAP Financial Measures*

(1) Management of the Partnership believes EBITDA and distributable cash flow information enhances an investor's understanding of a business' ability to generate cash for payment of distributions and other purposes. EBITDA and distributable cash flow do not represent and should not be considered an alternative to net income or cash flows from operating activities as determined under United States generally accepted accounting principles (GAAP) and may not be comparable to other similarly titled measures of other businesses. Reconciliations of these measures to the comparable GAAP measure are provided in the tables accompanying this release.

# Non-GAAP Financial Measures

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*(\$ in millions, unaudited)*

## Adjusted Net Income Attributable to Sunoco Logistics Partners L.P.

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 192,854	\$ 286,835
Less: Gain on investments in affiliates	(128,451)	(128,451)
<b>Adjusted Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 64,403	\$ 158,384
Less: General Partner's interest	(12,148)	(32,903)
<b>Limited Partners' interest in Net Income</b>	<u>\$ 52,255</u>	<u>\$ 125,481</u>
<b>Net Income per Limited Partner unit:</b>		
Basic	<u>\$ 1.64</u>	<u>\$ 4.01</u>
Diluted	<u>\$ 1.64</u>	<u>\$ 3.99</u>
<b>Weighted Average Limited Partners' units outstanding:</b>		
Basic	<u>31,797,082</u>	<u>31,291,262</u>
Diluted	<u>31,955,360</u>	<u>31,462,963</u>