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# Sunoco Logistics Partners L.P.



**Sunoco Logistics**



Fourth Quarter 2009  
Earnings Conference Call  
January 27, 2010

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# Forward-Looking Statement

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**You should review this slide presentation in conjunction with the fourth quarter 2009 earnings conference call for Sunoco Logistics Partners L.P., held on January 27 at 9:00 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) 1-877-297-3442. International callers should dial 1-706-643-1335. Please enter Conference ID #49826444.**

**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 1-800-642-1687. International callers should dial 1-706-645-9291. Please enter Conference ID # 49826444.**

**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 on November 4, 2009. 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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# Q4 2009 Assessment

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- Record net income for 2009 of \$250.4 million compared to \$214.5 million in the prior year; Record performance in all three business segments for 2009
- Record performance in all three business segments for 2009
- Quarterly net income of \$54.4 million or \$1.30 per diluted LP unit
- Distributable cash flow for 2009 increased to \$265.9 million, a 12.2% increase from 2008
- Increased total distribution to \$1.09 (\$4.36 annualized) per unit, a 10.1 percent increase over the prior year's distribution
  - Represents the twenty-sixth distribution increase in the past twenty-seven quarters
- Debt to EBITDA ratio of 2.5 for the last twelve months

# Incentive Distribution Repurchase

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	Cancelled Incentive Distribution Rights			Exchanged Incentive Distribution Rights		
	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions		Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner <sup>(1)</sup>	Unitholders		General Partner <sup>(1)</sup>	Unitholders
Minimum Quarterly Distribution	\$0.450	2%	98%	No Change		
First Target Distribution	up to \$0.500	2%	98%			
Second Target Distribution	above \$0.500 up to \$0.575	15%	85%			
Third Target Distribution	above \$0.575 up to \$0.700	25%	75%	above \$0.575 up to \$1.5825	37%	63%
Thereafter	above \$0.700	50%	50%	above \$1.5825	50%	50%

<sup>(1)</sup> Marginal IDR percentage interest is inclusive of Sunoco Partners LLC's 2% general partner interest.



# Q4 2009 Financial Highlights

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*(\$ in millions, unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Sales and operating revenue	\$ 1,661.0	\$ 1,573.0	\$ 5,401.8	\$ 10,112.3
Other income	6.6	4.4	27.9	24.3
Total revenues	1,667.6	1,577.4	5,429.7	10,136.6
Cost of products sold and other operating expenses	1,572.8	1,469.3	5,023.3	9,786.0
Depreciation and amortization	12.7	10.5	48.0	40.0
Selling, general and administrative expenses	15.7	14.5	63.3	59.3
Impairment Charges	-	-	-	5.7
Total costs and expenses	1,601.2	1,494.3	5,134.6	9,891.0
<b>Operating income</b>	<b>66.4</b>	<b>83.1</b>	<b>295.1</b>	<b>245.6</b>
Interest cost and debt expense, net	12.7	9.0	49.0	35.0
Capitalized interest	(0.7)	(1.2)	(4.3)	(3.9)
<b>Net Income</b>	<b>\$ 54.4</b>	<b>\$ 75.3</b>	<b>\$ 250.4</b>	<b>\$ 214.5</b>

# Q4 2009 Financial Highlights

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

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Calculation of Limited Partners' interest:</b>				
Net Income	\$ 54.4	\$ 75.3	\$ 250.4	\$ 214.5
Less: General Partners' interest	(13.8)	(10.9)	(52.7)	(37.1)
Limited Partners' interest in Net Income	<u>\$ 40.6</u>	<u>\$ 64.4</u>	<u>\$ 197.7</u>	<u>\$ 177.4</u>
<b>Net Income per Limited Partner unit:</b>				
Basic (1)	<u>\$ 1.31</u>	<u>\$ 2.25</u>	<u>\$ 6.52</u>	<u>\$ 6.19</u>
Diluted (1)	<u>\$ 1.30</u>	<u>\$ 2.23</u>	<u>\$ 6.48</u>	<u>\$ 6.15</u>
<b>Weighted Average Limited Partners' units outstanding (in thousands):</b>				
Basic	<u>30,981</u>	<u>28,657</u>	<u>30,311</u>	<u>28,650</u>
Diluted	<u>31,199</u>	<u>28,854</u>	<u>30,518</u>	<u>28,837</u>

(1) Effective January 1, 2009, the Partnership adopted a new pronouncement, "Application of the Two-Class Method under an existing standard to Master Limited Partnerships." The new pronouncement requires undistributed earnings to be allocated to the limited partner and general partner interests in accordance with the Partnership agreement. Prior period amounts have been restated for comparative purposes. This change resulted in an increase in net income per diluted LP unit of \$0.61 and \$1.17 for the three and twelve months ended December 31, 2009, respectively.

# Q4 2009 Financial Highlights

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*(\$ in millions, unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
<b>Capital Expenditure Data:</b>				
Maintenance capital expenditures	\$ 16.8	\$ 10.0	\$ 32.2	\$ 25.7
Expansion capital expenditures	49.0	232.2	193.6	305.6
Total	\$ 65.8	\$ 242.2	\$ 225.8	\$ 331.3
	December 31, 2009	December 31, 2008		
<b>Balance Sheet Data (at period end):</b>				
Cash and cash equivalents	\$ 2.0	\$ 2.0		
Total debt	868.4	747.6		
Total Partners' Capital	861.6	669.9		

# Q4 2009 Financing Update

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(\$ in millions, unaudited)

	Balance as of:	
	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<b>Revolving Credit Facilities (1):</b>		
\$400 million - due November 2012 (2)	\$ 268,973	\$ 323,385
\$62.5 million - due September 2011	-	-
<b>Senior Notes:</b>		
7.25% Senior Notes - due 2012	250,000	250,000
6.125% Senior Notes - due 2016	175,000	175,000
8.75% Senior Notes - due 2014	175,000	-
Less: unamortized bond discount	(549)	(754)
<b>Total Debt</b>	<b><u>\$ 868,424</u></b>	<b><u>\$ 747,631</u></b>

(1) As of December 31, 2009, the Partnership has unutilized borrowing capacity of \$188.5 million under its revolving credit facilities.

(2) On April 17, 2009, the Partnership issued 2.2 million common units representing a limited partnership interest in Sunoco Logistics Partners LP. Net proceeds of approximately \$109.5 million were used to reduce outstanding borrowings under the \$400 million revolving credit facility.

# Refined Products Pipeline System

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*(amounts in millions, unless otherwise noted, unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009 <sup>(4)</sup>	2008 <sup>(3)</sup>	2009 <sup>(4)</sup>	2008 <sup>(3)</sup>
<b>Financial Highlights</b>				
Sales and operating revenue	\$ 33.1	\$ 29.9	\$ 127.7	\$ 103.5
Other income	3.4	2.0	12.6	8.5
Total revenues	36.5	31.9	140.3	112.0
Operating expenses	16.4	14.8	60.1	48.4
Depreciation and amortization	4.1	2.7	13.7	9.4
Selling, general and administrative expenses	5.8	4.7	21.8	19.8
Operating income	\$ 10.2	\$ 9.7	\$ 44.7	\$ 34.4

## Operating Highlights<sup>(1)</sup>

Total shipments (mm barrel miles per day) <sup>(2)</sup>	56.5	55.0	57.7	46.9
Revenue per barrel mile (cents)	0.636	0.590	0.606	0.603

(1) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.

(2) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.

(3) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.

(4) Includes results from the Partnership's purchase of the MagTex refined products terminals from the date of acquisition.

# Terminal Facilities

*(amounts in millions, unless otherwise noted, unaudited)*

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Financial Highlights</b>				
Sales and operating revenue	\$ 51.9	\$ 43.1	\$ 191.2	\$ 162.5
Other income	0.4	0.0	1.9	0.8
Total revenues	<u>52.3</u>	<u>43.1</u>	<u>193.1</u>	<u>163.3</u>
Operating expenses	22.7	18.7	71.1	64.3
Depreciation and amortization	4.4	4.3	18.9	16.4
Selling, general and administrative expenses	4.7	4.5	19.4	18.4
Impairment charge	-	-	-	5.7
Operating income	<u>\$ 20.5</u>	<u>\$ 15.6</u>	<u>\$ 83.7</u>	<u>\$ 58.5</u>
<b>Operating Highlights</b>				
Terminal throughput (000's bpd)				
Refined product terminals <sup>(2), (3)</sup>	466.2	460.2	462.2	436.2
Nederland terminal	531.4	479.6	597.1	526.0
Refinery terminals <sup>(1)</sup>	573.3	669.5	591.2	653.3

(1) Consists of the Partnership Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.

(2) Includes results from the Partnership's purchase of the MagTex refined products terminals from the date of acquisition.

(3) Includes results from the Partnership's purchase of a refined products terminal in Romulus, MI from the acquisition date.

# Crude Oil Pipeline System

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*(amounts in millions, unless otherwise noted, unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008 <sup>(3)</sup>	2009	2008 <sup>(3)</sup>
<b>Financial Highlights</b>				
Sales and operating revenue	\$ 1,576.0	\$ 1,500.0	\$ 5,082.8	\$ 9,846.4
Other income	2.7	2.4	13.4	14.9
Total revenues	1,578.7	1,502.4	5,096.2	9,861.3
Cost of products sold and other operating expenses	1,533.7	1,435.7	4,892.0	9,673.2
Depreciation and amortization	4.1	3.6	15.4	14.3
Selling, general and administrative expenses	5.2	5.3	22.1	21.1
Operating income	\$ 35.7	\$ 57.8	\$ 166.7	\$ 152.7

## **Operating Highlights** <sup>(1)</sup>

Terminal throughput (000's bpd)

Crude oil pipeline throughput (000's bpd)	687.1	711.6	658.0	682.6
Crude oil purchases at wellhead (000's bpd)	177.2	185.0	181.6	177.7
Gross margin per barrel of pipeline throughput (cents) <sup>(2)</sup>	60.4	93.4	73.0	63.0

(1) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.

(2) 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.

(3) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.

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# Sunoco Logistics Partners L.P.



## Appendix

# Non-GAAP Financial Measures

(\$ in thousands, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
<b>Net Income</b>	\$ 54,353	\$ 75,320	\$ 250,362	\$ 214,480
Add: Interest cost and debt expense, net	12,729	9,063	49,007	34,967
Less: Capitalized Interest	(696)	(1,242)	(4,325)	(3,855)
Add: Depreciation and amortization	12,337	10,555	47,665	40,054
Add: Impairment charge	-	-	-	5,674
<b>EBITDA</b>	\$ 78,723	\$ 93,696	\$ 342,709	\$ 291,320
Less: Interest expense	12,033	7,821	44,682	31,112
Less: Maintenance capital	16,846	9,998	32,172	25,652
Add: Sunoco reimbursements	-	-	-	2,426
<b>Distributable Cash Flow ("DCF")</b>	\$ 49,844	\$ 75,877	\$ 265,855	\$ 236,982

## Non-GAAP Financial Measures

(1) In this release, the Partnership's EBITDA and DCF references are not presented in accordance with generally accepted accounting principles ("GAAP") and are not intended to be used in lieu of GAAP presentations of net income. Management of the Partnership believes EBITDA and DCF information enhance an investor's understanding of a business' ability to generate cash for payment of distributions and other purposes. In addition, EBITDA is also used as a measure in the Partnership's revolving credit facilities in determining its compliance with certain covenants. However, there may be contractual, legal, economic or other reasons which may prevent the Partnership from satisfying principal and interest obligations with respect to indebtedness and may require the Partnership to allocate funds for other purposes. EBITDA and DCF do not represent and should not be considered an alternative to net income or operating income as determined under United States GAAP and may not be comparable to other similarly titled measures of other businesses.

# Non-GAAP Financial Measures

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*(\$ in thousands, unaudited)*

<b>Earnings before interest, taxes, depreciation and amortization ("EBITDA")</b>	<b>Twelve Months Ended December 31, 2009</b>	
<b>Net Income</b>	\$	<b>250,362</b>
Add: Interest cost and debt expense		49,007
Less: Capitalized interest		(4,325)
Add: Depreciation and amortization		47,665
<b>EBITDA</b>	<b>\$</b>	<b>342,709</b>
<b>Total Debt as of December 31, 2009</b>	<b>\$</b>	<b>868,424</b>
<b>Total Debt to EBITDA Ratio</b>		<b>2.5</b>

## *Non-GAAP Financial Measures*

(1) In this release, the Partnership's EBITDA and DCF references are not presented in accordance with generally accepted accounting principles ("GAAP") and are not intended to be used in lieu of GAAP presentations of net income. Management of the Partnership believes EBITDA and DCF information enhance an investor's understanding of a business' ability to generate cash for payment of distributions and other purposes. In addition, EBITDA is also used as a measure in the Partnership's revolving credit facilities in determining its compliance with certain covenants. However, there may be contractual, legal, economic or other reasons which may prevent the Partnership from satisfying principal and interest obligations with respect to indebtedness and may require the Partnership to allocate funds for other purposes. EBITDA and DCF do not represent and should not be considered an alternative to net income or operating income as determined under United States GAAP and may not be comparable to other similarly titled measures of other businesses.

# Refined Products Pipeline System Recast

*(amounts in millions, unless otherwise noted, unaudited)*

	Q1 2008	Q2 2008	Q3 2008	Q4 2008
<b>Financial Highlights<sup>(1)</sup></b>				
Sales and other operating revenue	\$ 24.3	\$ 23.6	\$ 25.7	\$ 29.9
Other income	1.3	3.0	2.3	2.0
Total revenues	<u>25.6</u>	<u>26.6</u>	<u>27.9</u>	<u>31.9</u>
Operating expenses	11.6	10.9	11.1	14.8
Depreciation and amortization	2.2	2.2	2.2	2.7
Selling, general and administrative expenses	5.1	4.9	5.1	4.7
Operating income	<u>\$ 6.7</u>	<u>\$ 8.6</u>	<u>\$ 9.5</u>	<u>\$ 9.7</u>
<b>Operating Highlights<sup>(1)(2)</sup></b>				
Total shipments (mm barrel miles per day) <sup>(3)</sup>	45.5	43.1	43.8	55.0
Revenue per barrel mile (cents)	0.587	0.601	0.638	0.590

(1) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.

(2) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.

(3) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.

# Crude Oil Pipeline System Recast

*(amounts in millions, unless otherwise noted, unaudited)*

	Q1 2008	Q2 2008	Q3 2008	Q4 2008
<b>Financial Highlights <sup>(1)</sup></b>				
Sales and other operating revenue	\$2,330.7	\$ 3,252.5	\$ 2,763.2	\$ 1,500.0
Other income	3.6	5.0	4.0	2.4
Total revenues	<u>2,334.3</u>	<u>3,257.5</u>	<u>2,767.2</u>	<u>1,502.4</u>
Operating expenses	2,298.0	3,216.1	2,723.6	1,435.7
Depreciation and amortization	3.5	3.6	3.6	3.6
Selling, general and administrative expenses	5.5	5.0	5.4	5.3
Operating income	<u>\$ 27.3</u>	<u>\$ 32.8</u>	<u>\$ 34.6</u>	<u>\$ 57.8</u>
<b>Operating Highlights<sup>(1)(2)</sup></b>				
Crude oil pipeline throughput (000's bpd)	675.5	694.1	649.3	711.6
Crude oil purchases at wellhead (000's bpd)	171.5	177.4	176.7	184.9
Gross margin per barrel of pipeline throughput (cents) <sup>(3)</sup>	48.5	51.2	57.2	93.4

(1) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.

(2) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.

(3) 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.