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# Sunoco Logistics Partners L.P.



Fourth Quarter 2010  
Earnings Conference Call  
January 27, 2011

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# Forward-Looking Statements

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**You should review this slide presentation in conjunction with the fourth quarter 2010 earnings conference call for Sunoco Logistics Partners L.P., held on January 27 at 5:00 p.m. ET. 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 1-800-947-6258. International callers should dial 1-402-220-3482.**

**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, 2009, and in its subsequent Form 10-Q and Form 8-K 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](http://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.**

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# Q4 2010 Assessment

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- Distributable cash flow of \$69 million, a \$19 million increase from 4Q09
- Recognized approximately \$10 million in crude contango earnings
- Expansion capital of \$58 million including the acquisition of two small terminals in Texas
- Increased distribution for 23<sup>rd</sup> consecutive quarter

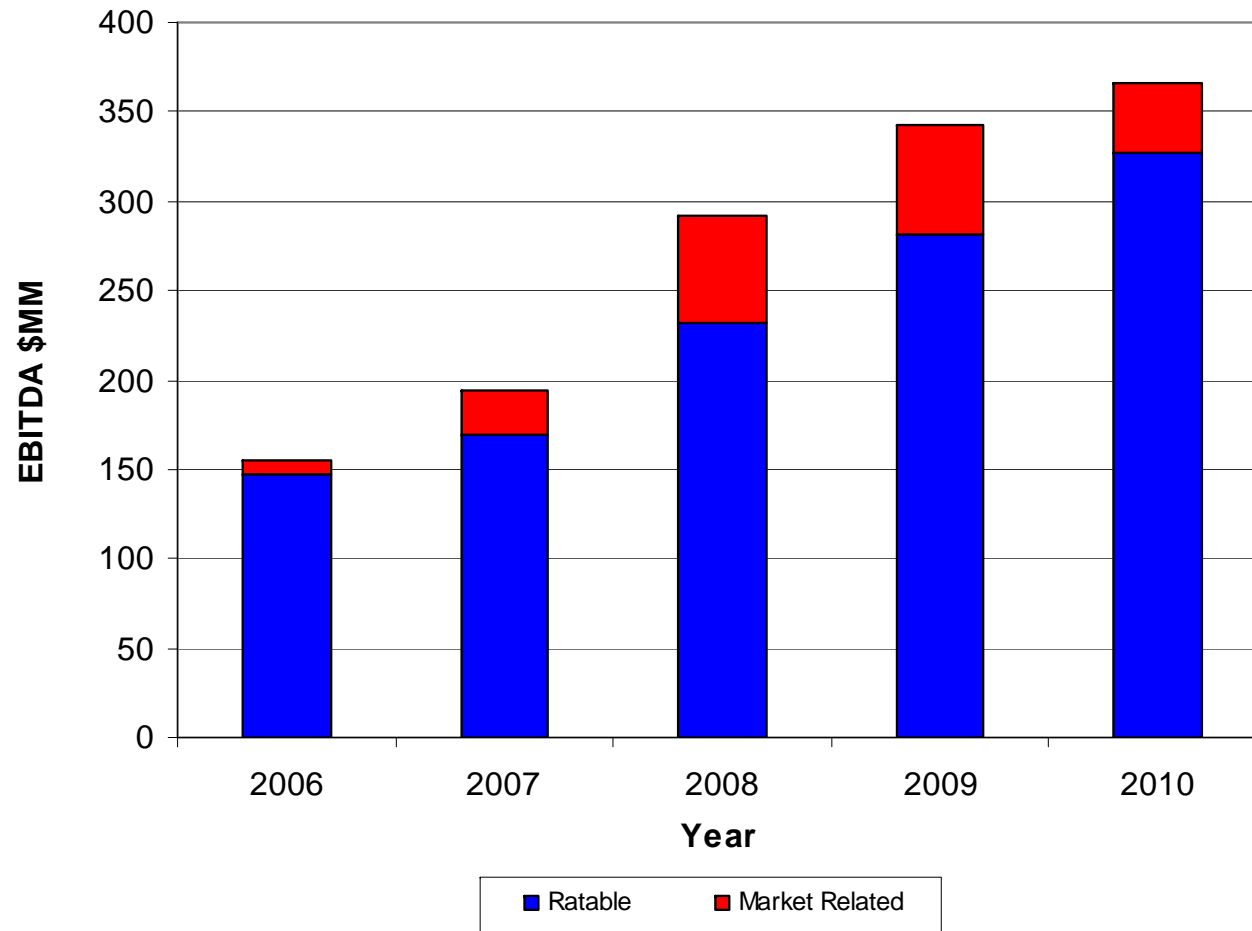
# 2010 Assessment

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- Record EBITDA of \$366 million
  - \$23 million higher than 2009
  - Ratable EBITDA approximately 15% higher than 2009
  - Increase driven by organic growth and 2010 acquisitions
  
- Record capital investment of \$426MM
  
- Distribution coverage ratio of 1.3x
  
- Debt-to-EBITDA of 3.4x at 12/31/10

# EBITDA: Ratable and Market Related

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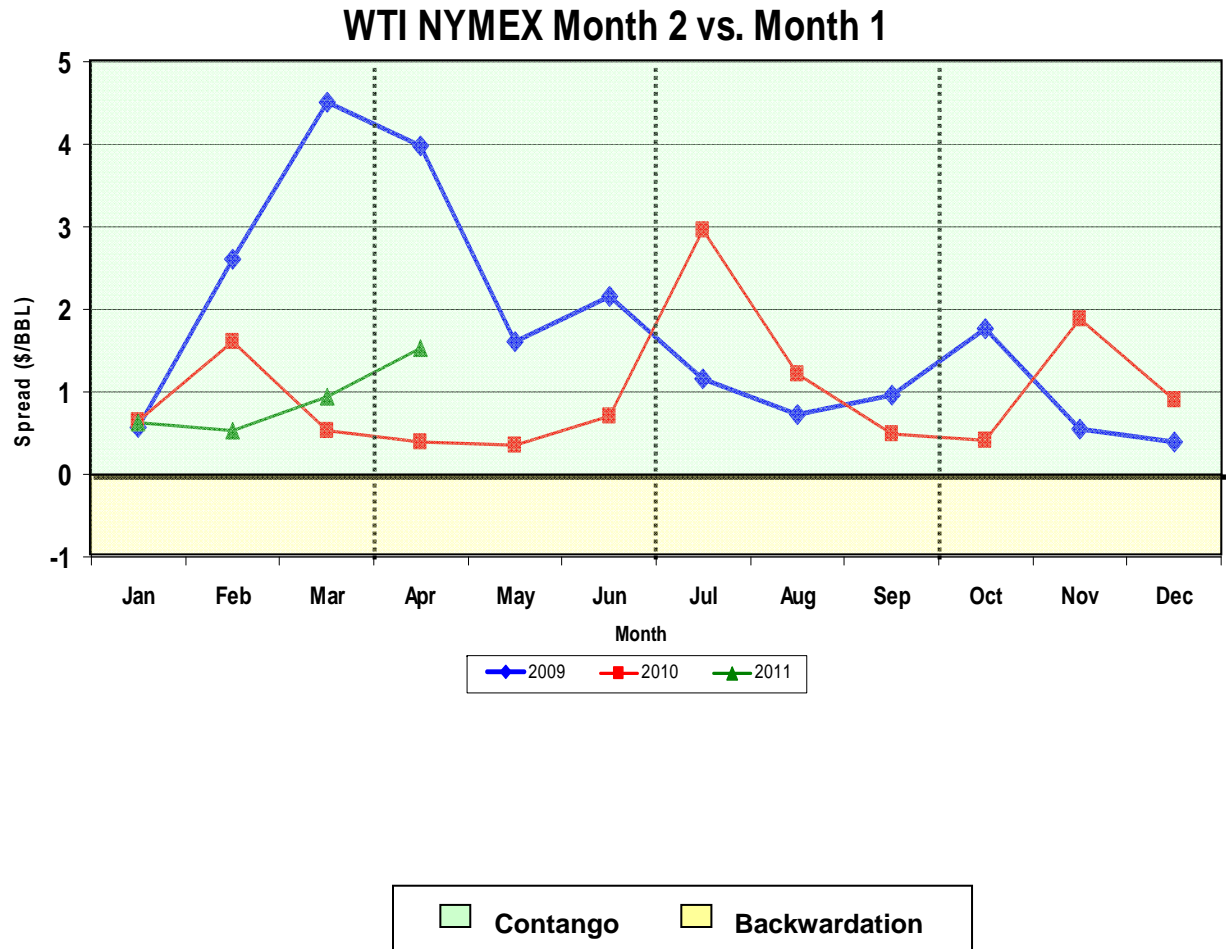
# 2010 Acquisitions

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- Acquired Butane Blending Business – Third Quarter
  - Enhances terminal service offerings
- Acquired Three Additional Joint Venture Interests – Third Quarter
  - Joint venture assets are an excellent fit with asset base
- Acquired Terminal in Bay City, Texas – Fourth Quarter
  - 110 thousand barrel crude and refined products terminal
- Acquired Terminal in Big Sandy, Texas – Fourth Quarter
  - 160 thousand barrel refined products terminal

# Crude Oil Contango

- Widened contango market structure provided strong earnings in the second half of 2010
- Approximately \$10MM of contango profits were recognized in Q4, including the remaining deferred LIFO profits



# Q4 2010 Financial Highlights

(\$ in millions, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Sales and other operating revenue	\$ 2,223	\$ 1,661	\$ 7,808	\$ 5,402
Other income	5	7	30	28
Total revenues	2,228	1,668	7,838	5,430
Cost of products sold and operating expenses	2,103	1,573	7,398	5,023
Depreciation and amortization	19	13	64	48
Selling, general and administrative expenses	20	16	72	64
Impairment charge	3	-	3	-
Total costs and expenses	2,145	1,602	7,537	5,135
<b>Operating income</b>	83	66	301	295
Interest cost and debt expense	21	13	78	49
Capitalized interest	(2)	(1)	(5)	(4)
Gain on investments in affiliates	-	-	128	-
<b>Income before provision for income taxes</b>	64	54	356	250
Provision for income taxes	4	-	8	-
<b>Net Income</b>	\$ 60	\$ 54	\$ 348	\$ 250
Net income attributable to noncontrolling interests	1	-	2	-
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 59	\$ 54	\$ 346	\$ 250

# Q4 2010 Financial Highlights

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

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</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.	\$ 59	\$ 54	\$ 346	\$ 250
Less: General Partner's interest	(12)	(14)	(48)	(52)
Limited Partners' interest in Net Income	<u>\$ 47</u>	<u>\$ 40</u>	<u>\$ 298</u>	<u>\$ 198</u>
<b>Net Income per Limited Partner unit:</b>				
Basic	<u>\$ 1.42</u>	<u>\$ 1.31</u>	<u>\$ 9.40</u>	<u>\$ 6.52</u>
Diluted	<u>\$ 1.42</u>	<u>\$ 1.30</u>	<u>\$ 9.34</u>	<u>\$ 6.48</u>
<b>Weighted Average Limited Partners' units outstanding (in thousands):</b>				
Basic	<u>33.0</u>	<u>31.0</u>	<u>31.7</u>	<u>30.3</u>
Diluted	<u>33.2</u>	<u>31.2</u>	<u>31.9</u>	<u>30.5</u>

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# Refined Products Pipeline System

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*(\$ in millions, unaudited)*

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Sales and other operating revenue	\$ 29	\$ 33	\$ 120	\$ 128
Other income	5	3	16	12
Total revenues	34	36	136	140
Operating expenses	15	16	54	60
Depreciation and amortization	3	4	15	13
Selling, general and administrative expenses	6	6	23	22
Operating income	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 44</u>	<u>\$ 45</u>

# Terminal Facilities

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(\$ in millions, unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Total Revenues	\$ 92	\$ 53	\$ 265	\$ 193
Cost of products sold and operating expenses	52	23	116	71
Depreciation and amortization	8	4	26	19
Selling, general and administrative expenses	8	5	25	19
Impairment charge	3	-	3	-
Operating income	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 95</u>	<u>\$ 84</u>

# Crude Oil Pipeline System

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(\$ in millions, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
<b>Financial Highlights</b>				
Sales and other operating revenue	\$ 2,102	\$ 1,576	\$ 7,424	\$ 5,083
Other income	-	3	13	14
Total revenues	2,102	1,579	7,437	5,097
Cost of products sold and operating expenses	2,036	1,534	7,228	4,892
Depreciation and amortization	8	5	23	16
Selling, general and administrative expenses	6	5	24	23
Operating income	<u>\$ 52</u>	<u>\$ 35</u>	<u>\$ 162</u>	<u>\$ 166</u>

# Q4 2010 Operating Highlights

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Operating highlights (unaudited)</b>				
Refined Products Pipeline System:				
Total shipments (barrel miles per day) <sup>(1)(2)</sup>	49,290,093	56,540,785	50,758,293	57,741,323
Revenue per barrel mile (cents)	0.643	0.636	0.645	0.606
Terminal Facilities:				
Refined products terminals throughput (bpd)	501,917	466,167	488,490	462,219
Nederland terminal throughput (bpd)	724,048	531,405	728,491	597,144
Refinery terminals throughput (bpd)	434,049	573,344	465,349	591,180
Crude Oil Pipeline System:				
Crude oil pipeline throughput (bpd) <sup>(2)(3)</sup>	1,495,174	687,095	1,138,824	657,991
Crude oil purchases at wellhead (bpd)	192,489	177,164	188,966	181,564
Gross margin per barrel of pipeline throughput (cents) <sup>(3)(4)</sup>	42.4	60.4	41.8	73.0
Average crude oil price (per barrel)	\$ 85.18	\$ 76.17	\$ 79.55	\$ 61.93

<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 results from Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company from the acquisition dates. From the dates of acquisition, these pipelines had actual throughput of approximately 575 thousand bpd and 585 thousand bpd for the three and twelve months ended December 31, 2010.

<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.

# Q4 2010 Financial Highlights

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(\$ in millions, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
<b>Capital Expenditure Data:</b>				
Maintenance capital expenditures	\$ 12	\$ 17	\$ 37	\$ 32
Expansion capital expenditures	58	50	389	194
Total	<u>\$ 70</u>	<u>\$ 67</u>	<u>\$ 426</u>	<u>\$ 226</u>

	December 31, 2010	December 31, 2009
<b>Balance Sheet Data (at period end):</b>		
Cash and cash equivalents	\$ 2	\$ 2
Total debt <sup>(1)</sup>	\$ 1,229	\$ 868
Equity		
Sunoco Logistics Partners L.P. Equity	\$ 965	\$ 862
Noncontrolling interests	77	-
	<u>\$ 1,042</u>	<u>\$ 862</u>

(1) Total debt at December 31, 2010 includes the \$100 million promissory note to Sunoco, Inc.

# Non-GAAP Financial Measures

(\$ in millions, unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 59	\$ 54	\$ 346	\$ 250
Add: Interest expense, net	19	12	73	45
Add: Depreciation and amortization	19	13	64	48
Add: Impairment charge	3	-	3	-
Add: Provision for income taxes	4	-	8	-
Less: Gain on investments in affiliates	-	-	(128)	-
<b>EBITDA</b>	<b>104</b>	<b>79</b>	<b>366</b>	<b>343</b>
Less: Interest expense, net	(19)	(12)	(73)	(45)
Less: Maintenance capital expenditures	(12)	(17)	(37)	(32)
Less: Provision for income taxes	(4)	-	(8)	-
<b>Distributable cash flow</b>	<b>\$ 69</b>	<b>\$ 50</b>	<b>\$ 248</b>	<b>\$ 266</b>

## 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

(\$ in millions, unaudited)

	Twelve Months Ended				
	December 31				
	2006	2007	2008	2009	2010
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 90	\$ 121	\$ 214	\$ 250	\$ 346
Add: Interest expense, net	28	35	31	45	73
Add: Depreciation and amortization	37	37	40	48	64
Add: Impairment charge	-	-	6	-	3
Add: Provision for income taxes	-	-	-	-	8
Less: Gain on investments in affiliates	-	-	-	-	(128)
<b>EBITDA</b>	<b>155</b>	<b>193</b>	<b>291</b>	<b>343</b>	<b>366</b>
Ratable	148	169	232	282	327
Market-related	7	24	59	61	39
<b>EBITDA</b>	<b>\$ 155</b>	<b>\$ 193</b>	<b>\$ 291</b>	<b>\$ 343</b>	<b>\$ 366</b>

## *Non-GAAP Financial Measures*

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# Non-GAAP Financial Measures

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*(\$ in millions, unaudited)*

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

	<b>Twelve Months Ended December 31, 2010</b>
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 346
Less: Gain on investments in affiliates	(128)
<b>Adjusted Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 218
Less: General Partner's interest	(45)
<b>Limited Partners' interest in Net Income</b>	<u>\$ 173</u>
<b>Net Income per Limited Partner unit:</b>	
Basic	<u>\$ 5.46</u>
Diluted	<u>\$ 5.42</u>
<b>Weighted Average Limited Partners' units outstanding:</b>	
Basic	<u>31.7</u>
Diluted	<u>31.9</u>

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