

**SUNOCO PARTNERS LLC**  
**Compensation Committee Charter**

**I. Purpose**

The Compensation Committee (the "Committee") and the Rule 16b-3 Committee (the "Rule 16b-3 Committee") of the Board of Directors (the "Board") of Sunoco Partners LLC (the "Company"), will assist the Board in discharging its responsibilities for fair and competitive compensation of executives and other key employees of the Company. The Company is the general partner of Sunoco Logistics Partners L.P. (the "Partnership").

**II. Organization**

The Committee will consist of:

- no fewer than three directors who satisfy the following criteria (such members being the "Independent Directors" of the Committee):
  - meet the definition of "non-employee director" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended; and
  - meet the applicable independence standards of the New York Stock Exchange Listing Standards;
- at least one director who is simultaneously an executive officer of Sunoco, Inc. (an "Affiliated Director"). Such Affiliated Directors will receive no compensation either from the Company or the Partnership; and
- such other directors as the Board may, from time to time, appoint to serve on the Committee.

The Rule 16b-3 Committee will consist of the Independent Directors.

The Committee and the Rule 16b-3 Committee are collectively referred to as the "Committees".

The Board shall appoint a Chairman of the Committee (who shall also serve as Chairman of the Rule 16b-3 Committee), and the members and the Board shall have the power to fill vacancies on the Committees. Additionally, the Board shall have the power to remove any member at any time with or without cause. Members of the Committees may not receive any compensation from the Company or the Partnership other than their director's compensation (including applicable Board and committee retainers and fees).

**III. Responsibilities**

With regard to executive compensation matters generally, the Committee:

- reviews and approves the Company's philosophy regarding executive compensation;
- reviews and approves executive compensation programs, plans and awards (including

CEO compensation), including, but not limited to:

- ❖ approving the Company's short and long-term incentive plans (and makes recommendations to the Board),
  - ❖ making unit option and/or restricted/common unit grants,
  - ❖ approving performance criteria for the restricted/common unit grants,
  - ❖ approving performance criteria for the short-term incentive plans,
  - ❖ interpreting the various compensation and benefit plans sponsored by the Company,
  - ❖ determining rules and regulations relating to the Company's plans,
  - ❖ designating employees eligible to participate in the long-term incentive plans,
  - ❖ modifying or canceling existing grants,
  - ❖ imposing limitations, restrictions and conditions upon any award as the Committee deems appropriate,
  - ❖ approving any compensation arrangement or other perquisite that is outside of approved policies,
  - ❖ utilizing applicable market data compiled by an independent consultant concerning executive compensation;
- monitors the Company's annual incentive program to assure that the program results in payments that are closely correlated with achievement of specific goals;
  - assures that total compensation paid to executive officers is reasonable;
  - reviews and approves disclosures in the Partnership's annual report to the Securities and Exchange Commission ("SEC") regarding executive compensation and benefit plans, in accordance with applicable law and regulation;
  - annually reviews the perquisites of the CEO and executive officers, as well as their compliance with policies regarding perquisites;
  - reviews and approves, in advance, employment agreements, severance or similar agreements or provisions and payments to be made to any executive officer;
  - reviews and approves, the Company's Executive Unit Ownership Guidelines and monitors compliance therewith;
  - evaluates the CEO's performance during the prior year in connection with its compensation review; and
  - reviews the CEO and executive officer succession plans.

The administrative and fiduciary responsibilities with respect to external competitiveness, internal equity and legal compliance for pension and employee welfare plans (defined by the Employee Retirement Income Security Act of 1974 ("ERISA")) sponsored by Sunoco, Inc., reside with the board and management of Sunoco, Inc. However, the Committee annually receives a report of each of the Sunoco, Inc. Benefit Plans Investment Committee and the Plan Administrator for the Sunoco, Inc. plans in which employees of the Company participate.

Notwithstanding anything to the contrary above, and as more particularly described below, certain transactions shall only be acted upon by the Rule 16b-3 Committee.

#### **IV. Committee Meetings and Action**

The following items shall govern Committee meetings and actions and, as the context requires, the Rule 16b-3 Committee actions:

- a majority of Committee members will be a quorum for the transaction of business;
- action of a majority of those present at a meeting at which a quorum is present will be the act of the Committee taking such action; *provided, however*, that:
  - ❖ decisions involving grants and awards of equity securities to employees who are reporting persons for purposes of Section 16(a) of the 1934 Act ("Section 16 Reporting Persons") will be made only by the Rule 16b-3 Committee. The Rule 16b-3 Committee, when acting on such decisions, shall be deemed a separate committee of the Board and shall have the full power and authority to make such grants and awards to Section 16(a) reporting persons, without any further approval or ratification of any kind whatsoever, whether from the Board or any other committee thereof; and
  - ❖ All other decisions of the Committee must be made by action of a majority that includes the Affiliated Directors of the Committee;
- any action required to be taken at a meeting of the Committee will be deemed the action of the Committee if such action has been approved by the unanimous written consent of all the members of the Committee; *provided, however*, that any decision involving grants and awards of equity securities to Section 16 Reporting Persons will be made only by the Rule 16b-3 Committee;
- either before or after the action is taken, a written consent shall be executed, and filed with the Corporate Secretary;
- the Chairman will report from time to time to the Board on Committee actions and on the fulfillment of the Committee's' duties under this Charter;
- the Director of Human Resources will be the management liaison to the Committees;
- the Corporate Secretary will be the Committee Secretary and the Rule 16b-3 Secretary, and will keep minutes of the meetings of Committees . The minutes will be distributed to all Committee members;
- the Committee will meet at least 4 times per year and at such other times as may be requested by the Chairman and the Rule 16b-3 Committee will separately;
- the Committees' Secretary and the management liaison, in consultation with the Chairman, will prepare an agenda. All Committee members are free to include additional items on the agenda;
- the agenda and all materials to be reviewed at the meetings should be received by the Committee members as far in advance of the meeting day as practicable; and
- the Committee Secretary should coordinate all mailings to the Committee members, to the extent practicable.

## **V. Compliance and Investigations**

In discharging the duties and responsibilities under this Charter, the Committees are empowered to investigate any matter within the scope of their respective responsibilities, with full access to all books, records, facilities and personnel of the Partnership, and/or the Company. The Committees may request any officer or employee of the Company, or the Partnership's outside counsel or independent auditor to attend a meeting of the Committees or to meet with any members of, or consultants to, the Committees.

## **VI. Engagement of Experts and Advisors**

The Committees have the authority to retain (and terminate) any consulting firm (including authority to approve the consultant's fees and other retention terms) to assist in the evaluation of CEO or senior executive compensation, and to advise the Committees regarding "best practices" in executive compensation and to annually review market data, from industry peers and others (adjusted for relative revenue and asset base), to assess competitive position regarding base salaries; annual incentives; and long-term incentives

## **VII. Self-Assessment and Evaluation**

The Committee will perform a review and evaluation, at least annually, of the performance of the Committee and the Rule 16b-3 Committee and its members, including a review of the Committee's compliance with this Charter. In addition, the Committee will periodically review and reassess the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary. The Committee will conduct such evaluations and reviews in such manner as it deems appropriate. The Committee may amend this Charter from time to time as it deems appropriate, with Board approval.