
Sunoco Logistics Partners L.P.



Third Quarter 2011
Earnings Conference Call
October 25, 2011

Forward-Looking Statements

You should review this slide presentation in conjunction with the third quarter 2011 earnings conference call for Sunoco Logistics Partners L.P., held on October 25 at 5:00 p.m. ET. You may listen to the audio portion of the conference call on our website at www.sunocologistics.com or by dialing (USA toll-free) 888-790-3592. International callers should dial 517-308-9379. 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 866-490-5849. International callers should dial 203-369-1705.

During the call, those statements we make that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees of future performance. Although we believe the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements involve risks and uncertainties that may affect our business and cause actual results to differ materially from those discussed during the conference call. Such risks and uncertainties include economic, business, competitive and/or regulatory factors affecting our business, as well as uncertainties related to the outcomes of pending or future litigation. Sunoco Logistics Partners L.P. has included in its Annual Report on Form 10-K for the year ended December 31, 2010, and in its subsequent SEC filings, cautionary language identifying important factors (though not necessarily all such factors) that could cause future outcomes to differ materially from those set forth in the forward-looking statements. For more information about these factors, see our SEC filings, available on our website at www.sunocologistics.com. We expressly disclaim any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided in the slides at the end of the presentation. You should consider carefully the comparable GAAP measures and the reconciliations to those measures provided in this presentation.

Highlights

- Record quarterly performance:
 - É \$150 million EBITDA
 - É \$109 million Distributable Cash Flow
 - É \$95 million Net Income
- Increased distribution for 26th consecutive quarter
- Completed three acquisitions during the quarter for a year to date spend of \$494 million
- Announced a three-for-one common unit and Class A unit split⁽¹⁾
- Issued guidance for increasing the Partnership's cash distribution by 7 percent in 2012
- Realigned the Partnership's reporting segments.

⁽¹⁾ All unit and per unit information presented herein is on a pre-split basis.

Record Acquisition Growth

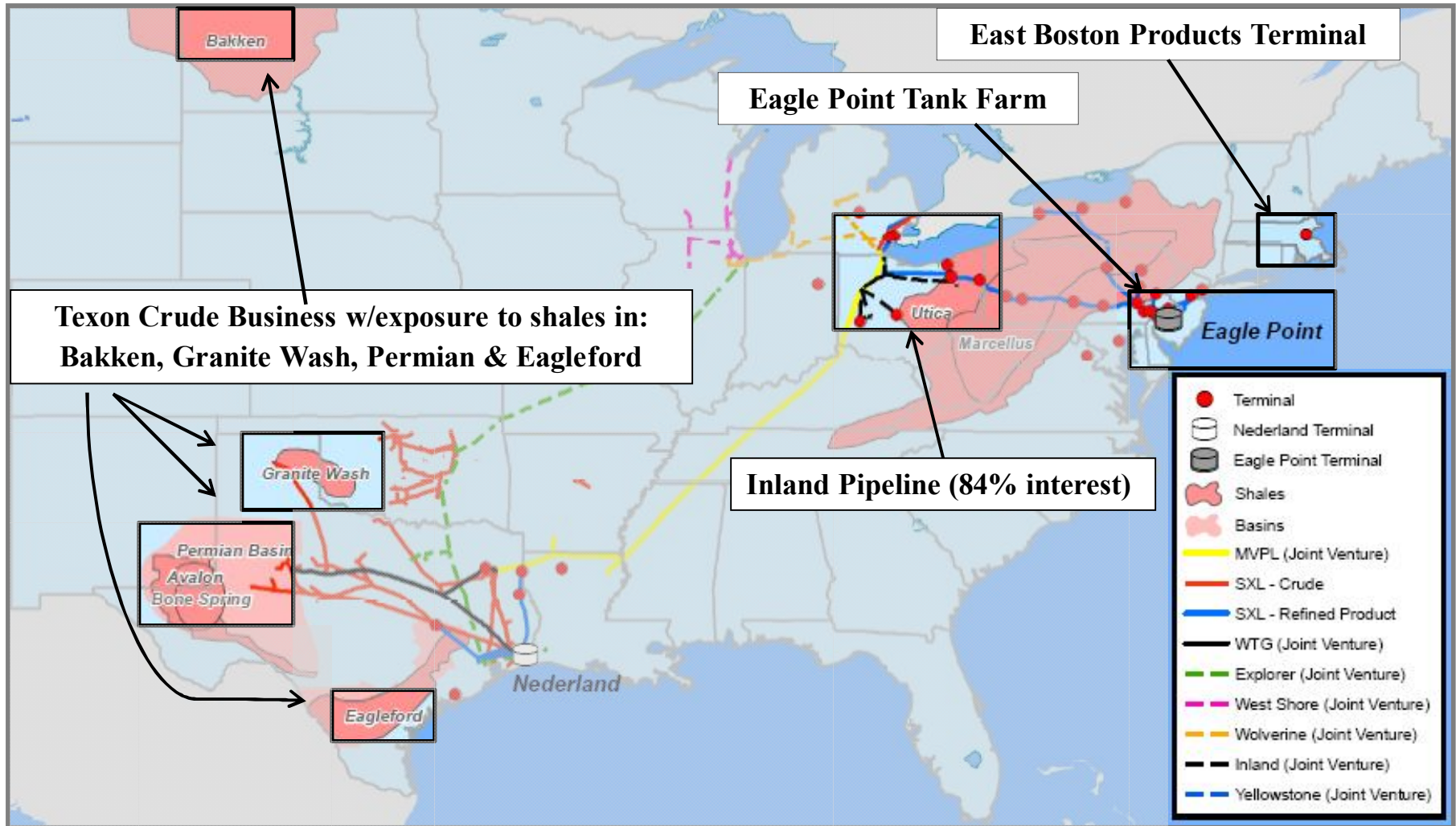
- Almost \$500MM in major acquisitions year to date⁽¹⁾

(in millions)

Texon Crude Business	\$ 222	⁽¹⁾
Eagle Point Tank Farm	100	
Inland Pipeline (84% interest)	99	
East Boston Terminal	<u>73</u>	⁽¹⁾
Total	\$ 494	

⁽¹⁾ Includes inventory

2011 Acquisitions



Unit Split

- 3-for-1 unit split declared
- Distribution of 2 additional units for every 1 unit outstanding
 - É Record dateô November 18, 2011
 - É Effective dateô December 2, 2011

- Impact to units outstanding:

<u>Class of Unit</u>	<u>09/30/11</u>	<u>Pro Forma</u>
Common	33,128,767	99,386,301
Class A	1,313,145	3,939,435

- Targeted distribution levels will be cut to 1/3rd of current levels for incentive distribution rights (IDRs); no impact to distribution õplitsö
- November 14, 2011 distribution of \$1.24 per common unit not impacted

Segments Realigned

- Previously, Crude Oil Pipeline segment included crude oil pipeline and crude oil acquisition and marketing businesses
- Currently, Crude Oil Pipeline and Crude Oil Acquisition and Marketing are segregated into separate reporting segments
- Prior-year amounts have been restated to conform
- No impact on consolidated results

Segment Change 2007 - 2011 YTD⁽¹⁾

Earnings before interest, taxes, depreciation and amortization (EBITDA) in millions of dollars by segment

Former Segments	YTD				
	2007	2008	2009	2010	2011
Refined Products Pipeline	\$ 40	\$ 44	\$ 58	\$ 59	\$ 37
Terminal Facilities	68	81	103	124	120
Crude Oil Pipeline	85	166	182	183	222
Total EBITDA	<u>\$ 193</u>	<u>\$ 291</u>	<u>\$ 343</u>	<u>\$ 366</u>	<u>\$ 379</u>

Current Segments	YTD				
	2007	2008	2009	2010	2011
Refined Products Pipelines	\$ 40	\$ 44	\$ 58	\$ 59	\$ 37
Terminal Facilities	68	81	103	124	120
Crude Oil Pipelines	74	126	137	145	142
Crude Oil Acquisition and Marketing	11	40	45	38	80
Total EBITDA	<u>\$ 193</u>	<u>\$ 291</u>	<u>\$ 343</u>	<u>\$ 366</u>	<u>\$ 379</u>

(1) 2011 YTD = Nine months ended September 30, 2011.

Q3 2011 Financial Highlights

(\$ in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Sales and other operating revenue	\$ 2,847	\$ 1,876	\$ 7,529	\$ 5,585
Other income	3	7	9	25
Total revenues	2,850	1,883	7,538	5,610
Cost of products sold and operating expenses	2,675	1,762	7,086	5,295
Depreciation and amortization	24	16	61	45
Selling, general and administrative expenses	23	15	67	52
Total costs and expenses	2,722	1,793	7,214	5,392
Operating income	128	90	324	218
Interest cost and debt expense	26	21	68	57
Capitalized interest	(2)	(1)	(5)	(3)
Gain on investments in affiliates	-	128	-	128
Income before provision for income taxes	104	198	261	292
Provision for income taxes	7	4	18	4
Net Income	97	194	243	288
Net income attributable to noncontrolling interests	2	1	6	1
Net Income attributable to Sunoco Logistics Partners L.P.	\$ 95	\$ 193	\$ 237	\$ 287

Q3 2011 Financial Highlights

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Calculation of Limited Partners' interest:				
Net Income attributable to Sunoco Logistics Partners L.P.	\$ 95	\$ 193	\$ 237	\$ 287
Less: General Partner's interest	(14)	(15)	(40)	(36)
Limited Partners' interest in Net Income	<u>\$ 81</u>	<u>\$ 178</u>	<u>\$ 197</u>	<u>\$ 251</u>
Net Income per Limited Partner unit:⁽¹⁾				
Basic	<u>\$ 2.35</u>	<u>\$ 5.60</u>	<u>\$ 5.86</u>	<u>\$ 8.03</u>
Diluted	<u>\$ 2.34</u>	<u>\$ 5.57</u>	<u>\$ 5.85</u>	<u>\$ 7.99</u>
Weighted Average Limited Partners' units outstanding:⁽¹⁾				
Basic	<u>34.4</u>	<u>31.8</u>	<u>33.6</u>	<u>31.3</u>
Diluted	<u>34.6</u>	<u>32.0</u>	<u>33.7</u>	<u>31.5</u>

(1) Amounts do not reflect the announced unit split.

Refined Products Pipelines

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Financial Highlights				
Sales and other operating revenue	\$ 37	\$ 30	\$ 93	\$ 91
Operating income	11	13	24	34
Depreciation and amortization expense	5	4	13	12
Earnings before interest, taxes, depreciation and amortization (EBITDA)	16	17	37	45
Operating Highlights				
Pipeline throughput (thousands of bpd) ⁽¹⁾	605	452	496	476
Pipeline revenue per barrel (cents)	66.2	71.4	68.6	69.5

⁽¹⁾ In May 2011, the Partnership acquired a controlling financial interest in the Inland refined products pipeline. As a result of this acquisition, the Partnership accounted for this entity as a consolidated subsidiary from the acquisition date. Volumes for the three and nine months ended September 30, 2011 of 137 and 70 thousand bpd, respectively, and the related revenue per barrel, have been included in the consolidated totals. From the date of acquisition, this pipeline had actual throughput of approximately 139 thousand bpd for the nine months ended September 30, 2011.

Terminal Facilities

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Financial Highlights				
Sales and other operating revenue	\$ 94	\$ 64	\$ 279	\$ 188
Operating income	33	24	96	74
Depreciation and amortization expense	8	7	24	18
EBITDA	41	31	120	93

Operating Highlights

Terminal throughput (thousands of bpd):⁽¹⁾

Refined products terminals	497	505	485	484
Nederland terminal	869	780	779	731
Refinery terminals	483	459	422	476

⁽¹⁾ In July 2011 and August 2011, the Partnership acquired the Eagle Point tank farm and a refined products terminal located in East Boston Massachusetts, respectively. Volumes and revenues for these acquisitions are included from their acquisition dates.

Crude Oil Pipelines

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Financial Highlights				
Sales and other operating revenue	\$ 81	\$ 61	\$ 233	\$ 145
Operating income	43	34	129	90
Depreciation and amortization expense	7	5	19	14
EBITDA	48	38	142	103

Operating Highlights

Pipeline throughput (thousands of bpd) ⁽¹⁾	1,637	1,387	1,591	1,045
Pipeline revenue per barrel (cents)	54.0	47.3	53.7	50.5

⁽¹⁾ In July 2010, the Partnership acquired additional interests in the Mid-Valley and West Texas Gulf crude oil pipelines, which previously had been recorded as equity investments. The Partnership obtained a controlling financial interest as a result of these acquisitions and began accounting for these entities as consolidated subsidiaries from their respective acquisition dates. Volumes and the related revenues for the three and nine months ended September 30, 2010 of 353 and 119 thousand bpd have been included in the crude oil pipeline throughput and revenue per barrel. From the date of acquisition, these pipelines had actual throughput of approximately 602 thousand bpd for the three and nine months ended September 30, 2010. The amounts presented for the three and nine month periods ended September 30, 2011 include amounts attributable to these systems for the entire period.

Crude Oil Acquisition and Marketing

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Financial Highlights				
Sales and other operating revenue	\$ 2,671	\$ 1,748	\$ 7,028	\$ 5,234
Operating income	41	19	75	20
Depreciation and amortization expense	4	-	5	1
EBITDA	45	19	80	21

Operating Highlights ⁽¹⁾⁽²⁾

Crude oil purchases (thousands of bpd) ⁽¹⁾	723	662	654	649
Gross margin per barrel purchased (cents) ⁽²⁾	66.3	34.3	47.2	15.0
Average crude oil price (per barrel)	\$89.81	\$76.21	\$95.52	\$77.65

⁽¹⁾ Includes results from the crude oil acquisition and marketing business acquired from Texon L.P. in August 2011 from the acquisition date.

⁽²⁾ Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by total crude purchases.

Q3 2011 Financial Highlights

(\$ in millions, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Capital Expenditure Data:				
Maintenance capital expenditures	\$ 10	\$ 11	\$ 20	\$ 25
Expansion capital expenditures	43	26	102	88
Major Acquisitions	395	243	494	243
Total	<u>\$ 448</u>	<u>\$ 280</u>	<u>\$ 616</u>	<u>\$ 356</u>

	September 30,	December 31,
	2011	2010
Balance Sheet Data (at period end):		
Cash and cash equivalents	\$ 8	\$ 2
Total debt ⁽¹⁾	\$ 1,798	\$ 1,229
Equity		
Sunoco Logistics Partners L.P. Equity	\$ 1,081	\$ 965
Noncontrolling interests	101	77
Total Equity	<u>\$ 1,182</u>	<u>\$ 1,042</u>

(1) Total debt at September 30, 2011 and December 31, 2010 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,	
	2011	2010	2011	2010
Net Income attributable to Sunoco Logistics Partners L.P.	\$ 95	\$ 193	\$ 237	\$ 287
Add: Interest expense, net	24	20	63	54
Add: Depreciation and amortization expense	24	16	61	45
Add: Provision for income taxes	7	4	18	4
Less: Gain on investments in affiliates	-	(128)	-	(128)
EBITDA⁽¹⁾	150	105	379	262
Less: Interest expense, net	(24)	(20)	(63)	(54)
Less: Maintenance capital expenditures	(10)	(11)	(20)	(25)
Less: Provision for income taxes	(7)	(4)	(18)	(4)
Distributable cash flow⁽¹⁾	\$ 109	\$ 70	\$ 278	\$ 179

Non-GAAP Financial Measures

(1) Management of the Partnership believes EBITDA and distributable cash flow information enhances an investor's understanding of a business's 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.

Historical Financial Highlights

	2007	2008	2009				2010				2011				
	Total	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd	4th	Total	1st	2nd	3rd
Financial highlights (in millions)															
Sales and other operating revenue															
Refined Products Pipelines	\$ 98	\$ 104	\$ 32	\$ 31	\$ 32	\$ 33	\$ 128	\$ 30	\$ 31	\$ 30	\$ 29	\$ 120	\$ 27	\$ 29	\$ 37
Terminal Facilities	148	171	49	52	50	56	207	60	64	64	99	287	93	92	94
Crude Oil Pipelines	122	171	48	52	42	43	185	43	41	61	76	221	71	81	81
Crude Oil Acquisition and Marketing	7,066	9,762	938	1,178	1,321	1,553	4,990	1,570	1,916	1,748	2,048	7,282	2,098	2,259	2,671
Intersegment eliminations	(56)	(96)	(29)	(30)	(25)	(24)	(108)	(23)	(23)	(27)	(29)	(102)	(31)	(37)	(36)
Total sales and other revenue	<u>\$ 7,378</u>	<u>\$10,112</u>	<u>\$ 1,038</u>	<u>\$ 1,283</u>	<u>\$ 1,420</u>	<u>\$ 1,661</u>	<u>\$ 5,402</u>	<u>\$ 1,680</u>	<u>\$ 2,029</u>	<u>\$ 1,876</u>	<u>\$ 2,223</u>	<u>\$ 7,808</u>	<u>\$ 2,258</u>	<u>\$ 2,424</u>	<u>\$ 2,847</u>
Operating income															
Refined Products Pipelines	\$ 32	\$ 34	\$ 11	\$ 11	\$ 13	\$ 10	\$ 45	\$ 8	\$ 13	\$ 13	\$ 10	\$ 44	\$ 5	\$ 8	\$ 11
Terminal Facilities	53	58	21	21	21	21	84	22	28	24	21	95	29	34	33
Crude Oil Pipelines	63	115	33	36	27	27	123	30	26	34	36	126	39	47	43
Crude Oil Acquisition and Marketing	8	38	26	11	(2)	8	43	(2)	3	19	16	36	2	32	41
Total operating income	<u>\$ 156</u>	<u>\$ 245</u>	<u>\$ 91</u>	<u>\$ 79</u>	<u>\$ 59</u>	<u>\$ 66</u>	<u>\$ 295</u>	<u>\$ 58</u>	<u>\$ 70</u>	<u>\$ 90</u>	<u>\$ 83</u>	<u>\$ 301</u>	<u>\$ 75</u>	<u>\$ 121</u>	<u>\$ 128</u>
Depreciation and amortization															
Refined Products Pipelines	\$ 8	\$ 9	\$ 3	\$ 3	\$ 3	\$ 4	\$ 13	\$ 4	\$ 4	\$ 4	\$ 3	\$ 15	\$ 4	\$ 4	\$ 5
Terminal Facilities	15	16	5	5	5	4	19	6	5	7	8	26	8	8	8
Crude Oil Pipelines	12	13	4	3	3	4	14	5	4	5	7	21	6	6	7
Crude Oil Acquisition and Marketing	2	2	-	-	1	1	2	-	1	-	1	2	-	1	4
Total depreciation and amortization	<u>\$ 37</u>	<u>\$ 40</u>	<u>\$ 12</u>	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$ 13</u>	<u>\$ 48</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 16</u>	<u>\$ 19</u>	<u>\$ 64</u>	<u>\$ 18</u>	<u>\$ 19</u>	<u>\$ 24</u>
Earnings before interest, taxes, depreciation and amortization															
Refined Products Pipelines	\$ 40	\$ 44	\$ 14	\$ 14	\$ 16	\$ 14	\$ 58	\$ 12	\$ 17	\$ 17	\$ 13	\$ 59	\$ 9	\$ 12	\$ 16
Terminal Facilities	68	81	26	26	26	25	103	28	33	31	32	124	37	42	41
Crude Oil Pipelines	74	126	37	39	30	31	137	35	30	38	42	145	43	51	48
Crude Oil Acquisition and Marketing	11	40	26	11	(1)	9	45	(2)	4	19	17	38	2	33	45
Total EBITDA	<u>\$ 193</u>	<u>\$ 291</u>	<u>\$ 103</u>	<u>\$ 90</u>	<u>\$ 71</u>	<u>\$ 79</u>	<u>\$ 343</u>	<u>\$ 73</u>	<u>\$ 84</u>	<u>\$ 105</u>	<u>\$ 104</u>	<u>\$ 366</u>	<u>\$ 91</u>	<u>\$ 138</u>	<u>\$ 150</u>

Historical Operating Highlights

	2007	2008	2009				2010				2011		
	Total	Total	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd
Operating highlights ⁽¹⁾ (unaudited)													
Refined Products Pipelines:													
Pipeline throughput (thousands of bpd) ^{(2),(3)}	491	510	583	568	578	576	456	519	452	442	410	471	605
Pipeline revenue per barrel (cents)	54.8	55.4	59.9	60.4	60.2	62.4	70.9	66.5	71.4	71.7	71.8	69.1	66.2
Terminal Facilities: ⁽⁴⁾													
Refined products terminals throughput (thousands of bpd)	434	436	460	464	465	466	459	487	505	502	478	479	497
Nederland terminal throughput (thousands of bpd)	507	526	653	646	560	531	726	684	780	724	696	771	869
Refinery terminals throughput (thousands of bpd)	696	654	583	599	609	574	498	471	459	434	389	393	483
Crude Oil Pipelines:													
Pipeline throughput (thousands of bpd) ⁽⁵⁾	674	683	664	670	611	687	837	906	1,387	1,592	1,493	1,641	1,637
Pipeline revenue per barrel (cents) ⁽⁶⁾	49.6	68.5	81.0	86.2	74.3	68.5	57.2	49.5	47.3	50.9	52.7	54.2	54.0
Crude Oil Acquisition and Marketing:													
Crude oil purchases (thousands of bpd)	578	579	637	656	539	540	603	681	662	606	601	637	723
Gross margin per barrel purchased (cents) ⁽⁶⁾	8.0	21.9	48.5	21.3	1.4	22.3	2.7	6.8	34.3	35.6	8.4	61.6	66.3
Average crude oil price (per barrel)	\$ 72.40	\$ 99.65	\$ 43.21	\$ 59.61	\$ 68.29	\$ 76.17	\$ 78.79	\$ 77.99	\$ 76.21	\$ 85.18	\$ 94.25	\$ 102.55	\$ 89.81

⁽¹⁾ In the third quarter 2011, the Partnership realigned its reporting segments. The updated reporting segments are: Refined Products Pipelines, Crude Oil Pipelines, Terminal Facilities, and Crude Oil Acquisition and Marketing. The primary difference in the new reporting is the segregation of the crude oil pipeline and the crude oil acquisition and marketing operations. For comparative purposes, all prior period amounts have been recast to reflect the new segment reporting. The change does not impact consolidated net income.

⁽²⁾ Excludes amounts attributable to equity ownership interests which are not consolidated.

⁽³⁾ In May 2011, the Partnership acquired a controlling financial interest in the Inland refined products pipeline. As a result of this acquisition, the Partnership accounted for this entity as a consolidated subsidiary from the acquisition date. Volumes for the three months ended September 30, 2011 of 137 thousand bpd and the related revenue per barrel, have been included in the refined products pipeline throughput and revenue per barrel.

⁽⁴⁾ In July 2011 and August 2011, the Partnership acquired the Eagle Point tank farm and a refined products terminal located in East Boston Massachusetts, respectively. Volumes and revenues for these acquisitions are included from their acquisition dates.

⁽⁵⁾ In July 2010, the Partnership acquired additional interests in the Mid-Valley and West Texas Gulf crude oil pipelines, which previously had been recorded as equity investments. The Partnership obtained a controlling financial interest as a result of these acquisitions and began accounting for these entities as consolidated subsidiaries from their respective acquisition dates. Volumes and the related revenues for the three months ended September 30, 2010 of 353 thousand bpd have been included in the crude oil pipeline throughput and revenue per barrel. From the date of acquisition, these pipelines had actual throughput of approximately 602 thousand bpd for the three months ended September 30, 2010. The amounts presented for the three month period ended September 30, 2011 include amounts attributable to these systems for the entire period.

⁽⁶⁾ Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by total crude purchases.