UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

or

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-31219

SUNOCO LOGISTICS PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware	23-3096839
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Ten Penn Center 1801 Market Street, Philadelphia, PA	19103-1699
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (215) 977-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units representing limited partnership interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [_] No [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments of this Form 10-K. [X]

The aggregate value of the Common Units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant and holders of 10% or more of the Common Units outstanding (including the General Partner of the registrant, Sunoco Partners LLC) as if they may be affiliates of the registrant) was approximately $118.5 million on February 28, 2002, based on $20.75 per unit, the closing price of the Common Units as reported on the New York Stock Exchange on that date.

The number of the registrant's Common Units held by non-affiliates and outstanding at February 28, 2002 was 5,712,800.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

TABLE OF CONTENTS

Forward-Looking Statements

Certain matters discussed in this report, excluding historical information, include forward-looking statements that discuss our expected future results based on current and pending business operations. Forward-looking statements can be identified by words such as "anticipates", "believes", "expects", "planned", "scheduled" or similar expressions. Although we believe these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document. The following are among the important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted:

- Changes in demand for crude oil and refined petroleum products that we store and distribute;

- Changes in demand for storage in our petroleum product terminals;

- The loss of Sunoco, Inc. (R&M) as a customer or a significant reduction in its current level of throughput and storage with us;

- An increase in the competition encountered by our petroleum products terminals, pipelines and crude oil acquisition and marketing operations;

- Changes in the throughput on petroleum product pipelines owned and operated by third parties and connected to our petroleum product pipelines and terminals;

- Changes in the general economic conditions in the United States;

- Changes in laws and regulations to which we are subject, including federal, state, and local tax laws, safety, environmental and employment laws;

- Changes to existing or future state or federal government regulations banning or restricting the use of MTBE in gasoline;

- Improvements in energy efficiency and technology resulting in reduced demand;

- Our ability to manage rapid growth;

- Our ability to control costs;

- The effect of changes in accounting principles;

- Global and domestic economic repercussions from terrorist activities and the government's response thereto;

- The occurrence of operational hazards or unforeseen interruptions for which we may not be adequately insured;

- Changes in the reliability and efficiency of our operating facilities or those of Sunoco, Inc.(R&M) or third parties;

- Changes in the expected level of environmental remediation spending;

- Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available; and

- Changes in the status of litigation to which we are a party.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events.

PART I

ITEM 1. BUSINESS

(a) General Development of Business

We are a Delaware limited partnership formed on October 15, 2001. The principal executive offices of Sunoco Partners LLC, our general partner, are located at Ten Penn Center, 1801 Market Street, Philadelphia, Pennsylvania 19103 (telephone (215) 977-3000).

On October 22, 2001, we filed with the Securities and Exchange Commission a Registration Statement on Form S-1 related to an initial public offering of common units. In February 2002, 5,750,000 common units, representing approximately 24.8 % of our partnership interests, were sold to the public. Sunoco, Inc., through its wholly owned subsidiaries, currently owns approximately 75.2 % of our partnership interests, including the 2% general partner interest.

(b) Financial Information about Segments

See Part II, Item 8. Financial Statements and Supplementary Data.

(c) Narrative Description of Business

We are a limited partnership formed by Sunoco, Inc. to own, operate and acquire a geographically diversified portfolio of complementary energy assets. We are principally engaged in the transport, terminalling and storage of refined products and crude oil. Sunoco, Inc. (R&M), a wholly owned refining and marketing subsidiary of Sunoco, Inc. ("Sunoco R&M"), accounted for approximately 66% of our combined revenues for the year ended December 31, 2001. Our business comprises three segments:

- Our Eastern Pipeline System primarily serves the Northeast and Midwest United States operations of Sunoco R&M and includes: approximately 1,900 miles of refined product pipelines, including a one-third interest in an 80-mile refined product pipeline, and 58 miles of interrefinery pipelines between two of Sunoco R&M's refineries; a 123-mile wholly owned crude oil pipeline; and a 9.4% interest in Explorer Pipeline Company, a joint venture that owns a 1,413-mile refined product pipeline.

- Our Terminal Facilities consist of 32 inland refined product terminals with an aggregate storage capacity of 4.8 million barrels, primarily serving our Eastern Pipeline System; a 2.0 million barrel refined product terminal serving Sunoco R&M's Marcus Hook refinery near Philadelphia, Pennsylvania; an 11.2 million barrel marine crude oil terminal on the Texas Gulf Coast, our Nederland Terminal; one inland and two marine crude oil terminals, with a combined capacity of 3.0 million barrels, and related pipelines, all of which serve Sunoco R&M's Philadelphia refinery; and a 1.0 million barrel liquefied petroleum gas ("LPG") terminal near Detroit, Michigan.

- Our Western Pipeline System gathers, purchases, sells, and transports crude oil principally in Oklahoma and Texas and consists of approximately 1,900 miles of crude oil trunk pipelines and approximately 870 miles of crude oil gathering lines that supply the trunk pipelines, approximately 140 crude oil transport trucks and approximately 130 crude oil truck unloading facilities.

We transport, terminal, and store refined products and crude oil in 11 states. We generate revenues by charging tariffs for transporting refined products and crude oil through our pipelines and by charging fees for storing refined products, crude oil, and other hydrocarbons in, and for providing other services at, our terminals. We also generate revenues by purchasing domestic crude oil and selling it to Sunoco R&M and other customers. Generally, as we purchase crude oil, we simultaneously enter into corresponding sale transactions involving physical deliveries of crude oil, which enables us to secure a profit on the transaction at the time of purchase and establish a substantially balanced position, thereby minimizing exposure to price volatility after the initial purchase. Our practice is not to enter into futures contracts.

Upon the closing of our initial public offering in February 2002, our Eastern Pipeline System, Terminal Facilities and Western Pipeline System were transferred to us, including certain related liabilities. Certain other liabilities, including environmental and toxic tort liabilities have been retained by Sunoco, Inc. under the indemnification provisions of an omnibus agreement (see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations- Agreements with Sunoco R&M and Sunoco, Inc."). The following discussion has been prepared as if the assets were operated as a stand-alone business throughout the periods presented. Unless otherwise noted, we own and operate all of the assets described.

Eastern Pipeline System

Sunoco R&M accounted for approximately 73% of our Eastern Pipeline segment revenues for the year ended December 31, 2001.

Refined Product Pipelines

Our refined product pipelines transport refined products from Sunoco R&M's Philadelphia, Pennsylvania, Marcus Hook, Pennsylvania and Toledo, Ohio refineries, as well as from third parties, to markets in New York, New Jersey, Pennsylvania, Ohio, and Michigan. The refined products transported in these pipelines include multiple grades of gasoline, low-octane gasoline for ethanol blending, distillates that include high- and low-sulfur diesel and jet fuel, LPGs (such as propane, butane, isobutane, and a butane/butylene mixture), refining feedstocks, and other hydrocarbons (such as toluene and xylene). Our refined product pipelines were originally constructed between 1931 and 1967. Our pipelines are regularly maintained, and we believe they are in good repair. The Federal Energy Regulatory Commission ("FERC"), regulates the rates for interstate shipments on our Eastern Pipeline System and the Pennsylvania Public Utility Commission regulates the rates for intrastate shipments in Pennsylvania.

The following table details the average aggregate daily number of barrels of refined products transported on our refined product pipelines in each of the years presented. The information in the following table does not include interrefinery pipelines and transfer pipelines that transport large volumes over short distances and generate minimal revenues.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Refined products transported (bpd).....	433,222	431,989	461,379	444,046	446,648

The mix of refined petroleum products delivered varies seasonally, with gasoline demand peaking during the summer months, and demand for heating oil and other distillate fuels being higher in the winter. In addition, weather conditions in the areas served by our Eastern Pipeline System affect both the demand for, and the mix of, the refined petroleum products delivered through the Eastern Pipeline System, although historically any overall impact on the total volumes shipped has been short term.

The following table sets forth, for each of our refined product pipeline systems, the origin and destination, miles of pipeline and diameter. Except as shown below, we own 100% of our refined product pipeline systems.

Origin and Destination	Miles of Pipeline	Diameter (inches)
Philadelphia, PA to Montello, PA	210	12,8
Montello, PA to Buffalo, NY	300	14,8
Montello, PA to Kingston, PA	84	6
Montello, PA to Syracuse, NY	230	8,6
Montello, PA to Pittsburgh, PA	221	8
Toledo, OH to Blawnox, PA	260	10,8
Toledo, OH to Sarnia, Canada	241	8,6
Twin Oaks, PA to Newark, NJ	118	14
Philadelphia, PA to Linden, NJ(1)	88	16,12
Subtotal	1,752	N.M.
Interrefinery Pipelines(2)	58	8,6,4
Transfer Pipelines(3)	85	N.M.
Total	1,895	N.M.

N.M. Not meaningful.

(1) We own a one-third interest in 80 miles of this pipeline.

(2) We lease these pipelines to Sunoco R&M.

(3) Consist of our Toledo, Twin Oaks, and Linden transfer pipelines.

The following text provides additional information about each of our refined product pipelines.

Philadelphia, Pennsylvania to Montello, Pennsylvania. The Philadelphia to Montello refined product pipeline system is the principal means by which Sunoco R&M moves its refined products from its Philadelphia and Marcus Hook refineries into our Montello terminal for further transportation on our Eastern Pipeline System. The Philadelphia to Montello pipeline system consists of four segments:

- a 12-inch, 60-mile segment from the Point Breeze pump station at Sunoco R&M's Philadelphia refinery to Montello;
- an 8-inch, 60-mile segment from the Point Breeze pump station to Montello;
- an 8-inch, 39-mile segment from our Twin Oaks pump station, which is adjacent to the Marcus Hook Tank Farm near Sunoco R&M's Marcus Hook refinery, to the 8-inch Point Breeze to Montello pipeline segment; and
- an 8-inch, 51-mile segment from Boot, Pennsylvania to Fullerton, Pennsylvania.

The 12-inch Point Breeze pump station to Montello segment also serves our Exton, Pennsylvania terminal. The 8-inch Point Breeze pump station to Montello segment connects with the 8-inch Boot to Fullerton segment at the Boot pump station and continues to Montello, with connections to a Phillips pipeline in Swarthmore, Pennsylvania and our terminal in Exton along its route. The 8-inch segment from the Twin Oaks pump station to the Point Breeze to Montello pipeline segment serves our terminal at Malvern, Pennsylvania and our storage facility at Icedale, Pennsylvania. The 8-inch Boot to Fullerton segment originates at the Boot pump station and terminates at our Fullerton terminal and Gulf Oil's Fullerton terminal. This segment also serves terminals operated by Pipeline Petroleum Corp. and Farm & Home and delivers to Buckeye's Buckeye pipeline in Macungie, Pennsylvania.

Sunoco R&M accounted for approximately three quarters of the volumes transported on this pipeline system for 2001. Other shippers on this system include ExxonMobil, Gulf Oil, Major Oil, Delphi Petroleum, CITGO, El Paso,

Griffith Oil, NOCO Energy, Pickelner, and TransMontaigne. Phillips' Trainer, Pennsylvania refinery and Motiva's Delaware City, Delaware refinery can access the system at the Twin Oaks pump station. Products can also enter the system from ST Services' terminal in Philadelphia and from Valero's Paulsboro, New Jersey refinery via ExxonMobil's Malvern terminal. Refined products from Buckeye's Laurel pipeline can enter this system at Montello.

Montello, Pennsylvania to Buffalo, New York. The Montello to Buffalo refined product pipeline system consists of the following segments:

- a 14-inch, 80-mile segment and an 8-inch, 3-mile segment from Montello to Williamsport, Pennsylvania; and

- an 8-inch, 217-mile segment from Williamsport to Buffalo, including an 8-inch, 19-mile spur from Caledonia Junction, New York to the Rochester, New York terminals.

The Montello to Williamsport segment makes deliveries to Petroleum Products Corp., our Northumberland, Pennsylvania terminal, and to Sunoco R&M, Farm & Home, Pickelner, and Gulf Oil terminals in the Williamsport area. The Williamsport to Buffalo segment makes deliveries to the Rochester Gas & Electric terminal in Big Flats, New York. At Caledonia Junction, the spur runs to our Rochester terminal, as well as to terminals operated by ExxonMobil, Buckeye, Alaskan Oil, and Rochester Gas & Electric. In the Buffalo area, the pipeline serves our terminal and those of United Refining and NOCO Energy.

Sunoco R&M accounted for approximately one-half of the volumes transported on this pipeline system for 2001. In addition to Sunoco R&M and the other companies who are served by this pipeline system, we also transport refined products for CITGO, BP, Phillips, El Paso, and Motiva. We also receive refined products for shipment into the Buffalo market through our interconnection with Buckeye's Buckeye pipeline at Caledonia Junction.

Montello, Pennsylvania to Kingston, Pennsylvania. The Montello to Kingston refined product pipeline system consists of an 84-mile, 6-inch pipeline serving our terminal in Kingston, the Lehigh Oil & Gas terminal in Barnesville, Pennsylvania, and the Travel Center of America terminal in Beach Haven, Pennsylvania. In addition to Sunoco R&M, which accounted for most of the volumes transported on this system for 2001, we also transport product for Griffith Oil and TransMontaigne.

Montello, Pennsylvania to Syracuse, New York. The Montello to Syracuse refined product pipeline system consists of 15 miles of 8-inch pipeline and 215 miles of 6-inch pipeline. This pipeline system serves our terminals in Tamaqua, Pennsylvania and Binghamton, New York, and terminates at a Hess/ExxonMobil terminal in Syracuse, New York. Sunoco R&M is the only shipper on this pipeline system.

Montello, Pennsylvania to Pittsburgh, Pennsylvania. The Montello to Pittsburgh refined product pipeline system consists of a 221-mile, 8-inch pipeline supplied by our Philadelphia to Montello pipeline system and Buckeye's Laurel pipeline at Delmont, Pennsylvania. The pipeline system serves our terminals located in Mechanicsburg, Altoona, Delmont, Blawnox, and Pittsburgh, Pennsylvania. This pipeline system is connected to our Toledo, Ohio to Blawnox pipeline system, through which we can supply our Pittsburgh, Blawnox, Delmont, and Altoona terminals with refined product from Sunoco R&M's Toledo refinery. Sunoco R&M is the only shipper on this pipeline system.

Toledo, Ohio to Blawnox, Pennsylvania. The Toledo to Blawnox refined product pipeline system consists of 115 miles of 10-inch pipeline and 145 miles of 8-inch pipeline. This pipeline system transports refined products and petrochemicals from Sunoco R&M's Toledo refinery, as well as petrochemicals from Sarnia, Canada, to our terminals in Akron and Youngstown, Ohio and Vanport and Blawnox, Pennsylvania. The pipeline system also makes deliveries to the Kinder Morgan Indianola, Pennsylvania facility and accesses the Inland Pipeline system owned by Sunoco R&M, BP, Unocal, and Equilon. Sunoco R&M accounted for most of the volumes transported on this pipeline system for 2001.

Toledo, Ohio to Sarnia, Canada. The Toledo to Sarnia refined product pipeline system consists of three segments totaling 241 miles of 6-inch and 8-inch pipelines originating at Sunoco R&M's Toledo refinery and terminating at three separate points. The system includes one 6-inch and two 8-inch pipelines running approximately 50 miles between Toledo and our Inkster Terminal near Detroit, Michigan. At Inkster, the 6-inch pipeline continues 11 miles to River Rouge, Michigan, and one of the 8-inch pipelines continues 80 miles to Sarnia.

Deliveries into and out of Toledo originate from Sunoco R&M's Toledo refinery, BP's Toledo refinery, Buckeye's Buckeye pipeline, and the Marathon Ashland Petroleum ("MAP") Toledo terminal. The Toledo to River Rouge segment serves the Atlas, Buckeye, and MAP terminals in Taylor, Michigan and our Inkster Terminal and River Rouge Terminal. Product terminals in the Detroit area served by the Toledo to Sarnia segment include those of BP, MAP, and RKA. The Toledo to Sarnia segment serves our Inkster Terminal and the Consumers Power Marysville, Michigan underground storage facilities and has delivery and origin capabilities at Sarnia that include the Suncor, BP, Royal Dutch/Shell, and Novacor refineries. Each section of this system is bi-directional and can ship refined products or LPG.

Sunoco R&M accounted for approximately half of the volume on this system for 2001. Other shippers on this system include Suncor, CITGO, MAP, Northwest Airlines, BP and Kinetic Resources.

Twin Oaks, Pennsylvania to Newark, New Jersey. The Twin Oaks to Newark refined product pipeline system consists of a 111-mile, 14-inch pipeline originating at the Twin Oaks pump station, adjacent to our Marcus Hook Tank Farm, and terminating in Newark and Linden, New Jersey. Motiva's Delaware City refinery, Phillips' Trainer refinery, and Sunoco R&M's Marcus Hook refinery can access this pipeline system at its origin. Deliveries are made to our Willow Grove, Pennsylvania and Piscataway and Newark, New Jersey terminals, as well as into the Linden area via a 7-mile, 12-inch spur that serves terminals owned by Kaneb, Kinder Morgan, ExxonMobil, Phillips, and Buckeye. Our Linden transfer facility allows transfers between these third-party terminals while we make main-line deliveries. In Newark, the pipeline system serves terminals owned by Lukoil and Motiva. We interconnect with Buckeye's Laurel pipeline at the Twin Oaks pump station using a 2-mile, 16-inch spur. Shippers on this pipeline include Sunoco R&M, which accounted for most of the volumes transported for 2001, Motiva, Phillips, ExxonMobil, and Kaneb.

Philadelphia, Pennsylvania to Linden, New Jersey. The Philadelphia to Linden refined product pipeline system consists of an 80-mile, 16-inch segment called the Harbor pipeline, and an 8-mile, 12-inch segment. We own 100% of the 12-inch segment, and we operate the 16-inch segment, which is owned jointly, in equal percentages, by El Paso, Phillips, and us. Each owner of the 16-inch segment has a right to 60,000 bpd of capacity. The pipeline system is connected at its origin to the El Paso refinery in Eagle Point, New Jersey, the Phillips tank farm in Woodbury, New Jersey, the Gulf Oil terminal in Woodbury, and Sunoco R&M's Philadelphia refinery. Sunoco R&M can also deliver product to the Gulf Oil terminal while other parties are shipping product to New York. Deliveries at Linden are made to a Phillips terminal, a Gulf Oil terminal, CITGO terminals, and Buckeye's and El Paso's pipelines. This pipeline system is also connected and makes deliveries into our Twin Oaks, Pennsylvania to Newark pipeline, allowing us to transport refined product to our Piscataway and Newark, New Jersey terminals. Sunoco R&M accounted for all of our allocated share of the volumes transported on the 16-inch segment for 2001 and for all of the volumes transported on the 12-inch segment for the same period.

Interrefinery Pipelines

We lease to Sunoco R&M, for a fixed amount, three bi-directional 18-mile pipelines and a four-mile pipeline spur extending to the Philadelphia International Airport. One pipeline and the spur transfer jet fuel from Sunoco R&M's Philadelphia and Marcus Hook refineries to the Philadelphia International Airport. A second pipeline transfers LPG to and from Sunoco R&M's Philadelphia refinery and Marcus Hook storage facility. The third pipeline transfers gasoline blending components and intermediate feedstocks between Sunoco R&M's Marcus Hook and Philadelphia refineries. The third pipeline is used to optimize refinery operations, such as gasoline blending and unit turnaround scheduling.

Crude Oil Pipeline

This 123-mile, 16-inch crude oil pipeline runs from Marysville, Michigan to Toledo, Ohio. This pipeline receives crude oil from the Lakehead pipeline system for delivery to Sunoco R&M and BP refineries located in Toledo, Ohio and to MAP's Samaria, Michigan tank farm, which supplies its refinery in Detroit, Michigan. Marysville is also a truck injection point for local production. Sunoco R&M is the major shipper on the pipeline. The pipeline was built in 1967 and its tariffs are regulated by the FERC. This pipeline is regularly maintained and we believe that it is in good repair.

The table below sets forth the average daily number of barrels of crude oil transported through this crude oil pipeline in each of the years presented.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Crude oil transported (bpd).....	88,948	88,638	81,464	91,464	98,226

Explorer Pipeline

We own a 9.4% interest in Explorer Pipeline Company, a joint venture that owns and operates a 1,413-mile common carrier refined product pipeline. Other owners of Explorer include Equilon, MAP, ChevronTexaco, Conoco, CITGO, and Phillips. The system originates from the refining centers of Lake Charles, Louisiana and Beaumont, Port Arthur and Houston, Texas, and extends to Chicago, Illinois, with delivery points in the Houston, Dallas/Fort Worth, Tulsa, St. Louis, and Chicago areas. The pipeline was built in 1972. Refined products transported on this system primarily include gasoline, jet fuel, diesel fuel, and heating oil. Shippers on the pipeline include most of the owners other than Sunoco, Inc. and several non-affiliated customers. In 2000, the FERC approved Explorer's application for market-based rates for all its tariffs.

We receive a quarterly cash dividend from Explorer that is commensurate with our ownership interest. For 2001, we received approximately $4.3 million in cash dividends.

Volumes transported on this system have increased as the refining centers in the Gulf Coast region have increased shipments to meet higher demand. Explorer recently announced two expansions of the system's capacity by 130,000 bpd from Port Arthur to Tulsa and by 100,000 bpd from Tulsa to Chicago. The expansions, planned to be completed by early 2003, are currently projected to cost more than $100 million. Based on current plans, we will not be required to make an equity contribution to finance these capital expenditures. A member of our management team serves on Explorer's board of directors.

Terminal Facilities

Sunoco R&M accounted for approximately 59% of our Terminal Facilities segment revenues for the year ended December 31, 2001.

Refined Product Terminals

Our 32 inland refined product terminals receive refined products from pipelines and distribute them to Sunoco R&M and to third parties, who in turn deliver them to end-users and retail outlets. Terminals play a key role in moving product to the end-user market by providing the following services: storage and inventory management; distribution; blending to achieve specified grades of gasoline; and other ancillary services that include the injection of additives and filtering of jet fuel.

Typically, our terminal facilities consist of multiple storage tanks and are equipped with automated truck loading equipment that is available 24 hours a day. This automated system provides for control of allocations, credit and carrier certification by remote input of data by our customers. In addition, all of our terminals are equipped with truck loading racks capable of providing automated blending to individual customer specifications.

Our refined product terminals derive most of their revenues from terminalling fees paid by customers. A fee is charged for transferring refined products from the terminal to trucks, barges, or pipelines. In addition to terminalling fees, we generate revenues by charging our customers fees for blending, injecting additives, and filtering jet fuel. We generate the balance of our revenues from other hydrocarbons handled for Sunoco R&M in Vanport, Pennsylvania and Toledo, Ohio and for lubricants handled for Sunoco R&M in Cleveland, Ohio. Sunoco R&M accounts for substantially all of our refined product terminal revenues.

Our pipelines supply the majority of our inland refined product terminals. Third-party pipelines supply the remainder of our inland refined product terminals.

The table below sets forth the total average throughput for our inland refined product terminals in each of the years presented:

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Refined products terminalled (bpd).....	242,570	234,058	251,627	266,212	272,698

The following table outlines the location of our inland refined product terminals and their storage capacities, supply source and mode of delivery:

Location	Storage Capacity (bbls)	Supply Source	Mode of Delivery
Akron, OH	98,200	Pipeline	Truck
Altoona, PA	103,400	Pipeline	Truck
Belmont, PA(1)	0	Refinery	Truck
Binghamton, NY	60,000	Pipeline	Truck
Blawnox, PA	72,100	Pipeline	Truck
Buffalo, NY	358,500	Pipeline	Truck
Cleveland, OH	255,000	Pipeline/Rail	Truck
Columbus, OH	78,900	Pipeline	Truck
Dayton, OH	248,700	Pipeline	Truck
Delmont, PA	233,900	Pipeline	Truck
Exton, PA	132,200	Pipeline	Truck
Fullerton, PA	161,700	Pipeline	Truck
Huntington, IN	207,000	Pipeline	Truck
Inwood, NY(2)	54,200	Pipeline	Truck
Kingston, PA	148,800	Pipeline	Truck
Malvern, PA	62,900	Pipeline	Truck
Mechanicsburg, PA	166,200	Pipeline	Truck
Montello, PA	67,900	Pipeline	Truck
Newark, NJ	581,100	Pipeline/Marine	Truck/Marine
Northumberland, PA	170,300	Pipeline	Truck
Owosso, MI	233,300	Pipeline	Truck
Paulsboro, NJ	81,000	Pipeline	Truck/Pipeline
Piscataway, NJ	95,000	Pipeline	Truck
Pittsburgh, PA	205,500	Pipeline/Rail	Truck
River Rouge, MI	178,400	Pipeline	Truck
Rochester, NY	173,000	Pipeline	Truck
Tamaqua, PA	113,600	Pipeline	Truck
Toledo, OH	102,400	Refinery/Rail	Truck
Twin Oaks, PA	90,000	Refinery	Truck
Vanport, PA	179,300	Pipeline/Marine	Truck/Marine
Willow Grove, PA	85,000	Pipeline	Truck
Youngstown, OH	22,700	Pipeline	Truck
Total	4,820,200		

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(1) This terminal receives product from Sunoco R&M's Philadelphia refinery and does not have any tankage. This terminal is part of the Philadelphia refinery and is owned by an affiliate of Sunoco, Inc. That affiliate has leased the terminal to us until the terminal can be platted as a separate lot. If the terminal is platted as a separate lot, the terminal will be conveyed to us for nominal consideration.

(2) We have a 45% ownership interest in this terminal. The capacity represents the proportionate share of capacity attributable to our ownership interest.

The Nederland Terminal

The Texas Gulf Coast region is the major hub for petroleum refining in the United States, representing approximately 40% of total United States daily refining capacity and 66% of total United States refining capacity expansion from 1990 to 1999. The growth in Gulf Coast refining capacity has resulted in part from consolidation in the petroleum industry in order to achieve economies of scale from operating larger refineries. According to the EIA, imports of crude oil through the Gulf Coast increased 4.8% annually from 1995 to 2000. The growth in refining capacity, including new heavy oil conversion projects, and increased product flow from the Gulf Coast region to other regions has created a need for additional transportation, storage, and distribution facilities on the Gulf Coast. We believe that demand for imported crude oil and for petroleum products refined in the Gulf Coast region will continue to increase.

The Nederland Terminal, which is located on the Sabine-Neches waterway between Beaumont and Port Arthur, Texas, is a large marine terminal that provides inventory management, storage, and distribution services for refiners and other large end-users of crude oil. The Nederland Terminal receives, stores, and distributes crude oil, feedstocks, lubricants, petrochemicals, and bunker oils (used for fueling ships and other marine vessels). In addition, the Nederland Terminal also blends and packages lubricants and is equipped with petroleum laboratory facilities.

The Nederland Terminal has a total storage capacity of approximately 11.2 million barrels in 126 above-ground storage tanks with individual capacities of up to 660,000 barrels. The terminal currently uses its aggregate storage capacity as follows:

- 10.3 million barrels for crude oil;
- 400,000 barrels for feedstocks;
- 272,000 barrels for lubricants;
- 150,000 barrels for bunker oils; and
- 80,000 barrels for petrochemicals.

The terminal can receive crude oil at each of its five ship docks and three barge berths, which can accommodate any vessel capable of navigating the 40-foot freshwater draft of the Sabine-Neches Ship Channel. The five ship docks are capable of receiving a total of 1.0 million bpd of crude oil. The terminal can also receive crude oil through a number of pipelines, including the Equilon pipeline from Louisiana, the Department of Energy ("DOE") Big Hill pipeline, the DOE West Hackberry pipeline, the EOTT Louisiana pipeline system, and our Western Pipeline System. The DOE pipelines connect the Nederland Terminal to the United States Strategic Petroleum Reserve's West Hackberry caverns at Hackberry, Louisiana and Big Hill caverns near Winnie, Texas, which have an aggregate storage capacity of 370 million barrels. The Nederland Terminal's pipeline connections to major markets in the Lake Charles, Beaumont, Port Arthur, Houston, and Midwest areas provide customers with maximum flexibility and liquidity.

The Nederland Terminal can deliver crude oil and other petroleum products via pipeline, barge, ship, rail, or truck. In the aggregate, the Nederland Terminal is capable of delivering over 1.0 million bpd of crude oil to 11 connecting pipelines.

The table below sets forth the total average throughput for the Nederland Terminal in each of the years presented:

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Crude oil and refined products terminalled (bpd).....	467,025	475,796	544,624	566,941	427,194

The following table describes the Nederland Terminal's pipeline delivery connections, including the destination of the pipelines to which we can deliver, the diameter of each pipeline, the rate at which we can make deliveries and key delivery points along each pipeline's route:

Pipeline	Destination	Diameter (inches)	Delivery Rate (bpd)	Key Delivery Points
ExxonMobil	Beaumont, Texas	24	300,000	ExxonMobil's Beaumont refinery
ExxonMobil	Wichita Falls, Texas and Patoka, Illinois	20	225,000	Basin's pipeline to Cushing, Oklahoma Valero Energy Corporation's pipeline to its McKee, Texas refinery Valero, L.P.'s pipeline to Valero's Ardmore, Oklahoma refinery Conoco's pipeline to its Ponca City, Oklahoma refinery Pipelines supplying Midwest refineries
Equilon	Houston, Texas	20	200,000	Houston area refineries
Premcor	Port Arthur, Texas	32	250,000	Premcor's Port Arthur refinery
West Texas Gulf	Longview, Texas	26	250,000	Mid-Valley pipeline to Midwest refineries CITGO's pipeline to its Lake Charles, Louisiana refinery BP's pipeline to Cushing McMurrey's pipeline to Crown Central's Tyler, Texas refinery
Alon	Big Springs, Texas	10	25,000	Alon's Big Springs refinery
TotalFinaElf	Port Arthur, Texas	10	50,000	TotalFinaElf's Port Arthur refinery
		8	35,000	TotalFinaElf's Port Arthur refinery
DOE	Big Hill caverns	36	250,000	DOE's Strategic Petroleum Reserve
DOE	West Hackberry caverns	42	250,000	DOE's Strategic Petroleum Reserve
Sunoco Logistics	Longview, Texas	10	50,000	Mid-Valley pipeline to Midwest refineries CITGO's pipeline to its Lake Charles refinery BP's pipeline to Cushing McMurrey's pipeline to Crown Central's Tyler refinery
Sunoco Logistics	Seabreeze, Texas	10	35,000	TEPPCO's pipeline to BASF/Fina's Port Arthur steam cracker

We generate revenues at the Nederland Terminal primarily by providing long-term and short-term, or spot, storage services and throughput capability to a broad spectrum of customers. Approximately 88% of the terminal's total revenues in 2001 came from unaffiliated third parties. We derive a significant portion of our Nederland Terminal's revenues from long-term contracts, which enhance the stability and predictability of its revenue stream.

Fort Mifflin Terminal Complex

The Fort Mifflin Terminal Complex is located on the Delaware River in Philadelphia. Our Fort Mifflin Terminal Complex supplies Sunoco R&M's Philadelphia refinery with all of its crude oil. These assets include the Fort Mifflin Terminal, the Hog Island Wharf, the Darby Creek Tank Farm and connecting pipelines. We generate revenues from our Fort Mifflin Terminal Complex by charging Sunoco R&M and others a storage fee based on tank capacity and throughput. Substantially all of our revenues from the Fort Mifflin Terminal Complex are derived from Sunoco R&M.

Fort Mifflin Terminal. Our Fort Mifflin Terminal consists of two ship docks with 40-foot freshwater drafts and nine tanks with a total storage capacity of 570,000 barrels. Six 80,000-barrel tanks are used to store crude oil, and three 30,000-barrel tanks are used to provide fuel to ships. Two of the 80,000-barrel tanks can be used to store refined products. This terminal also has a connection with the Colonial Pipeline System.

Crude oil and some refined products enter our Fort Mifflin Terminal primarily from marine vessels on the Delaware River. One Fort Mifflin dock is designed to handle crude oil from very large crude carrier-class tankers and smaller crude oil vessels. Our other dock can accommodate only smaller crude oil vessels.

Hog Island Wharf. Our Hog Island Wharf is located next to the Fort Mifflin Terminal on the Delaware River. Our Hog Island Wharf receives crude oil via two ship docks, one of which can accommodate crude oil tankers and smaller crude oil vessels and the other of which can accommodate some smaller crude oil vessels. Hog Island Wharf supplies our Darby Creek Tank Farm and Fort Mifflin Terminal with crude oil. Crude oil from our Hog Island Wharf is delivered to Sunoco R&M's Philadelphia refinery via our Darby Creek Tank Farm.

Darby Creek Tank Farm. Our Darby Creek Tank Farm is a primary crude oil storage terminal for Sunoco R&M's Philadelphia refinery. This facility has 21 tanks with a total storage capacity of 2.4 million barrels. Darby Creek receives crude oil from our Fort Mifflin Terminal and Hog Island Wharf via our 24-inch pipelines. The tank farm then stores the crude oil and pumps it to the Philadelphia refinery via our 16-inch pipeline. The multiple tanks in this storage facility provide us with added flexibility in blending crude oil to achieve the optimal crude oil slate for the Philadelphia refinery.

Crude Oil and Refined Product Delivery. Our Fort Mifflin Terminal Complex includes a number of crude oil pipelines:

- one 30-inch pipeline and one 16-inch pipeline that deliver crude oil from our Fort Mifflin Terminal to Sunoco R&M's Philadelphia refinery;
- two 24-inch pipelines that deliver crude oil from our Hog Island Wharf to our Darby Creek Tank Farm;
- one 16-inch pipeline that delivers crude oil from our Darby Creek Tank Farm to Sunoco R&M's Philadelphia refinery; and
- one 30-inch bi-directional pipeline that delivers crude oil between our Hog Island Wharf and our Fort Mifflin Terminal.

Our Fort Mifflin Terminal Complex also includes several pipelines that deliver refined products to Sunoco R&M's Philadelphia refinery:

- one 30-inch pipeline and one 16-inch pipeline that deliver refined products from our Fort Mifflin Terminal to Sunoco R&M's Philadelphia refinery for transportation on our Eastern Pipeline System; and

. one dual diameter, 24- and 26-inch pipeline that delivers refined products from our Hog Island Wharf to Sunoco R&M's Philadelphia refinery.

We charge Sunoco R&M a fee for each barrel delivered to its Philadelphia refinery via our Fort Mifflin Terminal or our Darby Creek Tank Farm. The table below sets forth the average daily number of barrels of crude oil and refined products delivered to Sunoco R&M's Philadelphia refinery in each of the years presented.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Crude oil transported (bpd)	310,853	306,181	297,271	306,121	309,435
Refined products transported (bpd)	8,540	9,316	9,263	8,502	9,110
Total (bpd)	319,393	315,497	306,534	314,623	318,545

Marcus Hook Tank Farm

The Marcus Hook Tank Farm stores substantially all of the refined products that Sunoco R&M ships from its Marcus Hook refinery. This facility has 17 tanks with a total storage capacity of approximately 2.0 million barrels. After receipt of refined products from the Marcus Hook refinery, the tank farm either stores them or delivers them to our Twin Oaks terminal or to the Twin Oaks pump station, which supplies our Eastern Pipeline System.

The table below sets forth the total average throughput for our Marcus Hook Tank Farm in each of the years presented:

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Refined products terminalled (bpd).....	137,673	138,556	142,404	133,455	138,490

The Inkster Terminal

Our Inkster Terminal, located near Detroit, Michigan, consists of eight salt caverns with a total storage capacity of 975,000 barrels. We use the Inkster Terminal's storage in connection with our Toledo, Ohio to Sarnia, Canada pipeline system and for the storage of LPGs from Sunoco R&M's Toledo refinery and from Canada. The terminal can receive and ship LPGs in both directions at the same time and has a propane truck loading rack that can load two trucks simultaneously. For the last five years, Sunoco R&M has used the full capacity of our Inkster Terminal. Buckeye has access to the terminal through our spur line to Joan Junction in Taylor, Michigan.

Western Pipeline System

Sunoco R&M accounted for approximately 66% of our Western Pipeline System segment revenues for the year ended December 31, 2001.

Crude Oil Pipelines

We own and operate approximately 1,900 miles of crude oil trunk pipelines and approximately 870 miles of crude oil gathering lines in three primary geographic regions -- Oklahoma, West Texas, and the Texas Gulf Coast and East Texas region. We are the primary shipper on our Western Pipeline System. We also deliver crude oil for Sunoco R&M and for various third parties from points in Texas and Oklahoma. Delivery points on our Western Pipeline System include Sunoco R&M's and Sinclair's Tulsa, Oklahoma refineries and the Gary-Williams refinery in Wynnewood, Oklahoma.

Our pipelines also access several trading hubs, including the largest and most significant trading hub for crude oil in the United States located in Cushing, Oklahoma, as well as other trading hubs located in Colorado City and Longview, Texas. Our crude oil pipelines also connect with other pipelines that deliver crude oil to a number of third-party refineries. The majority of the pipelines in our Western Pipeline System were constructed between 1925 and 1967. Our pipelines are subject to ongoing maintenance, and we believe they are in good repair.

The table below sets forth the average aggregate daily number of barrels of crude oil transported on our crude oil pipelines in each of the years presented.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Crude oil transported (bpd)(1).....	258,931	253,124	252,098	295,991	287,237

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(1) Includes lube extracted feedstocks transported from Sunoco, Inc.'s Tulsa, Oklahoma refinery.

In each geographic region, we have major crude oil trunk line systems that ship crude oil across a number of different-sized trunk pipeline segments. The following table details the mileage and diameter for the pipelines in each major crude oil trunk line system. We transported most of the crude oil and lube extracted feedstock transported to or originating from Sunoco R&M's Tulsa, Oklahoma, and Toledo, Ohio refineries for the year ended December 31, 2001.

Major System	Miles of Pipeline	Diameter (inches)
Oklahoma		
Enid to Tulsa	316	4,6,8,10,12
Velma to Tulsa	248	4,6,8,10
Other	129	4,6,8,12
West Texas		
Jameson and Salt Creek to Colorado City	93	6,8
Hearne to Hawley	453	6,8,12,16
Hawley to Dixon	242	8,10
Other	32	8
Texas Gulf Coast and East Texas		
Seabreeze and Orange to Nederland	39	6,10
Nederland to Longview	199	10,12
Baytown to Nederland	124	6,8
Thomas to Longview	3	8
Other	5	8

Oklahoma

We own and operate a large crude oil pipeline and gathering system in Oklahoma. This system contains 693 miles of crude oil trunk pipelines and 459 miles of crude oil gathering lines. We have the ability to deliver all of the crude oil gathered on our Oklahoma system to Cushing. Additionally, we make deliveries on the Oklahoma system to:

- Sunoco R&M's Tulsa refinery;
- Sinclair's Tulsa refinery;
- Gary-Williams' Wynnewood refinery; and
- Conoco's pipeline to its Ponca City refinery.

We generate revenues on our Oklahoma system from tariffs paid by shippers utilizing our transportation services. We file these tariffs with the Oklahoma Corporation Commission and the FERC. We are the largest purchaser of crude oil from producers in the state, and we are the primary shipper on our Oklahoma system. Other significant shippers are Sunoco R&M and Sinclair, which ship primarily on the Cushing to Tulsa segment.

Our Oklahoma crude oil pipelines consist of two major systems, the Enid to Tulsa system and the Velma to Tulsa system, and several smaller pipelines.

Enid, Oklahoma to Tulsa, Oklahoma. The Enid to Tulsa crude oil pipeline system originates in Northwestern Oklahoma, connects to the Cushing, Oklahoma trading hub, and terminates in Tulsa at the Sunoco R&M and Sinclair refineries. This system consists of seven major segments.

Three segments deliver crude oil received from trucks and gathering systems to Enid for further delivery on our system. Enid is a hub from which we transport crude oil on our two east-bound pipelines to third-party pipelines and refineries, and to the Cushing trading hub. The two east-bound pipelines from Enid include our Enid to Morris pipeline, which connects Conoco's pipeline to its Ponca City refinery, and our Enid to Cushing pipeline, which receives crude oil from our Oklahoma City to Douglas segment and delivers crude oil to our storage tanks at the Cushing trading hub.

Shippers utilizing our pipeline may also access the BP, Equilon, Plains All American, and TEPPCO storage terminals in Cushing. Our Cushing to Tulsa pipeline provides transportation services, under tariffs filed with the FERC, from third-party terminals and our tanks in Cushing to the Sunoco R&M and Sinclair refineries in Tulsa.

Velma, Oklahoma to Tulsa, Oklahoma. The Velma to Tulsa crude oil pipeline system originates in Southwestern Oklahoma, moves eastward to the Gary-Williams refinery at Wynnewood, and terminates at the Sunoco R&M and Sinclair refineries in Tulsa. This system consists of seven major segments.

The Velma to Eola, Eola to Maysville, and Eola to Wynnewood segments are used to transport crude oil from trucks and gathering systems owned by us and third parties to Gary-Williams' Wynnewood refinery and to our pipeline that delivers to Cushing and Sunoco R&M's Tulsa refinery. The Maysville to Seminole, Seminole to Bad Creek, Fitts to Bad Creek, and Bad Creek to Tulsa pipelines are primarily used to transport crude oil to the Sunoco R&M and Sinclair refineries in Tulsa. These pipelines are supplied by our gathering systems and trucks, as well as EOTT and STG gathering lines. We ship substantially all of the volumes on these pipelines.

Other Oklahoma Pipelines. Our other Oklahoma pipelines include the Tulsa to Cushing segment that transports lube extracted feedstock from Sunoco R&M's Tulsa refinery to Cushing for ultimate delivery by third-party pipelines to other refineries for further processing. Our Barnsdall to Tulsa segment receives crude oil gathered by our trucks for shipment to Sunoco R&M's Tulsa refinery.

West Texas

We own and operate approximately 820 miles of crude oil trunk pipelines and 258 miles of crude oil gathering lines in West and North Central Texas. We make deliveries on our West Texas system to:

- a Valero, L.P. pipeline at Dixon, Texas that delivers crude oil to Valero Energy Corporation's refinery in McKee, Texas;
- a Conoco pipeline at South Bend, Texas that makes deliveries to Conoco's Ponca City refinery;
- a TEPPCO pipeline at South Bend that makes deliveries to Gary-Williams' Wynnewood refinery;
- the West Texas Gulf pipeline at Tye and Colorado City, Texas that connects to Mid-Valley pipeline in Longview, Texas, which makes deliveries to Sunoco R&M's Toledo refinery and other Midwest refineries; and
- other third-party pipelines at Colorado City that deliver crude oil to Sunoco R&M's Tulsa and Toledo refineries, among others.

We are the shipper of substantially all the volumes on this system. We generate revenues in West Texas from tariffs paid by shippers utilizing our transportation services. We file these tariffs with the Texas Railroad Commission.

Our West Texas pipelines consist of the three following systems:

Jameson and Salt Creek, Texas to Colorado City, Texas. The Jameson and Salt Creek to Colorado City crude oil pipeline system consists of two pipeline segments. Crude oil is gathered or trucked into this system and transported from Jameson to Colorado City, or from Salt Creek to Colorado City, where it can be delivered into BP, Basin, ChevronTexaco, EOTT, or West Texas Gulf pipelines. These connections allow us to deliver crude oil to Sunoco R&M's Tulsa and Toledo refineries and other unaffiliated third-party destinations.

Hearne, Texas to Hawley, Texas. The Hearne to Hawley system is comprised of seven pipeline segments. The two segments delivering into Comyn, Texas are supplied with crude oil from our trucks, third-party trucks, and pipelines, including the Genesis, Koch, and Plains All American pipelines located in Hearne. From Comyn, crude oil can be shipped to:

- the West Texas Gulf pipeline at Tye;
- the Conoco and TEPPCO pipelines at South Bend; or
- our pipeline in Hawley.

At Tye, we have tankage and a bi-directional connection with the West Texas Gulf pipeline that allows us to receive and deliver crude oil.

Hawley, Texas to Dixon, Texas. On the Hawley to Dixon system, we receive crude oil from the following sources:

- our Hearne to Hawley system, including West Texas Gulf's system through Tye, Texas;
- Plains All American and Equilon pipeline interconnections; and
- truck injection locations and pipeline-connected lease gathering sites.

We deliver this crude oil to Dixon, where we connect with the Valero, L.P. pipeline that delivers crude oil to the Valero Energy Corporation refinery at McKee. Crude oil received from our Hearne to Hawley system accounts for a majority of the volumes transported on this system.

Texas Gulf Coast and East Texas

Our Texas Gulf Coast and East Texas pipeline system includes 370 miles of crude oil trunk pipelines and 153 miles of crude oil gathering lines that extend between the Texas Gulf Coast region near Beaumont and Mt. Belvieu, Texas and the East Texas field near Longview, Texas. We transport multiple grades of crude oil, including foreign imports, and other refinery and petrochemical feedstocks, such as condensate and naphtha, on these pipelines. We receive crude oil for these systems from other pipelines, our Nederland Terminal, our trucks, third-party trucks, and our pipeline gathering systems. This system provides access to major delivery points with interconnecting pipelines in Texas at Longview, Sour Lake, and Nederland.

We generate revenues from tariffs paid by shippers utilizing our transportation services. These tariffs are filed with the Texas Railroad Commission and the FERC. We are the primary shipper on the Texas Gulf Coast and East Texas system. Sunoco R&M ships on the Nederland to Longview segment, which connects with the Mid-Valley pipeline for deliveries to Sunoco R&M's Toledo refinery.

Our Texas Gulf Coast and East Texas system consists of these pipelines:

Seabreeze and Orange, Texas to Nederland, Texas. The Seabreeze and Orange to Nederland crude oil pipeline system consists of two pipelines:

- a bi-directional 28-mile pipeline from Seabreeze to Nederland; and
- an 11-mile pipeline from Orange to Nederland.

The Seabreeze pipeline transports condensate received from TransTexas' Winnie, Texas plant and by truck to our Nederland Terminal. The Seabreeze pipeline also transports naphtha for BASF/Fina from our Nederland Terminal to the TEPPCO pipeline for delivery to BASF/Fina's new steam cracker in Port Arthur. Crude oil gathered or trucked to the Orange pipeline is transported to our Nederland Terminal for delivery to a number of destinations.

Nederland, Texas to Longview, Texas. The Nederland to Longview pipeline transports primarily foreign crude oil from our Nederland Terminal to the 240,000 bpd Mid-Valley pipeline in Longview, Texas. Other connections in the Longview area include BP's pipeline from Longview to Cushing, Oklahoma, McMurrey's pipeline that supplies Crown Central's Tyler, Texas refinery, and ExxonMobil's pipeline that delivers to Wichita Falls, Texas and Patoka, Illinois.

Baytown, Texas to Nederland, Texas. The Baytown to Nederland crude oil pipeline passes through Sour Lake, Texas where it makes deliveries to our Nederland to Longview pipeline and the CITGO tank farm and pipeline that supplies CITGO's Lake Charles, Louisiana refinery. The system also delivers to the ExonMobil Baytown, Texas refinery.

Thomas, Texas to Longview, Texas. The Thomas to Longview crude oil pipeline originates in Thomas, Texas and makes deliveries to all of the connections in Longview, Texas described above. The pipeline receives crude oil from our pipeline gathering system in the East Texas field.

Crude Oil Acquisition and Marketing

In addition to receiving tariff revenues for transporting crude oil on our Western Pipeline System, we also generate revenues through our crude oil acquisition and marketing operations, primarily in Oklahoma and Texas. These activities include: purchasing crude oil from producers at the wellhead and in bulk from aggregators at major pipeline interconnections and trading locations; transporting crude oil on our pipelines and trucks or, when necessary or cost effective, pipelines or trucks owned and operated by third parties; and marketing crude oil to refiners or resellers.

The marketing of crude oil is complex and requires detailed knowledge of the crude oil market and a familiarity with a number of factors, including types of crude oil, individual refinery demand for specific grades of crude oil, area market price structures for different grades of crude oil, location of customers, availability of transportation facilities, timing, and customers' costs (including storage). We sell our crude oil to major integrated oil companies, independent refiners, including Sunoco R&M for its Tulsa and Toledo refineries, and other resellers in various types of sale and exchange transactions, at market prices for terms generally ranging from one month to one year.

We enter into contracts with producers at market prices generally for a term of one year or less, with a majority of the transactions on a 30-day renewable basis. For the year ended December 31, 2001, we purchased approximately 181,000 bpd from approximately 3,300 producers from approximately 33,000 leases.

Crude Oil Lease Purchases and Exchanges

In a typical producer's operation, crude oil flows from the wellhead to a separator where the petroleum gases are removed. After separation, the producer treats the crude oil to remove water, sand, and other contaminants and then moves it to an on-site storage tank. When the tank is full, the producer contacts our field personnel to purchase and transport the crude oil to market. The crude oil in producers' tanks is then either delivered to our pipeline or transported via truck to our pipeline or a third party's pipeline. Our truck fleet generally performs the trucking service.

We also enter into exchange agreements to enhance margins throughout the acquisition and marketing process. When opportunities arise to increase our margin or to acquire a grade of crude oil that more nearly matches our delivery requirement or the preferences of our refinery customers, we exchange physical crude oil with third parties. Generally, we enter into exchanges to acquire crude oil of a desired quality in exchange for a common grade crude oil or to acquire crude oil at locations that are closer to our end markets, thereby reducing transportation costs.

The following table shows our average daily volume for our crude oil lease purchases and exchanges for the years presented.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
	(in thousands of bpd)				
Lease purchases:					
Available for sale	93	98	107	141	148
Exchanges	71	58	38	36	33
Other exchanges and bulk purchases	147	144	141	230	211
Total	311	300	286	407	392

Our business practice is generally to purchase only crude oil for which we have a corresponding sale agreement for physical delivery of crude oil to a third party or a Sunoco R&M refinery. Through this process, we seek to maintain a position that is substantially balanced between crude oil purchases and future delivery obligations. We do not acquire and hold crude oil futures contracts or enter into other derivative contracts for the purpose of speculating on crude oil prices.

The following table shows our average daily sales and exchange volumes of crude oil for the years presented:

	Year Ended December 31,				
	1997	1998	1999	2000	2001
	(in thousands of bpd)				
Sunoco R&M refineries:					
Toledo	41	30	26	29	28
Tulsa	46	57	63	73	71
Third parties	7	14	20	41	52
Exchanges:					
Purchased at the lease	71	58	38	36	33
Other	147	141	139	227	208
Total	312	300	286	406	392

Market Conditions

Market conditions impact our sales and marketing strategies. During periods when demand for crude oil is weak, the market for crude oil is often in contango, meaning that the price of crude oil in a given month is less than the price of crude oil for delivery in a subsequent month. In a contango market, storing crude oil is favorable because storage owners at major trading locations can simultaneously purchase production at low current prices for storage and sell at higher prices for future delivery. When there is a higher demand than supply of crude oil in the near term, the market is backwardated, meaning that the price of crude oil in a given month exceeds the price of crude oil for delivery in a subsequent month. A backwardated market has a positive impact on marketing margins because crude oil marketers can continue to purchase crude oil from producers at a fixed premium to posted prices while selling crude oil at a higher premium to such prices.

Producer Services

Crude oil purchasers who buy from producers compete on the basis of competitive prices and highly responsive services. Through our team of crude oil purchasing representatives, we maintain ongoing relationships with more than 3,300 producers. We believe that our ability to offer competitive pricing and high-quality field and administrative services to producers is a key factor in our ability to maintain volumes of purchased crude oil and to obtain new volumes. Field services include efficient gathering capabilities, availability of trucks, willingness to construct gathering pipelines where economically justified, timely pickup of crude oil from storage tanks at the lease or production point, accurate measurement of crude oil volumes received, avoidance of spills, and effective management of pipeline deliveries. Accounting and other administrative services include securing division orders (statements from interest owners affirming the division of ownership in crude oil purchased by us), providing statements of the crude oil purchased each month, disbursing production proceeds to interest owners, and calculating and paying production taxes on behalf of interest owners. In order to compete effectively, we must maintain records of title and division order interests in an accurate and timely manner for purposes of making prompt and correct payment of crude oil production proceeds, together with the correct payment of all production taxes associated with these proceeds.

Credit with Customers

When we market crude oil, we must determine the amount of any line of credit to be extended to a customer. Since our typical sales transactions can involve tens of thousands of barrels of crude oil, the risk of nonpayment and nonperformance by customers is a major consideration in our business. We believe our sales are made to creditworthy entities or entities with adequate credit support. Credit review and analysis are also integral to our lease purchases. Payment for substantially all of the monthly lease production is sometimes made to the operator of the lease. The operator, in turn, is responsible for the correct payment and distribution of such production proceeds to the proper parties. In these situations, we must determine whether the operator has sufficient financial resources to make such payments and distributions and to indemnify and defend us in the event a third party brings a protest, action, or complaint in connection with the ultimate distribution of production proceeds by the operator.

Crude Oil Trucking

We operate approximately 130 crude oil truck unloading facilities in Oklahoma, Texas, and New Mexico, of which approximately 90 are on our pipeline system and approximately 40 are on third-party pipeline systems. We also own and operate a one-mile crude oil gathering line in New Mexico, which is associated with our crude oil trucking operations there. We employ approximately 270 crude oil truck drivers and own approximately 140 crude oil transport trucks. The crude oil truck drivers pick up crude oil at production lease sites and transport it to various truck unloading facilities on our pipelines and on third-party pipelines.

Pipeline and Terminal Control Operations

All of our refined products and crude oil pipelines are operated via satellite, microwave, and frame relay communication systems from central control rooms located in Philadelphia and Tulsa. The Philadelphia control center primarily monitors and controls our refined product pipelines, and the Tulsa control center primarily monitors and controls our crude oil pipelines. The Philadelphia control center has a backup control center at our Montello, Pennsylvania pipeline facility located approximately 50 miles from Philadelphia. The Nederland Terminal has its own control center.

The control centers operate with modern, state-of-the-art System Control and Data Acquisition, or SCADA, systems. Our control centers are equipped with computer systems designed to continuously monitor real time operational data, including refined product and crude oil throughput, flow rates, and pressures. In addition, the control centers monitor alarms and throughput balances. The control centers operate remote pumps, motors, engines, and valves associated with the delivery of refined products and crude oil. The computer systems are designed to enhance leak-detection capabilities, sound automatic alarms if operational conditions outside of pre-established parameters occur, and provide for remote-controlled shutdown of pump stations on the pipelines. Pump stations and meter-measurement points along the pipelines are linked by satellite or telephone communication systems for remote monitoring and control, which reduces our requirement for full-time on-site personnel at most of these locations.

Acquisitions

Pride Companies, L.P. Acquisition On October 1, 1999, we acquired the crude oil transportation and marketing operations of Pride Companies, L.P. ("Pride") for $29.6 million in cash and the assumption of $5.3 million of debt. The acquisition included Pride's 800-mile crude oil pipeline system, 800,000 barrels of tankage and related assets, and the right to purchase 35,000 barrels per day of third-party lease crude oil.

GulfMark Acquisition. On November 1, 2001, we acquired a 54-mile, 8-inch bi-directional crude oil pipeline and a related crude oil acquisition business from GulfMark Energy, Inc. for $5.0 million in cash. The pipeline extends from Sour Lake, Texas to Baytown, Texas and complements our existing Texas Gulf Coast and East Texas pipeline system. The crude oil acquisition business handles approximately 12,000 bpd and complements our existing crude oil acquisition and marketing business.

We are principally engaged in the transport, terminalling and storage of refined products and crude oil. Although we do not currently engage in business unrelated to the transportation or storage of crude oil and refined products and the other businesses described above, we may in the future consider and make acquisitions in other business areas.

Competition

As a result of our physical integration with Sunoco R&M's refineries and terminals, and related agreements with Sunoco, Inc., we believe that we will not face significant competition for crude oil transported to the Philadelphia, Toledo, and Tulsa refineries, or refined products transported from the Philadelphia, Marcus Hook, and Toledo refineries, particularly during the term of our pipelines and terminals storage and throughput agreement with Sunoco R&M. For further information on this agreement, please see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Agreements with Sunoco R&M and Sunoco, Inc." For the year ended December 31, 2001, Sunoco R&M accounted for approximately 66 % of our combined revenues.

Eastern Pipeline System

Nearly all of our Eastern Pipeline System is directly linked to Sunoco R&M's refineries. Sunoco R&M constructed or acquired these assets as the most cost-effective means to access raw materials and distribute refined products. Generally, pipelines are the lowest cost method for long-haul, overland movement of refined products. Therefore, our most significant competitors for large volume shipments in the area served by our Eastern Pipeline System are other pipelines. We believe that high capital requirements, environmental considerations, and the difficulty in acquiring rights-of-way and related permits make it hard for other companies to build competing pipelines in areas served by our pipelines. As a result, competing pipelines are likely to be built only in those cases in which strong market demand and attractive tariff rates support additional capacity in an area.

Although it is unlikely that a pipeline system comparable in size and scope to our Eastern Pipeline System will be built in the foreseeable future, new pipelines (including pipeline segments that connect with existing pipeline systems, such as those operated by Colonial, Buckeye, ExxonMobil, and Inland) could be built to effectively compete with us in particular locations.

In addition, we face competition from trucks that deliver product in a number of areas we serve. While their costs may not be competitive for longer hauls or large volume shipments, trucks compete effectively for incremental and marginal volumes in many areas we serve. The availability of truck transportation places a significant competitive constraint on our ability to increase our tariff rates.

Explorer's primary competition is the TEPPCO pipeline, which transports petroleum products from the Beaumont, Port Arthur and Houston, Texas refining centers to Little Rock, Indianapolis, Chicago, and other markets along its route; the Seaway pipeline, a large diameter pipeline from Houston to Cushing, Oklahoma; and Centennial Pipeline, a natural gas pipeline that is being converted into a refined products pipeline and which originates near Beaumont, Texas and terminates in southern Illinois.

Terminal Facilities

Historically, except for our Nederland Terminal, essentially all of the throughput at our terminal facilities has come from Sunoco R&M. Under the terms of our pipelines and terminals storage and throughput agreement, we will continue to receive a significant portion of the throughput at these facilities from Sunoco R&M.

Our 32 inland refined product terminals compete with other independent terminal operators as well as integrated oil companies on the basis of terminal location, price, versatility, and services provided. Our competition primarily comes from integrated petroleum companies, refining and marketing companies, independent terminal companies, and distribution companies with marketing and trading arms.

The primary competitors for the Nederland Terminal are its refinery customers' docks and terminal facilities, and the Unocal terminal and the Oil Tanking terminal, both located in Beaumont. We believe the Nederland Terminal has superior docking capabilities and tankage facilities, and is better connected to supply and distribution pipelines than these competing terminals.

The Inkster Terminal's primary competition comes from the Marysville Underground Storage Terminal, MAP's LPG storage facility in Trenton, Michigan and BP's facilities in St. Clair, Michigan and Windsor, Canada. The Inkster Terminal enjoys a competitive advantage with respect to volumes from Sunoco R&M's Toledo refinery due to the relatively short distance between Toledo and the Inkster Terminal. We own three pipelines running between Toledo and the Inkster Terminal, which provide Sunoco R&M with additional flexibility.

Western Pipeline System

Our Western Pipeline System faces competition from a number of major oil companies and smaller entities. Pipeline competition among common carrier pipelines is based primarily on transportation charges, access to producing areas, and demand for the crude oil by end users. We believe that high capital costs make it unlikely for other companies to build competing crude oil pipeline systems in areas served by our pipelines. Crude oil purchasing and marketing competitive factors includes price and contract flexibility, quantity and quality of services, and accessibility to end markets. The principal competitors of the Western Pipeline System are EOTT, Plains All American, Conoco, Seminole Trading and Gathering, and TEPPCO.

Inactive Assets

We own approximately 367 miles of inactive trunk lines. Of those inactive trunk lines, approximately 217 miles are located in our Oklahoma pipeline system, approximately 117 miles are located in our West Texas pipeline system and approximately 32 miles are located in our Texas Gulf Coast and East Texas pipeline system. We are evaluating placing some of these pipelines back in service in the future either for the transportation of crude oil or as alternative service pipelines.

Pipeline, Terminalling, and Storage Assets Retained by Sunoco, Inc.

Affiliates of Sunoco, Inc. have transfered to us most of the pipeline, terminalling, storage, and related assets that support Sunoco R&M's refinery operations. Sunoco, Inc. or its affiliates have retained the assets described below because they are either interests in crude oil pipelines that may not provide consistent revenues and cash flows or are inactive.

Assets That May Not Provide Consistent Revenues and Cash Flows

- Mid-Valley Pipeline. A subsidiary of Sunoco, Inc. owns a 55% interest in the Mid-Valley Pipeline Company (a 50% voting interest), which owns and operates a 994-mile crude oil pipeline from Longview, Texas to Samaria, Michigan. The Mid-Valley pipeline serves a number of refineries in the Midwest United States. Because of our concern that the closure of one or more of these refineries could result in a material decline in the revenues and cash flows of Mid-Valley, we have elected not to acquire Sunoco, Inc.'s interest in Mid- Valley. We believe that Mid-Valley could be converted to a refined product pipeline and we will continue to evaluate its future prospects.

- West Texas Gulf Pipeline. A subsidiary of Sunoco, Inc. owns a 17% interest in West Texas Gulf Pipeline Company, which owns and operates a 581-mile crude oil pipeline from Colorado City, Texas and Nederland, Texas to Longview, Texas. West Texas Gulf supplies crude oil to Mid-Valley Pipeline. We have elected not to acquire Sunoco, Inc.'s interest in this pipeline for the reasons discussed above.

- Mesa Pipeline. A subsidiary of Sunoco, Inc. owns an undivided 6% interest in the Mesa pipeline, an 80-mile crude oil pipeline from Midland, Texas to Colorado City. Mesa Pipeline connects to West Texas Gulf's pipeline, which supplies crude oil to Mid-Valley. We have elected not to acquire Sunoco, Inc.'s interest in this pipeline for the reasons discussed above.

- Inland Pipeline. A subsidiary of Sunoco, Inc. owns a 10% interest in Inland Corporation, which owns and operates a 611-mile refined products pipeline from Lima and Toledo, Ohio to Canton, Cleveland, Columbus, and Dayton, Ohio. This pipeline transports refined products for Sunoco R&M from its Toledo, Ohio refinery and for the other owners. The Inland pipeline is a private intrastate pipeline that is operated at cost by the shipper-owners and does not generate profits to its owners. As a result, it will not be included in the assets transferred to us.

Sunoco, Inc. has granted us a ten-year option to purchase its interest in any of the preceding assets for fair market value at the time of purchase. Sunoco, Inc.'s interests in these assets are subject to agreements with the other interest owners that include, among other things, consent requirements and rights of first refusal that may be triggered upon certain transfers. The exercise of the option with respect to any of these assets is subject to the terms and conditions of those agreements, which may or may not require consents or trigger rights of first refusal, depending on the facts and circumstances existing at the time of the option exercise. We have no current intention to purchase these assets.

Assets That Are Inactive

- A subsidiary of Sunoco, Inc. owns an idled 370-mile, 6-inch refined product pipeline from Icedale, Pennsylvania to Cleveland, Ohio.

- A subsidiary of Sunoco, Inc. owns various crude oil pipelines and gathering systems in Louisiana, Oklahoma, and Texas that are no longer used because of a lack of crude oil supply.

- A subsidiary of Sunoco, Inc. owns various refined product pipelines in the Northeast and Midwest that are no longer used because they are no longer economical to operate. Most of these lines have been idle for several years.

- A subsidiary of Sunoco, Inc. owns two inactive refined product terminals in Maryland and Pennsylvania. Sunoco, Inc. idled these terminals because they were not economical to operate.

Sunoco, Inc. has granted us a ten-year option to purchase the pipeline from Icedale, Pennsylvania to Cleveland, Ohio for fair market value at the time of purchase. We have no current intention to purchase this pipeline.

Both of the ten-year option agreements described above are contained in the omnibus agreement that we have entered into with Sunoco, Inc., Sunoco R&M and our general partner. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Agreements with Sunoco R&M and Sunoco, Inc." In accordance with this agreement, if we decide to exercise our option to purchase any of the assets described above, we must provide written notice to Sunoco, Inc. setting forth the fair market value we propose to pay for the asset. If Sunoco, Inc. does not agree with our proposed fair market value, we and Sunoco, Inc. will appoint a mutually agreed-upon, nationally recognized investment banking firm to determine the fair market value of the asset. Once the investment bank submits its valuation of the asset, we will have the right, but not the obligation, to purchase the asset at the price determined by the investment bank.

Safety Regulation

Certain of our pipelines are subject to regulation by the United States Department of Transportation ("DOT") under the Hazardous Liquid Pipeline Safety Act of 1979 ("HLPSA") relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. The HLPSA covers petroleum and petroleum products pipelines and requires any entity that owns or operates pipeline facilities to comply with such safety regulations and to permit access to and copying of records and to make certain reports and provide information as required by the Secretary of Transportation.

Effective in August 1999, the DOT issued its Operator Qualification Rule, which required a written program by April 27, 2001 to ensure that operators were qualified to perform tasks covered by the pipeline safety rules. All persons performing covered tasks must be qualified under the program by October 28, 2002. We have identified the tasks that must be performed to comply with this rule and have a written plan in place as required.

On December 1, 2000, the DOT issued new regulations intended by the DOT to assess the integrity of hazardous liquid pipeline segments that, in the event of a leak or failure, could adversely affect highly populated areas, areas unusually sensitive to environmental impact and commercially navigable waterways. Under the regulations, an operator is required, among other things, to conduct baseline integrity assessment tests (such as internal inspections) within seven years, conduct future integrity tests at typically five year intervals and develop and follow a written risk-based integrity management program covering the designated high consequence areas. Under the rule, pipeline operators are required to identify line segments which could impact high consequence areas by December 31, 2001, develop "Baseline Assessment Plans" for evaluating the integrity of each pipeline segment by March 31, 2002 and complete an assessment of the highest risk 50 percent of line segments by September 30, 2004, with full assessment of the remaining 50 percent by March 31, 2008. We have identified the line segments that could impact high consequence areas and have developed Baseline Assessment Plans.

Employee Safety

We are subject to the requirements of the United States Federal Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that certain information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local authorities and citizens. We believe that we are in general compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to benzene.

The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act, and comparable state statutes require us to organize information about the hazardous materials used in our operations. Certain parts of this information must be reported to employees, state and local governmental authorities, and local citizens upon request.

Rate Regulation

General Interstate Regulation. Our interstate common carrier pipeline operations are subject to rate regulation by the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act. The Interstate Commerce Act requires that tariff rates for oil pipelines, a category that includes crude oil, petroleum products, and petrochemical pipelines (crude oil, petroleum product, and petrochemical pipelines are referred to collectively as "petroleum pipelines"), be just and reasonable and non-discriminatory. The Interstate Commerce Act permits challenges to proposed new or changed rates by protest, and challenges to rates that are already on file and in effect by complaint. Upon the appropriate showing, a successful complainant may obtain damages or reparations for generally up to two years prior to the filing of a complaint.

The FERC is authorized to suspend the effectiveness of a new or changed tariff rate for a period of up to seven months and to investigate the rate. If upon the completion of an investigation the FERC finds that the rate is unlawful, it may require the pipeline operator to refund to shippers, with interest, any difference between the rates the FERC determines to be lawful and the rates under investigation. The FERC will order the pipeline to change its rates prospectively to the lawful level.

Index-Based Rates and Other Subsequent Developments. In October 1992, Congress passed the Energy Policy Act of 1992. The Energy Policy Act deemed interstate petroleum pipeline rates in effect for the 365-day period ending on the date of enactment of the Energy Policy Act, or that were in effect on the 365th day preceding enactment and had not been subject to complaint, protest, or investigation during the 365-day period, to be just and reasonable under the Interstate Commerce Act. These rates are commonly referred to as "grandfathered rates." All of our interstate pipeline rates were deemed just and reasonable and therefore are grandfathered under the Energy Policy Act. The Energy Policy Act provides that the FERC may change grandfathered rates upon complaints only under the following limited circumstances:

- a substantial change has occurred since enactment in either the economic circumstances or the nature of the services that were a basis for the rate;

- the complainant was contractually barred from challenging the rate prior to enactment of the Energy Policy Act and filed the complaint within 30 days of the expiration of the contractual bar; or

- a provision of the tariff is unduly discriminatory or preferential.

The Energy Policy Act further required the FERC to issue rules establishing a simplified and generally applicable ratemaking methodology for interstate petroleum pipelines and to streamline procedures in petroleum pipeline proceedings. On October 22, 1993, the FERC responded to the Energy Policy Act directive by issuing Order No. 561, which adopted a new indexed rate methodology for interstate petroleum pipelines. Under the resulting regulations, effective January 1, 1995, petroleum pipelines are able to change their rates within prescribed ceiling levels that are tied to changes in the Producer Price Index for Finished Goods, minus one percent ("PPI-1"). Rate increases made under the index will be subject to protest, but the scope of the protest proceeding will be limited to an inquiry into whether the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. The indexing methodology is applicable to any existing rate, whether grandfathered or whether established after enactment of the Energy Policy Act. The FERC recently concluded that the PPI-1 index should be continued for another five-year period. However, the U.S. Court of Appeals for the District of Columbia found the decision to be flawed in certain respects and remanded the matter to the FERC for further consideration.

In Order No. 561, the FERC said that as a general rule pipelines must utilize the indexing methodology to change their rates. Indexing includes the requirement that, in any year in which the index is negative, pipelines must file to lower their rates if they would otherwise be above the reduced ceiling. However, the pipeline is not required to reduce its rates below the level deemed just and reasonable under the Energy Policy Act. The FERC further indicated in Order No. 561, however, that it is retaining cost-of-service ratemaking, market-based rates, and settlement rates as alternatives to the indexing approach. A pipeline can follow a cost-of-service approach when seeking to increase its rates above index levels (or when seeking to avoid lowering rates to index levels) provided that the pipeline can establish that there is a substantial divergence between the actual costs experienced by the pipeline and the rate resulting from application of the index. A pipeline can charge market-based rates if it establishes that it lacks significant market power in the affected markets. In addition, a pipeline can establish rates under settlement if agreed upon by all current shippers. As specified in Order 561 and subsequent decisions, a pipeline can seek to establish initial rates for new services through a cost-of-service showing, by establishing that it lacks significant market power in the affected markets, or through an agreement between the pipeline and at least one shipper not affiliated with the pipeline who intends to use the new service.

Another development affecting petroleum pipeline ratemaking arose in Opinion No. 397, involving a partnership operating a crude oil pipeline. In Opinion No. 397, the FERC concluded that there should not be a corporate income tax allowance built into a petroleum pipeline's rates for income attributable to noncorporate partners because those partners, unlike corporate partners, do not pay a corporate income tax on partnership distributions. Opinion No. 397 was affirmed by the FERC on rehearing in May 1996. The parties subsequently settled the case, so no judicial review of the tax ruling took place.

A current proceeding, however, is pending at the FERC that could result in changes to the FERC's income tax method announced in Opinion No. 397 as well as to other elements of the FERC's rate methods for petroleum pipelines. This proceeding involves another publicly traded limited partnership engaged in petroleum products pipeline transportation. In January, 1999, the FERC issued Opinion No. 435 in this proceeding, which, among other things, affirmed Opinion No. 397's determination that there should not be a corporate income tax allowance built into a petroleum pipeline's rates for income attributable to noncorporate partners. In subsequent decisions on rehearing, the FERC further defined the scope of the income tax allowance for publicly traded limited partnerships, and resolved a number of other cost of service issues as well.

Market-Based Rates. In a proceeding involving Buckeye Pipeline Company, L.P., the FERC found that a petroleum pipeline able to demonstrate a lack of market power may be allowed a lighter standard of regulation than that imposed by the trended original cost methodology. In such a case, the pipeline company has the opportunity to establish that it faces sufficient competition to justify relief from the strict application of the cost-based principles. In Buckeye, the FERC determined, based on the existing level of market concentration in the pipeline's market areas, that Buckeye exercised significant market power in only five of its 21 market areas and therefore was entitled to charge market-based rates in the other 16 market areas. The opportunity to charge market-based rates means that the pipeline may charge what the market will bear. Order No. 572, a companion order to Order No. 561, was issued by the FERC on October 25, 1994 and established procedural rules governing petroleum pipelines' applications for a finding that the pipeline lacks significant market power in the relevant market.

Settlement Rates. In Order No. 561, the FERC specifically held that it would also permit changes in rates that are the product of unanimous agreement between the pipeline and all the shippers using the service to which the rate applies. The rationale behind allowing this type of rate change is to further the FERC's policy of favoring settlements among parties and to lessen the regulatory burdens on all concerned. The FERC, however, will also entertain a challenge to settlement rates, in response to a protest or a complaint that alleges the same circumstances required to challenge an indexed rate. An example of this type of challenge is that there is a discrepancy between the rate and the pipeline's cost of service that is so substantial as to render the settlement (or indexed) rate unjust and unreasonable.

Intrastate Regulation. Some of our pipeline operations are subject to regulation by the Texas Railroad Commission, the Pennsylvania Public Utility Commission, the Ohio Public Utility Commission, and the Oklahoma Corporation Commission. The applicable state statutes require that pipeline rates be non-discriminatory and provide no more than a fair return on the aggregate value of the pipeline property used to render services. State commissions have generally not been aggressive in regulating common carrier pipelines and have generally not investigated the rates or practices of petroleum pipelines in the absence of shipper complaints. Complaints to state agencies have been infrequent and are usually resolved informally. Although we cannot be certain that our intrastate rates would ultimately be upheld if challenged, we believe that, given this history, the tariffs now in effect are not likely to be challenged or, if challenged, are not likely to be ordered to be reduced.

Our Pipelines. The FERC generally has not investigated interstate rates on its own initiative when those rates, like ours, have not been the subject of a protest or a complaint by a shipper. In addition, as discussed above, intrastate pipelines generally are subject to "light-handed" regulation by state commissions and we do not believe the intrastate tariffs now in effect are likely to be challenged. However, the FERC or a state regulatory commission could investigate our rates at the urging of a third party if the third party is either a current shipper or is able to show that it has a substantial economic interest in our tariff rate level. If an interstate rate were challenged, we would defend that rate as grandfathered under the Energy Policy Act. As that Act applies to our rates, a person challenging a grandfathered rate must, as a threshold matter, establish a substantial change since the date of enactment of the Act, in either the economic circumstances or the nature of the service that formed the basis for the rate. A complainant might assert that the creation of the partnership itself constitutes such a change, an argument that has not previously been specifically addressed by the FERC and to which we believe there are valid defenses. If the FERC were to find a substantial change in circumstances, then the existing rates could be subject to detailed review. We believe that most such rates can be supported on a cost of service basis, even recognizing the reduction in our income tax allowance that is likely to result from our conversion from a corporation to a partnership. Although there are some rates that might not be defensible on that basis, we believe that all of those rates involve movements as to which (1) Sunoco R&M is the only shipper, (2) we have a reasonable basis to assert that we lack significant market power and therefore are entitled to market based rates, or (3) the revenue amounts involved do not materially affect our performance.

If the FERC investigated our rate levels, it could inquire into our costs, including:

- the overall cost of service, including operating costs and overhead;
- the allocation of overhead and other administrative and general expenses to the rate;
- the appropriate capital structure to be utilized in calculating rates;
- the appropriate rate of return on equity;
- the rate base, including the proper starting rate base;
- the throughput underlying the rate; and
- the proper allowance for federal and state income taxes.

We do not believe that it is likely that there will be a challenge to our rates by a current shipper that would materially affect our revenues or cash flows. Sunoco R&M and its subsidiaries are the only current shippers in many of our pipelines. Sunoco R&M has agreed not to challenge, or to cause others to challenge or assist others in challenging, our tariff rates for the term of the pipelines and terminals storage and throughput agreement.

Because most of our pipelines are common carrier pipelines, we may be required to accept new shippers who wish to transport in our pipelines. It is possible that any new shippers, current shippers, or other interested parties, may decide to challenge our tariff rates. If any rate challenge or challenges were successful, our cash available for distribution could be materially reduced.

Environmental Regulation

General

Our operation of pipelines, terminals, and associated facilities in connection with the storage and transportation of refined products, crude oil, and other liquid hydrocarbons are subject to stringent and complex federal, state, and local laws and regulations governing the discharge of materials into the environment, or otherwise relating to the protection of the environment. As with the industry generally, compliance with existing and anticipated laws and regulations increases our overall cost of business, including our capital costs to construct, maintain, and upgrade equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we believe that they do not affect our competitive position in that the operations of our competitors are similarly affected. We believe that our operations are in substantial compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to frequent change by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. Violation of environmental laws, regulations, and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions, and construction bans or delays. A discharge of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, subject us to substantial expense, including both the cost to comply with applicable laws and regulations and claims made by neighboring landowners and other third parties for personal injury and property damage.

Under the terms of our omnibus agreement with Sunoco, Inc., and in connection with the contribution of our assets by affiliates of Sunoco, Inc., Sunoco, Inc. agreed to indemnify us for 30 years from environmental and toxic tort liabilities related to the assets transferred to us that arise from the operation of such assets prior to the closing of our initial public offering on February 8, 2002. Sunoco, Inc. is obligated to indemnify us for 100% of all such losses asserted within the first 21 years of closing. Sunoco, Inc.'s share of liability for claims asserted thereafter will decrease by 10% a year. For example, for a claim asserted during the twenty-third year after closing, Sunoco, Inc. would be required to indemnify us for 80% of our loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco, Inc. Any remediation liabilities not covered by this indemnity will be our responsibility. Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites, the determination of the extent of the contamination at each site, the timing and nature of required remedial actions, the technology available and needed to meet the various existing legal requirements, the nature and extent of future environmental laws, inflation rates, and the determination of our liability at multi-party sites, if any, in light of the number, participation levels, and financial viability of other parties. We have agreed to indemnify Sunoco, Inc. and its affiliates for events and conditions associated with the operation of our assets that occur on or after the closing of the initial public offering and for environmental and toxic tort liabilities related to our assets to the extent Sunoco, Inc. is not required to indemnify us.

Air Emissions

Our operations are subject to the Clean Air Act and comparable state and local statutes. Amendments to the Clean Air Act enacted in late 1990 as well as recent or soon to be adopted changes to state implementation plans for controlling air emissions in regional, non-attainment areas require or will require most industrial operations in the United States to incur capital expenditures in order to meet air emission control standards developed by the Environmental Protection Agency and state environmental agencies. As a result of these amendments, our facilities that emit volatile organic compounds or nitrogen oxides are subject to increasingly stringent regulations, including requirements that some sources install maximum or reasonably available control technology. In addition, the 1990 Clean Air Act Amendments established a new operating permit for major sources, which applies to some of our facilities. We will be required to incur certain capital expenditures in the next several years for air pollution control equipment in connection with maintaining or obtaining permits and approvals addressing air emission related issues. Although we can give no assurances, we believe implementation of the 1990 Clean Air Act Amendments will not have a material adverse effect on our financial condition or results of operations.

Our customers are also subject to, and affected by, environmental regulations. Since the late 1990s, the EPA has undertaken significant enforcement initiatives under authority of the Clean Air Act's New Source Review and Prevention of Significant Deterioration, or NSR/PSD, program in an effort to further reduce annual emissions of volatile organic compounds, nitrogen oxides, sulfur dioxide, and particulate matter. These enforcement initiatives have been targeted at industries that have large manufacturing facilities and that are significant sources of emissions, such as refining, paper and pulp, and electric power generating industries. The basic premise of the enforcement initiative is the EPA's assertion that many of these industrial establishments have modified or expanded their operations over time without complying with NSR/PSD regulations adopted by the EPA that require permits and new emission controls in connection with any significant facility modifications or expansions that can result in emissions increases above certain thresholds. Where the EPA finds that a company or facility has modified or expanded its operations without complying with the requirements of the NSR/PSD program, it may bring an enforcement action against the company or facility to require installation of the emissions controls that the agency deems necessary, and it may also seek to impose fines and penalties for failure to comply with NSR/PSD requirements.

As part of this on-going NSR/PSD enforcement initiative, the EPA has entered into consent agreements with several refiners that require the refiners to make significant capital expenditures to install emissions control equipment at selected facilities. In certain instances, these additional controls would be required to comply with other provisions of the Clean Air Act or other federal or state regulations at a later date, but the effect of these consent agreements is to require the installation of air emission controls earlier than they might otherwise be required. The cost of the required emissions control equipment can be significant, depending on the size, age, and configuration of the refinery. Sunoco R&M received information requests from the EPA relating to capital projects that have taken place at Sunoco R&M's refineries since 1980. Pursuant to the NSR/PSD enforcement initiative, on December 20, 2001, Sunoco R&M received notices of violation from the EPA relating to its Marcus Hook, Philadelphia, and Toledo refineries. Although Sunoco R&M believes that it has not violated the related Clean Air Act requirements, it is currently evaluating the notices of violation for all three refineries to determine how it will respond. In resolving these notices of violation, Sunoco R&M could be required to make significant capital expenditures, operate these refineries at reduced levels, and pay significant penalties. If Sunoco R&M determines it is uneconomical to operate its refineries under such conditions and as a result shuts down or reconfigures all or a portion of one of more of its refineries, its obligations under the pipelines and terminals storage and throughput agreement would be reduced, which would reduce our ability to make distributions to our unitholders.

Under the Clean Air Act, the EPA and state agencies acting with authority delegated by the EPA have announced new rules or the intent to strengthen existing rules affecting the composition of motor vehicle fuels and automobile emissions. The EPA's Gasoline Sulfur Control Requirements require that the sulfur content of motor vehicle gasoline be reduced to 80 parts per million and the corporate average sulfur content be reduced to 30 parts per million by 2006. Likewise, the EPA's Diesel Fuel Sulfur Control Requirements require that the sulfur content of diesel fuel be reduced to 15 parts per million by 2006. The rules include banking and trading credit systems, which could provide refiners flexibility until 2006 for the low-sulfur gasoline and until 2010 for the low-sulfur diesel. These rules are expected to have a significant impact on Sunoco R&M and its operations primarily with respect to the capital and operating expenditures at the Philadelphia, Marcus Hook, and Toledo refineries. Most of the capital spending is likely to occur in the 2002-2006 period, while the higher operating costs will be incurred when the low-sulfur fuels are produced. Sunoco R&M estimates that the total capital outlays to comply with the new gasoline and diesel requirements will be in the range of $300-$400 million. The ultimate impact of the rules may be affected by such factors as technology selection, the effectiveness of the banking and trading credit systems, production mix, timing uncertainties created by permitting requirements and construction schedules, and any effect on prices created by changes in the level of gasoline and diesel fuel production.

The EPA is also reportedly considering limiting the levels of benzene and other toxic substances in gasoline as well as banning methyl tertiary-butyl ether, also known as MTBE, in gasoline, which may require the use of other chemical additives to serve as oxygenates instead of MTBE. Legal mandates to use alternative fuels may also have a direct and potentially adverse impact on our revenues. For example, under the Energy Policy Act of 1992, 75% of new vehicles purchased by certain federal and state government fleets must use alternative fuels and New York has adopted standards requiring that by the year 2003, 10% of fleets delivered be zero-emissions vehicles; and under the Clean Air Act, 50% to 70% (depending on vehicle weight) of new vehicles in clean air non-attainment areas purchased by certain federal, state, municipal, and private fleets must use some type of alternative fuels beginning in 2001. Also, some states and local governments, including, for example, Texas, have adopted "boutique" fuel standards to comply with clean air requirements. "Boutique" fuels pose distribution problems because refiners must produce different blends for different communities.

During 2001, the EPA issued its final rule addressing emissions of toxic air pollutants from mobile sources (the Mobile Source Air Toxics ("MSAT") Rule). The rule is currently being challenged by certain environmental organizations and a number of states, and by a member of the petroleum industry. It requires refiners to produce gasoline that maintains their average 1998-2000 gasoline toxic emission performance level. If the rule survives the challenges and if MTBE is banned, it could result in additional expenditures by Sunoco R&M or reductions in its reformulated gasoline production levels.

It is uncertain what Sunoco, Inc. or Sunoco R&M's responses to these emerging issues will be. Those responses could reduce Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement, thereby reducing the throughput in our pipelines, our cash flow, and our ability to make distributions.

Hazardous Substances and Waste

To a large extent, the environmental laws and regulations affecting our operations relate to the release of hazardous substances or solid wastes into soils, groundwater, and surface water, and include measures to control pollution of the environment. These laws generally regulate the generation, storage, treatment, transportation, and disposal of solid and hazardous waste. They also require corrective action, including the investigation and remediation, of certain units at a facility where such waste may have been released or disposed. For instance, the Comprehensive Environmental Response, Compensation, and Liability Act, referred to as CERCLA and also known as Superfund, and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the site where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. In the course of our ordinary operations, we may

generate waste that falls within CERCLA's definition of a "hazardous substance" and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. We are currently identified as a potentially responsible party ("PRP") at two sites in Michigan by the Michigan Department of Natural Resources and at one site in New York by the EPA in connection with alleged past transport of petroleum product wastes to, and subsequent release of such wastes at, these sites. We believe that any costs incurred by us in connection with remedial action at these sites will not have a material adverse impact on our operations. In addition, while we are not identified as a PRP at the Higgins Farm Superfund site in Somerset County, New Jersey, a PRP-defendant group has filed a suit against us, seeking contribution for remediation costs in connection with an ongoing cleanup of that site. We believe this cost recovery suit to be without merit and are vigorously contesting this matter. Costs for these remedial actions, if any as well as any related claims are all covered by an indemnity from Sunoco, Inc. For more information, please see "Environmental Remediation".

We also generate solid wastes, including hazardous wastes, that are subject to the requirements of the federal Resource Conservation and Recovery Act, referred to as RCRA, and comparable state statutes. From time to time, the EPA considers the adoption of stricter disposal standards for non-hazardous wastes, including crude oil and gas wastes. We are not currently required to comply with a substantial portion of the RCRA requirements because our operations generate minimal quantities of hazardous wastes. However, it is possible that additional wastes, which could include wastes currently generated during operations, will in the future be designated as "hazardous wastes." Hazardous wastes are subject to more rigorous and costly disposal requirements than are non-hazardous wastes. Any changes in the regulations could have a material adverse effect on our maintenance capital expenditures and operating expenses.

We currently own or lease, and our predecessor has in the past owned or leased, properties where hydrocarbons are being or have been handled for many years. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other waste may have been disposed of or released on or under the properties owned or leased by us or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under our control. These properties and wastes disposed thereon may be subject to CERCLA, RCRA, and analogous state laws. Under these laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater), or to perform remedial operations to prevent future contamination.

We are currently involved in remediation activities at numerous sites, which involve significant expense. These remediation activities are all covered by an indemnity from Sunoco, Inc. For more information, please see "Environmental Remediation."

Water

Our operations can result in the discharge of pollutants, including crude oil. The Oil Pollution Act was enacted in 1990 and amends provisions of the Water Pollution Control Act of 1972 and other statutes as they pertain to prevention and response to oil spills. The Oil Pollution Act subjects owners of covered facilities to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill, where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. States in which we operate have also enacted similar laws. Regulations are currently being developed under the Oil Pollution Act and state laws that may also impose additional regulatory burdens on our operations. Spill prevention control and countermeasure requirements of federal laws and some state laws require diking and similar structures to help prevent contamination of navigable waters in the event of an oil overflow, rupture, or leak. We are in substantial compliance with these laws. Additionally, the Office of Pipeline Safety of the DOT has approved our oil spill emergency response plans.

The Water Pollution Control Act of 1972 imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters. Permits must be obtained to discharge pollutants into state and federal waters. The Water Pollution Control Act of 1972 imposes substantial potential liability for the costs of removal, remediation, and damages. In addition, some states maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. We believe that compliance with existing permits and compliance with foreseeable new permit requirements will not have a material adverse effect on our financial condition or results of operations.

Endangered Species Act

The Endangered Species Act restricts activities that may affect endangered species or their habitats. While some of our facilities are in areas that may be designated as habitat for endangered species, we believe that we are in substantial compliance with the Endangered Species Act. However, the discovery of previously unidentified endangered species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected area.

Environmental Remediation

Contamination resulting from spills of refined products and crude oil is not unusual within the petroleum pipeline industry. Historic spills along our pipelines, gathering systems, and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater. Site conditions, including soils and groundwater, are being evaluated at a number of our properties where operations may have resulted in releases of hydrocarbons and other wastes.

Moreover, at December 31, 2001, potentially significant assessment, monitoring, and remediation programs are being performed at some 19 sites in Michigan, New Jersey, New York, Ohio, and Pennsylvania. These 19 sites include eight terminals and two tank farms owned by us (River Rouge and Owosso Terminals in Michigan; Newark Terminal in New Jersey; Dayton Terminal in Ohio; and Belmont, Kingston, Montello, and Pittsburgh Terminals and Darby Creek Tank Farm and Marcus Hook Tank Farm in Pennsylvania) and nine third-party locations (in Camden County in New Jersey; in Livingston and Chemung Counties in New York; and in Chester, Delaware, Lancaster, Lebanon, and Luzerne Counties, in Pennsylvania) that were impacted by pipe line or pump station releases of crude oil or petroleum products. We estimate that the total aggregate cost of performing the currently anticipated assessment, monitoring and remediation at these 19 sites to be $8.6 million. This estimate assumes that we will be able to achieve regulatory closure at these sites between the years 2002 and 2010 by using common remedial and monitoring methods or associated engineering or institutional controls to demonstrate compliance with applicable cleanup standards. This estimate covers the costs of performing assessment, remediation, and/or monitoring of impacted soils, groundwater and surface water conditions, but does not include any costs for potential claims by others with respect to these sites. While we do not expect any such potential claims by others to be materially adverse to our operations, financial position, or cash flows, we cannot be certain that the actual remediation costs or associated remediation liabilities will not exceed this $8.6 million amount.

With respect to the February 2000 pipeline release of crude oil into the John Heinz National Wildlife Refuge in Philadelphia, one of the 19 sites where potentially significant environmental liability exists, we have conducted remedial activities at the release area and have initiated restoration efforts in the area, including establishment of a new wetlands area. We expect the EPA to assess a penalty with respect to the February 2000 pipeline release which could exceed $100,000.

Sunoco, Inc. has agreed to indemnify us from environmental and toxic tort liabilities related to the assets transferred to us to the extent such liabilities exist or arise from operation of these assets prior to the closing of our initial public offering and are asserted within 30 years after the closing of our initial public offering. This indemnity will cover the costs associated with performance of the assessment, monitoring, and remediation programs, as well as any related claims and penalties, at the 19 sites referenced above. See "Environmental Regulation, General."

We may experience future releases of refined products or crude oil into the environment from our pipelines, gathering systems, and terminals, or discover historical releases that were previously unidentified or not assessed. While we maintain an extensive inspection and audit program designed, as applicable, to prevent and to detect and address these releases promptly, damages and liabilities incurred due to any future environmental releases from our assets nevertheless have the potential to substantially affect our business.

Title to Properties

Substantially all of our pipelines were constructed on rights-of-way granted by the apparent record owners of the property and in some instances these rights-of-way are revocable at the election of the grantor. Several rights-of-way for our pipelines and other real property assets are shared with other pipelines and other assets owned by affiliates of Sunoco, Inc. and by third parties. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets, and state highways and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some cases, property for pipeline purposes was purchased in fee. In some states and under some circumstances, we have the right of eminent domain to acquire rights-of-way and lands necessary for our common carrier pipelines. The previous owners of the applicable pipelines may not have commenced or concluded eminent domain proceedings for some rights-of-way.

Some of the leases, easements, rights-of-way, permits, and licenses transferred to us upon the completion of our initial public offering in February 2002 required the consent of the grantor to transfer these rights, which in some instances is a governmental entity. We have obtained or are in the process of obtaining third-party consents, permits, and authorizations sufficient for the transfer to us of the assets necessary for us to operate our business in all material respects. With respect to any consents, permits, or authorizations that have not been obtained, the failure to obtain these consents, permits, or authorizations will have no material adverse effect on the operation of our business.

We have satisfactory title to all of our assets, or are entitled to indemnification from Sunoco, Inc. under the omnibus agreement for title defects to the assets contributed to us and for failures to obtain certain consents and permits necessary to conduct our business that arise within ten years after the closing of our initial public offering. Record title to some of our assets may continue to be held by affiliates of Sunoco, Inc. until we have made the appropriate filings in the jurisdictions in which such assets are located and obtained any consents and approvals that were not obtained prior to the closing of our initial public offering. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to clean up environmental contamination, liens for current taxes and other burdens, and easements, restrictions, and other encumbrances to which the underlying properties were subject at the time of acquisition by our predecessor or us, none of these burdens should materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Employees

To carry out our operations, our general partner and its affiliates employ approximately 1,160 people who provide direct support to our operations. Labor unions or associations represent approximately 660 of these employees. Our general partner considers its employee relations to be good. Our partnership has no employees

(d) Financial Information about Geographical Areas

We have no significant amounts of revenue or segment profit or loss attributable to international activities.

ITEM 2. PROPERTIES

See Item 1.(c) for a description of the locations and general character of our material properties.

ITEM 3. LEGAL PROCEEDINGS

With respect to a pipeline release of crude oil in February 2000 in the John Heinz National Wildlife Refuge in Philadelphia, we have conducted remedial activities at the release area and have initiated restoration efforts in the

area. We expect the Environmental Protection Agency ("EPA") to assess a penalty with respect to this release that could exceed $100,000. Sunoco, Inc. has agreed to indemnify us, among other things, for any penalty that may be assessed. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Agreements with Sunoco R&M and Sunoco, Inc."

There are other legal and administrative proceedings pending against our Sunoco, Inc. affiliated predecessors and us (as successor to certain liabilities of those predecessors). Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them may be resolved unfavorably. Sunoco, Inc. has agreed to indemnify us for any losses we may suffer as a result of such currently pending legal actions. As a result, we believe that any liabilities arising from such currently pending proceedings are not likely to be material in relation to our consolidated financial position at December 31, 2001.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the security holders, through solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common units were listed on the New York Stock Exchange under the symbol "SXL" beginning on February 5, 2002. Prior to February 5, 2002, our equity securities were not traded on any public trading market. At the close of business on February 28, 2002, we had 12 holders of record of our common units. These holders of record included our general partner with 5,633,639 common units registered in its name, and Cede & Co. with 5,745,300 common units (representing approximately 5,000 beneficial owners) registered to it. The high and low sales price ranges (composite transactions) from February 5, 2002 (the day our common units began trading) through March 25, 2002, are set forth below. No cash distributions have been declared.

	High	Low
February 5, 2002 through March 25, 2002	$23.70	$19.70

We have also issued 11,383,639 subordinated units, all of which are held by our general partner and for which there is no established public trading market.

We will distribute all of our cash on hand within 45 days after the end of each quarter, beginning with the quarter ending March 31, 2002, less reserves established by our general partner in its discretion. This is defined as "available cash" in our partnership agreement. Our general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to properly conduct our business.

We will make minimum quarterly distributions of $0.45 per common unit, to the extent we have sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner. We will prorate and adjust the minimum quarterly distribution for the period from February 8, 2002 (the closing date of our initial public offering) through March 31, 2002 based on the actual number of days in the period.

During the subordination period we will, in general, pay cash distributions each quarter in the following manner:

- First, 98% to the holders of common units and 2% to the general partner, until each common unit has received a minimum quarterly distribution of $0.45, plus any arrearages from prior quarters;

- Second, 98% to the holders of subordinated units and 2% to the general partner, until each subordinated unit has received a minimum quarterly distribution of $0.45; and

- Thereafter, in the manner described in the table below.

The subordination period is generally defined as the period that ends on the first day of any quarter beginning after December 31, 2006 if (1) we have distributed at least the minimum quarterly distribution on all outstanding units with respect to each of the immediately preceding three consecutive, non-overlapping four quarter periods; and (2) our adjusted operating surplus, as defined in our partnership agreement, during such periods equals or exceeds the amount that would have been sufficient to enable us to distribute the minimum quarterly distribution on all outstanding units on a fully diluted basis and the related distribution on the 2% general partner interest during those periods. In addition, one-quarter of the subordinated units may convert to common units on a one-for-one basis after December 31, 2004, and one-quarter of the subordinated units may convert to common units on a one-for-one basis after December 31, 2005, if we meet the tests set forth in our partnership agreement. If the subordination period ends, the rights of the holders of subordinated units will no longer be subordinated to the rights of the holders of common units and the subordinated units may be converted into common units.

After the subordination period we will, in general, pay cash distributions each quarter in the following manner:

- First, 98% to all unitholders, pro rata, and 2% to the general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

- Thereafter, as described in the paragraph and table below.

As presented in the table below, if cash distributions exceed $0.50 per unit in a quarter, our general partner will receive increasing percentages, up to 50%, of the cash we distribute in excess of that amount. We refer to these distributions as "incentive distributions." The amounts shown in the table below under "Percentage of Distributions" are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Quarterly Distribution Amount per Unit," until the available cash that we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

Quarterly Distribution	Percentage of Distribution	
Amount per Unit	Unitholders	General Partner
$0.450	98%	2%
Up to $0.500	98%	2%
Above $0.500 up to $0.575	85%	15%
Above $0.575 up to $0.700	75%	25%
Above $0.700	50%	50%

There is no guarantee that we will pay the minimum quarterly distribution on the common units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our credit facility or the senior notes (Please see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources").

Use of Proceeds

On February 4, 2002, our Registration Statement on Form S-1 (Registration No. 333-71968), filed with the Securities and Exchange Commission, became effective. Pursuant to the Registration Statement, on February 4, 2002, we sold 5,000,000 common units to the public at a price of $20.25 per unit for aggregate gross proceeds of $101.3 million. Subsequent to the initial public offering, the underwriters exercised their over-allotment option for 750,000 additional common units at a price of $20.25 per unit for aggregate gross proceeds of $15.1 million. Underwriting fees paid in connection with these transactions were $6.7 million and $1.0 million, respectively. On February 8, 2002, the closing date of our initial public offering, we received net proceeds of $108.7 million (including proceeds of the over-allotment option). The aggregate offering price of 5,750,000 Common Units was $116.4 million, and the aggregate underwriting fees were $7.7 million. We used approximately $6.4 million of the net proceeds to pay expenses associated with the initial public offering and related formation transactions, which consisted primarily of legal, accounting and other professional services costs. The remaining $102.3 million of net proceeds is being used to increase working capital to the level necessary for the operation of our business, thereby establishing working capital that was not contributed to us by Sunoco, Inc. in connection with our formation. The underwriters of our initial public offering were Lehman Brothers, Salomon Smith Barney, UBS Warburg, Banc of America Securities, Wachovia Securities and Credit Suisse First Boston.

In addition, concurrent with the closing of the initial public offering, Sunoco Logistics Partners Operations L.P., our wholly owned operating subsidiary, issued $250.0 million of 7.25% Senior Notes due 2012 ("Notes") in an offering exempt from registration under the Securities Act of 1933. The notes were issued at a price of 99.325% of their principal amount. Gross proceeds from this offering were $248.3 million and aggregate underwriting discounts and commissions were $1.6 million. Net proceeds were $246.7 million. Expenses incurred in connection with the issuance of the Notes were approximately $1.4 million, which consisted primarily of legal, accounting and other professional services costs. The initial purchasers of the Notes were Lehman Brothers, Credit Suisse First Boston, Salomon Smith Barney, UBS Warburg, Banc of America Securities and Wachovia Securities.

The $245.3 million of net proceeds from the sale of the Notes were distributed to Sunoco, Inc. and its affiliates.

ITEM 6. SELECTED FINANCIAL DATA

On February 8, 2002, we completed our initial public offering and related transactions whereby we became the successor to a substantial portion of the wholly-owned logistics operations of Sunoco, Inc. and its subsidiaries.

The selected financial data for Sunoco Logistics Partners L.P. for 1998, 1999, 2000 and 2001 are derived from the audited combined financial statements of Sunoco Logistics Partners L.P., which reflect historical cost-basis amounts of Sunoco Logistics (Predecessor), our predecessor. The selected financial data for Sunoco Logistics Partners L.P. for 1997 are derived from the unaudited combined financial statements of our predecessor.

We define EBITDA as operating income plus depreciation and amortization. EBITDA provides additional information for evaluating our ability to make the minimum quarterly distribution and is presented solely as a supplemental measure. You should not consider EBITDA as an alternative to net income, income before income taxes, cash flows from operations, or any other measure of financial performance presented in accordance with accounting principles generally accepted in the United States. Our EBITDA may not be comparable to EBITDA or similarly titled measures of other entities as other entities may not calculate EBITDA in the same manner as we do.

For the periods presented, Sunoco R&M was the primary or exclusive user of our inland refined product terminals, our Fort Mifflin Terminal Complex, and our Marcus Hook Tank Farm. Historically, most of the terminalling and throughput services provided by Sunoco Logistics (Predecessor) for Sunoco R&M's refining and marketing operations were at fees that enabled us to recover our costs, but not to generate any operating income. Accordingly, historical EBITDA for those assets was equal to their depreciation and amortization.

Maintenance capital expenditures are capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of our assets and to extend their useful lives. Expansion capital expenditures are capital expenditures made to expand the existing operating capacity of our assets, whether through construction or acquisition. We treat repair and maintenance expenditures that do not extend the useful life of existing assets as operating expenses as we incur them. The maintenance capital expenditures for the periods presented include several one-time projects to upgrade our technology, increase reliability, and lower our cost structure.

Throughput is the total number of barrels per day transported on a pipeline system or through a terminal and includes barrels ultimately transported to a delivery point on another pipeline system.

The following table should be read together with, and is qualified in its entirety by reference to, the financial statements and accompanying notes of Sunoco Logistics Partners L.P. included in Item 8. "Financial Statements and Supplementary Data." The table should be read together with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SUNOCO LOGISTICS PARTNERS L.P.

	Year Ended December 31,				
	1997	1998	1999/1/	2000	2001
	(in thousands, except operating data)				
Income Statement Data:					
Revenues:					
Sales and other operating revenue					
Affiliates	$ 766,151	$ 570,332	$ 764,133	$ 1,301,079	$ 1,067,182
Unaffiliated customers	108,493	124,869	210,069	507,532	545,822
Other income/2/	3,894	5,022	6,133	5,574	4,774
Total revenues	878,538	700,223	980,335	1,814,185	1,617,778
Costs and expenses:					
Cost of products sold and operating Expenses	770,091	583,587	866,610	1,699,541	1,503,156
Depreciation and amortization	18,194	18,622	19,911	20,654	25,325
Selling, general and administrative Expenses	29,811	29,890	27,461	34,683	35,956
Total costs and expenses	818,096	632,099	913,982	1,754,878	1,564,437
Operating income	60,442	68,124	66,353	59,307	53,341
Net interest cost and debt expense	8,675	7,117	6,487	10,304	10,980
Income before income tax expense	51,767	61,007	59,866	49,003	42,361
Income tax expense	19,494	23,116	22,488	18,483	15,594
Net income	$ 32,273	$ 37,891	$ 37,378	$ 30,520	$ 26,767
Cash Flow Data:					
Net cash provided by operating activities	$ 36,313	$ 44,950	$ 125,165	$ 79,116	$ 27,238
Net cash used in investing activities	$ (36,594)	$ (36,933)	$ (75,120)	$ (77,292)	$ (73,079)
Net cash provided by (used in) financing Activities	$ 281	$ (8,017)	$ (50,045)	$ (1,824)	$ 45,841
Capital expenditures:					
Maintenance	$ 26,680	$ 28,420	$ 32,312	$ 39,067	$ 53,628
Expansion	8,428	8,527	49,556/1/	18,854	19,055
Total capital expenditures	$ 35,108	$ 36,947	$ 81,868/1/	$ 57,921	$ 72,683
EBITDA	$ 78,636	$ 86,746	$ 86,264	$ 79,961	$ 78,666
Balance Sheet Data (at period end):					
Net properties, plants and equipment	$ 412,312	$ 430,848	$ 481,967	$ 518,605	$ 566,359
Total assets	$ 596,478	$ 528,279	$ 712,149	$ 845,956	$ 789,201
Total debt /3/	$ 90,000	$ 90,225	$ 95,287	$ 190,043	$ 144,781
Net parent investment	$ 205,604	$ 235,478	$ 223,083	$ 157,023	$ 274,893
Operating Data (bpd):					
Eastern Pipeline System throughput/4/	522,170	520,627	542,843	535,510	544,874
Terminal Facilities throughput	1,166,661	1,163,907	1,245,189	1,281,231	1,156,927
Western Pipeline System throughput	258,931	253,124	252,098	295,991	287,237
Crude oil purchases at wellhead	163,736	155,606	145,425	176,964	181,448

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/1/ On October 1, 1999, Sunoco Logistics Partners L.P. acquired the crude oil transportation and marketing operations of Pride Companies, L.P. ("Pride") for $29.6 million in cash and the assumption of $5.3 million of debt. We have included the purchase price of this acquisition in expansion capital expenditures.

/2/ Includes equity income from our investment in Explorer Pipeline Company, a joint venture in which we own a 9.4% interest.

/3/ Includes current portion and debt due affiliate.

/4/ Excludes amounts attributable to our 9.4% ownership interest in Explorer Pipeline Company and our interrefinery pipelines. Also excludes amounts attributable to our Toledo, Twin Oaks, and Linden transfer pipelines, which transport large volumes over short distances and generate minimal revenues.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of Sunoco Logistics L.P. should be read in conjunction with the combined financial statements of Sunoco Logistics Partners L.P. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information.

Introduction

We are a Delaware limited partnership formed on October 15, 2001 to acquire, own, and operate refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets located in the Northeast and Midwest United States. Most of these assets support Sunoco, Inc. (R&M), a wholly owned refining and marketing subsidiary of Sunoco, Inc. ("Sunoco R&M").

General

We conduct business through three segments: our Eastern Pipeline System, our Terminal Facilities, and our Western Pipeline System. Our Eastern Pipeline System primarily transports refined products in the Northeast and Midwest United States largely for three of Sunoco R&M's refineries and transports crude oil in Ohio and Michigan. This system also includes our interrefinery pipeline between Sunoco R&M's Marcus Hook and Philadelphia refineries and our 9.4% ownership interest in Explorer Pipeline Company, a joint venture that owns a refined product pipeline located in the Midwest United States. Our Terminal Facilities business includes our network of 32 refined product terminals in the Northeast and Midwest United States that distribute products primarily to Sunoco R&M's retail outlets, our Nederland marine crude oil terminal on the Texas Gulf Coast, and a liquefied petroleum gas ("LPG") storage facility in the Midwest. Our Terminal Facilities business also owns and operates refinery related assets, including one inland and two marine crude oil terminals and related pipelines that supply all of the crude oil processed by Sunoco R&M's Philadelphia refinery and a refined product storage terminal used by Sunoco R&M's Marcus Hook refinery. Our Western Pipeline System owns and operates crude oil trunk and gathering pipelines and purchases and markets crude oil primarily in Oklahoma and Texas for Sunoco R&M's Tulsa, Oklahoma and Toledo, Ohio refineries and for other customers.

Eastern Pipeline System

We generate revenue by charging shippers tariffs for transporting refined products and crude oil through our pipelines. The amount of revenue we generate depends on the level of these tariffs and the throughput in our pipelines. When transporting barrels, we charge a tariff based on the point of origin and the ultimate destination, even if the barrel moves through more than one pipeline segment to reach its destination. For example, on the Philadelphia, Pennsylvania to Buffalo, New York pipeline segment, we have separate tariffs depending on whether the ultimate destination from Philadelphia is Rochester, New York or Buffalo, New York.

The tariffs for our interstate common carrier pipelines are regulated by the Federal Energy Regulatory Commission ("FERC"). The rate making methodology for these pipelines is price indexing. This methodology provides for increases in tariff rates based upon changes in the producer price index. Competition, however, may constrain the tariffs we charge. We also lease to Sunoco R&M, for a fixed amount escalating annually at 1.67%, three pipelines between Sunoco R&M's Marcus Hook and Philadelphia refineries, as well as a pipeline from our Paulsboro terminal to the Philadelphia International Airport for the delivery of jet fuel.

The crude oil and refined product throughput in our pipelines is directly affected by the level of supply and demand for crude oil and refined products in the markets served directly or indirectly by our pipelines. Demand for gasoline in most markets peaks during the summer driving season, which extends from April to September, and declines during the fall and winter months. Demand for heating oil and other distillate fuels tends to peak during the winter heating season, and declines during the spring and summer months. The supply of crude oil to our Eastern Pipeline System depends upon the level of crude oil production in Canada, which has increased in recent years. Demand for crude oil transported to refineries for processing is driven by refining margins (the price of refined products compared to the price of crude oil and refining costs), unscheduled downtime at refineries and the amount of turnaround activity, when refiners shut down selected portions of the refinery for scheduled maintenance.

The operating income generated by our Eastern Pipeline System depends not only on the volumes transported on the pipelines and the level of the tariff charged, but also on the fixed costs and, to a much lesser extent, the variable costs of operating the pipelines. Fixed costs are typically related to maintenance, insurance, control rooms, telecommunications, pipeline field and support personnel and depreciation. Variable costs, such as fuel and power costs to run pump stations along the pipelines, fluctuate with throughput.

Terminal Facilities

Historically, most of the terminalling and throughput services we have provided for Sunoco R&M were at fees that enabled us to recover our costs but not generate operating income. Upon the closing of our initial public offering in February 2002, we entered into a pipelines and terminals storage and throughput agreement with Sunoco R&M under which we charge Sunoco R&M fees comparable to those charged in arm's-length, third-party transactions. Under this agreement, Sunoco R&M pays us a minimum level of revenues for terminalling refined products and crude oil and agrees to certain minimum throughputs at our Inkster Terminal, Fort Mifflin Terminal Complex, and Marcus Hook Tank Farm. (See "Agreements with Sunoco R&M and Sunoco, Inc." and Item 13. "Certain Relationships and Related Transactions.") Under this agreement, operating income from terminalling and storage activities depends on throughput and storage volume and the level of fees charged for terminalling and storage services, as well as the fixed and variable costs of operating these facilities.

We generate revenue at our Nederland Terminal by charging storage and throughput fees for crude oil and other petroleum products. The operating income generated at this facility depends on storage and throughput volumes and the level of fees charged for these services, as well as the fixed and variable costs of operating the terminal. The absolute price level of crude oil and refined products does not directly affect terminalling and storage fees, although they are affected by the absolute levels of supply and demand for these products.

Western Pipeline System

The Western Pipeline System consists of our crude oil pipelines and gathering systems as well as our crude oil acquisition and marketing operations.

The factors affecting the operating results of our crude oil pipelines and gathering systems are substantially similar to the factors affecting the operating results of our pipelines in the Eastern Pipeline System described above. The operating results of our crude oil acquisition and marketing operations are dependent on our ability to sell crude oil at a price in excess of our aggregate cost. We believe gross margin, which is equal to sales and other operating revenue less cost of products sold and operating expenses and depreciation and amortization, is a key measure of financial performance for the Western Pipeline System.

Our crude oil acquisition and marketing operations generate substantial revenues and cost of sales because they reflect the sales price and cost of the significant volumes of crude oil we buy and sell. However, the absolute price levels for crude oil normally do not bear a relationship to gross margin, although these price levels significantly impact revenues and cost of products sold. As a result, period-to-period variations in revenues and cost of sales are not generally meaningful in analyzing the variation in gross margin for our crude oil acquisition and marketing operations.

In general, we purchase crude oil at the wellhead from local producers and in bulk at major pipeline connection and marketing points. We also enter into transactions with third parties in which we exchange one grade of crude oil for another grade that more nearly matches our delivery requirement or the preferences of our customers. Bulk purchases and sales and exchange transactions are characterized by large volumes and much smaller margins than are sales of crude oil purchased at the wellhead. As we purchase crude oil, we establish a margin by selling or exchanging the crude oil for physical delivery of other crude oil to Sunoco R&M and third-party customers, such as independent

refiners or major oil companies, thereby reducing exposure to price fluctuations. This margin is determined by the difference between the price of crude oil at the point of purchase and the price of crude oil at the point of sale, minus the associated costs related to acquisition and transportation. Changes in the absolute price level for crude oil do not materially impact our margin, as we attempt to maintain positions that are substantially balanced between crude oil purchases and sales.

Because we attempt to maintain balanced positions, we are able to minimize basis risk, which occurs when crude oil is purchased based on a crude oil specification that is different from the countervailing sales arrangement. Specification differences include grades or types of crude oil, variability in lease crude oil barrels produced, individual refinery demand for specific grades of crude oil, relative market prices for the different grades of crude oil, customer location, availability of transportation facilities, timing, and costs (including storage) involved in delivering crude oil to the customer. Our policy is only to purchase crude oil for which we have a market and to structure our sales contracts so that crude oil price fluctuations do not materially affect the margin that we receive. We do not acquire and hold any futures contracts or other derivative products for any purpose.

We operate our crude oil acquisition and marketing activities differently as market conditions change. During periods when there is a higher demand than supply of crude oil in the near term, the market is in backwardation, meaning that the price of crude oil in a given month exceeds the price of crude oil for delivery in subsequent months. A backwardated market has a positive impact on marketing margins because crude oil marketers can continue to purchase crude oil from producers at a fixed premium to posted prices while selling crude oil at a higher premium to such prices. In backwardated markets, we purchase crude oil and contract for its sale as soon as possible. When the demand for crude oil is weak, the market for crude oil is often in contango, meaning that the price of crude oil in a given month is less than the price of crude oil for delivery in subsequent months. In a contango market, marketing margins are adversely impacted, as crude oil marketers are unable to capture the premium to posted prices described above. However, this unfavorable market condition can be mitigated by storing crude oil because storage owners at major trading locations can simultaneously purchase production at current prices for storage and sell at higher prices for future delivery. As a result, in a contango market we will purchase crude oil and contract for its delivery in future months to capture the price difference.

Agreements with Sunoco R&M and Sunoco, Inc.

Upon the closing of our initial public offering, we entered into the following agreements:

Pipelines and Terminals Storage and Throughput Agreement

Under this agreement, Sunoco R&M is paying us fees generally comparable to those charged by third parties to:

- transport on our refined product pipelines or throughput in our 32 inland refined product terminals an amount of refined products that will produce at least $75.0 million of revenue in the first year, escalating at 1.67% per year for the next four years. In addition, Sunoco R&M will pay us to transport on our refined product pipelines an amount of refined products that will produce at least $54.3 million of revenue in the sixth year and at least $55.2 million of revenue in the seventh year. Sunoco R&M will pay the published tariffs on the pipelines and contractually agreed upon fees at the terminals;

- receive and deliver at least 130,000 bpd of refined products per year at our Marcus Hook Tank Farm for five years. In the first year, we will receive a fee of $0.1627 per barrel for the first 130,000 bpd and $0.0813 per barrel for volumes in excess of 130,000 bpd. These fees will escalate at the rate of 1.67% per year;

- store 975,734 barrels of LPG per year at our Inkster Terminal, which represents all of our LPG storage capacity at this facility. In the first year of this seven-year agreement, we will receive a fee of $2.04 per barrel of committed storage, a fee of $0.204 per barrel for receipts greater than 975,734 barrels per year and a fee of $0.204 per barrel for deliveries greater than 975,734 barrels per year. These fees will escalate at the rate of 1.875% per year;

- receive and deliver at least 290,000 bpd of crude oil or refined products per year at our Fort Mifflin Terminal Complex for seven years. In the first year, we will receive a fee of $0.1627 per barrel for the first 180,000 bpd and $0.0813 per barrel for volumes in excess of 180,000 bpd. These fees will escalate at the rate of 1.67% per year; and

- transport or cause to be transported an aggregate of at least 140,000 bpd of crude oil per year on our Marysville to Toledo, Nederland to Longview, Cushing to Tulsa, Barnsdall to Tulsa, and Bad Creek to Tulsa crude oil pipelines at the published tariffs for a term of seven years.

If Sunoco R&M fails to meet its minimum obligations pursuant to the contract terms set forth above, it will be required to pay us in cash the amount of any shortfall, which may be applied as a credit in the following year after Sunoco R&M's minimum obligations are met.

Sunoco R&M's obligations under this agreement may be permanently reduced or suspended if Sunoco R&M (1) shuts down or reconfigures one of its refineries (other than planned maintenance turnarounds), or is prohibited from using MTBE in the gasoline it produces, and (2) reasonably believes in good faith that such event will jeopardize its ability to satisfy these obligations.

From time to time, Sunoco, Inc. may be presented with opportunities by third parties with respect to its refinery assets. These opportunities may include offers to purchase and joint venture propositions. Sunoco, Inc. is also continually considering changes to its refineries. Those changes may involve new facilities, reduction in certain operations or modifications of facilities or operations. Changes may be considered to meet market demands, to satisfy regulatory requirements or environmental and safety objectives, to improve operational efficiency or for other reasons. Sunoco, Inc. has advised us that although it continually considers the types of matters referred to above, it is not currently proceeding with any transaction or plan that it believes is likely to result in any reconfigurations or other operational changes in any of its refineries served by our assets that would have a material effect on Sunoco R&M's business relationship with us. Further, Sunoco, Inc. has also advised us that it is not considering a shutdown of any of its refineries served by our assets. Sunoco, Inc. is, however, actively managing its assets and operations, and, therefore, changes of some nature, possibly material to its business relationship with us, are likely to occur at some point in the future.

To the extent Sunoco R&M does not extend or renew the pipelines and terminals storage and throughput agreement, our financial condition and results of operations may be adversely affected. Our assets were constructed or purchased to service Sunoco R&M's refining and marketing supply chain and are well-situated to suit Sunoco R&M's needs. As a result, we would expect that even if this agreement is not renewed, Sunoco R&M would continue to use our pipelines and terminals. However, we cannot assure you that Sunoco R&M will continue to use our facilities or that we will be able to generate additional revenues from third parties. Please see "Risks Inherent in Our Business."

Omnibus Agreement

Historically, Sunoco, Inc. has allocated a portion of its general and administrative expenses to its pipeline, terminalling, and storage operations to cover costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology, and insurance. The allocation was $9.0 million, $10.1 million, and $10.8 million for the years ended December 31, 1999, 2000 and 2001.

Under an omnibus agreement with Sunoco, Inc. we are paying Sunoco, Inc. or our general partner an annual administrative fee, initially in the amount of $8.0 million, for the provision by Sunoco, Inc. or its affiliates of various general and administrative services for our benefit for three years following the initial public offering. The $8.0 million fee includes expenses incurred by Sunoco, Inc. and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. This fee does not include salaries of pipeline and terminal personnel or other employees of our general partner, including senior executives, or the cost of their employee benefits, such as 401(k), pension, and health insurance benefits. We have no employees. We will also reimburse Sunoco, Inc. and its affiliates for direct expenses they incur on our behalf. We are currently incurring additional general and administrative costs, including costs for tax return preparation, annual and quarterly reports to unitholders, investor relations, registrar and transfer agent fees, and other costs related to operating as a separate publicly held entity. We estimate that these incremental costs will be approximately $4.0 million per year, including incremental insurance costs.

The omnibus agreement also requires Sunoco R&M to: reimburse us for any operating expenses and capital expenditures in excess of $8.0 million per year in each year from 2002 to 2006 that are made to comply with the DOT's pipeline integrity management rule, subject to a maximum aggregate reimbursement of $15.0 million over the five-year period; complete, at its expense, certain tank maintenance and inspection projects currently in progress or expected to be completed at the Darby Creek Tank Farm within one year; and reimburse us for up to $10.0 million of expenditures required at the Marcus Hook Tank Farm and the Darby Creek Tank Farm to maintain compliance with existing industry standards and regulatory requirements.

The omnibus agreement also provides that Sunoco, Inc. will indemnify us for certain environmental, toxic tort and other liabilities. For a further description of this indemnification, please see "Environmental Matters."

Please see Item 13. "Certain Relationships and Related Transactions", for a more complete description of the Omnibus Agreement.

Interrefinery Lease Agreement

Under a 20-year lease agreement, Sunoco R&M will pay us $5.1 million in the first year to lease the 58 miles of interrefinery pipelines between Sunoco R&M's Philadelphia and Marcus Hook refineries, escalating at 1.67% per year for the next 19 years.

Crude Oil Purchase Agreement

Sunoco R&M will purchase from us at market-based rates particular grades of crude oil that our crude oil acquisition and marketing business purchases for delivery to pipelines in: Longview, Trent, Tye, and Colorado City, Texas; Haynesville, Louisiana; Marysville and Lewiston, Michigan; and Tulsa, Oklahoma. At Marysville and Lewiston, Michigan, we exchange Michigan sweet and Michigan sour crude oil we own for domestic sweet crude oil supplied by Sunoco R&M at market-based rates. These agreements, which will have an initial term of two months, will automatically renew on a monthly basis unless terminated by either party on 30 days' written notice. Sunoco R&M has indicated that it has no current intention to terminate these agreements.

License Agreement

We have granted to Sunoco, Inc. and certain of its affiliates, including our general partner, a license to our intellectual property so that our general partner can manage our operations and create intellectual property using our intellectual property. Our general partner will assign to us the new intellectual property it creates in operating our business. Our general partner has also licensed to us certain of its own intellectual property for use in the conduct of our business and we have licensed to our general partner certain of our intellectual property for use in the conduct of its business. The license agreement has also granted to us a license to use the trademarks, trade names, and service marks of Sunoco, Inc. in the conduct of our business.

Treasury Services Agreement

We have entered into a treasury services agreement with Sunoco, Inc. pursuant to which, among other things, we are participating in Sunoco, Inc.'s centralized cash management program. Under this program, all of our cash receipts and cash disbursements are processed, together with those of Sunoco, Inc. and its other subsidiaries, through Sunoco, Inc.'s cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balance will be settled periodically, but no less frequently than at the end of each month. Amounts due from Sunoco, Inc. and its subsidiaries earn interest at a rate equal to the average rate of our third-party money market investments, while amounts due to Sunoco, Inc. and its subsidiaries bear interest at a rate equal to the interest rate provided in our revolving credit facility.

	Year Ended December 31,		
	1999	2000	2001
	(in thousands)		
Combined Statements of Income			
Sales and other operating revenue:			
Affiliates	$764,133	$1,301,079	$ 1,067,182
Unaffiliated customers	210,069	507,532	545,822
Other income	6,133	5,574	4,774
Total revenues	980,335	1,814,185	1,617,778
Cost of products sold and operating expenses	866,610	1,699,541	1,503,156
Depreciation and amortization	19,911	20,654	25,325
Selling, general and administrative expenses	27,461	34,683	35,956
Total costs and expenses	913,982	1,754,878	1,564,437
Operating income	66,353	59,307	53,341
Net interest expense	6,487	10,304	10,980
Income before income tax expense	59,866	49,003	42,361
Income tax expense	22,488	18,483	15,594
Net income	$ 37,378	$ 30,520	$ 26,767
Segment Operating Income			
Eastern Pipeline System			
Sales and other operating revenue:			
Affiliates	$ 70,177	$ 69,027	$ 69,631
Unaffiliated customers	19,472	19,323	21,059
Other income	5,500	4,592	4,749
Total revenues	95,149	92,942	95,439
Cost of products sold and operating expenses	38,633	41,174	42,784
Depreciation and amortization	7,929	8,272	9,778
Selling, general and administrative expenses	10,086	12,432	12,984
Total costs and expenses	56,648	61,878	65,546
Operating income	$ 38,501	$ 31,064	$ 29,893
Terminal Facilities			
Sales and other operating revenue:			
Affiliates	$ 38,329	$ 44,356	$ 43,628
Unaffiliated customers	29,166	31,042	30,273
Other income (loss)	356	430	(85)
Total revenues	67,851	75,828	73,816
Cost of products sold and operating expenses	33,588	39,390	36,488
Depreciation and amortization	8,457	8,616	11,094
Selling, general and administrative expenses	9,039	10,666	10,158
Total costs and expenses	51,084	58,672	57,740
Operating income	$ 16,767	$ 17,156	$ 16,076
Western Pipeline System			
Sales and other operating revenue:			
Affiliates	$655,627	$1,187,696	$ 953,923
Unaffiliated customers	161,431	457,167	494,490
Other income	277	552	110
Total revenues	817,335	1,645,415	1,448,523
Cost of products sold and operating expenses	794,389	1,618,977	1,423,884
Depreciation and amortization	3,525	3,766	4,453
Selling, general and administrative expenses	8,336	11,585	12,814
Total costs and expenses	806,250	1,634,328	1,441,151
Operating income	$ 11,085	$ 11,087	$ 7,372

Operating Highlights

	Year Ended December 31,		
	1999	2000	2001
Eastern Pipeline System/1/:			
Pipeline throughput (bpd):			
Refined products/2/	461,379	444,046	446,648
Crude oil	81,464	91,464	98,226
Total shipments (barrel miles per day)/3/	56,136,819	54,910,640	55,198,189
Tariffs per barrel mile((cent))	0.438	0.440	0.450
Terminal Facilities:			
Terminal throughput (bpd):			
Refined product terminals	251,627	266,212	272,698
Nederland Terminal	544,624	566,941	427,194
Fort Mifflin Terminal Complex	306,534	314,623	318,545
Marcus Hook Tank Farm	142,404	133,455	138,490
Western Pipeline System:			
Crude oil pipeline throughput (bpd)	252,098	295,991	287,237
Crude oil purchases at wellhead (bpd)	145,425	176,964	181,448
Gross margin per barrel((cent))/4/	20.8	20.4	19.1

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/1/ Excludes amounts attributable to our 9.4% ownership interest in the Explorer Pipeline Company joint venture.

/2/ Excludes Toledo, Twin Oaks, and Linden transfer pipelines, which transport large volumes over short distances and generate minimal revenues.

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

/4/ 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.

Year Ended December 31, 2001 versus Year Ended December 31, 2000

Analysis of Combined Statements of Income

Sales and other operating revenue for 2001 were $1,613.0 million as compared to $1,808.6 million for 2000, a decrease of $195.6 million. This decrease was primarily due to lower crude oil sales revenue resulting from a decline in crude oil prices. During 2001, the average price of West Texas Intermediate ("WTI") crude oil, at Cushing, Oklahoma, the benchmark crude oil in the United States, dropped to $25.92 per barrel from $30.20 per barrel.

Other income was $4.8 million for 2001 versus $5.6 million for 2000. This $0.8 million decrease was primarily due to lower dividend income from an insurance consortium in which Sunoco, Inc. participates and the absence of our allocated portion of a gain recognized in 2000 attributable to the receipt of stock by Sunoco, Inc. in connection with an insurance company demutualization. We allocated these insurance-related gains to each of our business segments. Partially offsetting these lower gains was a $0.5 million increase in Explorer equity income to $4.3 million for 2001 from $3.8 million for 2000. Cash dividends paid to us by Explorer approximate the equity income earned by us from that investment. The increase in Explorer equity income was due to the absence of the adverse impact of a refined product spill that occurred in March 2000.

Total cost of products sold and operating expenses decreased $196.3 million to $1,503.2 million for 2001 from $1,699.5 million in 2000. This decrease was primarily due to the decline in crude oil prices described above.

Approximately 90% of our sales and other operating revenue and 95% of our cost of products sold and operating expenses are attributable to our crude oil acquisition and marketing activities in our Western Pipeline System. However, the critical profitability factor for these activities is the gross margin, not the absolute level of revenues and expenses.

Depreciation and amortization was $25.3 million for 2001 compared to $20.7 million in 2000. This $4.6 million increase was primarily due to recent capital expenditures. A $1.4 million write-off of refined product terminal equipment also contributed to the increase.

Selling, general and administrative expenses were $36.0 million in 2001 compared to $34.7 million in 2000. Selling, general and administrative expenses include amounts allocated to us by Sunoco, Inc. to cover the costs of centralized corporate functions incurred on our behalf. These costs totaled $10.8 million and $10.1 million in 2001 and 2000, respectively.

Net interest expense was $11.0 million for 2001 versus $10.3 million in 2000. This $0.7 million increase was primarily due to lower capitalized interest. Income tax expense decreased as a result of the decrease in pretax earnings. The effective tax rate decreased to 37% in 2001 from 38% in 2000.

Analysis of Segment Operating Income

Eastern Pipeline System. Operating income in our Eastern Pipeline System was $29.9 million in 2001 compared to $31.1 million in 2000. This $1.2 million decrease was due to a $3.7 million increase in total costs and expenses, partially offset by a $2.4 million increase in sales and other operating revenue and a $0.1 million increase in other income. Total pipeline throughput for 2001 increased 9,364 bpd, or 2% compared to 2000, while shipments in barrel miles increased 1%. The average tariff per barrel mile increased to 0.450(cent) per barrel for 2001 from 0.440(cent) per barrel for 2000.

The $3.7 million increase in total costs and expenses was due to increases in operating expenses of $1.6 million primarily due to additional environmental remediation costs associated with a prior-period pipeline leak, increases in depreciation and amortization of $1.5 million due to recent capital expenditures, increases in selling, general and administrative expenses of $0.6 million.

The $2.4 million increase in sales and other operating revenue was primarily due to increased tariff revenue on our Marysville to Toledo crude oil pipeline and our Twin Oaks to Montello, Twin Oaks to Newark, and Toledo to Blawnox refined product pipelines. The higher revenue from the Marysville to Toledo pipeline was due to a 6,762 bpd increase in volumes resulting from higher Canadian crude oil purchases by Sunoco R&M and third parties, a larger percentage of higher-tariff crude oil shipments, and a tariff increase in mid-2001. The increase in revenue on the Twin Oaks to Montello and Twin Oaks to Newark pipelines was attributable to a 4,732 bpd increase in shipments from Sunoco R&M's Marcus Hook refinery, which had a major catcracker turnaround in 2000. The increase in revenue on the Toledo to Blawnox pipeline was due to higher average tariff rates.

The $0.1 million increase in other income was primarily due to the $0.5 million increase in equity income from Explorer discussed above, partially offset by lower allocated insurance-related gains.

Terminal Facilities. Operating income in our Terminal Facilities was $16.1 million in 2001 compared to $17.2 million in 2000. This $1.1 million decrease was primarily due to a 25% decrease in terminal throughput at our Nederland Terminal largely resulting from the absence of Department of Energy sales of crude oil from the Strategic Petroleum Reserve, which occurred primarily during the fourth quarter of 2000. The decline in Nederland Terminal throughput was also due to a reduction in low-tariff throughput at this facility attributable to reduced volumes from one customer of approximately 75,000 bpd. Partially offsetting these factors were storage revenue attributable to a new 660,000 barrel tank placed into service at our Nederland Terminal in September 2000 and lower operating expenses, including costs associated with terminal repair and upgrade projects in 2000 at the Fort Mifflin Terminal.

Historically, most of the terminalling and throughput services we have provided for Sunoco R&M were at fees that enabled us to recover our costs, but not to generate operating income. Accordingly, a $0.9 million decrease in these costs and expenses during 2001 resulted in a corresponding decrease in revenues. The primary cause for these declines was the absence of $6.0 million in charges recognized in 2000 in connection with remediation activities related to a February 2000 crude oil spill at one of our crude oil transfer lines to the Darby Creek Tank Farm. Partially offsetting this factor were higher depreciation and amortization, other environmental remediation expenses, and other general cost increases. The increase in depreciation and amortization was largely due to a $1.4 million write-off of refined product terminal equipment. Recent capital expenditures also contributed to the increase.

Throughput volumes at our inland refined product terminals increased 2% in 2001 primarily due to stronger heating oil and other distillate fuel demand resulting from colder weather. For our refinery-related assets, the average throughput in 2001 increased by 1% at the Fort Mifflin Terminal Complex and 3% at the Marcus Hook Tank Farm.

Western Pipeline System. Operating income in our Western Pipeline System was $7.4 million in 2001 compared to $11.1 million in 2000. This $3.7 million decrease was primarily due to a $2.1 million decrease in gross margin, a $1.2 million increase in selling, general and administrative expenses and a $0.4 million decrease in other income. Crude oil pipeline throughput volumes decreased 3% as a decline in high-tariff throughput was essentially offset by an increase in low-tariff volumes. Gross margin per barrel of pipeline throughput decreased by 1.3(cent) in 2001 versus 2000.

The $2.1 million decrease in gross margin was due to a decrease in margins from crude oil pipeline operations. Crude oil acquisition and marketing margins were essentially unchanged versus 2000. The decline in crude oil pipeline margins was mainly due to lower revenues in our Texas Gulf Coast and East Texas Pipeline system and higher depreciation and amortization expense. The lower revenues were primarily the result of reduced shipments of crude oil through our Nederland to Longview pipeline, which delivers crude oil to the Mid-Valley and BP pipelines at Longview, Texas. Revenues also declined due to lower gathering volumes. The increase in depreciation and amortization expense was primarily due to recent capital expenditures. Also contributing to the decline in crude oil pipeline margins was an increase in pipeline operating expenses due in part to higher electricity prices.

The $1.2 million increase in selling, general and administrative expenses was primarily due to higher allocated costs from Sunoco, Inc. and other general cost increases.

The $0.4 million decrease in other income was due to the lower allocated insurance-related gains.

Year Ended December 31, 2000 versus Year Ended December 31, 1999

Analysis of Combined Statements of Income

Sales and other operating revenues for 2000 were $1,808.6 million compared to $974.2 million for 1999, an increase of $834.4 million. This increase was primarily due to higher crude oil prices and volumes. The average price of WTI at Cushing increased to $30.20 per barrel in 2000 from $19.24 per barrel in 1999. Sales volumes increased 12.7 million barrels, or 32%, during 2000 in large part due to the full-year impact of the acquisition of the crude oil transportation and marketing assets of Pride Companies, L.P., or the West Texas assets, in October 1999.

Other income was $5.6 million in 2000 versus $6.1 million in 1999. This $0.5 million decrease was due to an $0.8 million decline in Explorer equity income to $3.8 million in 2000 from $4.6 million in 1999, due to costs associated with a refined products spill that occurred in March 2000, partially offset by a $0.4 million allocated gain on the receipt of stock by Sunoco, Inc. in connection with an insurance company demutualization.

Total cost of products sold and operating expenses increased $832.9 million to $1,699.5 million in 2000 from $866.6 million in 1999. This increase was primarily due to higher crude oil acquisition prices and purchase volumes.

Depreciation and amortization was $20.7 million in 2000 versus $19.9 million in 1999. This $0.8 million increase was primarily due to recent capital expenditures and the acquisition of the West Texas assets in October 1999.

Selling, general and administrative expenses were $34.7 million in 2000 versus $27.5 million in 1999. This $7.2 million increase was largely due to higher allocated costs attributable to Sunoco, Inc.'s employee incentive compensation and benefit plans. Historically, allocated incentive compensation costs were determined based upon Sunoco, Inc.'s overall financial performance. Future incentive compensation will depend upon our performance.

Higher salaries and wages also contributed to the increase. Selling, general and administrative expenses include amounts allocated to us by Sunoco, Inc., which were $10.1 million and $9.0 million in 2000 and 1999, respectively.

Net interest expense was $10.3 million in 2000 versus $6.5 million in 1999. This $3.8 million increase was primarily due to higher average outstanding borrowings from an affiliate, partially offset by higher capitalized interest. Income tax expense decreased as a result of the decline in pretax earnings. The effective tax rate in both 2000 and 1999 was 38%.

Analysis of Segment Operating Income

Eastern Pipeline System. Operating income in our Eastern Pipeline System was $31.1 million in 2000 compared to $38.5 million in 1999. This $7.4 million decrease was due to a $1.3 million decrease in sales and other operating revenue, a $5.2 million increase in total costs and expenses, and a $0.9 million decrease in other income. Refined product pipeline throughput in 2000 decreased 17,333 bpd, or 4%, compared to 1999, and shipments in barrel miles decreased 2% in the current period. The average tariff per barrel mile increased to 0.440(cent) per barrel in 2000 from 0.438(cent) per barrel in 1999.

The $1.3 million decrease in sales and other operating revenue was due in part to lower tariff revenue from most of our refined product pipelines resulting from decreased production at Sunoco R&M's refineries related to scheduled refinery turnarounds. Also contributing to the lower sales and other operating revenue were decreased sales of heating oil and other distillate fuels by Sunoco R&M at our terminals due to unseasonably warm weather and reduced shipments on our Twin Oaks to Newark pipeline due to higher prices of refined products, particularly gasoline, in the Philadelphia area than in the New York Harbor market. Partially offsetting these negative factors were increased tariff revenues resulting from increased throughput on our Philadelphia to Linden pipeline due to the expansion of the Linden junction and a new connection to a third-party terminal in Syracuse, New York, which allowed Sunoco R&M to shift volumes from competitors' pipelines to our Montello to Syracuse pipeline. Revenues also increased on our Marysville to Toledo crude oil pipeline due to increased processing of Canadian crude oil at Sunoco R&M's Toledo refinery.

The $5.2 million increase in total costs and expenses was due to a $2.5 million increase in operating expenses, a $2.3 million increase in selling, general and administrative expenses, and a $0.4 million increase in depreciation and amortization. The increase in operating expenses was primarily due to the adverse impact of changes in volumetric gains and losses on our pipelines and higher environmental remediation costs largely due to a pipeline leak that occurred in January 2000. The increase in selling, general and administrative expenses was primarily due to higher employee incentive compensation payments and benefit costs and administrative costs allocated to us from Sunoco, Inc.

The $0.9 million decrease in other income was primarily due to the $0.8 million decline in equity income from Explorer discussed above.

Terminal Facilities. Operating income in our Terminal Facilities was $17.2 million in 2000 compared to $16.8 million in 1999. This $0.4 million increase was primarily due to higher revenues at our Nederland Terminal primarily as a result of a 4% increase in terminal throughput. The higher throughput was largely due to U.S. Department of Energy sales of crude oil from the Strategic Petroleum Reserve primarily during the fourth quarter of 2000, which was partially offset by decreased throughput of lubricant products by Sunoco R&M. Also partially offsetting the higher revenues was an increase in operating and administrative expenses largely as a result of higher employee incentive compensation payments and benefit costs and higher utility costs attributable to increases in electricity and fuel prices.

Total costs and corresponding revenues attributable to our inland refined product terminals and refinery-related assets increased $7.0 million as a result of the $6.0 million of charges recognized in 2000 in connection with the remediation activities related to the spill in February 2000 at one of our crude oil transfer lines to the Darby Creek Tank Farm. Higher employee incentive compensation and benefit costs also contributed to the increase.

Throughput volumes at our inland refined product terminals increased 6% in 2000 primarily due to higher Sunoco R&M retail gasoline sales volumes, particularly in the Midwest. The average throughput of our refinery-related assets was essentially unchanged in 2000 as increased crude oil throughput at Sunoco R&M's Philadelphia refinery offset declines related to scheduled turnaround activity at Sunoco R&M's Marcus Hook refinery.

Western Pipeline System. Operating income in our Western Pipeline System was $11.1 million for both 2000 and 1999. A $3.0 million increase in gross margin was offset by higher selling, general and administrative expenses. Revenues and expenses in the Western Pipeline System increased significantly during 2000 in large part due to the acquisition of the West Texas assets in October 1999, which contributed $4.1 million and $1.3 million to operating income (including gross margin of $4.5 million and $1.4 million) in 2000 and 1999, respectively. Excluding the West Texas assets, gross margin decreased $0.1 million in 2000 primarily due to a decrease in margins from crude oil acquisition and marketing activities, essentially offset by an increase in margins from crude oil pipeline operations.

Crude oil acquisition and marketing margins declined primarily due to increased competitive pressure in 2000 for purchasing crude oil as demand from Midwest refineries increased and domestic production declined. We were unable to pass all of the increase in crude oil acquisition costs on to Sunoco R&M under the terms of a supply agreement. Also contributing to the margin decline was the adverse impact of volumetric gains and losses in our crude oil trucking operations. Partially offsetting these negative factors was the absence of unfavorable litigation settlements recognized in 1999.

The higher crude oil pipeline margin reflects higher gross margin from the 10-inch East Texas pipeline reactivated in July 1999 to transport foreign crude oil for Sunoco R&M's Toledo refinery and additional deliveries on the pipeline to Sunoco R&M's and Sinclair Oil's Tulsa refineries. Partially offsetting these positive factors were increases in salaries and wages, utility costs, and rental expense.

The $3.2 million increase in selling, general and administrative expenses was primarily due to the higher employee incentive compensation and benefit costs and higher administrative costs allocated to us by Sunoco, Inc.

Liquidity and Capital Resources

Cash Flows and Capital Expenditures

Net cash provided by operating activities in 2001 was $27.2 million compared to $79.1 million in 2000 and $125.2 million in 1999. The $51.9 million decrease in net cash provided by operating activities in 2001 was primarily due to a $57.8 million increase in working capital uses pertaining to operating activities, partially offset by an increase in depreciation and amortization of $4.7 million, and deferred income taxes of $3.5 million.

The $57.8 million increase in working capital uses pertaining to operating activities was due to a $33.5 million increase in working capital in 2001 compared to a $24.3 million decrease in working capital in 2000. The increase in working capital in 2001 was primarily a result of the impact of a decline in crude oil prices on receivables and payables from the purchase and sale of crude oil in the Western Pipeline System. During 2000, crude oil prices increased, which caused working capital to decline.

The inverse relationship between crude oil prices and the level of working capital exists because we have more crude oil payables than receivables and because we use the last-in, first-out method of accounting for crude oil inventories in our crude oil acquisition and marketing activities. Crude oil payables exceed crude oil receivables largely due to the absence of a crude oil receivable from Sunoco R&M. Historically, receivables from Sunoco R&M have been settled immediately through the net parent investment account. The following example illustrates this inverse relationship. As crude oil prices increase, the carrying amount of inventory does not change under the last-in, first-out method of accounting, while both crude oil receivables and payables increase. Because crude oil payables exceed crude oil receivables, the impact of the price increase on payables is greater, resulting in a reduction in working capital. Upon completion of the initial public offering in February 2002, payment terms in our crude oil supply contracts with Sunoco R&M now result in crude oil receivables, lowering the net crude oil payable and reducing the impact of changes in crude oil prices on net cash provided by operating activities.

The $46.1 million decrease in net cash provided by operating activities in 2000 was largely due to a $35.5 million decrease in working capital sources pertaining to operating activities and a $6.9 million decrease in net income. The decrease in working capital sources during 2000 was primarily due to the impact of crude oil price changes on receivables and payables from the purchase and sale of crude oil in the Western Pipeline System.

Net cash used in investing activities for the years ended December 31, 2001, 2000,and 1999 was $73.1 million, $77.3 million, and $75.1 million, respectively. Capital expenditures were $72.7 million in 2001, $57.9 million in 2000, and $47.0 million in 1999. The other significant investing transactions in the three-year period were the acquisition of the West Texas assets in 1999 for $29.6 million and a loan to The Claymont Investment Company, a wholly owned subsidiary of Sunoco, Inc., of $20.0 million in 2000.

Net cash provided by (used in) financing activities for the years ended December 31, 2001, 2000 and 1999 was $45.8 million, $(1.8) million, and $(50.0) million, respectively. Contributions from (distributions to) Sunoco, Inc. and its affiliates were $91.1 million, $(96.6) million, and $(49.8) million in 2001, 2000 and 1999, respectively. Net proceeds from (repayments of) borrowings from The Claymont Investment Company were $(45.0) million in 2001 and $95.0 million in 2000.

The Claymont Investment Company serves as a lender and borrower of funds to and from Sunoco, Inc. and its subsidiaries, including the predecessor to Sunoco Logistics Partners L.P., to enable those entities to achieve their desired capital structures. Amounts owed to and due from The Claymont Investment Company under these financing arrangements included in the Predecessor's combined balance sheets were not assumed by or contributed to Sunoco Logistics Partners L.P. Furthermore, subsequent to the offering, we will not engage in these types of financing arrangements with The Claymont Investment Company or any other subsidiary of Sunoco, Inc.

Capital Requirements

The pipeline, terminalling, and crude oil storage operations are capital intensive, requiring significant investment to upgrade or enhance existing operations and to meet environmental and operational regulations. Our capital requirements have consisted, and are expected to continue to consist, primarily of:

- Maintenance capital expenditures, such as those required to maintain equipment reliability, tankage, and pipeline integrity and safety, and to address environmental regulations; and

- Expansion capital expenditures to acquire complementary assets to grow our business and to expand existing facilities, such as projects that increase storage or throughput volumes.

The following table summarizes maintenance and expansion capital expenditures for the years presented:

	Year Ended December 31,		
	1999	2000	2001
	(in thousands)		
Maintenance	$32,312	$39,067	$53,628
Expansion	49,556/1/	18,854	19,055
Total	$81,868/1/	$57,921	$72,683

/1/ Includes purchase of the West Texas assets for $29.6 million in cash and the assumption of $5.3 million of long-term debt.

We estimate that our annual maintenance capital expenditures will be $27.0 million in 2002. These projected maintenance capital outlays are approximately $14.7 million lower than the average annual outlays for 1999-2001. This prior period included several one-time projects to upgrade our technology, increase reliability, and lower our cost structure. We do not believe we will incur these types of expenditures in 2002.

In the area of technology, we completed numerous automation projects, upgraded our metering systems, enhanced various software packages, and replaced pipeline control systems. In addition, we completed numerous asset upgrade projects, including relocating pipelines at the Philadelphia International Airport due to runway and terminal

reconfigurations, rebuilds on three pump stations, replacement and upgrade of vapor recovery units at our product terminals and repair and upgrades on the crude oil transfer lines between Hog Island Wharf and the Darby Creek Tank Farm. The crude oil transfer lines, which were historically a part of Sunoco R&M's refining business, did not meet pipeline standards and could not be internally inspected or maintained by conventional leak detection devices prior to completion of this project.

In the area of transportation and safety, the DOT has recently adopted a pipeline integrity management rule. Based on historical integrity tests conducted since 1989, we have estimated that compliance with this rule will cost us approximately $8.0 million per year for five years, or a total of $40.0 million, for all pipelines in our Eastern and Western Pipeline Systems that are subject to this rule. Under the terms of the omnibus agreement, Sunoco R&M will reimburse us for operating expenses and capital expenditures in excess of $8.0 million per year (up to an aggregate maximum of $15.0 million over a five-year period) incurred to comply with the DOT's pipeline integrity management rule.

In addition, Sunoco R&M is, at its expense, completing for the Darby Creek Tank Farm certain tank maintenance and inspection projects now in progress or expected to be completed within one year from the closing of the initial public offering. Sunoco R&M estimates total costs to complete these projects will be approximately $4.0 million. Sunoco R&M will also reimburse us up to $10.0 million in connection with expenditures required at the Darby Creek and Marcus Hook Tank Farms to maintain compliance with existing industry standards and regulatory requirements.

We are reflecting outlays for these programs as operating expenses or capital expenditures, as appropriate. Capital expenditures are being depreciated over their useful lives. Reimbursements by Sunoco R&M are being reflected as capital contributions.

Our typical growth projects consist of new tankage, increased throughput on our existing pipelines, and new connections for deliveries to customers. We anticipate pursuing similar growth projects and acquisitions.

We expect to fund our capital expenditures, including any acquisitions, from cash provided by operations and, to the extent necessary, from the proceeds of:

- borrowing under the revolving credit facility discussed below and other borrowings; and

- issuance of additional common units.

Initial Public Offering

On February 8, 2002, we issued 5.75 million common units (including 750,000 units issued pursuant to the underwriters' over-allotment option), representing a 24.8% limited partnership interest, in an initial public offering at a price of $20.25 per unit. Proceeds from this offering, which totaled approximately $102 million net of underwriting discounts and offering expenses, were used by us to establish working capital that was not contributed to us by Sunoco, Inc.

Credit Facility

In conjunction with our initial public offering, our operating partnership has entered into a three-year $150.0 million revolving credit facility, which is available to fund our working capital requirements, to finance future acquisitions, and for general partnership purposes. This credit facility includes a $20.0 million distribution sublimit that is available for distributions. We may use the credit facility to fund the minimum quarterly distributions provided the total outstanding borrowings for distributions do not at any time exceed $20.0 million. We will be required to reduce to zero all borrowings under the distribution sublimit under the revolving credit facility each year for 15 days. Currently, we have no borrowings under this credit facility.

Our obligations under the credit facility are unsecured. Indebtedness under the credit facility will rank equally with all the outstanding unsecured and unsubordinated debt of our operating partnership. We may prepay all loans at any time without penalty subject to reimbursement of breakage and redeployment costs in the case of prepayment of LIBOR borrowings.

Indebtedness under the credit facility will bear interest, at our option, at either (i) LIBOR plus an applicable margin or (ii) the higher of the federal funds rate plus 0.50% or the Bank of America prime rate (each plus the applicable margin). We will incur fees in connection with the revolving credit facility. The revolving credit facility will mature in January 2005. At that time, the facility will terminate and all outstanding amounts will be due and payable.

The credit agreement prohibits us from declaring distributions to unitholders if any event of default, as defined in the credit agreement, occurs or would result from the declaration of distributions. In addition, the credit facility contains various covenants limiting our operating partnership's ability to:

- incur indebtedness;
- grant certain liens;
- make certain loans, acquisitions, and investments;
- make any material change to the nature of our business;
- acquire another company; or
- enter into a merger or sale of assets, including the sale or transfer of interests in our subsidiaries.

The credit facility also contains covenants requiring us to maintain on a rolling-four-quarter basis:

- a ratio of up to 4:1 of consolidated total debt to consolidated EBITDA (each as defined in the credit agreement); and
- an interest coverage ratio (as defined in the credit agreement) of 3.5:1.

Each of the following will be an event of default under the revolving credit facility:

- failure to pay any principal, interest, fees, or other amounts when due;
- failure of any representation or warranty to be true and correct;
- termination of any material agreement, including the pipelines and terminals storage and throughput agreement and the omnibus agreement;
- default under any material agreement if such default could have a material adverse effect on us;
- bankruptcy or insolvency events involving us, our general partner, or our subsidiaries;
- the entry of monetary judgments, not covered or funded by insurance, against us, our general partner, or any of our or its subsidiaries in excess of $20.0 million in the aggregate or any non-monetary judgment having a material adverse effect;
- the sale by Sunoco, Inc. of a material portion of its refinery assets or other assets related to its agreements with us unless the purchaser of those assets has a minimum credit rating and fully assumes the rights and obligations of Sunoco, Inc. under those agreements; and
- failure by Sunoco, Inc. to own, directly or indirectly, 51% of the general partnership interest in us or to control our management and that of our operating partnership.

Senior Notes

Also in connection with our initial public offering, our operating partnership has issued $250 million of senior notes, the net proceeds of which have been distributed to Sunoco, Inc. as additional consideration for its contribution of assets to us. The senior notes were issued pursuant to an indenture, and our obligations under the senior notes are unsecured. Indebtedness under the senior notes rank equally with the credit facility and all the outstanding unsecured

and unsubordinated debt of our operating partnership. The senior notes and revolving credit facility have been guaranteed by us and our operating partnership's subsidiaries. The senior notes will mature on February 15, 2012 and bear interest at a rate of 7.25% per annum, payable semi-annually on February 15 and August 15, commencing August 15, 2002. The senior notes are redeemable, at our option, at a make-whole premium calculated on the basis of a discount rate equal to the yield on United States treasury notes having a constant maturity comparable to the remaining term of the senior notes, plus 25 basis points. The senior notes are not subject to any sinking fund provisions.

In addition, the senior notes contain various covenants limiting our operating partnership's ability to:

- incur certain liens;
- engage in sale/leaseback transactions; or
- merge, consolidate, or sell substantially all of our assets.

Each of the following is an event of default under the indenture governing the senior notes:

- failure to pay interest on any note for 30 days;
- failure to pay the principal of or any premium on any note when due;
- failure to perform any other covenant in the indenture that continues for 60 days after being given written notice;
- the acceleration of the maturity of any other debt of us or any of our subsidiaries or a default in the payment of any principal or interest in respect of any other indebtedness of us or any of our subsidiaries having an outstanding principal amount of $10.0 million or more individually or in the aggregate and such default shall be continuing for a period of 30 days; or
- the bankruptcy, insolvency, or reorganization of our operating partnership.

Upon the occurrence of a change of control to a non-investment grade entity, our operating partnership must offer to purchase the senior notes at a price equal to 100% of their principal amount plus accrued and unpaid interest, if any, to the date of purchase. The initial offering of the senior notes was not registered under the Securities Act. However, the holders of the senior notes have certain registration rights.

Environmental Matters

Operation of our pipelines, terminals, and associated facilities are subject to stringent and complex federal, state, and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of the environment. As a result of our compliance with these laws and regulations, we have accrued liabilities for estimated site restoration costs to be incurred in the future at our facilities and properties, including liabilities for environmental remediation obligations. Under our accounting policies, we record liabilities when site restoration and environmental remediation and cleanup obligations are either known or considered probable and can be reasonably estimated. For a discussion of the accrued liabilities and charges against income related to these activities, see Note 7 to the combined financial statements included in Item 8. "Financial Statements and Supplementary Data."

Under the terms of our omnibus agreement with Sunoco, Inc., and in connection with the contribution of our assets by affiliates of Sunoco, Inc., Sunoco, Inc. has agreed to indemnify us for 30 years from environmental and toxic tort liabilities related to the assets contributed to us that arise from the operation of such assets prior to closing. Sunoco, Inc. is obligated to indemnify us for 100% of all losses asserted within the first 21 years of closing. Sunoco, Inc.'s share of liability for claims asserted thereafter will decrease by 10% a year. For example, for a claim asserted during the twenty-third year after closing, Sunoco, Inc. would be required to indemnify us for 80% of our loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco, Inc. Any environmental and toxic tort liabilities not covered by this indemnity will be our responsibility. Total future costs for

environmental remediation activities will depend upon, among other things, the identification of any additional sites, the determination of the extent of the contamination at each site, the timing and nature of required remedial actions, the technology available and needed to meet the various existing legal requirements, the nature and extent of future environmental laws, inflation rates, and the determination of our liability at multi-party sites, if any, in light of the number, participation levels, and financial viability of other parties. We have agreed to indemnify Sunoco, Inc. and its affiliates for events and conditions associated with the operation of our assets that occur on or after the closing of the initial public offering and for environmental and toxic tort liabilities to the extent Sunoco, Inc. is not required to indemnify us.

The use of MTBE continues to be the focus of federal and state government attention due to public health and environmental issues that have been raised by the use of MTBE in gasoline, and specifically the discovery of MTBE in water supplies. MTBE is the primary oxygenate used by Sunoco R&M and other petroleum refiners to meet reformulated gasoline requirements under the Clean Air Act. Many states, including New York and Connecticut, have banned or restricted the use of MTBE in gasoline commencing as early as 2003 in response to concerns about MTBE's adverse impact on ground or surface water. Other states are considering bans or restrictions on MTBE or opting out of the EPA's reformulated gasoline program, either of which events would reduce the use of MTBE. Any ban or restriction on the use of MTBE may lead to the greater use of ethanol.

Unlike MTBE, which can be blended in gasoline at the refinery, ethanol is blended at the terminal and is not transported by our pipelines. While many of our inland-refined product terminals currently blend ethanol, any revenues we would receive for blending ethanol might not offset the loss of revenues we would suffer from the reduced volumes we transport on our Eastern refined product pipelines.

Another significant environmental uncertainty relates to Sunoco R&M's potential capital expenditures to comply with new fuel specifications required under the Clean Air Act, and to respond to the EPA's enforcement initiative under the authority of the Clean Air Act's New Source Review and Prevention of Significant Deterioration, or NSR/PSD, program, including the notices of violation recently received by Sunoco R&M. It is uncertain what Sunoco, Inc. or Sunoco R&M's responses to these emerging issues will be. We cannot assure you that those responses will not reduce Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement, thereby reducing the throughput in our pipelines, our cash flow, and our ability to make distributions to you.

For more information concerning environmental matters, please see Item 1. "Business- Environmental Regulation."

Impact of Inflation

Although the impact of inflation has slowed in recent years, it is still a factor in the United States economy and may increase the cost to acquire or replace property, plant, and equipment and may increase the costs of labor and supplies. To the extent permitted by competition, regulation, and existing agreements, we have and will continue to pass along increased costs to our customers in the form of higher fees.

Critical Accounting Policies

Disclosures of our significant accounting policies is included in Note 1 to the combined financial statements. Certain of these policies are particularly sensitive and require significant judgments, estimates and assumptions to be made by us. A discussion of these policies is set forth below.

Properties, Plants and Equipment and Impairment of Long-Lived Assets. We calculate depreciation and amortization of our properties, plants and equipment based on estimated useful lives and salvage values of the assets. Factors impacting these estimates include normal wear and tear, maintenance levels and economic conditions impacting the demand for these assets. In addition, long-lived assets are subject to testing for impairment whenever circumstances indicate that their carrying amount may not be recoverable. For example, a significant decrease in an asset's market value, a major adverse change in the business climate in which it operates or a history of operating or cash flow losses may be an indication of impairment. Impairment testing involves estimating future net cash flows relating to the asset, including assumptions about future market conditions, operating and capital expenditures and other factors.

Environmental Remediation. We accrue environmental remediation costs for work at identified sites where an assessment has indicated that cleanup costs are probable and reasonably estimable. Such accruals are undiscounted and are based on currently available information, estimated timing of remedial actions and related inflation assumptions, existing technology and presently enacted laws and regulations. Accruals may require adjustment as new sites are identified or additional information about current sites becomes available. Technology changes, new environmental laws and regulations and other factors may also impact future environmental expenditures. For a further discussion of our environmental remediation activities, please see "Environmental Matters."

New Accounting Pronouncements

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued and, in June 2000, it was amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (collectively, "new derivative accounting"). The new derivative accounting requires recognition of all derivative contracts in the balance sheet at their fair value. If the derivative contracts qualify for hedge accounting, depending on their nature, changes in their fair values are either offset in net income against the changes in the fair values of the items being hedged or reflected initially as a separate component of the net parent investment and subsequently recognized in net income when the hedged items are recognized in net income. The ineffective portions of changes in the fair values of derivative contracts that qualify for hedge accounting as well as changes in fair value of all other derivatives are immediately recognized in net income. The new derivative accounting was adopted effective January 1, 2001. There was no impact on net income during 2001.

In July 2001, Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), was issued. Sunoco Logistics Partners L.P. will adopt SFAS No. 142 effective January 1, 2002 when adoption is mandatory. SFAS No. 142 will require the testing of goodwill and indefinite-lived intangible assets for impairment rather than amortizing them. We are currently assessing the impact of adopting SFAS No. 142 on our combined financial statements. The current level of annual amortization of goodwill and indefinite-lived intangible assets, which will be eliminated upon the adoption of SFAS No. 142, is approximately $0.8 million.

In August 2001, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), was issued. This statement significantly changes the method of accruing for costs associated with the retirement of fixed assets that an entity is legally obligated to incur. We will evaluate the impact and timing of implementing SFAS No. 143. Implementation of this standard is required no later than January 1, 2003.

In August 2001, Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), was issued. Sunoco Logistics Partners L.P. will adopt SFAS No. 144 effective January 1, 2002 when adoption is mandatory. Among other things, SFAS No. 144 significantly changes the criteria that would have to be met to classify an asset as held-for-sale. SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the provisions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," that relate to reporting the effects of a disposal of a segment of a business. We are currently assessing the impact of adopting SFAS No. 144 on our combined financial statements.

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay the minimum quarterly distribution following establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on the volume of refined products and crude oil transported in our pipelines or handled at our terminals; the tariff rates and terminalling fees we charge; our crude oil acquisition and marketing margins; the level of our operating costs, including payments to our general partner; and prevailing economic conditions.

In addition, the actual amount of cash we will have available for distribution will depend on the level of capital expenditures we make; our debt service requirements; fluctuations in our working capital needs; our ability to make working capital borrowings under our revolving credit facility; and the amount, if any, of cash reserves established by our general partner in its discretion.

You should also be aware that the amount of cash we have available for distribution depends primarily on our cash flow, including cash flow from financial reserves and working capital borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

Cost reimbursements, which will be determined in our general partner's sole discretion, and fees due our general partner and its affiliates will be substantial and will reduce our cash available for distribution to you.

Payments to our general partner will be substantial and will reduce the amount of available cash for distribution to unitholders. For the three years from our initial public offering, we will pay Sunoco, Inc. or our general partner an administrative fee of $8.0 million per year for the provision by Sunoco, Inc. or its affiliates of various general and administrative services for our benefit. The administrative fee may increase in the second and third years by up to a maximum of 2.5% per year and may also increase if we make an acquisition that requires an increase in the level of general and administrative services that we receive from Sunoco, Inc. or its affiliates.In addition, the general partner will be entitled to reimbursement for all other expenses it incurs on our behalf, including the salaries of and the cost of employee benefits for employees of our general partner, including senior executives, who provide services to us. Our general partner has sole discretion in determining the amount of these expenses.

We depend upon Sunoco R&M for a substantial portion of the crude oil and refined products transported on our pipelines and handled at our terminals, and any reduction in these quantities could reduce our ability to make distributions to unitholders.

For the year ended December 30, 2001, Sunoco R&M accounted for approximately 73% of our Eastern Pipeline System revenues, 59% of our Terminal Facilities revenues, and 66% of our Western Pipeline System revenues. We received the balance of our revenues from third parties. We will continue to remain dependent on third parties for additional revenues. Our pipelines and terminals storage and throughput agreement does not cover our crude oil acquisition and marketing business or our Nederland Terminal. In addition, although the contract makes provision for escalation of the fees charged to Sunoco R&M, the increased fees may be inadequate to cover increased costs in the future.

With the exception of our Nederland Terminal, Sunoco R&M accounts for substantially all of the throughput volumes at our Terminal Facilities. In addition, Sunoco R&M and its affiliates are the only shippers on approximately 850 miles of our Eastern Pipeline System, and Sunoco R&M is the only shipper on approximately 45 miles of our Western Pipeline System. We expect to continue to derive a substantial portion of our revenues from Sunoco R&M for the foreseeable future. If Sunoco R&M were to decrease the throughput transported on our pipelines for any reason, our revenues would decline and our ability to make distributions to unitholders would be adversely affected.

Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement may be reduced or suspended in some circumstances, which would reduce our ability to make distributions to our unitholders.

Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement may be permanently reduced in some circumstances, which would reduce our ability to make distributions to our unitholders. These events, some of which are within the exclusive control of Sunoco R&M, include:

- Governmental action that prohibits Sunoco R&M from using MTBE in the gasoline it produces if Sunoco R&M reasonably believes in good faith that this action will jeopardize its ability to satisfy its minimum revenue or throughput obligations.

- The inability of Sunoco R&M and us to agree on the amount of any surcharge required to be paid by Sunoco R&M to cover substantial and unanticipated costs that we may incur in complying with new laws or governmental regulations applicable to our Terminal Facilities.

- A decision by Sunoco R&M to shut down or reconfigure one or more of its refineries if Sunoco R&M reasonably believes in good faith that such event will jeopardize its ability to satisfy its minimum revenue or throughput obligations. Factors that might lead Sunoco R&M to shut down or reconfigure a refinery include:

  - reduced demand for refined products produced at the refinery;

  - increasingly stringent environmental regulations. For example, Sunoco R&M has estimated that it will be required to make capital expenditures of approximately $300 million to $400 million over the next five years at its refineries to bring them into compliance with the Environmental Protection Agency's new rules limiting the sulfur in motor gasoline and diesel fuel;

  - a catastrophic event at a refinery, such as a major fire, flood, or explosion; and

  - environmental proceedings or other litigation that could limit all or a portion of the operations at a refinery. As part of a Clean Air Act enforcement initiative, the EPA has requested information relating to potential violations of the Clean Air Act from Sunoco R&M and other refiners. The EPA has entered into consent agreements with several refiners that require them to make significant capital expenditures to install control equipment to reduce emissions of sulfur dioxide, nitrogen oxides, and particulate matter. Pursuant to this enforcement initiative, Sunoco R&M recently has received notices of violation from the EPA relating to its Marcus Hook, Philadelphia, and Toledo refineries. Sunoco R&M is currently evaluating the notices of violation for all three refineries to determine how it will respond. In resolving these notices of violation, Sunoco R&M could be required to make significant capital expenditures, operate these refineries at reduced levels, and pay significant penalties. See Item 1. "Business--Environmental Regulation."

Depending on the ultimate cost of complying with existing and future environmental regulations or proceedings, Sunoco R&M may determine that it is more economical to reduce production at a refinery or shut down all or a portion of a refinery rather than make these capital expenditures. Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement would be reduced in this event and our ability to make distributions to our unitholders would also be reduced.

Furthermore, Sunoco R&M's obligations would be temporarily suspended during the occurrence of an event that is outside the control of the parties, which renders performance impossible with respect to an asset for at least 30 days. The occurrence of any of these events could reduce our revenues and cash flow, and our ability to make distributions to our unitholders.

Sunoco, Inc. continually considers opportunities presented by third parties with respect to its refinery assets. These opportunities may include offers to purchase and joint venture propositions. Sunoco, Inc. also continually considers changes to its refineries. Those changes may involve new facilities, reduction in certain operations or modifications of facilities or operations. Changes may be considered to meet market demands, to satisfy regulatory requirements or

environmental and safety objectives, to improve operational efficiency or for other reasons. Sunoco, Inc. is actively managing its assets and operations, and, therefore, changes of some nature, possibly material to its business relationship with us, are likely to occur at some point in the future.

If Sunoco R&M satisfies only its minimum obligations under, or if we are unable to renew or extend, our pipelines and terminals storage and throughput agreement, our ability to make distributions would be reduced.

Sunoco R&M may reduce the volumes it transports on our pipelines or delivers at our terminals to the minimum amounts it is obligated to transport or deliver under the pipelines and terminals storage and throughput agreement. If Sunoco R&M had only transported or delivered amounts equal to its minimum commitments during the past twelve months, we would not have been able to make the minimum quarterly distribution on all the units in the absence of a significant increase in new business from third parties. In addition, the terms of Sunoco R&M's obligations under the pipelines and terminals storage and throughput agreement are of relatively brief duration, ranging from five to seven years. If Sunoco R&M fails to use our facilities after expiration of the agreement and we are unable to generate additional revenues from third parties, our ability to make cash distributions to unitholders will be reduced.

A significant or sustained decrease in demand for refined products in the markets served by our pipelines would reduce our ability to make distributions to our unitholders.

A sustained decrease in demand for refined products in the markets served by our pipelines would significantly reduce our revenues and, therefore, reduce our ability to make distributions to our unitholders. Factors that could lead to a decrease in market demand include:

- a recession or other adverse economic condition that results in lower spending by consumers on gasoline, diesel fuel, and travel;

- an increase in the market price of crude oil that leads to higher refined product prices;

- higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline or other refined products; and

- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy, whether as a result of technological advances by manufacturers, pending legislation proposing to mandate higher fuel economy, or otherwise.

Due to our lack of asset diversification, adverse developments in our pipelines and terminals businesses would reduce our ability to make distributions to our unitholders.

We rely exclusively on the revenues generated from our pipelines and terminals businesses. Due to our lack of asset diversification, an adverse development in one of these businesses would have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets.

Rate regulation may not allow us to recover the full amount of increases in our costs, and a successful challenge to our rates would reduce our ability to make distributions to our unitholders.

The primary rate-making methodology of the Federal Energy Regulatory Commission, or FERC, is price indexing. We use this methodology in all of our interstate markets. The indexing method allows a pipeline to increase its rates by a percentage equal to the change in the producer price index for finished goods minus 1%. If the index rises by less than 1% or falls, we will be required to reduce our rates that are based on the FERC's price indexing methodology if they exceed the new maximum allowable rate. In addition, changes in the index might not be large enough to fully reflect actual increases in our costs. The FERC's rate-making methodologies may limit our ability to set rates based on our true costs or may delay the use of rates that reflect increased costs. Any of the foregoing would adversely affect our revenues and cash flow.

Under the Energy Policy Act adopted in 1992, our interstate pipeline rates were deemed just and reasonable or "grandfathered." As that Act applies to our rates, a person challenging a grandfathered rate must, as a threshold matter, establish

a substantial change since the date of enactment of the Act, in either the economic circumstances or the nature of the service that formed the basis for the rate. A complainant might assert that the creation of the partnership itself constitutes such a change, an argument that has not previously been specifically addressed by the FERC. If the FERC were to find a substantial change in circumstances, then the existing rates could be subject to detailed review. There is a risk that some of our rates could be found to be in excess of levels justified by our cost of service. In such event, the FERC would order us to reduce our rates. Any such reduction would result in lower revenues and cash flows and would reduce our ability to make distributions to our unitholders.

In a 1995 decision involving an unrelated oil pipeline limited partnership, the FERC partially disallowed the inclusion of income taxes in that partnership's cost of service. In another FERC proceeding involving a different oil pipeline limited partnership, the FERC held that the oil pipeline limited partnership may not claim an income tax allowance for income attributable to non-corporate limited partners. If our rates were challenged and the FERC were to disallow the inclusion of an income tax allowance in our cost of service, it may be more difficult for us to justify our rates.

In addition, a state commission could also investigate our intrastate rates or our terms and conditions of service on its own initiative or at the urging of a shipper or other interested party. If a state commission found that our rates exceeded levels justified by our cost of service, the state commission could order us to reduce our rates.

Sunoco R&M has agreed not to challenge, or to cause others to challenge or assist others in challenging, our tariff rates in effect during the term of the pipelines and terminals storage and throughput agreement. This agreement does not prevent other current or future shippers from challenging our tariff rates. At the end of the term of the agreement, Sunoco R&M will be free to challenge, or to cause other parties to challenge or assist others in challenging, our tariff rates in effect at that time. If any party successfully challenges our tariff rates, the effect would be to reduce our ability to make distributions to our unitholders.

Potential changes to current rate-making methods and procedures may impact the federal and state regulations under which we will operate in the future. In addition, if the FERC's petroleum pipeline ratemaking methodology changes, the new methodology could result in tariffs that generate lower revenues and cash flow and adversely affect our ability to make cash distributions to our unitholders.

Our operations are subject to federal, state, and local laws and regulations relating to environmental protection and operational safety that could require us to make substantial expenditures.

Our pipelines, gathering systems, and terminal operations are subject to increasingly strict environmental and safety laws and regulations. The transportation and storage of refined products and crude oil result in a risk that refined products, crude oil, and other hydrocarbons may be suddenly or gradually released into the environment, potentially causing substantial expenditures for a response action, significant government penalties, liability to government agencies for natural resources damages, personal injury, or property damages to private parties and significant business interruption. We own or lease a number of properties that have been used to store or distribute refined products and crude oil for many years. Many of these properties have also been operated by third parties whose handling, disposal, or release of hydrocarbons and other wastes were not under our control. We expect it will cost approximately $8.6 million to assess, monitor, and remediate 19 sites where releases of crude oil or petroleum products have occurred.

We estimate that we will spend $8.2 million on storage tank inspection and repair over the next five years at our Nederland Terminal. We also expect to spend approximately $8.0 million in each of the next five years to comply with the recently adopted pipeline integrity management rule of the U.S. Department of Transportation, or DOT. Although Sunoco, Inc. has agreed to indemnify us for costs in excess of $8.0 million per year, up to a maximum of $15.0 million over the next five years with regard to compliance with this DOT pipeline integrity management rule, the cost to perform such activities may exceed these estimated amounts and the amount of any indemnification. If we are not able to recover the excess costs through increased tariffs and revenues, cash distributions to our unitholders would be adversely affected.

If existing or future state or federal government regulations banning or restricting the use of MTBE in gasoline take effect, our ability to make distributions to our unitholders would be reduced.

Our Eastern refined product pipeline system transports from Sunoco R&M's refineries gasoline containing MTBE, an oxygenate used extensively to reduce motor vehicle tailpipe emissions. Many states, including New York and Connecticut, have banned or restricted the use of MTBE in gasoline commencing as early as 2003 in response to concerns about MTBE's adverse impact on ground or surface water. Other states are considering bans or restrictions on MTBE or opting out of the EPA's reformulated gasoline program, either of which events would reduce the use of MTBE. Any ban or restriction on the use of MTBE may lead to the greater use of ethanol. Unlike MTBE, which can be blended in gasoline at the refinery, ethanol is blended at the terminal and is not transported by our pipelines. Any revenues we would receive for blending ethanol might not offset the loss of revenues we would suffer from the reduced volumes we transport on our Eastern refined product pipelines. In addition, Congress is currently considering removing or modifying the oxygenate requirement, which could reduce the amount of gasoline transported on our Eastern refined product pipelines and reduce our ability to make distributions to our unitholders.

When the price of foreign crude oil delivered to the United States is greater than that of domestic crude oil, or the price for the future delivery of crude oil falls below current prices, our customers are less likely to store crude oil, thereby reducing our storage revenues at our Nederland Terminal.

Most of the crude oil stored at our Nederland Terminal is foreign crude oil. When the price of foreign crude oil delivered to the United States is greater than that of domestic crude oil, the demand for this storage capacity may decrease. If this market condition occurs, our storage revenues will be lower, which would reduce our ability to make distributions to our unitholders.

When the price of crude oil in a given month exceeds the price of crude oil for delivery in a subsequent month, the market is backwardated. When the crude oil market is backwardated, the demand for storage capacity at our Nederland Terminal may decrease because crude oil producers can capture a premium for prompt deliveries rather than storing it for sale later. The market has been in backwardation for much of the last several years. In a backwardated market, our storage revenues may be lower, which would reduce our ability to make distributions to our unitholders.

A material decrease in the supply, or increase in the price, of crude oil available for transport through our Western Pipeline System would reduce our ability to make distributions to our unitholders.

The volume of crude oil we transport in our crude oil pipelines depends on the availability of attractively priced crude oil produced in the areas accessible to our crude oil pipelines and received from other common carrier pipelines. If we do not replace volumes lost due to a material temporary or permanent decrease in supply, the volumes of crude oil transported through our pipelines would decline, reducing our revenues and cash flow and our ability to make distributions to our unitholders. For example, some of the gathering systems that supply crude oil that we transport on our Western Pipeline System are experiencing a decline in production. In addition, sustained low crude oil prices could lead to a decline in drilling activity and production levels or the shutting-in or abandonment of marginal wells. Similarly, a temporary or permanent material increase in the price of crude oil supplied from any of these sources, as compared to alternative sources of crude oil available to our customers, would cause the volumes of crude oil transported in our pipelines to decline, thereby reducing our revenues and cash flow and adversely affecting our ability to make cash distributions to our unitholders.

Any reduction in the capability of or the allocations to our shippers in interconnecting, third-party pipelines would cause a reduction of volumes transported in our pipelines and through our terminals, which would reduce our ability to make distributions to our unitholders.

Sunoco R&M and the other users of our pipelines and terminals are dependent upon connections to third-party pipelines to receive and deliver crude oil and refined products. Any reduction of capabilities of these interconnecting pipelines due to testing, line repair, reduced operating pressures, or other causes would result in reduced volumes transported in our pipelines or through our terminals. Similarly, if additional shippers begin transporting volumes over interconnecting pipelines, the allocations to our existing shippers would be reduced, which would also reduce volumes transported in our pipelines or through

our terminals. Any reduction in volumes transported in our pipelines or through our terminals would adversely affect our revenues and cash flow.

Our operations are subject to operational hazards and unforeseen interruptions for which we may not be adequately insured.

Our operations are subject to operational hazards and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, and other events beyond our control. These events might result in a loss of equipment or life, injury, or extensive property damage, as well as an interruption in our operations. We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially, and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, insurance carriers are now requiring broad exclusions for losses due to war risk and terrorist acts. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position.

We are exposed to the credit risk of our customers in the ordinary course of our crude oil acquisition and marketing activities.

When we purchase crude oil at the wellhead, we sometimes pay all of or a portion of the production proceeds to an operator who distributes these proceeds to the various interest owners, an arrangement that exposes us to operator credit risk. Therefore, we must determine whether operators have sufficient financial resources to make these payments and distributions and to indemnify and defend us in case of a protest, action, or complaint. Even if our credit review and analysis mechanisms work properly, we may experience losses in dealings with operators and other parties.

Competing pipelines could cause us to reduce our rates.

If a competing crude oil or refined product pipeline charged lower rates than we do, we could be forced to reduce our rates to remain competitive, which would reduce our revenues and cash flow. Several companies have announced pipeline expansion or conversion projects that will likely begin competing with Explorer Pipeline Company and portions of our West Texas pipeline system this year.

If we do not make acquisitions on economically acceptable terms, any future growth will be limited.

Our future growth will depend principally on our ability to make acquisitions at attractive prices. If we are unable to identify attractive acquisition candidates or we are unable to acquire businesses on economically acceptable terms, our future growth will be limited. Any acquisition involves potential risks, including:

- the inability to integrate the operations of recently acquired businesses;
- the diversion of management's attention from other business concerns;
- customer or key employee loss from the acquired businesses; and
- a significant increase in our indebtedness and working capital requirements.

Any of these factors would adversely affect our ability to achieve anticipated levels of cash flows from our acquisitions or realize other anticipated benefits. In addition, competition from other buyers could reduce our acquisition opportunities or cause us to pay a higher price than we might otherwise pay.

Restrictions in our and Sunoco, Inc.'s debt agreements may prevent us from engaging in some beneficial transactions or paying distributions.

As of February 28, 2002, our total outstanding long-term indebtedness was approximately $255 million, including $250 million of senior notes and approximately $5 million of other indebtedness. Our payment of principal and interest on the debt will reduce the cash available for distribution on our units, as will our obligation to repurchase the senior notes upon the occurrence of specified events involving a change of control of our general partner. In addition, we will be prohibited by our credit facility and the senior notes from making cash distributions during an event of default, or if the payment of a distribution would cause an event of default, under any of our debt agreements. Our leverage and various limitations in our credit facility and the senior notes may reduce our ability to incur additional debt, engage in some transactions, and capitalize on acquisition or other business opportunities. Sunoco, Inc.'s revolving credit agreement also limits the aggregate amount of debt Sunoco, Inc. and its consolidated subsidiaries, including us, may borrow. Since Sunoco, Inc. owns and controls our general partner, we may not be permitted to incur additional debt if the effect would be to cause an event of default under Sunoco, Inc.'s revolving credit agreement. Any subsequent refinancing of Sunoco, Inc.'s or our current debt or any new debt could have similar or greater restrictions.

The IRS could treat us as a corporation, which would substantially reduce the cash available for distribution to unitholders.

The federal income tax benefit of an investment in us depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us. Treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to you and thus would likely result in a substantial reduction in the value of the common units.

Terrorist attacks aimed at our facilities could adversely affect our business.

On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scale. Since the September 11 attacks, the U.S. government has issued warnings that energy assets, specifically our nation's pipeline infrastructure, may be the future targets of terrorist organizations. These developments have subjected our operations to increased risks. Any future terrorist attack at our facilities, those of our customers and, in some cases, those of our pipelines, could have a material adverse effect on our business.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including volatility in crude oil commodity prices and interest rates. To manage such exposure, we monitor our inventory levels and our expectations of future commodity prices and interest rates when making decisions with respect to risk management. We have not entered into derivative transactions that would expose us to price risk.

Concurrent with the initial public offering, we entered into a $150 million credit facility. Although currently undrawn, we would pay interest on the drawn portion of this credit facility which would expose us to interest rate risk, since this credit facilty bears variable interest.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Sunoco Partners LLC:

We have audited the accompanying combined balance sheets of Sunoco Logistics Partners L.P. (the "Partnership") as of December 31, 2001 and 2000 and the related combined statements of income and net parent investment and of cash flows for each of the three years in the period ended December 31, 2001. These financial statements, which reflect the cost-basis accounts of Sunoco Logistics (Predecessor), the predecessor to the Partnership, are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Sunoco Logistics Partners L.P. at December 31, 2001 and 2000 and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 15, 2002

SUNOCO LOGISTICS PARTNERS L.P.

COMBINED BALANCE SHEETS
(in thousands)

	December 31,	
	2000	2001
ASSETS		
Current Assets		
Accounts receivable, affiliated companies (Note 2)	$ 6,753	$ 6,245
Accounts receivable, net	258,044	151,264
Note receivable from affiliate (Note 2)	--	20,000
Inventories (Note 3)	18,683	20,606
Deferred income taxes (Note 4)	4,426	2,821
Total Current Assets	287,906	200,936
Properties, plants and equipment, net (Note 5)	518,605	566,359
Note receivable from affiliate (Note 2)	20,000	--
Deferred charges and other assets	19,445	21,906
Total Assets	$845,956	$789,201
LIABILITIES AND NET PARENT INVESTMENT		
Current Liabilities		
Accounts payable	$372,460	$235,061
Accrued liabilities	26,299	26,628
Short-term borrowings due affiliate (Note 2)	45,000	--
Current portion of long-term debt due affiliate (Note 2) .	--	75,000
Current portion of long-term debt (Note 6)	205	228
Taxes payable	18,958	20,373
Total Current Liabilities	462,922	357,290
Long-term debt due affiliate (Note 2)	140,000	65,000
Long-term debt (Note 6)	4,838	4,553
Deferred income taxes (Note 4)	70,932	78,140
Other deferred credits and liabilities	10,241	9,325
Commitments and contingent liabilities (Note 7)		
Net parent investment (Note 2)	157,023	274,893
Total Liabilities and Net Parent Investment	$845,956	$789,201

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P

COMBINED STATEMENTS OF INCOME AND NET PARENT INVESTMENT
(in thousands)

	Year Ended December 31,		
	1999	2000	2001
REVENUES			
Sales and other operating revenue:			
Affiliates (Note 2)	$ 764,133	$ 1,301,079	$ 1,067,182
Unaffiliated customers	210,069	507,532	545,822
Other income	6,133	5,574	4,774
Total Revenues	980,335	1,814,185	1,617,778
COSTS AND EXPENSES			
Cost of products sold and operating expenses	866,610	1,699,541	1,503,156
Depreciation and amortization	19,911	20,654	25,325
Selling, general and administrative expenses	27,461	34,683	35,956
Total Costs and Expenses	913,982	1,754,878	1,564,437
Operating Income	66,353	59,307	53,341
Net interest cost paid to affiliates (Note 2)	7,196	11,537	11,727
Other interest cost	110	426	393
Capitalized interest	(819)	(1,659)	(1,140)
Income before income tax expense	59,866	49,003	42,361
Income tax expense (Note 4)	22,488	18,483	15,594
Net Income	$ 37,378	$ 30,520	$ 26,767
NET PARENT INVESTMENT			
At beginning of period	$ 235,478	$ 223,083	$ 157,023
Net income	37,378	30,520	26,767
Contributions from (distributions to) parent	(49,773)	(96,580)	91,103
At end of period	$ 223,083	$ 157,023	$ 274,893

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	1999	2000	2001
Increases (Decreases) in Cash			
Cash Flows from Operating Activities:			
Net Income	$ 37,378	$ 30,520	$ 26,767
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,911	20,654	25,325
Deferred income tax expense	4,046	5,340	8,813
Changes in working capital pertaining to operating activities:			
Accounts receivable, affiliated companies	(5,556)	2,253	508
Accounts receivable	(125,624)	(70,052)	106,780
Inventories	9,943	(6,014)	(1,923)
Accounts payable and accrued liabilities	177,054	96,408	(140,340)
Taxes payable	3,930	1,668	1,415
Other	4,083	(1,661)	(107)
Net cash provided by operating activities	125,165	79,116	27,238
Cash Flows from Investing Activities:			
Capital expenditures	(46,958)	(57,921)	(72,683)
Acquisition of crude oil transportation and marketing operations of Pride Companies, L.P., net of debt assumed of $5,334 (Note 10)	(29,576)	--	--
Loan to affiliate	--	(20,000)	--
Other	1,414	629	(396)
Net cash used in investing activities	(75,120)	(77,292)	(73,079)
Cash Flows from Financing Activities:			
Net proceeds from (repayments of) short-term borrowings due affiliate	--	45,000	(45,000)
Proceeds from issuance of long-term debt to affiliate	--	50,000	--
Repayments of long-term debt	(272)	(244)	(262)
Contributions from (distributions to) parent	(49,773)	(96,580)	91,103
Net cash provided by (used in) financing activities	(50,045)	(1,824)	45,841
Net change in cash	--	--	--
Cash at beginning of year	--	--	--
Cash at end of year	$ --	$ --	$ --

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO HISTORICAL COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Combination

Sunoco Logistics Partners L.P. (the "Partnership") is a Delaware limited partnership formed by Sunoco, Inc. in October 2001 to acquire, own and operate a substantial portion of Sunoco, Inc.'s logistics business, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets located in the Northeast and Midwest United States (collectively, "Sunoco Logistics (Predecessor)" or the "Predecessor"). In February 2002, Sunoco, Inc., through its subsidiary Sunoco Partners LLC, the general partner of the Partnership, contributed the Predecessor to the Partnership in exchange for: (i) its 2% general partner interest in the Partnership; (ii) incentive distribution rights (as defined in the Partnership Agreement); (iii) 5,633,639 common units; (iv) 11,383,639 subordinated units; and (v) a special interest representing the right to receive from the Partnership on the closing of the Offering the net proceeds from the issuance of $250 million of ten-year senior notes by Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"). The net proceeds are estimated to be $245.3 million. The Partnership concurrently issued 5.75 million common units (including 750,000 units issued pursuant to the underwriters' over-allotment option), representing a 24.8% limited partnership interest in the Partnership, in an initial public offering (the "Offering") at a price of $20.25 per unit. Proceeds from the Offering, which totalled approximately $102 million net of underwriting discounts and offering expenses, were used by the Partnership to establish working capital that was not contributed to the Partnership by Sunoco, Inc.

The accompanying combined financial statements of Sunoco Logistics Partners L.P. consist of the historical cost-basis accounts of the Predecessor, after elimination of all balances and transactions within the combined group of operations. The combined financial statements also include the Predecessor's 9.4% investment in Explorer Pipeline Company, a corporate joint venture which is accounted for by the equity method. The equity income from this investment is included in other income in the combined statements of income and net parent investment. The financial statements include charges from Sunoco, Inc. and its subsidiaries (collectively, "Sunoco") for direct costs and allocations of indirect corporate overhead. Management of the Partnership believes that the allocation methods are reasonable, and that the allocations are representative of the costs that would have been incurred on a stand-alone basis.

Description of Business

Most of the assets of the Partnership support Sunoco, Inc.'s refining and marketing operations which are conducted primarily by Sunoco, Inc. (R&M) ("Sunoco R&M"). The Partnership operates in three principal business segments: Eastern Pipeline System, Terminal Facilities and Western Pipeline System.

The Eastern Pipeline System transports refined products in the Northeast and Midwest largely for Sunoco R&M's Philadelphia, PA, Marcus Hook, PA and Toledo, OH refineries. The Eastern Pipeline System also transports crude oil on a pipeline in Ohio and Michigan that supplies both Sunoco R&M's Toledo refinery and third-party refineries. This segment also includes an interrefinery pipeline between Sunoco R&M's Marcus Hook and Philadelphia refineries and the equity interest in Explorer Pipeline Company, which transports refined products from the Gulf Coast to numerous terminals throughout the Midwest.

The Terminal Facilities segment includes a network of 32 refined product terminals in the Northeast and Midwest that distribute products primarily to Sunoco R&M's retail outlets, an 11.2 million-barrel marine crude oil terminal on the Texas Gulf Coast and a one million barrel liquefied petroleum gas ("LPG") storage facility near Detroit, MI. This segment also owns and operates one inland and two marine crude oil terminals and the related storage facilities and pipelines that supply all of the crude oil processed by Sunoco R&M's Philadelphia refinery. Finally, this segment includes a two million barrel refined product storage terminal in Marcus Hook, PA that is used by Sunoco R&M's Marcus Hook refinery to source barrels to the Predecessor's pipelines.

The Western Pipeline System acquires, transports and markets crude oil principally in Oklahoma and Texas for Sunoco R&M's Tulsa, OK and Toledo, OH refineries and also for other customers.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates.

Revenue Recognition

Crude oil gathering and marketing revenues are recognized when title to the crude oil is transferred to the customer. Revenues are not recognized for crude oil exchange transactions which are entered into primarily to acquire crude oil of a desired quality or to reduce transportation costs by taking delivery closer to the Partnership's end markets. Any net differential for exchange transactions is recorded as an adjustment of inventory costs in the purchases component of cost of products sold and operating expenses in the combined statements of income and net parent investment. Such amounts are not deemed to be material. Terminalling and storage revenues are recognized at the time the services are provided. Pipeline revenues are recognized upon delivery of the barrels to the location designated by the shipper.

Affiliated revenues consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco R&M. Affiliated revenues reflect transfer prices consistently used to prepare segment information for Sunoco, Inc.'s historical consolidated financial statements. Sales of crude oil to affiliates are computed using the formula-based pricing mechanism of a supply agreement with Sunoco R&M. Management of the Partnership believes these terms to be comparable to those that could be negotiated with an unrelated third party. Pipeline revenues from affiliates are generally determined using posted third-party tariffs. Affiliated revenues from terminalling and storage are generally equal to all of the costs incurred for these activities, including operating, maintenance and environmental remediation expenditures.

Inventories

Inventories are valued at the lower of cost or market. Crude oil reflects an allocation to the Predecessor by Sunoco R&M of the Predecessor's share of Sunoco R&M's crude oil inventory, the cost of which has been determined using the last-in, first-out method ("LIFO"). Under this allocation methodology, the cost of products sold consists of the actual crude oil acquisition costs of the Predecessor. Such costs are adjusted to reflect increases or decreases in crude oil inventory quantities, which are valued based on the changes in Sunoco, Inc.'s LIFO inventory layers. Effective with the transfer of the Predecessor's operations to the Partnership, the Partnership is maintaining a separate LIFO pool and all LIFO computations are being made on a stand-alone basis. The cost of materials, supplies and other inventories is determined using principally the average cost method.

Properties, Plants and Equipment

Properties, plants and equipment are stated at cost. Additions to properties, plants and equipment, including replacements and improvements, are recorded at cost. Repair and maintenance expenditures are charged to expense as incurred. Depreciation is provided principally using the straight-line method based on the estimated useful lives of the related assets. For certain interstate pipelines, the depreciation rate is applied to the net asset value based on FERC requirements. When FERC-regulated property, plant and equipment is retired or otherwise disposed of, the cost less net proceeds is charged to accumulated depreciation and amortization, except that gains and losses for those groups are reflected in other income in the combined statements of income and net parent investment for unusual disposals. Gains and losses on the disposal of non-FERC properties, plants and equipment are reflected in other income in the combined statements of income and net parent investment.

Impairment of Long-Lived Assets

Long-lived assets other than those held for sale are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows expected to be generated by the asset are less than its carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset. Long-lived assets held for sale are carried at the lower of their carrying amount or fair market value less cost to sell the assets. Effective January 1, 2002, the Partnership will adopt Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which changes the method of accounting for the impairment of long-lived assets (see New Accounting Principles below).

Environmental Remediation

The Partnership accrues environmental remediation costs for work at identified sites where an assessment has indicated that cleanup costs are probable and reasonably estimable. Such accruals are undiscounted and are based on currently available information, estimated timing of remedial actions and related inflation assumptions, existing technology and presently enacted laws and regulations.

Income Taxes

The Predecessor is included in the consolidated federal income tax return filed by Sunoco, Inc. However, the provision for federal income taxes included in the combined statements of income and net parent investment and the deferred tax amounts reflected in the combined balance sheets have been determined on a separate-return basis. Any current federal income tax amounts due on a separate-return basis are settled with Sunoco, Inc. through the net parent investment account. Effective with the Offering, substantially all income taxes are the responsibility of the unitholders and not the Partnership.

New Accounting Principles

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued and, in June 2000, it was amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (collectively, "new derivative accounting"). The new derivative accounting requires recognition of all derivative contracts in the balance sheet at their fair value. If the derivative contracts qualify for hedge accounting, depending on their nature, changes in their fair values are either offset in net income against the changes in the fair values of the items being hedged or reflected initially as a separate component of the net parent investment and subsequently recognized in net income when the hedged items are recognized in net income.

The ineffective portions of changes in the fair values of derivative contracts that qualify for hedge accounting as well as changes in fair value of all other derivatives are immediately recognized in net income. The new derivative accounting was adopted effective January 1, 2001. There was no impact on net income during 2001.

In July 2001, Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), was issued. The Partnership will adopt SFAS No. 142 effective January 1, 2002 when adoption is mandatory. SFAS No. 142 will require the testing of goodwill and indefinite-lived intangible assets for impairment rather than amortizing them. The Partnership is currently assessing the impact of adopting SFAS No. 142 on its combined financial statements. The current level of annual amortization of goodwill and indefinite-lived intangible assets, which will be eliminated upon the adoption of SFAS No. 142, is approximately $0.8 million.

In August 2001, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"), was issued. This statement significantly changes the method of accruing for costs associated with the retirement of fixed assets that an entity is legally obligated to incur. The Partnership will evaluate the impact and timing of implementing SFAS No. 143. Implementation of this standard is required no later than January 1, 2003.

In August 2001, Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), was issued. The Partnership will adopt SFAS No. 144 effective January 1, 2002 when adoption is mandatory. Among other things, SFAS No. 144 significantly changes the criteria that would have to be met to classify an asset as held-for-sale. SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the provisions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," that relate to reporting the effects of a disposal of a segment of a business. The Partnership is currently assessing the impact of adopting SFAS No. 144 on its combined financial statements.

2. Related Party Transactions

Accounts Receivable, Affiliated Companies

Substantially all of the related party transactions discussed below were settled immediately through the net parent investment account. The balance in accounts receivable from affiliated companies represents the net amount owed to the Predecessor by Sunoco R&M related to the remaining intercompany transactions.

Affiliated revenues in the combined statements of income and net parent investment consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco R&M. Affiliated revenues reflect transfer prices consistently used to prepare segment information for Sunoco, Inc.'s historical consolidated financial statements. Sales of crude oil are computed using the formula-based pricing mechanism of a supply agreement with Sunoco R&M. Management of the Partnership believes these terms to be comparable to those that could be negotiated with an unrelated third party. Pipeline revenues are generally determined using posted third-party tariffs. Revenues from terminalling and storage were generally equal to all of the costs incurred for these activities, including operating, maintenance and environmental remediation expenditures.

Concurrently with the closing of the Offering, the Partnership entered into a pipelines and terminals storage and throughput agreement and various other agreements with Sunoco R&M under which the Partnership is charging Sunoco R&M fees for services provided under these agreements comparable to those charged in arm's-length, third-party transactions. Under the pipelines and terminals storage and throughput agreement, Sunoco R&M has agreed to pay the Partnership a minimum level of revenues for transporting and terminalling refined products. Sunoco R&M also has agreed to minimum throughputs of refined products and crude oil in the Partnership's Inkster Terminal, Fort Mifflin Terminal Complex, Marcus Hook Tank Farm and certain crude oil pipelines. In addition, effective January 1, 2002, Sunoco, Inc. adopted fee arrangements consistent with this contract as the basis for the transfer prices to be used in preparation of its segment information. Accordingly, such fees will be reflected in the Predecessor's financial statements for the period January 1, 2002 through the closing of the Offering.

Under various other agreements entered into at the closing of the Offering, Sunoco R&M is, among other things, purchasing from the Partnership at market-based rates particular grades of crude oil that the Partnership's crude oil acquisition and marketing business purchases for delivery to pipelines in: Longview, Trent, Tye, and Colorado City, Texas; Haynesville, Louisiana; Marysville and Lewiston, Michigan; and Tulsa, Oklahoma. At Marysville and Lewiston, Michigan, the Partnership exchanges Michigan sweet and Michigan sour crude oil it owns for domestic sweet crude oil supplied by Sunoco R&M at market-based rates. The initial term of these agreements is two months. These agreements will automatically renew on a monthly basis unless terminated by either party on 30 days' written notice. Sunoco R&M has also agreed to lease from the Partnership the 58 miles of interrefinery pipelines between Sunoco R&M's Philadelphia and Marcus Hook refineries for a term of 20 years.

Selling, general and administrative expenses in the combined statements of income and net parent investment include costs allocated to the Predecessor totaling $9.0 million, $10.1 million and $10.8 million for the years ended December 31, 1999, 2000 and 2001, respectively. These expenses incurred by Sunoco cover costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology, insurance and other corporate services. Such expenses are based on amounts negotiated between the parties, which approximate Sunoco's cost of providing such services.

Under an omnibus agreement with Sunoco, Inc. that the Partnership entered into at the closing of the Offering, Sunoco, Inc. is continuing to provide these services for three years for an annual administrative fee initially in the amount of $8.0 million, which may be increased in the second and third years following the Offering by the lesser of 2.5% or the consumer price index for the applicable year. These costs may also increase if the Partnership makes an acquisition or constructs additional assets that require an increase in the level of general and administrative services received by the Partnership from the general partner or Sunoco, Inc. The $8.0 million fee includes expenses incurred by Sunoco, Inc. and its affiliates to perform the centralized corporate functions described above. This fee does not include salaries of pipeline and terminal personnel or other employees of the general partner, including senior executives, or the cost of their employee benefits, such as 401(k), pension, and health insurance benefits. The Partnership is also reimbursing Sunoco, Inc. and its affiliates for these costs and other direct expenses incurred on the Partnership's behalf. In addition, the Partnership anticipates incurring additional general and administrative costs, including costs for tax return preparation, annual and quarterly reports to unitholders, investor relations, registrar and transfer agent fees, and other costs related to operating as a separate publicly held entity. The Partnership estimates that these incremental costs will be approximately $4.0 million (unaudited) per year, including incremental insurance costs.

The Partnership entered into a treasury services agreement with Sunoco, Inc. at the closing of the Offering pursuant to which it, among other things, participates in Sunoco, Inc.'s centralized cash management program. Under this program, all of the Partnership's cash receipts and cash disbursements are processed, together with those of Sunoco, Inc. and its other subsidiaries, through Sunoco, Inc.'s cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances are settled periodically, but no less frequently than at the end of each month. Amounts due from Sunoco earn interest at a rate equal to the average rate of the Partnership's third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate provided in the Partnership's revolving credit facility.

The Partnership entered into a license agreement at the closing of the Offering with Sunoco, Inc. and certain of its affiliates, including its general partner, Sunoco Partners LLC, pursuant to which the Partnership granted to Sunoco Partners LLC a license to the Partnership's intellectual property so that Sunoco Partners LLC can manage the Partnership's operations and create intellectual property using the Partnership's intellectual property. Sunoco Partners LLC will assign to the Partnership the new intellectual property it creates in operating the Partnership's business. Sunoco Partners LLC has also licensed to the Partnership certain of its own intellectual property for use in the conduct of the Partnership's business and the Partnership licensed to Sunoco Partners LLC certain of the Partnership's intellectual property for use in the conduct of its business. The license agreement also grants to the Partnership a license to use the trademarks, trade names, and service marks of Sunoco, Inc. in the conduct of the Partnership's business.

Costs of employees who work in the pipeline, terminalling, storage and crude oil gathering operations, including senior executives, are charged directly to the Predecessor and such charges include salary and employee benefit costs. Employee benefits include non-contributory defined benefit retirement plans, defined contribution 401(k) plans, employee and retiree medical, dental and life insurance plans, incentive compensation plans (i.e., cash and stock awards) and other such benefits. The Predecessor's share of allocated Sunoco employee benefit plan expenses was $13.3 million, $18.7 million and $19.6 million for the years ended December 31, 1999, 2000 and 2001, respectively. These expenses are reflected primarily in cost of products sold and operating expenses in the combined statements of income and net parent investment. In connection with the transfer of the Predecessor's operations to the Partnership, these employees, including senior executives, became employees of the Partnership's general partner or its affiliates, wholly owned subsidiaries of Sunoco, Inc. The Partnership has no employees.

Note Receivable from Affiliate

Effective October 1, 2000, the Predecessor loaned $20.0 million to Sunoco. The loan, which was evidenced by a note repaid on January 1, 2002, earned interest at a rate based on the short-term applicable federal rate established by the Internal Revenue Service. The interest rate on this note at December 31, 2001 was 5.41%.

Short-Term Borrowings due Affiliate

At December 31, 2000, the Predecessor had two short-term notes totaling $45.0 million due Sunoco, which were repaid during 2001. The notes bore interest at a rate based on the short-term applicable federal rate established by the Internal Revenue Service. The weighted-average interest rate related to these notes was 6.86% at December 31, 2000.

Long-term Debt due Affiliate

The Predecessor has the following notes payable to Sunoco (in thousands of dollars):

	December 31,	
	2000	2001
Variable-rate note due 2002 (5.12% at December 31, 2001)	$ 50,000	$ 50,000
Variable-rate note due 2002 (4.75% at December 31, 2001)	25,000	25,000
Variable-rate note due 2004 (4.75% at December 31, 2001)	25,000	25,000
Variable-rate note due 2005 (4.75% at December 31, 2001)	40,000	40,000
	140,000	140,000
Less: current portion	--	75,000
	$140,000	$ 65,000

The 5.12% note bears interest at a rate based on the short-term applicable federal rate established by the Internal Revenue Service, while the 4.75% notes bear interest based on the prime rate. This debt was not assumed by the Partnership.

Net Parent Investment

The net parent investment represents a net balance resulting from the settlement of intercompany transactions (including federal income taxes) between the Predecessor and Sunoco as well as Sunoco's ownership interest in the net assets of the Predecessor. It also reflects the Predecessor's participation in Sunoco's central cash management program, wherein all of the Predecessor's cash receipts are remitted to Sunoco and all cash disbursements are funded by Sunoco. There are no terms of settlement or interest charges attributable to this balance. The net parent investment excludes amounts loaned to/borrowed from Sunoco evidenced by interest-bearing notes.

3. Inventories

The components of inventories were as follows (in thousands of dollars):

	December 31,	
	2000	2001
Crude oil	$17,456	$19,367
Materials, supplies and other	1,227	1,239
	$18,683	$20,606

The current replacement cost of all crude oil inventory exceeded its carrying value by $34.4 million and $16.0 million at December 31, 2000 and 2001, respectively.

4. Income Taxes

The components of income tax expense are as follows (in thousands of dollars):

	1999	2000	2001
Income taxes currently payable:			
U.S. federal	$ 15,386	$ 10,965	$ 5,657
State	3,056	2,178	1,124
	18,442	13,143	6,781
Deferred taxes:			
U.S. federal	3,376	4,455	7,352
State	670	885	1,461
	4,046	5,340	8,813
	$ 22,488	$ 18,483	$ 15,594

The reconciliation of the income tax expense at the U.S. statutory rate to the income tax expense is as follows (in thousands of dollars):

	1999	2000	2001
Income tax expense at U.S. statutory rate of 35%	$ 20,953	$ 17,151	$ 14,826
Increase (reduction) in income taxes resulting from:			
State income taxes net of Federal income tax effects	2,422	1,991	1,680
Dividend exclusion for joint venture pipeline operation	(1,125)	(923)	(1,059)
Other	238	264	147
	$ 22,488	$ 18,483	$ 15,594

The effects of temporary differences that comprise the net deferred income tax liability are as follows (in thousands of dollars):

	December 31,	
	2000	2001
Deferred tax assets:		
Environmental remediation liabilities	$ 6,519	$ 6,742
Other liabilities not yet deductible	4,426	4,895
Other	3,426	2,390
	14,371	14,027
Deferred tax liabilities:		
Inventories	(1,836)	(2,930)
Properties, plants and equipment	(79,041)	(86,416)
	(80,877)	(89,346)
Net deferred income tax liability	$(66,506)	$(75,319)

Cash payments for income taxes (including amounts paid to Sunoco) amounted to $16.7 million, $11.9 million and $6.2 million in 1999, 2000 and 2001, respectively.

The net deferred income tax liability is classified in the combined balance sheets as follows (in thousands of dollars):

	December 31,	
	2000	2001
Current asset	$ 4,426	$ 2,821
Noncurrent liability	(70,932)	(78,140)
	$(66,506)	$(75,319)

5. Properties, Plants and Equipment

The components of net properties, plants and equipment were as follows (in thousands of dollars):

	Estimated Useful Lives	December 31, 2000	December 31, 2001
Land and land improvements (including rights of way)	20-60	$ 50,183	$ 52,033
Pipeline and related assets	38-60	425,093	461,425
Terminals and storage facilities	5-44	296,898	314,228
Other	5-48	61,542	70,473
Construction-in-progress	--	38,249	39,146
		871,965	937,305
Less: Accumulated depreciation and amortization		353,360	370,946
		$518,605	$566,359

6. Long-Term Debt

In connection with the acquisition of the crude oil transportation and marketing operations of Pride Companies, L.P. on October 1, 1999 (Note 10), the Predecessor assumed a $5.3 million note. The note is due in 2014 with interest payable at an annual rate of 8%. The note is secured by certain of the acquired assets. The amount of this note and the long-term debt due affiliate (Note 2) maturing in the years 2002 through 2006 is as follows (in thousands of dollars):

	Pride Note	Long-Term Debt Due Affiliate	Total
2002	$228	$75,000	$75,228
2003	$246	$ --	$ 246
2004	$269	$25,000	$25,269
2005	$289	$40,000	$40,289
2006	$313	$ --	$ 313

The long-term debt due affiliate was not assumed by the Partnership. In conjunction with the Offering, Sunoco Logistics Partners Operations L.P., the operating partnership of the Partnership, issued $250.0 million of ten-year senior notes and established a three-year $150.0 million revolving credit facility. The net proceeds of the senior notes were distributed to Sunoco, Inc. in connection with the contribution by Sunoco, Inc. of the Predecessor to the Partnership. The Partnership and the operating subsidiaries of Sunoco Logistics Partners Operations L.P. serve as guarantors of the ten-year senior notes and of any borrowings under the revolving credit facility.

Cash payments for interest related to the Pride note and amounts due affiliates were $7.3 million, $12.4 million and $13.7 million in 1999, 2000 and 2001, respectively.

7. Commitments and Contingent Liabilities

The Predecessor, as lessee, has noncancelable operating leases for land, office space and equipment. Total rental expense for 1999, 2000 and 2001 amounted to $3.6 million, $5.4 million and $3.7 million, respectively. The aggregate amount of future minimum annual rentals as of December 31, 2001 applicable to noncancelable operating leases is as follows (in thousands of dollars):

Year Ending December 31:	
2002	$1,744
2003	1,336
2004	841
2005	231
2006	3
Total	$4,155

The Partnership is subject to numerous federal, state and local laws which regulate the discharge of materials into the environment or that otherwise relate to the protection of the environment. These laws result in liabilities and loss contingencies for remediation at the Partnership's facilities and at third-party or formerly owned sites. The accrued liability for environmental remediation is classified in the combined balance sheets as follows (in thousands of dollars):

	December 31,	
	2000	2001
Accrued liabilities	$ 6,333	$ 8,363
Other deferred credits and liabilities	9,082	7,888
	$15,415	$16,251

The accrued liability for environmental remediation does not include any amounts attributable to unasserted claims, nor have any recoveries from insurance been assumed. It is expected that the amounts accrued will be paid over approximately ten years.

Pretax charges against income for environmental remediation totaled $3.9 million, $8.5 million and $6.2 million in the years ended December 31, 1999, 2000 and 2001, respectively.

Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites, the determination of the extent of the contamination at each site, the timing and nature of required remedial actions, the technology available and needed to meet the various existing legal requirements, the nature and extent of future environmental laws, inflation rates and the determination of the Partnership's liability at multi-party sites, if any, in light of uncertainties with respect to joint and several liability, and the number, participation levels and financial viability of other parties. As discussed below, the Partnership's future costs will also be impacted by an indemnification from Sunoco, Inc.

The Predecessor is a party to certain pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of them could be resolved unfavorably to the Predecessor. Management of the Partnership does not believe that any liabilities which may arise from such claims and the environmental matters discussed above would be material in relation to the financial position of the Predecessor at December 31, 2001. Furthermore, management of the Partnership does not believe that the overall costs for such matters will have a material impact, over an extended period of time, on the Partnership's operations, cash flows or liquidity.

Under the omnibus agreement entered into at the closing of the Offering, Sunoco R&M is reimbursing Sunoco Logistics Partners L.P. for operating expenses and capital expenditures in excess of $8.0 million per year (up to an aggregate maximum of $15.0 million over a five-year period) incurred to comply with the U.S. Department of Transportation's pipeline integrity management rule. In addition, Sunoco R&M is, at its expense, completing for Sunoco Logistics Partners L.P.'s Darby Creek Tank Farm certain tank maintenance and inspection projects expected to be completed within one year from the closing of the Offering. Sunoco R&M is also reimbursing Sunoco Logistics Partners L.P. for up to $10.0 million of expenditures required at the Darby Creek and Marcus Hook Tank Farms to maintain compliance with existing industry standards and regulatory requirements. The Partnership is reflecting outlays for these programs as operating expenses or capital expenditures, as appropriate. Capital expenditures are being depreciated over their useful lives. Reimbursements by Sunoco R&M are being reflected as capital contributions.

Sunoco, Inc. has indemnified Sunoco Logistics Partners L.P. for 30 years from environmental and toxic tort liabilities related to the assets contributed to the Partnership that arise from the operation of such assets prior to the closing of the Offering. Sunoco, Inc. has indemnified the Partnership for 100% of all losses asserted within the first 21 years of closing. Sunoco, Inc.'s share of liability for claims asserted thereafter will decrease by 10% a year. For example, for a claim asserted during the twenty-third year after closing, Sunoco, Inc. would be required to indemnify the Partnership for 80% of its loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco, Inc. Sunoco Logistics Partners L.P. has agreed to indemnify Sunoco, Inc. and its affiliates for events and conditions associated with the operation of the Partnership's assets that occur on or after the closing of the Offering and for environmental and toxic tort liabilities to the extent Sunoco, Inc. is not required to indemnify the Partnership.

Sunoco, Inc. also has indemnified Sunoco Logistics Partners L.P. for liabilities, other than environmental and toxic tort liabilities related to the assets contributed to the Partnership, that arise out of Sunoco, Inc. and its affiliates' ownership and operation of the assets prior to the closing of the Offering and that are asserted within 10 years after closing. In addition, Sunoco, Inc. has indemnified the Partnership from liabilities relating to certain defects in title to the assets contributed to the Partnership and associated with failure to obtain certain consents and permits necessary to conduct its business that arise within 10 years after closing as well as from liabilities relating to legal actions currently pending against Sunoco, Inc. or its affiliates and events and conditions associated with any assets retained by Sunoco, Inc. or its affiliates.

8. Investment in Explorer Pipeline Company

The following table provides summarized financial information on a 100% basis for Explorer Pipeline Company (in thousands of dollars):

	1999	2000	2001
Income Statement Data:			
Total revenues	$150,776	$146,719	$178,082
Income before income taxes	$ 78,886	$ 61,655	$ 80,047
Net income	$ 50,170	$ 38,859	$ 50,610
Balance Sheet Data (as of year end):			
Current assets	$ 27,601	$ 35,012	$ 44,075
Non-current assets	$132,010	$129,935	$132,327
Current liabilities	$ 17,328	$ 24,320	$ 20,976
Non-current liabilities	$140,573	$139,953	$149,407
Net equity	$ 1,710	$ 674	$ 6,019

9. Financial Instruments and Concentration of Credit Risk

The Predecessor's current assets (other than inventories and deferred income taxes) and current liabilities are financial instruments. The estimated fair value of these financial instruments approximates their carrying amounts. The estimated fair values of the long-term debt (primarily amounts due affiliate) at December 31, 2000 and 2001 were $146.6 million and $71.7 million, respectively, compared to the carrying amounts of $144.8 million and $69.6 million, respectively. The estimated fair value of the $20.0 million note receivable from affiliate was $19.9 million at December 31, 2000. The estimated fair values were based upon the current interest rates at the balance sheet dates for similar issues.

Approximately 66% of the sales and other operating revenue recognized by the Predecessor during 2001 is derived from Sunoco R&M. The Partnership sells crude oil to Sunoco R&M, transports crude oil and refined products to/from Sunoco R&M's refineries and provides terminalling and storage services for Sunoco R&M. The Partnership does not believe that the transactions with Sunoco R&M expose it to significant credit risk.

The Partnership's other trade relationships are primarily with major integrated oil companies, independent oil companies and other pipelines and wholesalers. These concentrations of customers may affect the Partnership's overall credit risk in that the customers (including Sunoco R&M) may be similarly affected by changes in economic, regulatory or other factors. The Partnership's customers' credit positions are analyzed prior to extending credit. The Partnership manages its exposure to credit risk through credit analysis, credit approvals, credit limits and monitoring procedures, and for certain transactions may utilize letters of credit, prepayments and guarantees.

10. Acquisition of Pride Companies, L.P. Crude Oil Transportation and Marketing Operations

On October 1, 1999, the Predecessor acquired the crude oil transportation and marketing operations of Pride Companies, L.P. ("Pride") for $29.6 million in cash and the assumption of $5.3 million of debt. The acquisition included Pride's 800-mile crude oil pipeline system, 800,000 barrels of tankage and related assets, and the right to purchase 35,000 barrels per day of third-party lease crude oil.

The acquisition has been accounted for as a purchase. The results of operations have been included in the combined statements of income and net parent investment since the date of acquisition. The purchase price has been allocated to the assets acquired and liabilities assumed based on their relative fair

market values at the acquisition date. The following is a summary of the effects of this transaction on the Predecessor's financial position as of the acquisition date (in thousands of dollars):

Allocation of purchase price:	
Inventories	$ 10,246
Properties, plants and equipment	25,486
Deferred charges and other assets	1,839
Accrued liabilities	(822)
Long-term debt (including current portion)	(5,334)
Deferred income taxes	(1,839)
Cash paid on acquisition date	$ 29,576

The unaudited pro forma net income for the year ended December 31, 1999, assuming the acquisition had occurred on January 1, 1999, was $34.8 million. The pro forma information does not purport to be indicative of the results that actually would have been obtained if the combined operations had been conducted during the periods presented and is not intended to be a projection of future results.

11. Business Segment Information

The Predecessor is comprised of a substantial portion of the logistics operations of Sunoco, Inc. The Predecessor operates in three principal business segments: Eastern Pipeline System, Terminal Facilities and Western Pipeline System. A detailed description of each of these segments is contained in Note 1.

Segment Information (in thousands)

	Year Ended December 31, 1999			
	Eastern Pipeline System	Terminal Facilities	Western Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 70,177	$ 38,329/1/	$ 655,627	$ 764,133
Unaffiliated customers	$ 19,472	$ 29,166	$ 161,431	$ 210,069
Operating income	$ 38,501/2/	$ 16,767	$ 11,085	$ 66,353
Net interest expense				(6,487)
Income tax expense				(22,488)
Net income				$ 37,378
Depreciation and amortization	$ 7,929	$ 8,457	$ 3,525	$ 19,911
Capital expenditures	$ 20,697	$ 16,858	$ 9,403/3/	$ 46,958
Identifiable assets	$ 256,842	$ 151,497	$ 301,680	$ 712,149/4/

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/1/ Substantially all of these revenues reflect transfer prices which are equal to the costs incurred for these activities. Includes $450 thousand reimbursement of costs incurred for environmental remediation and other unusual items.

/2/ Includes equity income of $4,591 thousand attributable to the Predecessor's ownership interest in the Explorer Pipeline Company corporate joint venture.

/3/ Excludes $34,910 thousand acquisition of the crude oil transportation and marketing operations of Pride Companies, L.P.

/4/ Identifiable assets include the Predecessor's unallocated $2,130 thousand deferred income tax asset.

Segment Information (in thousands)

	Year Ended December 31, 2000			
	Eastern Pipeline System	Terminal Facilities	Western Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 69,027	$ 44,356/1/	$ 1,187,696	$ 1,301,079
Unaffiliated customers	$ 19,323	$ 31,042	$ 457,167	$ 507,532
Operating income	$ 31,064/2/	$ 17,156	$ 11,087	$ 59,307
Net interest expense				(10,304)
Income tax expense				(18,483)
Net income				$ 30,520
Depreciation and amortization	$ 8,272	$ 8,616	$ 3,766	$ 20,654
Capital expenditures	$ 21,894	$ 28,488	$ 7,539	$ 57,921
Identifiable assets	$ 286,319	$ 175,376	$ 379,835	$ 845,956/3/

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/1/ Substantially all of these revenues reflect transfer prices which are equal to the costs incurred for these activities. Includes $5,671 thousand reimbursement of costs incurred for environmental remediation and other unusual items.

/2/ Includes equity income of $3,766 thousand attributable to the Predecessor's ownership interest in the Explorer Pipeline Company corporate joint venture.

/3/ Identifiable assets include the Predecessor's unallocated $4,426 thousand deferred income tax asset.

Segment Information (in thousands)

	Year Ended December 31, 2001			
	Eastern Pipeline System	Terminal Facilities	Western Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 69,631	$ 43,628/1/	$ 953,923	$ 1,067,182
Unaffiliated customers	$ 21,059	$ 30,273	$ 494,490	$ 545,822
Operating income	$ 29,893/2/	$ 16,076	$ 7,372	$ 53,341
Net interest expense				(10,980)
Income tax expense				(15,594)
Net income				$ 26,767
Depreciation and amortization	$ 9,778	$ 11,094	$ 4,453	$ 25,325
Capital expenditures	$ 28,618	$ 25,203	$ 18,862	$ 72,683
Identifiable assets	$ 303,685	$ 189,378	$ 293,317	$ 789,201/3/

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/1/ Substantially all of these revenues reflect transfer prices which are equal to the costs incurred for these activities. Includes $3,008 thousand reimbursement of costs incurred for environmental remediation and other unusual items.

/2/ Includes equity income of $4,323 thousand attributable to the Predecessor's ownership interest in the Explorer Pipeline Company corporate joint venture.

/3/ Identifiable assets include the Predecessor's unallocated $2,821 thousand deferred income tax asset.

The following table sets forth the Predecessor's total sales and other operating revenue by product or service (in thousands of dollars):

	Year Ended December 31,		
	1999	2000	2001
Affiliates:			
Crude oil	$ 651,805	$1,178,004	$ 944,400
Pipeline	73,999	78,719	79,154
Terminalling and other	38,329	44,356	43,628
	$ 764,133	$1,301,079	$1,067,182
Unaffiliated Customers:			
Crude oil	$ 155,997	$ 452,650	$ 491,238
Pipeline	24,906	23,840	24,311
Terminalling and other	29,166	31,042	30,273
	$ 210,069	$ 507,532	$ 545,822

12. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data is as follows (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Sales and other operating revenue:				
Affiliates	$304,945	$315,382	$344,558	$336,194
Unaffiliated customers	$104,458	$128,888	$131,129	$143,057
Gross margin/1/	$ 15,829	$ 26,502	$ 24,409	$ 21,676
Operating income	$ 9,549	$ 18,740	$ 16,512	$ 14,506
Net income	$ 4,922	$ 10,426	$ 8,402	$ 6,770
2001				
Sales and other operating revenue:				
Affiliates	$290,538	$310,220	$236,366	$230,058
Unaffiliated customers	$123,866	$133,395	$156,126	$132,435
Gross margin/1/	$ 20,763	$ 26,327	$ 21,358	$ 16,075
Operating income	$ 13,637	$ 18,028	$ 14,044	$ 7,632
Net income	$ 6,989	$ 9,068	$ 7,228	$ 3,482

/1/ Gross margin equals sales and other operating revenue less cost of products sold and operating expenses and depreciation and amortization.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Sunoco Partners LLC, as our general partner, manages our operations and activities on our behalf. Our general partner is not elected by our unitholders and is not subject to re-election on a regular basis in the future. Unitholders do not directly or indirectly participate in our management or operation. Our general partner owes a fiduciary duty to our unitholders. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it.

At least two members of the board of directors of our general partner will serve on a conflicts committee to review specific matters that the board believes may involve conflicts of interest. The conflicts committee will determine if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence and experience standards to serve on an audit committee of a board of directors established by the New York Stock Exchange. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties it may owe us or our unitholders. In addition, the members of the conflicts committee will also serve on an audit committee that will review our external financial reporting, recommend engagement of our independent auditors, and review procedures for internal auditing and the adequacy of our internal accounting controls. The board of directors of our general partner will oversee compensation decisions for the officers of our general partner as well as the compensation plans described below.

In compliance with the rules of the New York Stock Exchange, the members of the board of directors named below will appoint two independent members within three months of the listing of the common units on the New York Stock Exchange and one additional independent member within 12 months of that listing. The three newly appointed members will serve as the initial members of the audit committee.

We are managed and operated by the directors and officers of Sunoco Partners LLC, our general partner. Most of our operational personnel are employees of our general partner.

The officers of Sunoco Partners LLC, other than Paul A. Mulholland, our Treasurer, and Joseph P. Krott who is acting as our Comptroller on an interim basis, spend substantially all of their time managing our business and affairs. Our non-executive directors are devoting as much time as is necessary to prepare for and attend board of directors and committee meetings.

Directors and Executive Officers of Sunoco Partners LLC (Our General Partner)

The following table shows information for the directors and executive officers of Sunoco Partners LLC, our general partner. Executive officers and directors are elected for one-year terms.

Name	Age	Position with the General Partner
John G. Drosdick	58	Chairman and Director
Deborah M. Fretz	53	President, Chief Executive Officer and Director
Thomas W. Hofmann	50	Director
Paul S. Broker	41	Vice President, Western Operations
James L. Fidler	54	Vice President, Business Development
David A. Justin	50	Vice President, Eastern Operations
Joseph P. Krott	38	Comptroller
Paul A. Mulholland	49	Treasurer
Colin A. Oerton	38	Vice President and Chief Financial Officer
Jeffrey W. Wagner	45	General Counsel and Secretary

Mr. Drosdick was elected Chairman of our Board of Directors in October 2001. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Sunoco, Inc. since May 2000. Prior to that, he was a director, President and Chief Operating Officer of Sunoco, Inc. from December 1996 to May 2000. He was President and Chief Operating Officer of Ultramar Corporation from June 1992 to August 1996. Mr. Drosdick is also a director of Hercules Incorporated and Lincoln National Corp.

Ms. Fretz was elected our President, Chief Executive Officer and a director in October 2001. Prior to assuming her positions with us, she was Senior Vice President, MidContinent Refining, Marketing and Logistics of Sunoco, Inc. from November 2000. Prior to that, she was Senior Vice President, Logistics of Sunoco, Inc. from August 1994 to November 2000 and also held the position of Senior Vice President, Lubricants of Sunoco, Inc. from January 1997 to November 2000. In addition, she has been President of Sun Pipe Line Company, a subsidiary of Sunoco, Inc., since October 1991. Ms. Fretz is also a director of GATX Corporation and Cooper Tire & Rubber Company.

Mr. Hofmann was elected to our Board of Directors in October 2001. He has been Senior Vice President and Chief Financial Officer of Sunoco, Inc. since January 2002. Prior to that, he was Vice President and Chief Financial Officer of Sunoco, Inc. from July 1998 to January 2002. He was Comptroller of Sunoco, Inc. from July 1995 to July 1998.

Mr. Broker was elected Vice President, Western Operations in November 2001. Prior to that, he had been Manager, Western Area Operations for Sun Pipe Line Company since September 2000. Mr. Broker served as an Area Superintendent of Eastern Area Operations for Sun Pipe Line Company from March 1997 through September 2000. From 1994 through March 1997, Mr. Broker was Manager of Operations Engineering, Eastern Area Operations.

Mr. Fidler was elected Vice President, Business Development in November 2001. Mr. Fidler had been Vice President/General Manager of Sunoco Distribution Operations for the Sunoco Logistics and Lubricants business units of Sunoco, Inc. since 1995.

Mr. Justin was elected Vice President, Eastern Operations in November 2001. From September 2000 to November 2001, Mr. Justin served as Manager, Eastern Area Operations for Sun Pipe Line Company. Prior to that, he had been Manager, Western Area Operations for Sun Pipe Line Company from 1998 through September 2000. Mr. Justin was Manager, Capital Projects/Engineering and Construction for Sun Pipe Line Company from 1996 through 1998.

Mr. Krott was elected our Comptroller in October 2001. He has been Comptroller of Sunoco, Inc. since July 1998. Prior to that, from September 1997 to July 1998, he served as Director, Compensation, Benefits & HR Systems at Sunoco, Inc. and from July 1996 to September 1997 as Manager, Compensation & HR Systems of Sunoco, Inc.

Mr. Mulholland was elected our Treasurer in January 2002. He has been Treasurer of Sunoco, Inc. since March 2000. Prior to that, from August 1997 through February 2000, he was Director, Corporate Finance for Sunoco, Inc. Previously he served as Manager of Finance, Mergers and Acquisitions for Sunoco, Inc. from August 1993 through July 1997.

Mr. Oerton was elected Vice President and Chief Financial Officer in January 2002. Prior to that, from August 1996 to October 2001, he was Senior Vice President--Natural Resources Group for Lehman Brothers Holdings, Inc.

Mr. Wagner was elected General Counsel and Secretary in November 2001. Prior to assuming his positions with us, Mr. Wagner had been Chief Counsel for Sun Pipe Line Company from 1990 to 2001.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and persons who beneficially own more than 10 percent of our units to file certain reports with the Securities and Exchange Commission and the New York Stock Exchange concerning their beneficial ownership of our equity securities. The Securities and Exchange Commission regulations also require that a copy of all such Section 16 (a) forms must be furnished to us by the directors, executive officers and greater than 10 percent unitholders. Since we did not complete our initial public offering until February 2002, no Section 16(a) forms or amendments were required to be filed for the period ended December 31, 2001.

ITEM 11. EXECUTIVE COMPENSATION

Sunoco Logistics Partners L.P. and Sunoco Partners LLC, the general partner, were formed on October 15, 2001, but the general partner paid no compensation to its directors and officers with respect to the 2001 fiscal year. We have not accrued any obligations with respect to management incentive or retirement benefits for the directors and officers during 2001. Officers and employees of the general partner may participate in employee benefit plans and arrangements sponsored by the general partner or its affiliates, including plans that may be established by the general partner or its affiliates in the future.

Compensation of Directors

Directors who are employees of Sunoco Partners LLC or its affiliates receive no additional compensation for service on our general partner's board of directors or any committees of the board. Non-employee directors will receive an annual retainer of $15,000 in cash, to be paid quarterly, and a number of restricted units to be paid quarterly under the Sunoco Partners LLC Long-Term Incentive Plan, having an aggregate fair market value equal to $15,000 on an annual basis (the fair market value of each such quarterly payment of restricted units being calculated as of the date of such payment). Chairpersons of any standing committee of the board will receive an annual committee chair retainer of $1,500 in cash. Non-employee directors will receive $1,500 in cash for each board meeting attended, and $1,000 in cash for each committee meeting attended. In addition, each non-employee director will be reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director will be fully indemnified by us for actions associated with being a director to the extent permitted under Delaware law.

Long-Term Incentive Plan

The general partner has adopted the Sunoco Partners LLC Long-Term Incentive Plan for employees and directors of the general partner and employees of its affiliates who perform services for us. The long-term incentive plan consists of two components: restricted units and unit options. The long-term incentive plan currently permits the grant of awards covering an aggregate of 1,250,000 units. The general partner's board of directors administers the plan.

The general partner's board of directors in its discretion may terminate or amend the long-term incentive plan at any time with respect to any units for which a grant has not yet been made. The general partner's board of directors also has the right to alter or amend the long-term incentive plan or any part of the plan from time to time, including increasing the number of units that may be granted subject to unitholder approval as required by the exchange upon which the common units are listed at that time. However, no change in any outstanding grant may be made that would materially impair the rights of the participant without the consent of the participant.

Restricted Units

A restricted unit is a "phantom" unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit or, in the discretion of the general partner's board of directors, cash equivalent to the value of a common unit. We expect to make an initial grant of an aggregate of approximately 125,000 restricted units to employees and directors of the general partner and employees of its affiliates who perform services for us. In the future, the board may determine to make additional grants under the plan to employees and directors containing such terms as the board shall determine under the plan. The general partner's board of directors will determine the period over which restricted units granted to employees and directors will vest. The board may base its determination upon the achievement of specified financial objectives. In addition, the restricted units will vest upon a change of control of Sunoco Logistics Partners L.P., the general partner, or Sunoco, Inc.

If a grantee's employment or membership on the board of directors terminates for any reason, the grantee's restricted units will be automatically forfeited unless, and to the extent, the general partner's board of directors provides otherwise. Common units to be delivered upon the vesting of restricted units may be common units acquired by the general partner in the open market, common units already owned by the general partner, common units acquired by the general partner directly from us or any other person or any combination of the foregoing. The general partner will be entitled to reimbursement by us for the

cost incurred in acquiring common units. If we issue new common units upon vesting of the restricted units, the total number of common units outstanding will increase. The general partner's board of directors , in its discretion, may grant tandem distribution equivalent rights with respect to restricted units.

We intend the issuance of the common units upon vesting of the restricted units under the plan to serve as a means of incentive compensation for performance and not primarily as an opportunity to participate in the equity appreciation of the common units. Therefore, plan participants will not pay any consideration for the common units they receive, and we will receive no remuneration for the units.

Unit Options

The long-term incentive plan currently permits the grant of options covering common units. In the future, the general partner's board of directors may determine to make grants under the plan to employees and directors containing such terms as the board of directors shall determine. Unit options will have an exercise price that may not be less than the fair market value of the units on the date of grant. In general, unit options granted will become exercisable over a period determined by the general partner's board of directors. In addition, the unit options will become exercisable upon a change in control of Sunoco Logistics Partners L.P., the general partner, or Sunoco, Inc. or upon the achievement of specified financial objectives.

Upon exercise of a unit option, the general partner will acquire common units in the open market or directly from any other person or us or use common units already owned by the general partner, or any combination of the foregoing. The general partner will be entitled to reimbursement by us for the difference between the cost incurred by the general partner in acquiring these common units and the proceeds received by the general partner from an optionee at the time of exercise. Thus, the cost of the unit options will be borne by us. If we issue new common units upon exercise of the unit options, the total number of common units outstanding will increase, and the general partner will pay us the proceeds it received from the optionee upon exercise of the unit option. The unit option plan has been designed to furnish additional compensation to employees and directors and to align their economic interests with those of common unitholders.

Management Incentive Plan

The general partner has adopted the Sunoco Partners LLC Annual Incentive Compensation Plan. The management incentive plan is designed to enhance the performance of the general partner's key employees by rewarding them with cash awards for achieving annual financial and operational performance objectives. The general partner's board of directors in its discretion may determine individual participants and payments, if any, for each fiscal year. The board of directors of the general partner may amend or change the management incentive plan at any time. We will reimburse the general partner for payments and costs incurred under the plan.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of units of Sunoco Logistics Partners L.P. held by beneficial owners of 5% or more of the units, by directors of Sunoco Partners LLC (our general partner), by each named executive officer and by all directors and officers of Sunoco Partners LLC as a group as of February 28, 2002. Sunoco Partners LLC is owned by Sun Pipe Line Company of Delaware, Sunoco Texas Pipe Line Company, Sunoco R&M, Atlantic Petroleum Corporation, and Atlantic Refining & Marketing Corp., each of which is a direct or indirect wholly owned subsidiary of Sunoco, Inc.

Name of Beneficial Owner /1/	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned	Subordinated Units Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Percentage of Total Units Beneficially Owned
Sunoco Partners LLC /2/	5,633,639	49.5%	11,383,639	100.0%	74.7%
John G. Drosdick	20,000	*	0	0	*
Deborah M. Fretz	1,600	*	0	0	*
Thomas W. Hofmann	2,500	*	0	0	*
Paul S. Broker	500	*	0	0	*
James L. Fidler	1,600	*	0	0	*
David A. Justin	1,000	*	0	0	*
Joseph P. Krott	2,000	*	0	0	*
Paul A. Mulholland	2,000	*	0	0	*
Colin A. Oerton	5,000	*	0	0	*
Jeffrey W. Wagner	1,000	*	0	0	*
All directors and executive officers as a group (10 persons)	37,200	*	0	0	*

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* Less than 0.5%.

/1/ The address of each person named herein is 1801 Market Street, Philadelphia, PA 19103

/2/ Sunoco, Inc. is the ultimate parent company of Sunoco Partners LLC and may, therefore, be deemed to beneficially own the units that are held by Sunoco Partners LLC.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The general partner owns 5,633,639 common units and 11,383,639 subordinated units, representing a 73.2% limited partner interest in us. In addition, the general partner also owns a 2% general partner interest in us. The general partner's ability, as general partner, to manage and operate us, and its ownership of a 73.2% limited partner interest in us effectively gives the general partner the ability to veto some actions of Sunoco Logistics Partners L.P. and to control the management of Sunoco Logistics Partners L.P.

Distribution and Payments to the General Partner and Its Affiliates

The following table summarizes the distribution and payments made and to be made by us to our general partner and its affiliates in connection with our formation, ongoing operation, and liquidation. These distributions and payments were made among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Formation Stage	
The consideration received by our general partner and its affiliates for the contribution of the assets and liabilities Sunoco Logistics (Predecessor).....	. 5,633,639 common units; . 11,383,639 subordinated units; . 2% general partner interest in Sunoco Logistics Partners L.P.; . the incentive distribution rights; and . approximately $245.3 million from the proceeds of the issuance of the senior notes.
Operational Stage	
Distributions of available cash to our general partner.....	We will generally make cash distributions 98% to the unitholders, including our general partner, as holder of an aggregate of 5,633,639 common units and all of the subordinated units, and 2% to the general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target levels, our general partner will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target level. Assuming we have sufficient available cash to pay the full minimum quarterly distribution on all of our outstanding units for four quarters, our general partner would receive an annual distribution of approximately $0.8 million on its 2% general partner interest and $30.6 million on its common units and subordinated units.
Payments to our general partner and its affiliates.....	We will pay Sunoco, Inc. or its affiliates an administrative fee, initially $8.0 million per year, for the provision of various general and administrative services for our benefit. In addition, the general partner will be entitled to reimbursement for all expenses it incurs, on our behalf, including other general and administrative expenses. These reimbursable expenses include the salaries and the cost of employee benefits of employees of the general partner who provide services to us, as provided in the Omnibus Agreement. Our general partner has sole discretion in determining the amount of these expenses.
Withdrawal or removal of our general partner.....	If our general partner withdraws or is removed, its general partner interest and its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests as provided in the Partnership Agreement.
Liquidation Stage	
Liquidation.....	Upon our liquidation, the partners,

including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Other Agreements

We have entered into various agreements with Sunoco, Inc., Sunoco R&M and our general partner. Those agreements did not result from arm's-length negotiations and they, or any of the transactions they provide for, may be effected on terms at least as favorable to the parties to those agreements as they could have obtained from unaffiliated third parties.

Omnibus Agreement

Upon the closing of our initial public offering, we entered into an omnibus agreement with Sunoco, Inc., Sunoco R&M, and our general partner that addresses the following matters:

- Sunoco R&M's obligation to reimburse us for specified operating expenses and capital expenditures or otherwise to complete certain tank maintenance and inspection projects;

- our obligation to pay our general partner or Sunoco, Inc. an annual administrative fee, initially in the amount of $8.0 million, for the provision by Sunoco, Inc. of certain general and administrative services;

- Sunoco, Inc.'s and its affiliates' agreement not to compete with us under certain circumstances;

- our agreement to undertake to develop and construct or acquire an asset if requested by Sunoco, Inc.;

- an indemnity by Sunoco, Inc. for certain environmental, toxic tort and other liabilities;

- our obligation to indemnify Sunoco, Inc. and its affiliates for events and conditions associated with the operation of our assets that occur on or after the closing of the initial public offering and for environmental and toxic tort liabilities related to our assets to the extent Sunoco, Inc. is not required to indemnify us; and

- our option to purchase certain pipeline, terminalling, and storage assets retained by Sunoco, Inc. or its affiliates.

Reimbursement of Expenses and Completion of Certain Projects by Sunoco, Inc.

The omnibus agreement requires Sunoco R&M to:

- reimburse us for any operating expenses and capital expenditures in excess of $8.0 million per year in each year from 2002 to 2006 that are made to comply with the DOT's pipeline integrity management rule, subject to a maximum aggregate reimbursement of $15.0 million over this five-year period;

- complete, at its expense, certain tank maintenance and inspection projects currently in progress or expected to be completed at the Darby Creek Tank Farm within one year; and

- reimburse us for up to $10.0 million of expenditures required at the Marcus Hook Tank Farm and the Darby Creek Tank Farm to maintain compliance with existing industry standards and regulatory requirements, including:

  - cathodic protection upgrades at these facilities;

  - raising tank farm pipelines above ground level at these facilities; and

  - repairing or demolishing two riveted tanks at the Marcus Hook Tank Farm.

We are reflecting outlays for these programs as operating expenses or capital expenditures, as appropriate. Capital expenditures are depreciated over their useful lives. Reimbursements by Sunoco R&M are reflected as capital contributions.

Payment of General and Administrative Services Fee

In addition, under the omnibus agreement we are paying Sunoco, Inc. or our general partner an annual administrative fee, initially in the amount of $8.0 million, for the provision of various general and administrative services for our benefit. The contract provides that this amount may be increased in the second and third years following the initial public offering by the lesser of 2.5% or the consumer price index for the applicable year. Our general partner, with the approval and consent of its conflict committee, will also have the right to agree to further increases in connection with expansions of our operations through the acquisition or construction of new assets or businesses. After this three-year period, our general partner will determine the general and administrative expenses that will be allocated to us. Please read "Management's Discussion and Analysis of Financial Conditions and Results of Operations--Risks Inherent our Business."

The $8.0 million fee includes expenses incurred by Sunoco, Inc. and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. The fee does not include salaries of pipeline and terminal personnel or other employees of our general partner, including senior executives, or the cost of their employee benefits, such as 401(k), pension, and health insurance benefits. We are also reimbursing Sunoco, Inc. and its affiliates for direct expenses they incur on our behalf. In addition, we anticipate incurring approximately $4.0 million of additional general and administrative costs, including costs relating to operating as a separate publicly held entity, such as costs for tax return preparation, annual and quarterly reports to unitholders, and investor relations and registrar and transfer agent fees, as well as incremental insurance costs.

Development or Acquisition of an Asset By Us

The omnibus agreement also contains a provision pursuant to which Sunoco, Inc. may at any time propose to us that we undertake a project to develop and construct or acquire an asset. If our general partner determines in its good faith judgment, with the concurrence of its conflicts committee, that the project, including the terms on which Sunoco, Inc. would agree to use such asset, will be beneficial on the whole to us and that proceeding with the project will not effectively preclude us from undertaking another project that will be more beneficial to us, we will be required to use commercially reasonable efforts to finance, develop, and construct or acquire the asset.
Noncompetition

Sunoco, Inc. and its affiliates have agreed, for so long as Sunoco, Inc. controls the general partner, not to engage in, whether by acquisition or otherwise, the business of purchasing crude oil at the wellhead or operating crude oil pipelines or terminals, refined products pipelines or terminals, or LPG terminals in the continental United States. This restriction does not apply to:

- any business operated by Sunoco, Inc. or any of its subsidiaries at the closing of our initial public offering;
- any logistics asset constructed by Sunoco, Inc. or any of its subsidiaries within a manufacturing or refining facility in connection with the operation of that facility;
- any business that Sunoco, Inc. or any of its subsidiaries acquires or constructs that has a fair market value of less than $5.0 million; and
- any business that Sunoco, Inc. or any of its subsidiaries acquires or constructs that has a fair market value of $5.0 million or more if we have been offered the opportunity to purchase the business for fair market value not later than six months after completion of such acquisition or construction, and we decline to do so with the concurrence of our conflicts committee.

In addition, the limitations on the ability of Sunoco, Inc. and its affiliates to compete with us will terminate upon a change of control of Sunoco, Inc.

Options to Purchase Assets Retained by Sunoco, Inc.

The omnibus agreement also contains the terms under which we have the options to purchase Sunoco, Inc.'s interests in Mid-Valley Pipeline Company, West Texas Gulf Pipeline Company, Mesa Pipeline and Inland Corporation, as well as the Icedale pipeline.

Indemnification

Under the omnibus agreement, Sunoco, Inc. has agreed to indemnify us for 30 years after the closing of our initial public offering against certain environmental and toxic tort liabilities associated with the operation of the assets and occurring before the closing date of our initial public offering. This indemnity obligation will be reduced by 10% per year beginning with the 22nd year after the closing of our initial public offering. We have agreed to indemnify Sunoco, Inc. and its affiliates for events and conditions associated with the operation of our assets that occur on or after the closing of our initial public offering and for environmental and toxic tort liabilities related to our assets to the extent Sunoco, Inc. is not required to indemnify us.

Sunoco, Inc. has also agreed to indemnify us for liabilities relating to:

- the assets contributed to us, other than environmental and toxic tort liabilities, that arise out of the operation of the assets prior to the closing of our initial public offering and that are asserted within ten years after the closing of our initial public offering;

- certain defects in title to the assets contributed to us and failure to obtain certain consents and permits necessary to conduct our business that arise within ten years after the closing of our initial public offering;

- legal actions currently pending against Sunoco, Inc. or its affiliates; and

- events and conditions associated with any assets retained by Sunoco, Inc. or its affiliates.

Pipelines and Terminals Storage and Throughput Agreement

Concurrently with the closing of our initial public offering, we entered into a pipelines and terminals storage and throughput agreement with Sunoco R&M. Under that agreement, Sunoco R&M has agreed to pay us fees generally comparable to those charged by third parties to:

- transport on our refined product pipelines or throughput in our 32 inland refined product terminals an amount of refined products that will produce at least $75.0 million of revenue in the first year, escalating at 1.67% per year for the next four years. In addition, Sunoco R&M will pay us to transport on our refined product pipelines an amount of refined products that will produce at least $54.3 million of revenue in the sixth year and at least $55.2 million of revenue in the seventh year. Sunoco R&M will pay the published tariffs on the pipelines and contractually agreed fees at the terminals;

- receive and deliver at least 130,000 bpd of refined products per year at our Marcus Hook Tank Farm for five years. In the first year, we will receive a fee of $0.1627 per barrel for the first 130,000 bpd and $0.0813 per barrel for volumes in excess of 130,000 bpd. These fees will escalate at the rate of 1.67% per year;

- store 975,734 barrels of LPG per year at our Inkster Terminal, which represents all of our LPG storage capacity at this facility. In the first year of this seven-year agreement, we will receive a fee of $2.04 per barrel of committed storage, a fee of $0.204 per barrel for receipts greater than 975,734 barrels per year and a fee of $0.204 per barrel for deliveries greater than 975,734 barrels per year. These fees will escalate at the rate of 1.875% per year;

- receive and deliver at least 290,000 bpd of crude oil or refined products per year at our Fort Mifflin Terminal Complex for seven years. In the first year, we will receive a fee of $0.1627 per barrel for the first 180,000 bpd and $0.0813 per barrel for volumes in excess of 180,000 bpd. These fees will escalate at the rate of 1.67% per year; and

- transport or cause to be transported an aggregate of at least 140,000 bpd of crude oil per year on our Marysville to Toledo, Nederland to Longview, Cushing to Tulsa, Barnsdall to Tulsa, and Bad Creek to Tulsa crude oil pipelines at the published tariffs for a term of seven years..

If Sunoco R&M fails to meet its minimum obligations pursuant to the contract terms set forth above, it will be required to pay us in cash the amount of any shortfall, which may be applied as a credit in the following year after Sunoco R&M's minimum obligations are met.

Sunoco R&M's obligations under this agreement may be permanently reduced or suspended if:

- Sunoco R&M (1) shuts down or reconfigures one of its refineries (other than planned maintenance turnarounds) and (2) reasonably believes in good faith that such event will jeopardize its ability to satisfy its minimum revenue or throughput obligations. Sunoco R&M will be required to give at least six months' advance notice of any shut down or reconfiguration. Sunoco R&M will propose new minimum obligations that proportionally reduce the affected obligations. If we do not agree with this reduction, any change in Sunoco R&M's obligations will be determined by binding arbitration; or

- Sunoco R&M (1) is prohibited from using MTBE in the gasoline it produces and (2) reasonably believes in good faith that such event will jeopardize its ability to satisfy its minimum revenue or throughput obligations. Sunoco R&M will be required to give at least 90 days advance notice of any planned prohibition on using MTBE in the gasoline it produces. Sunoco R&M will propose new minimum obligations that proportionally reduce its affected obligations. If we do not agree with this reduction, any change in Sunoco R&M's obligations will be determined by binding arbitration.

Furthermore, if new laws or regulations are enacted that require us to make substantial and unanticipated capital expenditures at the Terminal Facilities, we will have the right to impose a monthly surcharge on Sunoco R&M for the use of the Terminal Facilities to cover the cost of complying with these laws or regulations, after we have made efforts to mitigate their effect. We and Sunoco R&M will negotiate in good faith to agree on the level of the monthly surcharge. If we are unable to agree, then we may terminate the agreement with respect to the affected asset.

Sunoco R&M's obligations under this agreement may be temporarily suspended during the occurrence of an event that is outside the control of the parties that renders performance impossible with respect to an asset for at least 30 days.

Sunoco R&M has agreed not to challenge, or to cause others to challenge or assist others in challenging, our tariff rates in effect during the term of the agreement. This agreement does not prevent other current or future shippers from challenging our tariff rates. At the end of the term of the agreement, Sunoco R&M will be free to challenge, or to cause others to challenge or assist others in challenging, our tariff rates in effect at that time.

From time to time, Sunoco, Inc. may be presented with opportunities by third parties with respect to its refinery assets. These opportunities may include offers to purchase and joint venture propositions. Sunoco, Inc. is also continually considering changes to its refineries. Those changes may involve new facilities, reduction in certain operations or modifications of facilities or operations. Changes may be considered to meet market demands, to satisfy regulatory requirements or environmental and safety objectives, to improve operational efficiency or for other reasons. Sunoco, Inc. has advised us that although it continually considers the types of matters referred to above, it is not currently proceeding with any transaction or plan that it believes is likely to result in any reconfigurations or other operational changes in any of its refineries served by our assets that would have a material effect on Sunoco R&M's business relationship with us. Further, Sunoco, Inc. has also advised us that it is not considering a shutdown of any of its refineries served by our assets. Sunoco, Inc. is, however, actively managing its assets and operations,

and, therefore, changes of some nature, possibly material to its business relationship with us, are likely to occur at some point in the future.

To the extent Sunoco R&M does not extend or renew the pipelines and terminals storage and throughput agreement, our financial condition and results of operations may be adversely affected. Our assets were constructed or purchased to service Sunoco R&M's refining and marketing supply chain and are well-situated to suit Sunoco R&M's needs. As a result, we would expect that even if this agreement is not renewed, Sunoco R&M would continue to use our pipelines and terminals. However, we cannot assure you that Sunoco R&M will continue to use our facilities or that we will be able to generate additional revenues from third parties.

Sunoco R&M's obligations under this agreement will not terminate if Sunoco, Inc. and its affiliates no longer own the general partner. This agreement may be assigned by Sunoco R&M only with the consent of our conflicts committee.

Other Agreements with Sunoco R&M and Sunoco, Inc.

Under a 20-year lease agreement, Sunoco R&M will pay us $5.1 million in the first year to lease 58 miles of interrefinery pipelines between Sunoco R&M's Philadelphia and Marcus Hook refineries, escalating at 1.67% per year, for the next 19 years.

Sunoco R&M has agreed to purchase from us at market-based rates particular grades of crude oil that our crude oil acquisition and marketing business purchases for delivery to pipelines in: Longview, Trent, Tye, and Colorado City, Texas; Haynesville, Louisiana; Marysville and Lewiston, Michigan; and Tulsa, Oklahoma. The initial term of these agreements is two months. At Marysville and Lewiston, Michigan, we exchange Michigan sweet and Michigan sour crude oil we own for domestic sweet crude oil supplied by Sunoco R&M at market-based rates. These agreements will automatically renew on a monthly basis unless terminated by either party on 30 days' written notice. Sunoco R&M has indicated that it has no current intention to terminate these agreements.

We entered into a license agreement with Sunoco, Inc. and certain of its affiliates, including our general partner, pursuant to which we granted to our general partner a license to our intellectual property so that our general partner can manage our operations and create intellectual property using our intellectual property. Our general partner will assign to us the new intellectual property it creates in operating our business. Our general partner also licensed to us certain of its own intellectual property for use in the conduct of our business and we licensed to our general partner certain of our intellectual property for use in the conduct of its business. The license agreement also granted to us a license to use the trademarks, trade names, and service marks of Sunoco, Inc. in the conduct of our business.

We entered into a treasury services agreement with Sunoco, Inc. pursuant to which we, among other things, participate in Sunoco, Inc.'s centralized cash management program. Under this program, all of our cash receipts and cash disbursements will be processed, together with those of Sunoco, Inc. and its other subsidiaries, through Sunoco, Inc.'s cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances will be settled periodically, but no less frequently than at the end of each month. Amounts due from Sunoco, Inc. and its subsidiaries earn interest at a rate equal to the average rate of our third-party money market investments, while amounts due to Sunoco, Inc. and its subsidiaries bear interest at a rate equal to the interest rate provided in our revolving credit facility.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) The combined financial statements are included in Item 8. Financial Statements and Supplementary Data.
(2) No financial statement schedules are required to be filed.

(b) We did not file any reports on Form 8-K during the quarter ended December 31, 2001.

(a)(3) & (c) The exhibits listed below are filed as part of this report:

Exhibit No.	Description
3.1*	Certificate of Limited Partnership of Sunoco Logistics Partners L.P. (incorporated by reference to Exhibit 3.1 to the Form S-1 Registration Statement, File No. 333-71968, filed October 22, 2001.
3.2	First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., dated as of February 8, 2002.
3.3*	Certificate of Limited Partnership of Sunoco Logistics Operations L.P. (incorporated by reference to Exhibit 3.1 to AmendmentNo. 1 to Form S-1 filed December 18, 2001).
3.4	First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners Operations L.P., dated as of February 8, 2002
3.5*	Certificate of Organization of Sunoco Partners LLC (incorporated by reference to Exhibit 3.5 to the Form S-1 Registration Statement filed October 22, 2001)
3.6	First Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC, dated as of February 8, 2002.
10.1	Credit Agreement dated as of February 1, 2002, among Sunoco Logistics Partners Operations L.P., Sunoco Logistics Partners L.P., Bank of America, N.A., First Union National Bank, Credit Suisse First Boston, Lehman Commercial Paper Inc., Citibank, N.A., and UBS AG.
10.2	Indenture, dated as of February 7, 2002, between Sunoco Logistics Partners Operations L.P. and First Union National Bank.
10.3	Registration Rights Agreement, dated as of February 8, 2002, among Sunoco Logistics Partners Operations L.P., Sunoco Logistics Partners L.P., Sunoco Pipeline L.P., Sunoco Partners Marketing & Terminals L.P., and the following Initial Purchasers: Lehman Brothers Inc., Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney Inc., UBS Warburg LLC and First Union Securities, Inc.
10.4	Contribution, Conveyance and Assumption Agreement, dated as of February 8, 2002, among Sunoco, Inc., Sun Pipe Line Company of Delaware, Sunoco, Inc. (R&M), Atlantic Petroleum Corporation; Sunoco Texas Pipe Line Company, Sun Oil Line of Michigan (Out) LLC, Mid-Continent Pipe Line (Out) LLC, Sun Pipe Line Services (Out) LLC, Atlantic Petroleum Delaware Corporation, Atlantic Pipeline (Out) L.P, Sunoco Partners LLC, Sunoco Partners Lease Acquisition & Marketing LLC, Sunoco Logistics Partners L.P., Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations L.P, Sunoco Logistics Partners Operations GP LLC,

Sunoco Pipeline L.P., Sunoco Partners Marketing & Terminals L.P., Sunoco Mid-Con (In) LLC, Atlantic (In) L.P, Atlantic R&M (In) L.P., Sun Pipe Line Services (In) L.P., Sunoco Michigan (In) LLC, Atlantic (In) LLC, Sun Pipe Line GP LLC, Sunoco R&M (In) LLC, and Atlantic Refining & Marketing Corp.

10.5 Omnibus Agreement, dated as of February 8, 2002, among Sunoco, Inc., Sunoco, Inc. (R&M), Sun Pipe Line Company of Delaware, Atlantic Petroleum Corporation, Sunoco Texas Pipe Line Company, Sun Pipe Line Services (Out) LLC, Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., and Sunoco Partners LLC.

10.6 Pipelines and Terminals Storage and Throughput Agreement, dated as of February 8, 2002, among Sunoco, Inc. (R&M), Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., Sunoco Partners LLC, Sunoco Partners Marketing & Terminals L.P., Sunoco Pipeline L.P., Sunoco Logistics Partners GP LLC, and Sunoco Logistics Partners Operations GP LLC

10.7 Treasury Services Agreement, dated as of February 8, 2002, among Sunoco, Inc., Sunoco Logistics Partners L.P., and Sunoco Logistics Partners Operations L.P.

10.8 Intellectual Property and Trademark License Agreement, dated as of February 8, 2002 among Sunoco, Inc., ("Sunoco"), Sunoco, Inc. (R&M), Sunmarks, Inc., Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., Sunoco Partners Marketing & Terminals L.P., Sunoco Pipeline L.P., and Sunoco Partners LLC

10.9 Interrefinery Lease, dated as of February 8, 2002, between Sunoco Pipeline L.P., and Sunoco, Inc.(R&M).

10.10* Sunoco Partners LLC Long-Term Incentive Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 2 to the Form S-1 Registration Statement filed January 11, 2002).

10.11* Sunoco Partners LLC Annual Incentive Plan (incorporated by reference to Exhibit 10.4 to Amendment No. 2 to the Form S-1 Registration Statement filed January 11, 2002).

10.12* Revolving Credit Agreement of Sunoco, Inc. (incorporated by reference to Exhibit 10.7 to Amendment No. 1 to the Form S-1 Registration Statement filed December 18, 2001).

10.12.1* Amendment to Revolving Credit Agreement of Sunoco, Inc. (incorporated by reference to Exhibit 10.7.1 to Amendment No. 1 to the Form S-1 Registration Statement filed December 18, 2001).

21.1* Subsidiaries of Sunoco Logistics Partners L.P.

24.1 Power of Attorney, together with Unanimous Written Consent.

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* Each such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

Note: Copies of each Exhibit to the Form 10-K are available upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sunoco Logistics Partners L.P.
(Registrant)
By: Sunoco Partners LLC,
(Its General Partner)
By /s/ Colin A. Oerton

Colin A. Oerton, Vice President and Chief Financial Officer

April 1, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by or on behalf of the following persons on behalf of the registrant and in the capacities indicated on March __, 2002

/s/ John G. Drosdick*

John G. Drosdick, Chairman and Director of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P.

/s/ Joseph P. Krott*

Joseph P. Krott, Comptroller of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P. (Principal Accounting Officer)

/s/ Deborah M. Fretz*

Deborah M. Fretz, President, Chief Executive Officer and Director of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P.(Principal Executive Officer)

/s/ Colin A. Oerton*

Colin A. Oerton, Vice President and Chief Financial Officer of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P. (Principal Financial Officer)

/s/ Thomas W. Hofmann*

Thomas W. Hofmann, Director of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P.

*By /s/ Colin A. Oerton

Colin A. Oerton, Individually and as Attorney-in-Fact of Sunoco Partners LLC, General Partner of Sunoco Logistics Partners L.P.

Exhibit 3.2

Execution Copy

FIRST AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

SUNOCO LOGISTICS PARTNERS L.P.

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

ARTICLE II

ORGANIZATION

ARTICLE III

RIGHTS OF LIMITED PARTNERS

ARTICLE IV

CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS; REDEMPTION OF PARTNERSHIP INTERESTS

SUNOCO LOGISTICS PARTNERS L.P.
FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

ARTICLE V

CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

ARTICLE VII

MANAGEMENT AND OPERATION OF BUSINESS

ARTICLE XV

RIGHT TO ACQUIRE LIMITED PARTNER INTERESTS

ARTICLE XVI

GENERAL PROVISIONS

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED
PARTNERSHIP OF SUNOCO LOGISTICS PARTNERS L.P.

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SUNOCO LOGISTICS PARTNERS L.P., dated as of February 8, 2002, is entered into by and among Sunoco Partners LLC, a Pennsylvania limited liability company, as the General Partner, and Sun Pipe Line Company of Delaware, a Delaware corporation, as the Organizational Limited Partner, together with any other Persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Acquisition" means any transaction in which any Group Member acquires (through an asset acquisition, merger, stock acquisition or other form of investment) control over all or a portion of the assets, properties or business of another Person for the purpose of increasing the operating capacity or revenues of the Partnership Group from the operating capacity or revenues of the Partnership Group existing immediately prior to such transaction.

"Additional Book Basis" means the portion of any remaining Carrying Value of an Adjusted Property that is attributable to positive adjustments made to such Carrying Value as a result of Book-Up Events. For purposes of determining the extent that Carrying Value constitutes Additional Book Basis:

(i) Any negative adjustment made to the Carrying Value of an Adjusted Property as a result of either a Book-Down Event or a Book-Up Event shall first be deemed to offset or decrease that portion of the Carrying Value of such Adjusted Property that is attributable to any prior positive adjustments made thereto pursuant to a Book-Up Event or Book-Down Event.

(ii) If Carrying Value that constitutes Additional Book Basis is reduced as a result of a Book-Down Event and the Carrying Value of other property is increased as a result of such Book-Down Event, an allocable portion of any such increase in Carrying Value shall be treated as Additional Book Basis; provided that the amount treated as Additional Book Basis pursuant hereto as a result of such Book-Down Event shall not exceed the amount by which the Aggregate Remaining Net Positive Adjustments after such Book-Down Event exceeds the remaining Additional Book Basis attributable to all of the Partnership's Adjusted Property after such Book-Down Event (determined without regard to the application of this clause (ii) to such Book-Down Event).

"Additional Book Basis Derivative Items" means any Book Basis Derivative Items that are computed with reference to Additional Book Basis. To the extent that the Additional Book Basis attributable to all of the Partnership's Adjusted Property as of the beginning of any taxable period exceeds the Aggregate Remaining Net Positive Adjustments as of the beginning of such period (the "Excess Additional Book Basis"), the Additional Book Basis Derivative Items for such period shall be reduced by the amount that bears the same ratio to the amount of Additional Book Basis Derivative Items determined without regard to this sentence as the Excess Additional Book Basis bears to the Additional Book Basis as of the beginning of such period.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 10.4 and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Partner in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Partner in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The "Adjusted Capital Account" of a Partner in respect of a General Partner Interest, a Common Unit, a Subordinated Unit or an Incentive Distribution Right or any other specified interest in the Partnership shall be the amount which such Adjusted Capital Account would be if such General Partner Interest, Common Unit, Subordinated Unit, Incentive Distribution Right or other interest in the Partnership were the only interest in the Partnership held by such Partner from and after the date on which such General Partner Interest, Common Unit, Subordinated Unit, Incentive Distribution Right or other interest was first issued.

"Adjusted Operating Surplus" means, with respect to any period, Operating Surplus generated during such period (a) less (i) any net increase in Working Capital Borrowings with respect to such period and (ii) any net reduction in cash reserves for Operating Expenditures with respect to such period not relating to an Operating Expenditure made with respect to such period, and (b) plus (i) any net decrease in Working Capital Borrowings with respect to such period, and (ii) any net increase in cash reserves for Operating Expenditures with respect to such period required by any debt instrument for the repayment of principal, interest or premium. Adjusted Operating Surplus does not include that portion of Operating Surplus included in clause (a)(i) of the definition of Operating Surplus.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 5.5(d)(i) or 5.5(d)(ii).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Remaining Net Positive Adjustments" means, as of the end of any taxable period, the sum of the Remaining Net Positive Adjustments of all the Partners.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1, including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. The General Partner shall, in its discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties contributed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., as it may be amended, supplemented or restated from time to time.

"Assignee" means a Non-citizen Assignee or a Person to whom one or more Limited Partner Interests have been transferred in a manner permitted under this Agreement and who has executed and delivered a Transfer Application as required by this Agreement, but who has not been admitted as a Substituted Limited Partner.

"Associate" means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

"Available Cash" means, with respect to any Quarter ending prior to the Liquidation Date:

(a) the sum of (i) all cash and cash equivalents of the Partnership Group on hand at the end of such Quarter, and (ii) all additional cash and cash equivalents of the Partnership Group on hand on the date of determination of Available Cash with respect to such

Quarter resulting from Working Capital Borrowings made subsequent to the end of such Quarter, less

(b) the amount of any cash reserves that are necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership Group) subsequent to such Quarter, (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject or (iii) provide funds for distributions under Section 6.4 or 6.5 in respect of any one or more of the next four Quarters; provided, however, that the General Partner may not establish cash reserves pursuant to (iii) above if the effect of such reserves would be that the Partnership is unable to distribute the Minimum Quarterly Distribution on all Common Units, plus any Cumulative Common Unit Arrearage on all Common Units, with respect to such Quarter; and, provided further, that disbursements made by a Group Member or cash reserves established, increased or reduced after the end of such Quarter but on or before the date of determination of Available Cash with respect to such Quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, "Available Cash" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"Book Basis Derivative Items" means any item of income, deduction, gain or loss included in the determination of Net Income or Net Loss that is computed with reference to the Carrying Value of an Adjusted Property (e.g., depreciation, depletion, or gain or loss with respect to an Adjusted Property).

"Book-Down Event" means an event which triggers a negative adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d).

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.5 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Book-Up Event" means an event which triggers a positive adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d).

"Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the Commonwealth of Pennsylvania shall not be regarded as a Business Day.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 5.5. The "Capital Account" of a Partner in respect of a General Partner Interest, a Common Unit, a Subordinated Unit, an Incentive Distribution Right or any other Partnership Interest shall be the amount which such Capital Account would be if such General Partner Interest, Common Unit, Subordinated Unit, Incentive Distribution Right or other Partnership Interest were the only interest in the Partnership held by such Partner from and after the date on which such General Partner Interest, Common Unit, Subordinated Unit, Incentive Distribution Right or other Partnership Interest was first issued.

"Capital Contribution" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership pursuant to this Agreement or the Contribution Agreement, or any payment made by the General Partner to the Partnership described in Section 5.2(c).

"Capital Improvement" means any (a) addition or improvement to the capital assets owned by any Group Member or (b) acquisition of existing, or the construction of new, capital assets (including, without limitation, pipeline systems, terminal storage facilities and related assets), in each case if such addition, improvement, acquisition or construction is made to increase the operating capacity or revenues of the Partnership Group from the operating capacity or revenues of the Partnership Group existing immediately prior to such addition, improvement, acquisition or construction.

"Capital Surplus" has the meaning assigned to such term in Section 6.3(a).

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 5.5(d)(i) and 5.5(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Cause" means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as a general partner of the Partnership.

"Certificate" means a certificate (i) substantially in the form of Exhibit A to this Agreement, (ii) issued in global form in accordance with the rules and regulations of the Depositary or (iii) in such other form as may be adopted by the General Partner in its discretion, issued by the Partnership evidencing ownership of one or more Common Units or a certificate, in such form as may be adopted by the General Partner in its discretion, issued by the Partnership evidencing ownership of one or more other Partnership Securities.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"Citizenship Certification" means a properly completed certificate in such form as may be specified by the General Partner by which an Assignee or a Limited Partner certifies that he (and if he is a nominee holding for the account of another Person, that to the best of his knowledge such other Person) is an Eligible Citizen.

"Claim" has the meaning assigned to such term in Section 7.12(c).

"Closing Date" means the first date on which Common Units are sold by the Partnership to the Underwriters pursuant to the provisions of the Underwriting Agreement.

"Closing Price" has the meaning assigned to such term in Section 15.1(a).

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

"Combined Interest" has the meaning assigned to such term in Section 11.3(a).

"Commission" means the United States Securities and Exchange Commission.

"Common Unit" means a Partnership Security representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and of the General Partner, and having the rights and obligations specified with respect to Common Units in this Agreement. The term "Common Unit" does not refer to a Subordinated Unit prior to its conversion into a Common Unit pursuant to the terms hereof.

"Common Unit Arrearage" means, with respect to any Common Unit, whenever issued, as to any Quarter within the Subordination Period, the excess, if any, of (a) the Minimum Quarterly Distribution with respect to a Common Unit in respect of such Quarter over (b) the sum of all Available Cash distributed with respect to a Common Unit in respect of such Quarter pursuant to Section 6.4(a)(i).

"Conflicts Committee" means a committee of the Board of Directors of the General Partner composed entirely of two or more directors who are not (a) security holders, officers or employees of the General Partner, (b) officers, directors or employees of any Affiliate of the General Partner or (c) holders of any ownership interest in the Partnership Group other than Common Units and who also meet the independence standards required to serve on an audit committee of a board of directors by the National Securities Exchange on which the Common Units are listed for trading.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.5(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contribution Agreement" means that certain Contribution, Conveyance and Assumption Agreement, dated as of the Closing Date, among the General Partner, the Partnership, the Operating Partnership, Sunoco, Inc., Sunoco, Inc. (R&M) and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

"Cumulative Common Unit Arrearage" means, with respect to any Common Unit, whenever issued, and as of the end of any Quarter, the excess, if any, of (a) the sum resulting from adding together the Common Unit Arrearage as to an Initial Common Unit for each of the Quarters within the Subordination Period ending on or before the last day of such Quarter over (b) the sum of any distributions theretofore made pursuant to Section 6.4(a)(ii) and the second sentence of Section 6.5 with respect to an Initial Common Unit (including any distributions to be made in respect of the last of such Quarters).

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1(d)(xi).

"Current Market Price" has the meaning assigned to such term in Section 15.1(a).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 11.1 or 11.2.

"Depositary" means, with respect to any Units issued in global form, The Depository Trust Company and its successors and permitted assigns.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"Eligible Citizen" means a Person qualified to own interests in real property in jurisdictions in which any Group Member does business or proposes to do business from time to time, and whose status as a Limited Partner or Assignee does not or would not subject such Group Member to a significant risk of cancellation or forfeiture of any of its properties or any interest therein.

"Event of Withdrawal" has the meaning assigned to such term in Section 11.1(a).

"Final Subordinated Units" has the meaning assigned to such term in Section 6.1(d)(x).

"First Liquidation Target Amount" has the meaning assigned to such term in Section 6.1(c)(i)(D).

"First Target Distribution" means $0.50 per Unit per Quarter (or, with respect to the period commencing on the Closing Date and ending on March 31, 2002, it means the product of $0.50 multiplied by a fraction of which the numerator is the number of days in such period, and of which the denominator is 90), subject to adjustment in accordance with Sections 6.6 and 6.9.

"Fully Diluted Basis" means, when calculating the number of Outstanding Units for any period, a basis that includes, in addition to the Outstanding Units, all Partnership Securities and options, rights, warrants and appreciation rights relating to an equity interest in the Partnership (a) that are convertible into or exercisable or exchangeable for Units that are senior to or pari passu with the Subordinated Units, (b) whose conversion, exercise or exchange price is less than the Current Market Price on the date of such calculation, and (c) that may be converted into or exercised or exchanged for such Units during the Quarter following the end of the last Quarter contained in the period for which the calculation is being made without the satisfaction of any contingency beyond the control of the holder other than the payment of consideration and the compliance with administrative mechanics applicable to such conversion, exercise or exchange; provided that for purposes of determining the number of Outstanding Units on a Fully Diluted Basis when calculating whether the Subordination Period has ended or Subordinated Units are entitled to convert into Common Units pursuant to Section 5.8, such Partnership Securities, options, rights, warrants and appreciation rights shall be deemed to have been Outstanding Units only for the four Quarters that comprise the last four Quarters of the measurement period; provided, further, that if consideration will be paid to any Group Member in connection with such conversion, exercise or exchange, the number of Units to be included in such calculation shall be that number equal to the difference between (i) the number of Units issuable upon such conversion, exercise or exchange and (ii) the number of Units which such consideration would purchase at the Current Market Price.

"General Partner" means Sunoco Partners LLC and its successors and permitted assigns as general partner of the Partnership.

"General Partner Interest" means the ownership interest of the General Partner in the Partnership (in its capacity as a general partner without reference to any Limited Partner Interest held by it) which may be evidenced by Partnership Securities or a combination thereof or interest therein, and includes any and all benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement.

"Group" means a Person that with or through any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons) or disposing of any Partnership Securities with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, Partnership Securities.

"Group Member" means a member of the Partnership Group.

"Holder" as used in Section 7.12, has the meaning assigned to such term in Section 7.12(a).

"Incentive Distribution Right" means a non-voting Limited Partner Interest issued to the General Partner in connection with the transfer of substantially all of its interests in Sunoco Logistics Partners GP LLC, Sun Pipe Line Services (In) L.P., Sunoco Michigan (In) LLC, Explorer Pipeline Company, Sunoco Mid-Con (In) LLC, Sun Pipe Line GP LLC, Sunoco

Pipeline L.P., Sunoco R&M (In) LLC, Sunoco Partners Marketing & Terminals L.P., Atlantic (In) LLC, Atlantic (In) L.P. and Atlantic R&M (In) L.P. to the Partnership pursuant to Section 5.2, which Partnership Interest will confer upon the holder thereof only the rights and obligations specifically provided in this Agreement with respect to Incentive Distribution Rights (and no other rights otherwise available to or other obligations of a holder of a Partnership Interest). Notwithstanding anything in this Agreement to the contrary, the holder of an Incentive Distribution Right shall not be entitled to vote such Incentive Distribution Right on any Partnership matter except as may otherwise be required by law.

"Incentive Distributions" means any amount of cash distributed to the holders of the Incentive Distribution Rights pursuant to Sections 6.4(a)(v), (vi) and (vii) and 6.4(b)(iii), (iv) and (v).

"Indemnified Persons" has the meaning assigned to such term in Section 7.12(c).

"Indemnitee" means (a) the General Partner, (b) any Departing Partner, (c) any Person who is or was an Affiliate of the General Partner or any Departing Partner, (d) any Person who is or was a member, partner, officer, director, employee, agent or trustee of any Group Member, the General Partner or any Departing Partner or any Affiliate of any Group Member, the General Partner or any Departing Partner, and (e) any Person who is or was serving at the request of the General Partner or any Departing Partner or any Affiliate of the General Partner or any Departing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"Indenture" means that certain Indenture, dated as of February 7, 2002, among the Partnership, the Operating Partnership, Sun Partners Marketing & Terminals L.P., Sunoco Pipeline L.P. and First Union National Bank, as trustee.

"Initial Common Units" means the Common Units sold in the Initial Offering.

"Initial Limited Partners" means the General Partner (with respect to the Incentive Distribution Rights and Subordinated Units received by it pursuant to Section 5.2) and the Underwriters, in each case upon being admitted to the Partnership in accordance with Section 10.1.

"Initial Offering" means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

"Initial Unit Price" means (a) with respect to the Common Units and the Subordinated Units, the initial public offering price per Common Unit at which the Underwriters offered the Common Units to the public for sale as set forth on the cover page of the prospectus included as part of the Registration Statement and first issued at or after the time the Registration Statement first became effective or (b) with respect to any other class or series of Units, the price per Unit at which such class or series of Units is initially sold by the Partnership, as determined by the General Partner, in each case adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

"Interim Capital Transactions" means the following transactions if they occur prior to the Liquidation Date: (a) borrowings, refinancings or refundings of indebtedness and sales of debt securities (other than Working Capital Borrowings and other than for items purchased on open account in the ordinary course of business) by any Group Member; (b) sales of equity interests by any Group Member (including the Common Units sold to the Underwriters pursuant to the exercise of their over-allotment option); and (c) sales or other voluntary or involuntary dispositions of any assets of any Group Member other than (i) sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business, and (ii) sales or other dispositions of assets as part of normal retirements or replacements.

"Issue Price" means the price at which a Unit is purchased from the Partnership, after taking into account any sales commission or underwriting discount charged to the Partnership.

"Limited Partner" means, unless the context otherwise requires, (a) the Organizational Limited Partner prior to its withdrawal from the Partnership, each Initial Limited Partner, each Substituted Limited Partner, each Additional Limited Partner and any Departing Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 11.3 or (b) solely for purposes of Articles V, VI, VII and IX, each Assignee; provided, however, that when the term "Limited Partner" is used herein in the context of any vote or other approval, including without limitation Articles XIII and XIV, such term shall not, solely for such purpose, include any holder of an Incentive Distribution Right except as may otherwise be required by law.

"Limited Partner Interest" means the ownership interest of a Limited Partner or Assignee in the Partnership, which may be evidenced by Common Units, Subordinated Units, Incentive Distribution Rights or other Partnership Securities or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner or Assignee is entitled as provided in this Agreement, together with all obligations of such Limited Partner or Assignee to comply with the terms and provisions of this Agreement; provided, however, that when the term "Limited Partner Interest" is used herein in the context of any vote or other approval, including without limitation Articles XIII and XIV, such term shall not, solely for such purpose, include any holder of an Incentive Distribution Right except as may otherwise be required by law.

"Liquidation Date" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"Liquidator" means one or more Persons selected by the General Partner to perform the functions described in Section 12.3 as liquidating trustee of the Partnership within the meaning of the Delaware Act.

"Merger Agreement" has the meaning assigned to such term in Section 14.1.

"Minimum Quarterly Distribution" means $0.45 per Unit per Quarter (or with respect to the period commencing on the Closing Date and ending on March 31, 2002, it means the product

of $0.45 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 90), subject to adjustment in accordance with Sections 6.6 and 6.9.

"National Securities Exchange" means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time, and any successor to such statute, or the Nasdaq Stock Market or any successor thereto.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner or Assignee by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.5(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner or Assignee upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable year, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Income shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d); provided that the determination of the items that have been specially allocated under Section 6.1(d) shall be made as if Section 6.1(d)(xii) were not in this Agreement.

"Net Loss" means, for any taxable year, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Loss shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d); provided that the determination of the items that have been specially allocated under Section 6.1(d) shall be made as if Section 6.1(d)(xii) were not in this Agreement.

"Net Positive Adjustments" means, with respect to any Partner, the excess, if any, of the total positive adjustments over the total negative adjustments made to the Capital Account of such Partner pursuant to Book-Up Events and Book-Down Events.

"Net Termination Gain" means, for any taxable year, the sum, if positive, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Net Termination Loss" means, for any taxable year, the sum, if negative, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Non-citizen Assignee" means a Person whom the General Partner has determined in its discretion does not constitute an Eligible Citizen and as to whose Partnership Interest the General Partner has become the Substituted Limited Partner, pursuant to Section 4.9.

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 6.2(b)(i)(A), 6.2(b)(ii)(A) and 6.2(b)(iii) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"Notes" means the 7.25% Senior Notes due 2012 issued by the Operating Partnership on the Closing Date.

"Notice of Election to Purchase" has the meaning assigned to such term in Section 15.1(b).

"Omnibus Agreement" means that Omnibus Agreement, dated as of the Closing Date, among Sunoco, Inc., Sunoco, Inc. (R&M), the General Partner, the Partnership, the Operating Partnership and certain other parties.

"Operating Expenditures" means all Partnership Group expenditures, including, but not limited to, taxes, reimbursements of the General Partner, repayment of Working Capital Borrowings, debt service payments and capital expenditures, subject to the following:

(a) Payments (including prepayments) of principal of and premium on indebtedness other than Working Capital Borrowings shall not constitute Operating Expenditures; and

(b) Operating Expenditures shall not include (i) capital expenditures made for Acquisitions or for Capital Improvements, (ii) payment of transaction expenses relating to Interim Capital Transactions or (iii) distributions to Partners. Where capital expenditures are made in part for Acquisitions or for Capital Improvements and in part for other purposes, the General Partner's good faith allocation between the amounts paid for each shall be conclusive.

"Operating Partnership" means Sunoco Logistics Partners Operations L.P., a Delaware limited partnership, and any successors thereto.

"Operating Partnership Agreement" means the Amended and Restated Partnership Agreement of the Operating Partnership, as it may be amended, supplemented or restated from time to time.

"Operating Surplus" means, with respect to any period ending prior to the Liquidation Date, on a cumulative basis and without duplication,

(a) the sum of (i) $15.0 million plus all cash and cash equivalents of the Partnership Group on hand as of the close of business on the Closing Date, (ii) all cash receipts of the Partnership Group for the period beginning on the Closing Date and ending with the last day of such period, other than cash receipts from Interim Capital Transactions (except to the extent specified in Section 6.5) and (iii) all cash receipts of the Partnership Group after the end of such period but on or before the date of determination of Operating Surplus with respect to such period resulting from Working Capital Borrowings, less

(b) the sum of (i) Operating Expenditures for the period beginning on the Closing Date and ending with the last day of such period and (ii) the amount of cash reserves that is necessary or advisable in the reasonable discretion of the General Partner to provide funds for future Operating Expenditures; provided, however, that disbursements made (including contributions to a Group Member or disbursements on behalf of a Group Member) or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of Available Cash with respect to such period shall be deemed to have been made, established, increased or reduced, for purposes of determining Operating Surplus, within such period if the General Partner so determines.

Notwithstanding the foregoing, "Operating Surplus" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner in its reasonable discretion.

"Option Closing Date" means the date or dates on which any Common Units are sold by the Partnership to the Underwriters upon exercise of the Over-Allotment Option.

"Organizational Limited Partner" means Sun Pipe Line Company of Delaware in its capacity as the organizational limited partner of the Partnership pursuant to this Agreement.

"Outstanding" means, with respect to Partnership Securities, all Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; provided, however, that if at any time any Person or Group (other than the General Partner or its Affiliates) beneficially owns 20% or more of any Outstanding Partnership Securities of any class then Outstanding, all Partnership Securities owned by such Person or Group shall not be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter

(unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that Common Units so owned shall be considered to be Outstanding for purposes of Section 11.1(b)(iv) (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement); provided, further, that the foregoing limitation shall not apply (i) to any Person or Group who acquired 20% or more of any Outstanding Partnership Securities of any class then Outstanding directly from the General Partner or its Affiliates, (ii) to any Person or Group who acquired 20% or more of any Outstanding Partnership Securities of any class then Outstanding directly or indirectly from a Person or Group described in clause (i) provided that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply, or (iii) to any Person or Group who acquired 20% or more of any Partnership Securities issued by the Partnership with the prior approval of the board of directors of the General Partner.

"Over-Allotment Option" means the over-allotment option granted to the Underwriters by the Partnership pursuant to the Underwriting Agreement.

"Parity Units" means Common Units and all other Units of any other class or series that have the right (i) to receive distributions of Available Cash from Operating Surplus pursuant to each of subclauses (a)(i) and (a)(ii) of Section 6.4 in the same order of priority with respect to the participation of Common Units in such distributions or (ii) to participate in allocations of Net Termination Gain pursuant to Section 6.1(c)(i)(B) in the same order of priority with the Common Units, in each case regardless of whether the amounts or value so distributed or allocated on each Parity Unit equals the amount or value so distributed or allocated on each Common Unit. Units whose participation in such (i) distributions of Available Cash from Operating Surplus and (ii) allocations of Net Termination Gain are subordinate in order of priority to such distributions and allocations on Common Units shall not constitute Parity Units even if such Units are convertible under certain circumstances into Common Units or Parity Units.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

"Partners" means the General Partner and the Limited Partners.

"Partnership" means Sunoco Logistics Partners L.P., a Delaware limited partnership, and any successors thereto.

"Partnership Group" means the Partnership, the Operating Partnership and any Subsidiary of any such entity, treated as a single consolidated entity.

"Partnership Interest" means an interest in the Partnership, which shall include the General Partner Interest and Limited Partner Interests.

"Partnership Minimum Gain" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"Partnership Security" means any class or series of equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership), including without limitation, Common Units, Subordinated Units and Incentive Distribution Rights.

"Percentage Interest" means as of any date of determination (a) as to the General Partner (in its capacity as General Partner without reference to any Limited Partner Interests held by it), 2.0%, (b) as to any Unitholder or Assignee holding Units, the product obtained by multiplying (i) 98% less the percentage applicable to paragraph (c) by (ii) the quotient obtained by dividing (A) the number of Units held by such Unitholder or Assignee by (B) the total number of all Outstanding Units, and (c) as to the holders of additional Partnership Securities issued by the Partnership in accordance with Section 5.6, the percentage established as a part of such issuance. The Percentage Interest with respect to an Incentive Distribution Right shall at all times be zero.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"Per Unit Capital Amount" means, as of any date of determination, the Capital Account, stated on a per Unit basis, underlying any Unit held by a Person other than the General Partner or any Affiliate of the General Partner who holds Units.

"Pipelines and Terminals Storage and Throughput Agreement" means that certain Pipelines and Terminals Storage and Throughput Agreement, dated as of the Closing Date, among Sunoco, Inc. (R&M) and Sunoco Pipeline L.P.

"Pro Rata" means (a) when modifying Units or any class thereof, apportioned equally among all designated Units in accordance with their relative Percentage Interests, (b) when modifying Partners and Assignees, apportioned among all Partners and Assignees in accordance with their relative Percentage Interests and (c) when modifying holders of Incentive Distribution Rights, apportioned equally among all holders of Incentive Distribution Rights in accordance with the relative number of Incentive Distribution Rights held by each such holder.

"Purchase Date" means the date determined by the General Partner as the date for purchase of all Outstanding Units of a certain class (other than Units owned by the General Partner and its Affiliates) pursuant to Article XV.

"Quarter" means, unless the context requires otherwise, a fiscal quarter, or, with respect to the first fiscal quarter after the Closing Date, the portion of such fiscal quarter after the Closing Date, of the Partnership.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Record Date" means the date established by the General Partner for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer.

"Record Holder" means the Person in whose name a Common Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to other Partnership Securities, the Person in whose name any such other Partnership Security is registered on the books which the General Partner has caused to be kept as of the opening of business on such Business Day.

"Redeemable Interests" means any Partnership Interests for which a redemption notice has been given, and has not been withdrawn, pursuant to Section 4.10.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 333-71968) as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

"Remaining Net Positive Adjustments" means as of the end of any taxable period, (i) with respect to the Unitholders holding Common Units or Subordinated Units, the excess of (a) the Net Positive Adjustments of the Unitholders holding Common Units or Subordinated Units as of the end of such period over (b) the sum of those Partners' Share of Additional Book Basis Derivative Items for each prior taxable period, (ii) with respect to the General Partner (as holder of the General Partner Interest), the excess of (a) the Net Positive Adjustments of the General Partner as of the end of such period over (b) the sum of the General Partner's Share of Additional Book Basis Derivative Items with respect to the General Partner Interest for each prior taxable period, and (iii) with respect to the holders of Incentive Distribution Rights, the excess of (a) the Net Positive Adjustments of the holders of Incentive Distribution Rights as of the end of such period over (b) the sum of the Share of Additional Book Basis Derivative Items of the holders of the Incentive Distribution Rights for each prior taxable period.

"Required Allocations" means (a) any limitation imposed on any allocation of Net Losses or Net Termination Losses under Section 6.1(b) or 6.1(c)(ii) and (b) any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1(d)(i), 6.1(d)(ii), 6.1(d)(iv), 6.1(d)(vii) or 6.1(d)(ix).

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain

or loss is not allocated pursuant to Section 6.2(b)(i)(A) or 6.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

"Restricted Activities" has the meaning assigned to such term in the Omnibus Agreement.

"Retained Assets" means the pipeline, terminal and other logistics assets and investments owned by Sunoco, Inc. and its affiliates that were not conveyed, contributed or otherwise transferred to the Partnership Group pursuant to the Contribution Agreement, including, without limitation, Mid-Valley Pipeline Company, West Texas Gulf Pipeline Company, the Mesa pipeline and Inland Corporation; provided, however, that the term "Retained Assets" shall not include any pipeline, terminal or other logistics assets or investments that are sold, transferred or otherwise disposed of after the date of this Agreement to a Person that is not an Affiliate of Sunoco, Inc.

"Second Liquidation Target Amount" has the meaning assigned to such term in Section 6.1(c)(i)(E).

"Second Target Distribution" means $0.575 per Unit per Quarter (or, with respect to the period commencing on the Closing Date and ending on March 31, 2002, it means the product of $0.575 multiplied by a fraction of which the numerator is equal to the number of days in such period and of which the denominator is 90), subject to adjustment in accordance with Sections 6.6 and 6.9.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Share of Additional Book Basis Derivative Items" means in connection with any allocation of Additional Book Basis Derivative Items for any taxable period, (i) with respect to the Unitholders holding Common Units or Subordinated Units, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Unitholders' Remaining Net Positive Adjustments as of the end of such period bears to the Aggregate Remaining Net Positive Adjustments as of that time, (ii) with respect to the General Partner (as holder of the General Partner Interest), the amount that bears the same ratio to such additional Book Basis Derivative Items as the General Partner's Remaining Net Positive Adjustments as of the end of such period bears to the Aggregate Remaining Net Positive Adjustment as of that time, and (iii) with respect to the Partners holding Incentive Distribution Rights, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Remaining Net Positive Adjustments of the Partners holding the Incentive Distribution Rights as of the end of such period bears to the Aggregate Remaining Net Positive Adjustments as of that time.

"Special Approval" means approval by a majority of the members of the Conflicts Committee.

"Subordinated Unit" means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and obligations specified with respect to Subordinated Units in this Agreement. The term "Subordinated Unit" as used herein does not include a Common Unit or Parity Unit. A Subordinated Unit that is convertible

into a Common Unit or a Parity Unit shall not constitute a Common Unit or Parity Unit until such conversion occurs.

"Subordination Period" means the period commencing on the Closing Date and ending on the first to occur of the following dates:

(a) the first day of any Quarter beginning after December 31, 2006 in respect of which (i) (A) distributions of Available Cash from Operating Surplus on each of the Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in right of distribution to the Subordinated Units with respect to each of the three consecutive, non-overlapping four-Quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution (or portion thereof for the first fiscal quarter after the Closing Date) on all Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in right of distribution to the Subordinated Units during such periods and (B) the Adjusted Operating Surplus generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution on all of the Common Units and Subordinated Units and any other Units that are senior or equal in right of distribution to the Subordinated Units that were Outstanding during such periods on a Fully Diluted Basis, plus the related distribution on the General Partner Interest, during such periods and (ii) there are no Cumulative Common Unit Arrearages; and

(b) the date on which the General Partner is removed as general partner of the Partnership upon the requisite vote by holders of Outstanding Units under circumstances where Cause does not exist and Units held by the General Partner and its Affiliates are not voted in favor of such removal.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 10.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 14.2(b).

"Third Liquidation Target Amount" has the meaning assigned to such term in Section 6.1(c)(i)(F).

"Third Target Distribution" means $0.70 per Unit per Quarter (or, with respect to the period commencing on the Closing Date and ending on March 31, 2002, it means the product of $0.70 multiplied by a fraction of which the numerator is equal to the number of days in such period and of which the denominator is 90), subject to adjustment in accordance with Sections 6.6 and 6.9.

"Trading Day" has the meaning assigned to such term in Section 15.1(a).

"Transfer" has the meaning assigned to such term in Section 4.4(a).

"Transfer Agent" means such bank, trust company or other Person (including the General Partner or one of its Affiliates) as shall be appointed from time to time by the Partnership to act as registrar and transfer agent for the Common Units; provided that if no Transfer Agent is specifically designated for any other Partnership Securities, the General Partner shall act in such capacity.

"Transfer Application" means an application and agreement for transfer of Units in the form set forth on the back of a Certificate or in a form substantially to the same effect in a separate instrument.

"Treasury Services Agreement" means the Treasury Services Agreement, dated as of the Closing Date, among Sunoco, Inc., the General Partner and the Partnership.

"Underwriter" means each Person named as an underwriter in Schedule I to the Underwriting Agreement who purchases Common Units pursuant thereto.

"Underwriting Agreement" means the Underwriting Agreement, dated February 4, 2002, among the Underwriters, the Partnership, the General Partner, the Operating Partnership, the general partner of the Operating Partnership and Sunoco, Inc. providing for the purchase of Common Units by such Underwriters.

"Unit" means a Partnership Security that is designated as a "Unit" and shall include Common Units and Subordinated Units but shall not include (i) a General Partner Interest or (ii) Incentive Distribution Rights.

"Unitholders" means the holders of Units.

"Unit Majority" means, during the Subordination Period, at least a majority of the Outstanding Common Units (excluding Common Units owned by the General Partner and its affiliates) voting as a class and at least a majority of the Outstanding Subordinated Units voting as a class, and thereafter, at least a majority of the Outstanding Common Units.

"Unpaid MQD" has the meaning assigned to such term in Section 6.1(c)(i)(B).

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.5(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.5(d)).

"Unrecovered Capital" means at any time, with respect to a Unit, the Initial Unit Price less the sum of all distributions constituting Capital Surplus theretofore made in respect of an Initial Common Unit and any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in respect of an Initial Common Unit, adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of such Units.

"U.S. GAAP" means United States Generally Accepted Accounting Principles consistently applied.

"Withdrawal Opinion of Counsel" has the meaning assigned to such term in Section 11.1(b).

"Working Capital Borrowings" means borrowings used solely for working capital purposes or to pay distributions to Partners made pursuant to a credit facility or other arrangement to the extent such borrowings are required to be reduced to a relatively small amount each year (or for the year in which the Initial Offering is consummated, the 12-month period beginning on the Closing Date) for an economically meaningful period of time.

Section 1.2 Construction.

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) the term "include" or "includes" means includes, without limitation, and "including" means including, without limitation.

ARTICLE II

ORGANIZATION

Section 2.1 Formation.

The General Partner and the Organizational Limited Partner have previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act and hereby amend and restate the original Agreement of Limited Partnership of Sunoco Logistics Partners L.P. in its entirety. This amendment and restatement shall become effective on the date of this

Agreement. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes and a Partner has no interest in specific Partnership property.

Section 2.2 Name.

The name of the Partnership shall be "Sunoco Logistics Partners L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner in its sole discretion, including the name of the General Partner. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner in its discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 Registered Office; Registered Agent; Principal Office; Other Offices

Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 1209 Orange Street, Wilmington, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership shall be located at 1801 Market Street, Philadelphia, Pennsylvania 19103 or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate. The address of the General Partner shall be 1801 Market Street, Philadelphia, Pennsylvania 19103 or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

Section 2.4 Purpose and Business.

The purpose and nature of the business to be conducted by the Partnership shall be to (a) serve as a partner of the Operating Partnership and, in connection therewith, to exercise all the rights and powers conferred upon the Partnership as a partner of the Operating Partnership pursuant to the Operating Partnership Agreement or otherwise, (b) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that the Operating Partnership is permitted to engage in by the Operating Partnership Agreement or that its subsidiaries are permitted to engage in by their limited liability company or partnership agreements and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (c) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner and which lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; provided,

however, that the General Partner reasonably determines, as of the date of the acquisition or commencement of such activity, that such activity (i) generates "qualifying income" (as such term is defined pursuant to Section 7704 of the Code) or a Subsidiary or a Partnership activity that generates qualifying income or (ii) enhances the operations of an activity of the Operating Partnership, and (d) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member. The General Partner has no obligation or duty to the Partnership, the Limited Partners or the Assignees to propose or approve, and in its discretion may decline to propose or approve, the conduct by the Partnership of any business.

Section 2.5 Powers.

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

Section 2.6 Power of Attorney.

(a) Each Limited Partner and each Assignee hereby constitutes and appoints the General Partner and, if a Liquidator shall have been selected pursuant to Section 12.3, the Liquidator (and any successor to the Liquidator by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, as the case may be, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements hereof or thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article IV, X, XI or XII; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Partnership Securities issued pursuant to Section 5.6; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XIV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by Section 13.3 or any other provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner and the Liquidator may exercise the power of attorney made in this Section 2.6(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 2.6(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIII or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee, to the maximum extent permitted by law, hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 2.7 Term.

The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the dissolution of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

Section 2.8 Title to Partnership Assets.

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name

of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided, further, that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

ARTICLE III

RIGHTS OF LIMITED PARTNERS

Section 3.1 Limitation of Liability.

The Limited Partners and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

Section 3.2 Management of Business.

No Limited Partner or Assignee, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participation in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 3.3 Outside Activities of the Limited Partners.

Subject to the provisions of Section 7.5 and the Omnibus Agreement, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners or Assignees shall have

any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

Section 3.4 Rights of Limited Partners.

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 3.4(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable written demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local income tax returns for each year;

(iii) to have furnished to him a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain true and full information regarding the amount of cash and a description and statement of the Net Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) The General Partner may keep confidential from the Limited Partners and Assignees, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the Partnership Group, (B) could damage the Partnership Group or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

ARTICLE IV

CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS; REDEMPTION OF PARTNERSHIP INTERESTS

Section 4.1 Certificates.

Upon the Partnership's issuance of Common Units or Subordinated Units to any Person, the Partnership shall issue one or more Certificates in the name of such Person evidencing the number of such Units being so issued. In addition, (a) upon the General Partner's request, the Partnership shall issue to it one or more Certificates in the name of the General Partner evidencing its interests in the Partnership and (b) upon the request of any Person owning Incentive Distribution Rights or any other Partnership Securities other than Common Units or Subordinated Units, the Partnership shall issue to such Person one or more certificates evidencing such Incentive Distribution Rights or other Partnership Securities other than Common Units or Subordinated Units. Certificates shall be executed on behalf of the Partnership by the Chairman of the Board, President or any Executive Vice President or Vice President and the Secretary or any Assistant Secretary of the General Partner. No Common Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the General Partner elects to issue Common Units in global form, the Common Unit Certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Common Units have been duly registered in accordance with the directions of the Partnership and the Underwriters. Subject to the requirements of Section 6.7(b), the Partners holding Certificates evidencing Subordinated Units may exchange such Certificates for Certificates evidencing Common Units on or after the date on which such Subordinated Units are converted into Common Units pursuant to the terms of Section 5.8.

Section 4.2 Mutilated, Destroyed, Lost or Stolen Certificates.

(a) If any mutilated Certificate is surrendered to the Transfer Agent, the appropriate officers of the General Partner on behalf of the Partnership shall execute, and the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and type of Partnership Securities as the Certificate so surrendered.

(b) The appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and the Transfer Agent shall countersign a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the Partnership, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate before the Partnership has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the Partnership, delivers to the Partnership a bond, in form and substance satisfactory to the Partnership, with surety or sureties and with fixed or open penalty as the Partnership may reasonably direct, in its sole discretion, to indemnify

the Partnership, the Partners, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other reasonable requirements imposed by the Partnership.

If a Limited Partner or Assignee fails to notify the Partnership within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Limited Partner Interests represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner or Assignee shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate.

(c) As a condition to the issuance of any new Certificate under this Section 4.2, the Partnership may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

Section 4.3 Record Holders.

The Partnership shall be entitled to recognize the Record Holder as the Partner or Assignee with respect to any Partnership Interest and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Partnership Interest on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Partnership Interests are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Partnership Interests, as between the Partnership on the one hand, and such other Persons on the other, such representative Person (a) shall be the Partner or Assignee (as the case may be) of record and beneficially, (b) must execute and deliver a Transfer Application and (c) shall be bound by this Agreement and shall have the rights and obligations of a Partner or Assignee (as the case may be) hereunder and as, and to the extent, provided for herein.

Section 4.4 Transfer Generally.

(a) The term "transfer," when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction by which a General Partner assigns its General Partner Interest to another Person who becomes a General Partner, by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person who is or becomes a Limited Partner or an Assignee, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any member of the General Partner of any or all of the membership interests of the General Partner.

Section 4.5 Registration and Transfer of Limited Partner Interests.

(a) The Partnership shall keep or cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 4.5(b), the Partnership will provide for the registration and transfer of Limited Partner Interests. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Common Units and transfers of such Common Units as herein provided. The Partnership shall not recognize transfers of Certificates evidencing Limited Partner Interests unless such transfers are effected in the manner described in this Section 4.5. Upon surrender of a Certificate for registration of transfer of any Limited Partner Interests evidenced by a Certificate, and subject to the provisions of Section 4.5(b), the appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and in the case of Common Units, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number and type of Limited Partner Interests as was evidenced by the Certificate so surrendered.

(b) Except as otherwise provided in Section 4.9, the Partnership shall not recognize any transfer of Limited Partner Interests until the Certificates evidencing such Limited Partner Interests are surrendered for registration of transfer and such Certificates are accompanied by a Transfer Application duly executed by the transferee (or the transferee's attorney-in-fact duly authorized in writing). No charge shall be imposed by the Partnership for such transfer; provided, that as a condition to the issuance of any new Certificate under this Section 4.5, the Partnership may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

(c) Limited Partner Interests may be transferred only in the manner described in this Section 4.5. The transfer of any Limited Partner Interests and the admission of any new Limited Partner shall not constitute an amendment to this Agreement.

(d) Until admitted as a Substituted Limited Partner pursuant to Section 10.2, the Record Holder of a Limited Partner Interest shall be an Assignee in respect of such Limited Partner Interest. Limited Partners may include custodians, nominees or any other individual or entity in its own or any representative capacity.

(e) A transferee of a Limited Partner Interest who has completed and delivered a Transfer Application shall be deemed to have (i) requested admission as a Substituted Limited Partner, (ii) agreed to comply with and be bound by and to have executed this Agreement, (iii) represented and warranted that such transferee has the right, power and authority and, if an individual, the capacity to enter into this Agreement, (iv) granted the powers of attorney set forth in this Agreement and (v) given the consents and approvals and made the waivers contained in this Agreement.

(f) The General Partner and its Affiliates shall have the right at any time to transfer their Subordinated Units and Common Units (whether issued upon conversion of the Subordinated Units or otherwise) to one or more Persons.

Section 4.6 Transfer of the General Partner's General Partner Interest.

(a) Subject to Section 4.6(c) below, prior to December 31, 2011, the General Partner shall not transfer all or any part of its General Partner Interest to a Person unless such transfer (i) has been approved by the prior written consent or vote of the holders of at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates) or (ii) is of all, but not less than all, of its General Partner Interest to (A) an Affiliate of the General Partner (other than an individual) or (B) another Person (other than an individual) in connection with the merger or consolidation of the General Partner with or into another Person (other than an individual) or the transfer by the General Partner of all or substantially all of its assets to another Person (other than an individual).

(b) Subject to Section 4.6(c) below, on or after December 31, 2011, the General Partner may transfer all or any of its General Partner Interest without Unitholder approval.

(c) Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its General Partner Interest to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and to be bound by the provisions of this Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner or of any limited partner of the Operating Partnership or cause the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed) and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership or membership interest of the General Partner as the general partner or managing member, if any, of each other Group Member. In the case of a transfer pursuant to and in compliance with this Section 4.6, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 10.3, be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

Section 4.7 Transfer of Incentive Distribution Rights.

Prior to December 31, 2011, a holder of Incentive Distribution Rights may transfer any or all of the Incentive Distribution Rights held by such holder without any consent of the Unitholders (a) to an Affiliate of such holder (other than an individual) or (b) to another Person (other than an individual) in connection with (i) the merger or consolidation of such holder of Incentive Distribution Rights with or into such other Person or (ii) the transfer by such holder of all or substantially all of its assets to such other Person or (iii) the sale of all or substantially all of the equity interests of such holder to such other Person. Any other transfer of the Incentive Distribution Rights prior to December 31, 2011, shall require the prior approval of holders of at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates). On or after December 31, 2011, the General Partner or any

other holder of Incentive Distribution Rights may transfer any or all of its Incentive Distribution Rights without Unitholder approval. Notwithstanding anything herein to the contrary, no transfer of Incentive Distribution Rights to another Person shall be permitted unless the transferee agrees to be bound by the provisions of this Agreement.

Section 4.8 Restrictions on Transfers.

(a) Except as provided in Section 4.8(d) below, but notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interests shall be made if such transfer would (i) violate the then applicable federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership or the Operating Partnership under the laws of the jurisdiction of its formation, or (iii) cause the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if a subsequent Opinion of Counsel determines that such restrictions are necessary to avoid a significant risk of the Partnership or the Operating Partnership becoming taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes. The restrictions may be imposed by making such amendments to this Agreement as the General Partner may determine to be necessary or appropriate to impose such restrictions; provided, however, that any amendment that the General Partner believes, in the exercise of its reasonable discretion, could result in the delisting or suspension of trading of any class of Limited Partner Interests on the principal National Securities Exchange on which such class of Limited Partner Interests is then traded must be approved, prior to such amendment being effected, by the holders of at least a majority of the Outstanding Limited Partner Interests of such class.

(c) The transfer of a Subordinated Unit that has converted into a Common Unit shall be subject to the restrictions imposed by Section 6.7(b).

(d) Nothing contained in this Article IV, or elsewhere in this Agreement, shall preclude the settlement of any transactions involving Partnership Interests entered into through the facilities of any National Securities Exchange on which such Partnership Interests are listed for trading.

Section 4.9 Citizenship Certificates; Non-citizen Assignees.

(a) If any Group Member is or becomes subject to any federal, state or local law or regulation that, in the reasonable determination of the General Partner, creates a substantial risk of cancellation or forfeiture of any property in which the Group Member has an interest based on the nationality, citizenship or other related status of a Limited Partner or Assignee, the General Partner may request any Limited Partner or Assignee to furnish to the General Partner, within 30 days after receipt of such request, an executed Citizenship Certification or such other information concerning his nationality, citizenship or other related status (or, if the Limited Partner or Assignee is a nominee holding for the account of another Person, the nationality,

citizenship or other related status of such Person) as the General Partner may request. If a Limited Partner or Assignee fails to furnish to the General Partner within the aforementioned 30-day period such Citizenship Certification or other requested information or if upon receipt of such Citizenship Certification or other requested information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Partnership Interests owned by such Limited Partner or Assignee shall be subject to redemption in accordance with the provisions of Section 4.10. In addition, the General Partner may require that the status of any such Partner or Assignee be changed to that of a Non-citizen Assignee and, thereupon, the General Partner shall be substituted for such Non-citizen Assignee as the Limited Partner in respect of his Limited Partner Interests.

(b) The General Partner shall, in exercising voting rights in respect of Limited Partner Interests held by it on behalf of Non-citizen Assignees, distribute the votes in the same ratios as the votes of Partners (including without limitation the General Partner) in respect of Limited Partner Interests other than those of Non-citizen Assignees are cast, either for, against or abstaining as to the matter.

(c) Upon dissolution of the Partnership, a Non-citizen Assignee shall have no right to receive a distribution in kind pursuant to Section 12.4 but shall be entitled to the cash equivalent thereof, and the Partnership shall provide cash in exchange for an assignment of the Non-citizen Assignee's share of the distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the Partnership from the Non-citizen Assignee of his Limited Partner Interest (representing his right to receive his share of such distribution in kind).

(d) At any time after he can and does certify that he has become an Eligible Citizen, a Non-citizen Assignee may, upon application to the General Partner, request admission as a Substituted Limited Partner with respect to any Limited Partner Interests of such Non-citizen Assignee not redeemed pursuant to Section 4.10, and upon his admission pursuant to Section 10.2, the General Partner shall cease to be deemed to be the Limited Partner in respect of the Non-citizen Assignee's Limited Partner Interests.

Section 4.10 Redemption of Partnership Interests of Non-citizen Assignees.

(a) If at any time a Limited Partner or Assignee fails to furnish a Citizenship Certification or other information requested within the 30-day period specified in Section 4.9(a), or if upon receipt of such Citizenship Certification or other information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Partnership may, unless the Limited Partner or Assignee establishes to the satisfaction of the General Partner that such Limited Partner or Assignee is an Eligible Citizen or has transferred his Partnership Interests to a Person who is an Eligible Citizen and who furnishes a Citizenship Certification to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Limited Partner or Assignee as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Limited Partner or Assignee, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when

so mailed. The notice shall specify the Redeemable Interests, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon surrender of the Certificate evidencing the Redeemable Interests and that on and after the date fixed for redemption no further allocations or distributions to which the Limited Partner or Assignee would otherwise be entitled in respect of the Redeemable Interests will accrue or be made.

(ii) The aggregate redemption price for Redeemable Interests shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Limited Partner Interests of the class to be so redeemed multiplied by the number of Limited Partner Interests of each such class included among the Redeemable Interests. The redemption price shall be paid, in the discretion of the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 10% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) Upon surrender by or on behalf of the Limited Partner or Assignee, at the place specified in the notice of redemption, of the Certificate evidencing the Redeemable Interests, duly endorsed in blank or accompanied by an assignment duly executed in blank, the Limited Partner or Assignee or his duly authorized representative shall be entitled to receive the payment therefor.

(iv) After the redemption date, Redeemable Interests shall no longer constitute issued and Outstanding Limited Partner Interests.

(b) The provisions of this Section 4.10 shall also be applicable to Limited Partner Interests held by a Limited Partner or Assignee as nominee of a Person determined to be other than an Eligible Citizen.

(c) Nothing in this Section 4.10 shall prevent the recipient of a notice of redemption from transferring his Limited Partner Interest before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided the transferee of such Limited Partner Interest certifies to the satisfaction of the General Partner in a Citizenship Certification delivered in connection with the Transfer Application that he is an Eligible Citizen. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

ARTICLE V

CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

Section 5.1 Organizational Contributions.

In connection with the formation of the Partnership under the Delaware Act, the General Partner made an initial Capital Contribution to the Partnership in the amount of $20.00, for a certain interest in the Partnership and has been admitted as a General Partner of the Partnership,

and the Organizational Limited Partner made an initial Capital Contribution to the Partnership in the amount of $980.00. As of the Closing Date, the interest of the Organizational Limited Partner shall be redeemed as provided in the Contribution Agreement; the initial Capital Contributions of each Partner shall thereupon be refunded; and the Organizational Limited Partner shall cease to be a Limited Partner of the Partnership. Ninety-eight percent of any interest or other profit that may have resulted from the investment or other use of such initial Capital Contributions shall be allocated and distributed to the Organizational Limited Partner, and the balance thereof shall be allocated and distributed to the General Partner.

Section 5.2 Contributions by the General Partner and its Affiliates.

(a) On the Closing Date and pursuant to the Contribution Agreement, the General Partner shall contribute to the Partnership, as a Capital Contribution, all of its interest in Sunoco Logistics Partners GP LLC, Sun Pipe Line Services (In) L.P., Sunoco Michigan (In) LLC, Explorer Pipeline Company, Sunoco Mid-Con (In) LLC, Sun Pipe Line GP LLC, Sunoco Pipeline L.P., Sunoco R&M (In) LLC, Sunoco Partners Marketing & Terminals L.P., Atlantic (In) LLC, Atlantic (In) L.P. and Atlantic R&M (In) L.P. in exchange for (i) the continuation of its General Partner Interest, subject to all of the rights, privileges and duties of the General Partner under this Agreement, (ii) the Incentive Distribution Rights, (iii) 5,633,639 Common Units, (iv) 11,383,639 Subordinated Units and (v) a special interest representing the right to receive from the Partnership on the Closing Date the net proceeds from the issuance of the Notes estimated to be $245.3 million distributed to it by the Operating Partnership.

(b) Upon the issuance of any additional Limited Partner Interests by the Partnership (other than the issuance of the Common Units issued in the Initial Offering and other than the issuance of the Common Units issued pursuant to the Over-Allotment Option and other than Common Units purchased by the General Partner to the extent the Over-Allotment Option is not exercised), the General Partner shall be required to make additional Capital Contributions equal to 2/98ths of any amount contributed to the Partnership by the Limited Partners in exchange for such additional Limited Partner Interests. Except as set forth in the immediately preceding sentence and Article XII, the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

(c) Any payment made to the Partnership Group by the General Partner or its Affiliates pursuant to Article III or V of the Omnibus Agreement or payments made pursuant to Section 5.2, 5.4 or 5.5 of the Omnibus Agreement shall be treated for purposes of this Agreement as a Capital Contribution by the General Partner to the Partnership.

Section 5.3 Contributions by Initial Limited Partners and Distributions to the General Partner.

(a) On the Closing Date and pursuant to the Underwriting Agreement, each Underwriter shall contribute to the Partnership cash in an amount equal to the Issue Price per Initial Common Unit, multiplied by the number of Common Units specified in the Underwriting Agreement to be purchased by such Underwriter at the Closing Date. In exchange for such Capital Contributions by the Underwriters, the Partnership shall issue Common Units to each Underwriter on whose behalf such Capital Contribution is made in an amount equal to the

quotient obtained by dividing (i) the cash contribution to the Partnership by or on behalf of such Underwriter by (ii) the Issue Price per Initial Common Unit.

(b) Notwithstanding anything else herein contained, the distribution of the net proceeds of the issuance of the Notes received by the Partnership from the Operating Partnership will be distributed to the General Partner in redemption of its special interest as set forth in Section 5.2(a).

(c) Upon the exercise of the Over-Allotment Option and pursuant to the Underwriting Agreement, each Underwriter shall contribute to the Partnership cash in an amount equal to the Issue Price per Initial Common Unit, multiplied by the number of Common Units specified in the Underwriting Agreement to be purchased by such Underwriter at the Option Closing Date. In exchange for such Capital Contributions by the Underwriters, the Partnership shall issue Common Units to each Underwriter on whose behalf such Capital Contribution is made in an amount equal to the quotient obtained by dividing (i) the cash contributions to the Partnership by or on behalf of such Underwriter by (ii) the Issue Price per Initial Common Unit.

(d) No Limited Partner Interests will be issued or issuable as of or at the Closing Date other than (i) the Common Units issuable pursuant to subparagraph (a) hereof in aggregate number equal to 5,000,000, (ii) the "Option Units" as such term is used in the Underwriting Agreement in an aggregate number up to 750,000 issuable upon exercise of the Over-Allotment Option pursuant to subparagraph (c) hereof or to the General Partner to the extent the Over-Allotment Option is not exercised, (iii) the 5,633,639 Common Units issuable to the General Partner pursuant to Section 5.2 hereof, (iv) the 11,383,639 Subordinated Units issuable to the General Partner pursuant to Section 5.2 hereof, and (v) the Incentive Distribution Rights.

Section 5.4 Interest and Withdrawal.

No interest shall be paid by the Partnership on Capital Contributions. No Partner or Assignee shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner or Assignee shall have priority over any other Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of Section 17-502(b) of the Delaware Act.

Section 5.5 Capital Accounts.

(a) The Partnership shall maintain for each Partner (or a beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to

such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1, and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction which is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 5.5, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner based upon the provisions of the Operating Partnership Agreement) of all property owned by the Operating Partnership or any other Subsidiary that is classified as a partnership for federal income tax purposes.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed

Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 5.5(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 6.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) (i) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(ii) Immediately prior to the transfer of a Subordinated Unit or of a Subordinated Unit that has converted into a Common Unit pursuant to Section 5.8 by a holder thereof (other than a transfer to an Affiliate unless the General Partner elects to have this subparagraph 5.5(c)(ii) apply), the Capital Account maintained for such Person with respect to its Subordinated Units or converted Subordinated Units will (A) first, be allocated to the Subordinated Units or converted Subordinated Units to be transferred in an amount equal to the product of (x) the number of such Subordinated Units or converted Subordinated Units to be transferred and (y) the Per Unit Capital Amount for a Common Unit, and (B) second, any remaining balance in such Capital Account will be retained by the transferor, regardless of whether it has retained any Subordinated Units or converted Subordinated Units. Following any such allocation, the transferor's Capital Account, if any, maintained with respect to the retained Subordinated Units or converted Subordinated Units, if any, will have a balance equal to the amount allocated under clause (B) hereinabove, and the transferee's Capital Account established with respect to the transferred Subordinated Units or converted Subordinated Units will have a balance equal to the amount allocated under clause (A) hereinabove.

(d) (i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property or the conversion of the General Partner's Combined Interest to Common Units pursuant to Section 11.3(b), the Capital Account of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or

Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership Interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual distribution which is not made pursuant to Section 12.4 or in the case of a deemed distribution, be determined and allocated in the same manner as that provided in Section 5.5(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4, be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt.

Section 5.6 Issuances of Additional Partnership Securities.

(a) Subject to Section 5.7, the Partnership may issue additional Partnership Securities and options, rights, warrants and appreciation rights relating to the Partnership Securities for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion, all without the approval of any Limited Partners.

(b) Each additional Partnership Security authorized to be issued by the Partnership pursuant to Section 5.6(a) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Securities), as shall be fixed by the General Partner in the exercise of its sole discretion, including (i) the right to share Partnership profits and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon

dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may redeem the Partnership Security; (v) whether such Partnership Security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Security will be issued, evidenced by certificates and assigned or transferred; and (vii) the right, if any, of each such Partnership Security to vote on Partnership matters, including matters relating to the relative rights, preferences and privileges of such Partnership Security.

(c) The General Partner is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with (i) each issuance of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities pursuant to this Section 5.6, (ii) the conversion of the General Partner Interest or any Incentive Distribution Rights into Units pursuant to the terms of this Agreement, (iii) the admission of Additional Limited Partners and (iv) all additional issuances of Partnership Securities. The General Partner is further authorized and directed to specify the relative rights, powers and duties of the holders of the Units or other Partnership Securities being so issued. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any future issuance of Partnership Securities or in connection with the conversion of the General Partner Interest or any Incentive Distribution Rights into Units pursuant to the terms of this Agreement, including compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the Units or other Partnership Securities are listed for trading.

Section 5.7 Limitations on Issuance of Additional Partnership Securities.

Except as otherwise specified in this Section 5.7, the issuance of Partnership Securities pursuant to Section 5.6 shall be subject to the following restrictions and limitations:

(a) During the Subordination Period, the Partnership shall not issue (and shall not issue any options, rights, warrants or appreciation rights relating to) an aggregate of more than 5,691,820 additional Parity Units without the prior approval of the holders of a Unit Majority. In applying this limitation, there shall be excluded Common Units and other Parity Units issued (A) in connection with the Underwriting Agreement, (B) in accordance with Sections 5.7(b) and 5.7(c), (C) upon conversion of Subordinated Units pursuant to Section 5.8, (D) upon conversion of the General Partner Interest or any Incentive Distribution Rights pursuant to Section 11.3(b), (D) pursuant to the employee benefit plans of the General Partner, the Partnership or any other Group Member, (E) upon a conversion or exchange of Parity Units issued after the date hereof into Common Units or other Parity Units; provided that the total amount of Available Cash required to pay the aggregate Minimum Quarterly Distribution on all Common Units and all Parity Units does not increase as a result of this conversion or exchange and (F) in the event of a combination or subdivision of Common Units.

(b) During the Subordination Period, the Partnership may also issue an unlimited number of Parity Units without the prior approval of the Unitholders, if such issuance occurs (i) in connection with an Acquisition or a Capital Improvement or (ii) within 365 days of, and the net proceeds from such issuance are used to repay debt incurred in connection with, an

Acquisition or a Capital Improvement, in each case where such Acquisition or Capital Improvement involves assets that, if acquired by the Partnership as of the date that is one year prior to the first day of the Quarter in which such Acquisition is to be consummated or such Capital Improvement is to be completed, would have resulted, on a pro forma basis, in an increase in:

(A) the amount of Adjusted Operating Surplus generated by the Partnership on a per-Unit basis (for all Outstanding Units) with respect to each of the four most recently completed Quarters (on a pro forma basis as described below) as compared to

(B) the actual amount of Adjusted Operating Surplus generated by the Partnership on a per-Unit basis (for all Outstanding Units) (excluding Adjusted Operating Surplus attributable to the Acquisition or Capital Improvement) with respect to each of such four most recently completed Quarters.

The General Partner's good faith determination that such an increase would have resulted shall be conclusive. If the issuance of Parity Units with respect to an Acquisition or Capital Improvement occurs within the first four full Quarters after the Closing Date, then Adjusted Operating Surplus as used in clauses (A) (subject to the succeeding sentence) and (B) above shall be calculated (i) for each Quarter, if any, that commenced after the Closing Date for which actual results of operations are available, based on the actual Adjusted Operating Surplus of the Partnership generated with respect to such Quarter, and (ii) for each other Quarter, on a pro forma basis consistent with the procedures, as applicable, set forth in Appendix D to the Registration Statement. Furthermore, the amount in clause (A) shall be determined on a pro forma basis assuming that (1) all of the Parity Units to be issued in connection with or within 365 days of such Acquisition or Capital Improvement had been issued and outstanding, (2) all indebtedness for borrowed money to be incurred or assumed in connection with such Acquisition or Capital Improvement (other than any such indebtedness that is to be repaid with the proceeds of such issuance of Parity Units) had been incurred or assumed, in each case as of the commencement of such four-Quarter period, (3) the personnel expenses that would have been incurred by the Partnership in the operation of the acquired assets are the personnel expenses for employees to be retained by the Partnership in the operation of the acquired assets, and (4) the non-personnel costs and expenses are computed on the same basis as those incurred by the Partnership in the operation of the Partnership's business at similarly situated Partnership facilities.

(c) During the Subordination Period, without the prior approval of the holders of a Unit Majority, the Partnership shall not issue any additional Partnership Securities (or options, rights, warrants or appreciation rights related thereto) (i) that are entitled in any Quarter to receive in respect of the Subordination Period any distribution of Available Cash from Operating Surplus before the Common Units and any Parity Units have received (or amounts have been set aside for payment of) the Minimum Quarterly Distribution and any Cumulative Common Unit Arrearage for such Quarter or (ii) that are entitled to allocations in respect of the Subordination Period of Net Termination Gain before the Common Units and any Parity Units have been allocated Net Termination Gain pursuant to Section 6.1(c)(i)(B).

(d) During the Subordination Period, without the prior approval of the Unitholders, the Partnership may issue additional Partnership Securities (or options, rights, warrants or appreciation rights related thereto) (i) that are not entitled in any Quarter during the Subordination Period to receive any distributions of Available Cash from Operating Surplus until after the Common Units and any Parity Units have received (or amounts have been set aside for payment of) the Minimum Quarterly Distribution and any Cumulative Common Unit Arrearage for such Quarter and (ii) that are not entitled to allocations in respect of the Subordination Period of Net Termination Gain before the Common Units and Parity Units have been allocated Net Termination Gain pursuant to Section 6.1(c)(i)(B), even if (A) the amount of Available Cash from Operating Surplus to which each such Partnership Security is entitled to receive after the Minimum Quarterly Distribution and any Cumulative Common Unit Arrearage have been paid or set aside for payment on the Common Units exceeds the Minimum Quarterly Distribution, (B) the amount of Net Termination Gain to be allocated to such Partnership Security after Net Termination Gain has been allocated to any Common Units and Parity Units pursuant to Section 6.1(c)(i)(B) exceeds the amount of such Net Termination Gain to be allocated to each Common Unit or Parity Unit or (C) the holders of such additional Partnership Securities have the right to require the Partnership or its Affiliates to repurchase such Partnership Securities at a discount, par or a premium.

(e) During the Subordination Period, the Partnership may also issue an unlimited number of Parity Units without the approval of the Unitholders, if the proceeds from such issuance are used exclusively to repay up to $40.0 million of indebtedness of a Group Member where the aggregate amount of distributions that would have been paid with respect to such newly issued Units or Partnership Securities, plus the related distributions on the General Partner Interest in respect of the four-Quarter period ending prior to the first day of the Quarter in which the issuance is to be consummated (assuming such additional Units or Partnership Securities had been Outstanding throughout such period and that distributions equal to the distributions that were actually paid on the Outstanding Units during the period were paid on such additional Units or Partnership Securities) did not exceed the interest costs actually incurred during such period on the indebtedness that is to be repaid (or, if such indebtedness was not outstanding throughout the entire period, would have been incurred had such indebtedness been outstanding for the entire period). In the event that the Partnership is required to pay a prepayment penalty in connection with the repayment of such indebtedness, for purposes of the foregoing test the number of Parity Units issued to repay such indebtedness shall be deemed increased by the number of Parity Units that would need to be issued to pay such penalty.

(f) No fractional Units shall be issued by the Partnership.

Section 5.8 Conversion of Subordinated Units.

(a) A total of 2,845,910 of the Outstanding Subordinated Units will convert into Common Units on a one-for-one basis immediately after the distribution of Available Cash to Partners pursuant to Section 6.3(a) in respect of any Quarter ending on or after December 31, 2004, in respect of which:

(i) distributions under Section 6.4 in respect of all Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in

right of distribution to the Subordinated Units with respect to each of the three consecutive, non-overlapping four-Quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution on all of the Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in right of distribution to the Subordinated Units during such periods;

(ii) the Adjusted Operating Surplus generated during each of the three consecutive, non-overlapping four-Quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution on all of the Common Units, Subordinated Units and any other Units that are senior or equal in right of distribution to the Subordinated Units that were Outstanding during such periods on a Fully Diluted Basis, plus the related distribution on the General Partner Interest in the Partnership, during such periods; and

(iii) the Cumulative Common Unit Arrearage on all of the Common Units is zero.

(b) An additional 2,845,910 of the Outstanding Subordinated Units will convert into Common Units on a one-for-one basis immediately after the distribution of Available Cash to Partners pursuant to Section 6.3(a) in respect of any Quarter ending on or after December 31, 2005, in respect of which

(i) distributions under Section 6.4 in respect of all Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in right of distribution to the Subordinated Units with respect to each of the three consecutive, non-overlapping four-Quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution on all of the Outstanding Common Units and Subordinated Units and any other Outstanding Units that are senior or equal in right of distribution to the Subordinated Units during such periods;

(ii) the Adjusted Operating Surplus generated during each of the three consecutive, non-overlapping four-Quarter periods immediately preceding such date equaled or exceeded the sum of the Minimum Quarterly Distribution on all of the Common Units, Subordinated Units and any other Units that are senior or equal in right of distribution to the Subordinated Units that were Outstanding during such periods on a Fully Diluted Basis, plus the related distribution on the General Partner Interest during such periods; and

(iii) the Cumulative Common Unit Arrearage on all of the Common Units is zero;

provided, however, that the conversion of Subordinated Units pursuant to this Section 5.8(b) may not occur until at least one year following the conversion of Subordinated Units pursuant to Section 5.8(a).

(c) In the event that less than all of the Outstanding Subordinated Units shall convert into Common Units pursuant to Section 5.8(a) or 5.8(b) at a time when there shall be more than one holder of Subordinated Units, then, unless all of the holders of Subordinated Units shall

agree to a different allocation, the Subordinated Units that are to be converted into Common Units shall be allocated among the holders of Subordinated Units pro rata based on the number of Subordinated Units held by each such holder.

(d) Any Subordinated Units that are not converted into Common Units pursuant to Section 5.8(a) and (b) shall convert into Common Units on a one-for-one basis immediately after the distribution of Available Cash to Partners pursuant to Section 6.3(a) in respect of the final Quarter of the Subordination Period.

(e) Notwithstanding any other provision of this Agreement, all the then Outstanding Subordinated Units will automatically convert into Common Units on a one-for-one basis as set forth in, and pursuant to the terms of, Section 11.4.

(f) A Subordinated Unit that has converted into a Common Unit shall be subject to the provisions of Section 6.7(b).

Section 5.9 Limited Preemptive Right.

Except as provided in this Section 5.9 and in Section 5.2, no Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Security, whether unissued, held in the treasury or hereafter created. The General Partner shall have the right, which it may from time to time assign in whole or in part to any of its Affiliates, to purchase Partnership Securities from the Partnership whenever, and on the same terms that, the Partnership issues Partnership Securities to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Partnership Securities.

Section 5.10 Splits and Combinations.

(a) Subject to Sections 5.10(d), 6.6 and 6.9 (dealing with adjustments of distribution levels), the Partnership may make a Pro Rata distribution of Partnership Securities to all Record Holders or may effect a subdivision or combination of Partnership Securities so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis (including any Common Unit Arrearage or Cumulative Common Unit Arrearage) or stated as a number of Units (including the number of Subordinated Units that may convert prior to the end of the Subordination Period and the number of additional Parity Units that may be issued pursuant to Section 5.7 without a Unitholder vote) are proportionately adjusted retroactive to the beginning of the Partnership.

(b) Whenever such a distribution, subdivision or combination of Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Partnership Securities to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be

entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the Partnership may issue Certificates to the Record Holders of Partnership Securities as of the applicable Record Date representing the new number of Partnership Securities held by such Record Holders, or the General Partner may adopt such other procedures as it may deem appropriate to reflect such changes. If any such combination results in a smaller total number of Partnership Securities Outstanding, the Partnership shall require, as a condition to the delivery to a Record Holder of such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units but for the provisions of Section 5.7(e) and this Section 5.10(d), each fractional Unit shall be rounded to the nearest whole Unit (and a 0.5 Unit shall be rounded to the next higher Unit).

Section 5.11 Fully Paid and Non-Assessable Nature of Limited Partner Interests.

All Limited Partner Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Limited Partner Interests in the Partnership, except as such non-assessability may be affected by Section 17-607 of the Delaware Act.

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

Section 6.1 Allocations for Capital Account Purposes.

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.5(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

(a) Net Income. After giving effect to the special allocations set forth in Section 6.1(d), Net Income for each taxable year and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable year shall be allocated as follows:

(i) First, 100% to the General Partner, in an amount equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(iii) for all previous taxable years until the aggregate Net Income allocated to the General Partner pursuant to this Section 6.1(a)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(iii) for all previous taxable years;

(ii) Second, 2% to the General Partner, in an amount equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable years and 98% to the Unitholders, in accordance with their respective Percentage Interests, until the aggregate Net Income allocated to such Partners pursuant to this Section 6.1(a)(ii) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to such Partners pursuant to Section 6.1(b)(ii) for all previous taxable years; and

(iii) Third, 2% to the General Partner, and 98% to the Unitholders, Pro Rata.

(b) Net Losses. After giving effect to the special allocations set forth in Section 6.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 2% to the General Partner, and 98% to the Unitholders, Pro Rata, until the aggregate Net Losses allocated pursuant to this Section 6.1(b)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Income allocated to such Partners pursuant to Section 6.1(a)(iii) for all previous taxable years, provided that the Net Losses shall not be allocated pursuant to this Section 6.1(b)(i) to the extent that such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account);

(ii) Second, 2% to the General Partner, and 98% to the Unitholders, Pro Rata; provided, that Net Losses shall not be allocated pursuant to this Section 6.1(b)(ii) to the extent that such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account);

(iii) Third, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 6.1(d), all items of income, gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of Available Cash provided under Sections 6.4 and 6.5 have been made; provided, however, that solely for purposes of this Section 6.1(c), Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 5.5(d)), such Net Termination Gain shall be allocated among the Partners in the following manner (and the Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account;

(B) Second, 98% to all Unitholders holding Common Units, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Capital plus (2) the Minimum Quarterly Distribution for the Quarter during which the Liquidation Date occurs, reduced by any distribution pursuant to Section 6.4(a)(i) or (b)(i) with respect to such Common Unit for such Quarter (the amount determined pursuant to this clause (2) is hereinafter defined as the "Unpaid MQD") plus (3) any then existing Cumulative Common Unit Arrearage;

(C) Third, if such Net Termination Gain is recognized (or is deemed to be recognized) prior to the expiration of the Subordination Period, 98% to all Unitholders holding Subordinated Units, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Subordinated Unit then Outstanding equals the sum of (1) its Unrecovered Capital, determined for the taxable year (or portion thereof) to which this allocation of gain relates, plus (2) the Minimum Quarterly Distribution for the Quarter during which the Liquidation Date occurs, reduced by any distribution pursuant to Section 6.4(a)(iii) with respect to such Subordinated Unit for such Quarter;

(D) Fourth, 98% to all Unitholders, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Capital, plus (2) the Unpaid MQD, plus (3) any then existing Cumulative Common Unit Arrearage, plus (4) the excess of (aa) the First Target Distribution less the Minimum Quarterly Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of Available Cash that is deemed to be Operating Surplus made pursuant to Sections 6.4(a)(iv) and 6.4(b)(ii) (the sum of (1) plus (2) plus (3) plus (4) is hereinafter defined as the "First Liquidation Target Amount");

(E) Fifth, 85% to all Unitholders, Pro Rata, 13% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the First Liquidation Target Amount, plus (2) the excess of (aa) the Second Target Distribution less the First Target Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of Available Cash that is deemed to be Operating Surplus made pursuant to Sections 6.4(a)(v) and 6.4(b)(iii) (the sum of (1) plus (2) is hereinafter defined as the "Second Liquidation Target Amount");

(F) Sixth, 75% to all Unitholders, Pro Rata, 23% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the Second Liquidation Target Amount, plus (2) the excess of (aa) the Third Target Distribution less the Second Target Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of Available Cash that is deemed to be Operating Surplus made pursuant to Sections 6.4(a)(vi)and 6.4(b)(iv) (the sum of (1) plus (2) is hereinafter defined as the "Third Liquidation Target Amount"); and

(G) Finally, any remaining amount 50% to all Unitholders, Pro Rata, 48% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 5.5(d)), such Net Termination Loss shall be allocated among the Partners in the following manner:

(A) First, if such Net Termination Loss is recognized (or is deemed to be recognized) prior to the conversion of the last Outstanding Subordinated Unit, 98% to the Unitholders holding Subordinated Units, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Subordinated Unit then Outstanding has been reduced to zero;

(B) Second, 98% to all Unitholders holding Common Units, Pro Rata, and 2% to the General Partner, until the Capital Account in respect of each Common Unit then Outstanding has been reduced to zero; and

(C) Third, the balance, if any, 100% to the General Partner.

(iii) If, immediately prior to the allocation of any Net Termination Gain or Net Termination Loss pursuant to Section 6.1(c)(i) and (ii), the cumulative amount of Capital Contributions by the General Partner to the Partnership described in Section 5.2(c) exceeds the cumulative amount of items allocated to the General Partner pursuant to Section 6.1(d)(xiii), items of loss and deduction shall be allocated to the General Partner, immediately prior to any allocation pursuant to Section 6.1(c)(i) and (ii), in an amount equal to such excess. In the event the amount of Partnership losses and deductions available to make the allocation described in the previous sentence is less than the amount required to satisfy such allocation, Net Termination Gain that would otherwise be allocated to the General Partner pursuant to Sections 6.1(c)(i)(B), (D), (E), (F) or (G), in an amount equal to such shortfall, shall be allocated to the Unitholders holding Common Units instead.

(d) Special Allocations. Notwithstanding any other provision of this Section 6.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 6.1, if there is a net decrease in Partnership Minimum Gain

during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Sections 6.1(d)(vi) and 6.1(d)(vii)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Partner Nonrecourse Debt Minimum Gain. Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d), other than Section 6.1(d)(i) and other than an allocation pursuant to Sections 6.1(d)(vi) and 6.1(d)(vii), with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Priority Allocations.

(A) If the amount of cash or the Net Agreed Value of any property distributed (except cash or property distributed pursuant to Section 12.4) to any Unitholder with respect to its Units for a taxable year is greater (on a per Unit basis) than the amount of cash or the Net Agreed Value of property distributed to the other Unitholders with respect to their Units (on a per Unit basis), then (1) each Unitholder receiving such greater cash or property distribution shall be allocated gross income in an amount equal to the product of (aa) the amount by which the distribution (on a per Unit basis) to such Unitholder exceeds the distribution (on a per Unit basis) to the Unitholders receiving the smallest distribution and (bb) the number of Units owned by the Unitholder receiving the greater distribution; and (2) the General Partner shall be allocated gross income in an aggregate amount equal to 2/98ths of the sum of the amounts allocated in clause (1) above.

(B) After the application of Section 6.1(d)(iii)(A), all or any portion of the remaining items of Partnership gross income or gain for the taxable period, if

any, shall be allocated 100% to the holders of Incentive Distribution Rights, Pro Rata, until the aggregate amount of such items allocated to the holders of Incentive Distribution Rights pursuant to this paragraph 6.1(d)(iii)(B) for the current taxable year and all previous taxable years is equal to the cumulative amount of all Incentive Distributions made to the holders of Incentive Distribution Rights from the Closing Date to a date 45 days after the end of the current taxable year.

(iv) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 6.1(d)(i) or (ii).

(v) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(v) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account as adjusted after all other allocations provided for in this Section 6.1 have been tentatively made as if this Section 6.1(d)(v) were not in this Agreement.

(vi) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the other Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vii) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(viii) Nonrecourse Liabilities. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(ix) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(c) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(x) Economic Uniformity. At the election of the General Partner with respect to any taxable period ending upon, or after, the termination of the Subordination Period, all or a portion of the remaining items of Partnership gross income or gain for such taxable period, after taking into account allocations pursuant to Section 6.1(d)(iii), shall be allocated 100% to each Partner holding Subordinated Units that are Outstanding as of the termination of the Subordination Period ("Final Subordinated Units") in the proportion of the number of Final Subordinated Units held by such Partner to the total number of Final Subordinated Units then Outstanding, until each such Partner has been allocated an amount of gross income or gain which increases the Capital Account maintained with respect to such Final Subordinated Units to an amount equal to the product of (A) the number of Final Subordinated Units held by such Partner and (B) the Per Unit Capital Amount for a Common Unit. The purpose of this allocation is to establish uniformity between the Capital Accounts underlying Final Subordinated Units and the Capital Accounts underlying Common Units held by Persons other than the General Partner and its Affiliates immediately prior to the conversion of such Final Subordinated Units into Common Units. This allocation method for establishing such economic uniformity will only be available to the General Partner if the method for allocating the Capital Account maintained with respect to the Subordinated Units between the transferred and retained Subordinated Units pursuant to Section 5.5(c)(ii) does not otherwise provide such economic uniformity to the Final Subordinated Units.

(xi) Curative Allocation.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1.

Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. Allocations pursuant to this Section 6.1(d)(xi)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 6.1(d)(xi)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 6.1(d)(xi)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 6.1(d)(xi)(A) among the Partners in a manner that is likely to minimize such economic distortions.

(xii) Corrective Allocations. In the event of any allocation of Additional Book Basis Derivative Items or any Book-Down Event or any recognition of a Net Termination Loss, the following rules shall apply:

(A) In the case of any allocation of Additional Book Basis Derivative Items (other than an allocation of Unrealized Gain or Unrealized Loss under Section 5.5(d) hereof), the General Partner shall allocate additional items of gross income and gain away from the holders of Incentive Distribution Rights to the Unitholders and the General Partner, or additional items of deduction and loss away from the Unitholders and the General Partner to the holders of Incentive Distribution Rights, to the extent that the Additional Book Basis Derivative Items allocated to the Unitholders or the General Partner exceed their Share of Additional Book Basis Derivative Items. For this purpose, the Unitholders and the General Partner shall be treated as being allocated Additional Book Basis Derivative Items to the extent that such Additional Book Basis Derivative Items have reduced the amount of income that would otherwise have been allocated to the Unitholders or the General Partner under the Partnership Agreement (e.g., Additional Book Basis Derivative Items taken into account in computing cost of goods sold would reduce the amount of book income otherwise available for allocation among the Partners). Any allocation made pursuant to this Section 6.1(d)(xii)(A) shall be made after all of the other Agreed Allocations have been made as if this Section 6.1(d)(xii) were not in this Agreement and, to the extent necessary, shall require the reallocation of items that have been allocated pursuant to such other Agreed Allocations.

(B) In the case of any negative adjustments to the Capital Accounts of the Partners resulting from a Book-Down Event or from the recognition of a Net

Termination Loss, such negative adjustment (1) shall first be allocated, to the extent of the Aggregate Remaining Net Positive Adjustments, in such a manner, as reasonably determined by the General Partner, that to the extent possible the aggregate Capital Accounts of the Partners will equal the amount which would have been the Capital Account balance of the Partners if no prior Book-Up Events had occurred, and (2) any negative adjustment in excess of the Aggregate Remaining Net Positive Adjustments shall be allocated pursuant to Section 6.1(c) hereof.

(C) In making the allocations required under this Section 6.1(d)(xii), the General Partner, in its sole discretion, may apply whatever conventions or other methodology it deems reasonable to satisfy the purpose of this Section 6.1(d)(xii).

(xiii) Allocation of Indemnified Losses. All losses, costs, penalties, damages, and expenses described in Section 3.1(a), 3.3 and 3.4(a) of the Omnibus Agreement, and all deductions and losses resulting from any payment made by the General Partner or its Affiliates to the Partnership pursuant to Article V of the Omnibus Agreement or any payment pursuant to Section 5.2, 5.4 or 5.5 of the Omnibus Agreement shall be allocated 100% to the General Partner.

Section 6.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 5.5(d)(i) or 5.5(d)(ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.2(b)(i)(A); and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated

among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(iii) The General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) to eliminate Book-Tax Disparities.

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Limited Partner Interests (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Limited Partner Interests (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Limited Partner Interests issued and Outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its discretion may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Partnership's common basis of such property, despite any inconsistency of such approach with Treasury Regulation Section 1.167(c)-l(a)(6) or any successor regulations thereto. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring Limited Partner Interests in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any Limited Partner Interests that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Limited Partner Interests.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the

Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) Each item of Partnership income, gain, loss and deduction shall for federal income tax purposes, be determined on an annual basis and prorated on a monthly basis and shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of each month; provided, however, that (i) such items for the period beginning on the Closing Date and ending on the last day of the month in which the Option Closing Date or the expiration of the Over-allotment Option occurs shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of the next succeeding month; and provided, further, that gain or loss on a sale or other disposition of any assets of the Partnership or any other extraordinary item of income or loss realized and recognized other than in the ordinary course of business, as determined by the General Partner in its sole discretion, shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of the month in which such gain or loss is recognized for federal income tax purposes. The General Partner may revise, alter or otherwise modify such methods of allocation as it determines necessary or appropriate in its sole discretion, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Limited Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Limited Partner Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion.

Section 6.3 Requirement and Characterization of Distributions; Distributions to Record Holders.

(a) Within 45 days following the end of each Quarter commencing with the Quarter ending on March 31, 2002, an amount equal to 100% of Available Cash with respect to such Quarter shall, subject to Section 17-607 of the Delaware Act, be distributed in accordance with this Article VI by the Partnership to the Partners as of the Record Date selected by the General Partner in its reasonable discretion. All amounts of Available Cash distributed by the Partnership on any date from any source shall be deemed to be Operating Surplus until the sum of all amounts of Available Cash theretofore distributed by the Partnership to the Partners pursuant to Section 6.4 equals the Operating Surplus from the Closing Date through the close of the immediately preceding Quarter. Any remaining amounts of Available Cash distributed by the Partnership on such date shall, except as otherwise provided in Section 6.5, be deemed to be "Capital Surplus." All distributions required to be made under this Agreement shall be made subject to Section 17-607 of the Delaware Act.

(b) Notwithstanding Section 6.3(a), in the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs, other than from borrowings described in (a)(ii) of the definition of Available Cash, shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) The General Partner shall have the discretion to treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

(d) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

Section 6.4 Distributions of Available Cash from Operating Surplus.

(a) During Subordination Period. Available Cash with respect to any Quarter within the Subordination Period that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or 6.5 shall, subject to Section 17-607 of the Delaware Act, be distributed as follows, except as otherwise required by Section 5.6(b) in respect of additional Partnership Securities issued pursuant thereto:

(i) First, 98% to the Unitholders holding Common Units, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(ii) Second, 98% to the Unitholders holding Common Units, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Cumulative Common Unit Arrearage existing with respect to such Quarter;

(iii) Third, 98% to the Unitholders holding Subordinated Units, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Subordinated Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(iv) Fourth, 98% to all Unitholders, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the First Target Distribution over the Minimum Quarterly Distribution for such Quarter;

(v) Fifth, 85% to all Unitholders, Pro Rata, 13% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution for such Quarter;

(vi) Sixth, 75% to all Unitholders, Pro Rata, 23% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution for such Quarter; and

(vii) Thereafter, 50% to all Unitholders, Pro Rata, 48% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner;

provided, however, if the Minimum Quarterly Distribution, the First Target Distribution, the Second Target Distribution and the Third Target Distribution have been reduced to zero pursuant to the second sentence of Section 6.6(a), the distribution of Available Cash that is deemed to be Operating Surplus with respect to any Quarter will be made solely in accordance with Section 6.4(a)(vii).

(b) After Subordination Period. Available Cash with respect to any Quarter after the Subordination Period that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or 6.5, subject to Section 17-607 of the Delaware Act, shall be distributed as follows, except as otherwise required by Section 5.6(b) in respect of additional Partnership Securities issued pursuant thereto:

(i) First, 98% to all Unitholders, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(ii) Second, 98% to all Unitholders, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the First Target Distribution over the Minimum Quarterly Distribution for such Quarter;

(iii) Third, 85% to all Unitholders, Pro Rata, and 13% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution for such Quarter;

(iv) Fourth, 75% to all Unitholders Pro Rata, and 23% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution for such Quarter; and

(v) Thereafter, 50% to all Unitholders, Pro Rata, and 48% to the holders of the Incentive Distribution Rights, Pro Rata, and 2% to the General Partner;

provided, however, if the Minimum Quarterly Distribution, the First Target Distribution, the Second Target Distribution and the Third Target Distribution have been reduced to zero pursuant to the second sentence of Section 6.6(a), the distribution of Available Cash that is deemed to be Operating Surplus with respect to any Quarter will be made solely in accordance with Section 6.4(b)(v).

Section 6.5 Distributions of Available Cash from Capital Surplus.

Available Cash that is deemed to be Capital Surplus pursuant to the provisions of Section 6.3(a) shall, subject to Section 17-607 of the Delaware Act, be distributed, unless the

provisions of Section 6.3 require otherwise, 98% to all Unitholders, Pro Rata, and 2% to the General Partner, until a hypothetical holder of a Common Unit acquired on the Closing Date has received with respect to such Common Unit, during the period since the Closing Date through such date, distributions of Available Cash that are deemed to be Capital Surplus in an aggregate amount equal to the Initial Unit Price. Available Cash that is deemed to be Capital Surplus shall then be distributed 98% to all Unitholders holding Common Units, Pro Rata, and 2% to the General Partner, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Cumulative Common Unit Arrearage. Thereafter, all Available Cash shall be distributed as if it were Operating Surplus and shall be distributed in accordance with Section 6.4.

Section 6.6 Adjustment of Minimum Quarterly Distribution and Target Distribution Levels.

(a) The Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution, Third Target Distribution, Common Unit Arrearages and Cumulative Common Unit Arrearages shall be proportionately adjusted in the event of any distribution, combination or subdivision (whether effected by a distribution payable in Units or otherwise) of Units or other Partnership Securities in accordance with Section 5.10. In the event of a distribution of Available Cash that is deemed to be from Capital Surplus, the then applicable Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution, shall be adjusted proportionately downward to equal the product obtained by multiplying the otherwise applicable Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution, as the case may be, by a fraction of which the numerator is the Unrecovered Capital of the Common Units immediately after giving effect to such distribution and of which the denominator is the Unrecovered Capital of the Common Units immediately prior to giving effect to such distribution.

(b) The Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution, shall also be subject to adjustment pursuant to Section 6.9.

Section 6.7 Special Provisions Relating to the Holders of Subordinated Units.

(a) Except with respect to the right to vote on or approve matters requiring the vote or approval of a percentage of the holders of Outstanding Common Units and the right to participate in allocations of income, gain, loss and deduction and distributions made with respect to Common Units, the holder of a Subordinated Unit shall have all of the rights and obligations of a Unitholder holding Common Units hereunder; provided, however, that immediately upon the conversion of Subordinated Units into Common Units pursuant to Section 5.8, the Unitholder holding a Subordinated Unit shall possess all of the rights and obligations of a Unitholder holding Common Units hereunder, including the right to vote as a Common Unitholder and the right to participate in allocations of income, gain, loss and deduction and distributions made with respect to Common Units; provided, however, that such converted Subordinated Units shall remain subject to the provisions of Sections 5.5(c)(ii), 6.1(d)(x) and 6.7(b).

(b) The Unitholder holding a Subordinated Unit which has converted into a Common Unit pursuant to Section 5.8 shall not be issued a Common Unit Certificate pursuant to Section 4.1, and shall not be permitted to transfer its converted Subordinated Units to a Person which is not an Affiliate of the holder until such time as the General Partner determines, based on advice of counsel, that a converted Subordinated Unit should have, as a substantive matter, like intrinsic economic and federal income tax characteristics, in all material respects, to the intrinsic economic and federal income tax characteristics of an Initial Common Unit. In connection with the condition imposed by this Section 6.7(b), the General Partner may take whatever reasonable steps are required to provide economic uniformity to the converted Subordinated Units in preparation for a transfer of such converted Subordinated Units, including the application of Sections 5.5(c)(ii) and 6.1(d)(x); provided, however, that no such steps may be taken that would have a material adverse effect on the Unitholders holding Common Units represented by Common Unit Certificates.

Section 6.8 Special Provisions Relating to the Holders of Incentive Distribution Rights.

Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Incentive Distribution Rights (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Articles III and VII and (ii) have a Capital Account as a Partner pursuant to Section 5.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, (ii) be entitled to any distributions other than as provided in Sections 6.4(a)(v), (vi) and (vii), 6.4(b)(iii), (iv) and (v), and 12.4 or (iii) be allocated items of income, gain, loss or deduction other than as specified in this Article VI.

Section 6.9 Entity-Level Taxation.

If legislation is enacted or the interpretation of existing language is modified by the relevant governmental authority which causes a Group Member to be treated as an association taxable as a corporation or otherwise subjects a Group Member to entity-level taxation for federal, state or local income tax purposes, the then applicable Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution, shall be adjusted to equal the product obtained by multiplying (a) the amount thereof by (b) one minus the sum of (i) the highest marginal federal corporate (or other entity, as applicable) income tax rate of the Group Member for the taxable year of the Group Member in which such Quarter occurs (expressed as a percentage) plus (ii) the effective overall state and local income tax rate (expressed as a percentage) applicable to the Group Member for the calendar year next preceding the calendar year in which such Quarter occurs (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local income taxes), but only to the extent of the increase in such rates resulting from such legislation or interpretation. Such effective overall state and local income tax rate shall be determined for the taxable year next preceding the first taxable year during which the Group Member is taxable for federal income tax purposes as an association taxable as a corporation or is otherwise subject to entity-level taxation by determining such rate as if the Group Member had been subject to such state and local taxes during such preceding taxable year.

ARTICLE VII

MANAGEMENT AND OPERATION OF BUSINESS

Section 7.1 Management.

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into Partnership Securities, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; subject to Section 7.6(a), the lending of funds to other Persons (including the Operating Partnership); the repayment of obligations of the Partnership Group and the making of capital contributions to any member of the Partnership Group;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of such insurance for the benefit of the Partnership Group and the Partners as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations, limited liability companies or other relationships (including the acquisition of interests in, and the contributions of property to, the Operating Partnership from time to time) subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Limited Partner Interests from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 4.8);

(xiii) unless restricted or prohibited by Section 5.7, the purchase, sale or other acquisition or disposition of Partnership Securities, or the issuance of additional options, rights, warrants and appreciation rights relating to Partnership Securities; and

(xiv) the undertaking of any action in connection with the Partnership's participation in the Operating Partnership or any other subsidiary of the Partnership as a member or partner.

(b) Notwithstanding any other provision of this Agreement, the Operating Partnership Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and the Assignees and each other Person who may acquire an interest in Partnership Securities hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Operating Partnership Agreement, the Underwriting Agreement, the Omnibus Agreement, the Contribution Agreement, the Pipelines and Terminals Storage and Throughput Agreement, the Indenture and the other agreements described in or filed as exhibits to the Registration Statement that are related to the transactions contemplated by the Registration Statement; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an

interest in Partnership Securities; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV), shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity.

Section 7.2 Certificate of Limited Partnership.

The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner.

Section 7.3 Restrictions on the General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by holders of all of the Outstanding Limited Partner Interests or by other written instrument executed and delivered by holders of all of the Outstanding Limited Partner Interests subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, except as otherwise provided in this Agreement, (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership; (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose; (iii) admitting a Person as a Partner; (iv) amending this Agreement in any manner; or (v) transferring its interest as a general partner of the Partnership.

(b) Except as provided in Articles XII and XIV, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination) or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Operating Partnership without the approval of holders of a Unit Majority; provided however that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership or the Operating Partnership and shall not apply to any forced sale of any or all of the assets of the Partnership or the Operating Partnership

pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of holders of a Unit Majority, the General Partner shall not, on behalf of the Partnership, (i) consent to any amendment to the Operating Partnership Agreement or, except as expressly permitted by Section 7.9(d), take any action permitted to be taken by a partner of the Operating Partnership, in either case, that would adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to any other class of Partnership Interests) in any material respect or (ii) except as permitted under Sections 4.6, 11.1 and 11.2, elect or cause the Partnership to elect a successor general partner of the Partnership.

Section 7.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement, the General Partner shall not be compensated for its services as a general partner or managing member of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other reasonable basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

(c) Subject to Section 5.7, the General Partner, in its sole discretion and without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership employee benefit plans, employee programs and employee practices (including plans, programs and practices involving the issuance of Partnership Securities or options to purchase Partnership Securities), or cause the Partnership to issue Partnership Securities in connection with, or pursuant to, any employee benefit plan, employee program or employee practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees of the General Partner, any Group Member or any Affiliate, or any of them, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Partnership Securities that the General Partner or such Affiliates are obligated to provide to any employees pursuant to any such employee benefit plans, employee programs or employee practices. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliates of Partnership Securities purchased by the General Partner or such Affiliates from the Partnership to fulfill options or awards under such plans, programs and practices) shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any employee benefit plans, employee programs or employee practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of

the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's General Partner Interest pursuant to Section 4.6.

Section 7.5 Outside Activities.

(a) After the Closing Date, the General Partner, for so long as it is the General Partner of the Partnership (i) agrees that its sole business will be to act as a general partner or managing member, as the case may be, of the Partnership and any other partnership or limited liability company of which the Partnership or the Operating Partnership is, directly or indirectly, a partner or member and to undertake activities that are ancillary or related thereto (including being a limited partner in the Partnership), (ii) except to the extent permitted in the Omnibus Agreement, shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner of one or more Group Members or as described in or contemplated by the Registration Statement, (B) the acquiring, owning or disposing of debt or equity securities in any Group Member or (C) the operation, maintenance and administration of the Retained Assets and the businesses conducted by or related to them and (iii) except to the extent permitted in the Omnibus Agreement, shall not, and shall cause its Affiliates not to, engage in any Restricted Activities.

(b) Sunoco, Inc. and certain of its Affiliates have entered into the Omnibus Agreement with the General Partner, the Partnership and the Operating Partnership, which agreement sets forth certain restrictions on the ability of Sunoco, Inc. and its Affiliates to engage in Restricted Activities.

(c) Except as specifically restricted by Section 7.5(a) and the Omnibus Agreement, each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty express or implied by law to any Group Member or any Partner or Assignee. Neither any Group Member, any Limited Partner nor any other Person shall have any rights by virtue of this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee.

(d) Subject to the terms of Section 7.5(a), Section 7.5(b), Section 7.5(c) and the Omnibus Agreement, but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Indemnitees (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the Indemnitees (other than the General Partner) to engage in such business interests and activities in preference to or to the exclusion of the Partnership and (iii) except as set forth in the Omnibus Agreement, the General Partner and the Indemnitees shall have no obligation to present business opportunities to the Partnership.

(e) The General Partner and any of its Affiliates may acquire Units or other Partnership Securities in addition to those acquired on the Closing Date and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights of the General Partner or Limited Partner, as applicable, relating to such Units or Partnership Securities.

(f) The term "Affiliates" when used in Section 7.5(a) and Section 7.5(e) with respect to the General Partner shall not include any Group Member or any Subsidiary of the Group Member.

(g) Anything in this Agreement to the contrary notwithstanding, to the extent that provisions of Sections 7.7, 7.8, 7.9, 7.10 or other Sections of this Agreement purport or are interpreted to have the effect of restricting the fiduciary duties that might otherwise, as a result of Delaware or other applicable law, be owed by the General Partner to the Partnership and its Limited Partners, or to constitute a waiver or consent by the Limited Partners to any such restriction, such provisions shall be inapplicable and have no effect in determining whether the General Partner has complied with its fiduciary duties in connection with determinations made by it under this Section 7.5.

Section7.6 Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with Affiliates; Certain Restrictions on the General Partner.

(a) The General Partner or any of its Affiliates may lend to any Group Member, and any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the Group Member for such periods of time and in such amounts as the General Partner may determine; provided, however, that in any such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party or impose terms less favorable to the borrowing party than would be charged or imposed on the borrowing party by unrelated lenders on comparable loans made on an arm's-length basis (without reference to the lending party's financial abilities or guarantees). The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 7.6(a) and Section 7.6(b), the term "Group Member" shall include any Affiliate of a Group Member that is controlled by the Group Member. No Group Member may lend funds to the General Partner or any of its Affiliates (other than another Group Member), otherwise than as provided in the Treasury Services Agreement.

(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow from the Partnership, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Group Member interest at a rate less than the rate that would be charged to the Group Member (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as General Partner of the Partnership. Any services rendered to a Group Member by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership Group than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership Group), is equitable to the Partnership Group. The provisions of Section 7.4 shall apply to the rendering of services described in this Section 7.6(c).

(d) The Partnership Group may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Sections 5.2 and 5.3, the Contribution Agreement and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership. With respect to any contribution of assets to the Partnership in exchange for Partnership Securities, the Conflicts Committee, in determining whether the appropriate number of Partnership Securities are being issued, may take into account, among other things, the fair market value of the assets, the liquidated and contingent liabilities assumed, the tax basis in the assets, the extent to which tax-only allocations to the transferor will protect the existing partners of the Partnership against a low tax basis, and such other factors as the Conflicts Committee deems relevant under the circumstances.

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 7.6(a) through 7.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement are hereby approved by all Partners.

Section 7.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee; provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or (in the case of a Person other than the General Partner) not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no indemnification pursuant to this Section 7.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement, the Omnibus Agreement or the Contribution Agreement (other than obligations incurred by the General Partner on behalf of the Partnership). The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding Limited Partner Interests, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the Partnership Securities, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 7.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Partners, the General Partner and any other Indemnitee acting in connection with the Partnership's business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions

of this Agreement. The provisions of this Agreement, to the extent that they restrict or otherwise modify the duties and liabilities of an Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such Indemnitee.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership, the Limited Partners, the General Partner, and the Partnership's and General Partner's directors, officers and employees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the Operating Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the Operating Partnership, any Partner or any Assignee, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the Operating Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of such resolution. Any such approval shall be subject to the presumption that, in making its decision, the Conflicts Committee acted on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the Partnership, and in any proceeding brought by any Unitholder or by or on behalf of such Unitholder or any other Unitholders or the Partnership challenging such approval, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval, (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Conflicts Committee in connection with Special Approval) shall be authorized in connection with its determination of what is "fair and reasonable" to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted accounting practices or principles; and (D) such additional factors as the General Partner (including the Conflicts Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. In any proceeding brought by any Unitholder by or on behalf of such Unitholder or any other Unitholders or the Partnership alleging that such a

resolution by the General Partner (and not by the Conflicts Committee, whose resolution shall be conclusive as provided above) is not fair to the Partnership, such Unitholder shall have the burden of proof of overcoming such conclusion. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including the Conflicts Committee) to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or, to the extent permitted by law, under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, except as otherwise provided herein, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Operating Partnership, any Limited Partner or any Assignee, (ii) it may make such decision in its sole discretion (regardless of whether there is a reference to "sole discretion" or "discretion") unless another express standard is provided for, or (iii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Operating Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of "reasonable discretion" set forth in the definitions of Available Cash or Operating Surplus shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business. No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to (A) enable distributions to the General Partner or its Affiliates (including in their capacities as Limited Partners) to exceed 2% of the total amount distributed to all partners or (B) hasten the expiration of the Subordination Period or the conversion of any Subordinated Units into Common Units.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Unitholders hereby authorize the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

Section 7.10 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited, to the extent permitted by law, as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement, so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

Section 7.11 Purchase or Sale of Partnership Securities.

The General Partner may cause the Partnership to purchase or otherwise acquire Partnership Securities; provided that, except as permitted pursuant to Section 4.10, the General Partner may not cause any Group Member to purchase Subordinated Units during the Subordination Period. As long as Partnership Securities are held by any Group Member, such Partnership Securities shall not be considered Outstanding for any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Partnership Securities for its own account, subject to the provisions of Articles IV and X.

Section 7.12 Registration Rights of the General Partner and its Affiliates.

(a) If (i) the General Partner or any Affiliate of the General Partner (including for purposes of this Section 7.12, any Person that is an Affiliate of the General Partner at the date hereof notwithstanding that it may later cease to be an Affiliate of the General Partner) holds Partnership Securities that it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable such holder of Partnership Securities (the "Holder") to dispose of the number of Partnership Securities it desires to sell at the time it desires to do so without registration under the Securities Act, then upon the request of the General Partner or any of its Affiliates, the Partnership shall file with the Commission as promptly as practicable after receiving such request, and use all reasonable efforts to cause to become effective and remain effective for a

period of not less than six months following its effective date or such shorter period as shall terminate when all Partnership Securities covered by such registration statement have been sold, a registration statement under the Securities Act registering the offering and sale of the number of Partnership Securities specified by the Holder; provided, however, that the Partnership shall not be required to effect more than three registrations pursuant to this Section 7.12(a); and provided further, however, that if the Conflicts Committee determines in its good faith judgment that a postponement of the requested registration for up to six months would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement or the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the immediately preceding sentence, the Partnership shall promptly prepare and file (x) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the Holder shall reasonably request; provided, however, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation or partnership doing business in such jurisdiction solely as a result of such registration, and (y) such documents as may be necessary to apply for listing or to list the Partnership Securities subject to such registration on such National Securities Exchange as the Holder shall reasonably request, and do any and all other acts and things that may reasonably be necessary or advisable to enable the Holder to consummate a public sale of such Partnership Securities in such states. Except as set forth in Section 7.12(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of equity securities of the Partnership for cash (other than an offering relating solely to an employee benefit plan), the Partnership shall use all reasonable efforts to include such number or amount of securities held by the Holder in such registration statement as the Holder shall request. If the proposed offering pursuant to this Section 7.12(b) shall be an underwritten offering, then, in the event that the managing underwriter or managing underwriters of such offering advise the Partnership and the Holder in writing that in their opinion the inclusion of all or some of the Holder's Partnership Securities would adversely and materially affect the success of the offering, the Partnership shall include in such offering only that number or amount, if any, of securities held by the Holder which, in the opinion of the managing underwriter or managing underwriters, will not so adversely and materially affect the offering. Except as set forth in Section 7.12(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(c) If underwriters are engaged in connection with any registration referred to in this Section 7.12, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 7.7, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers, directors and each Person who controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, "Indemnified Persons") against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities

(joint or several), costs and expenses (including interest, penalties and reasonable attorneys' fees and disbursements), resulting to, imposed upon, or incurred by the Indemnified Persons, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 7.12(c) as a "claim" and in the plural as "claims") based upon, arising out of or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Partnership Securities were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; provided, however, that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Section 7.12(a) and 7.12(b) shall continue to be applicable with respect to the General Partner (and any of the General Partner's Affiliates) after it ceases to be a Partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for the Holder to sell all of the Partnership Securities with respect to which it has requested during such two-year period inclusion in a registration statement otherwise filed or that a registration statement be filed; provided, however, that the Partnership shall not be required to file successive registration statements covering the same Partnership Securities for which registration was demanded during such two-year period. The provisions of Section 7.12(c) shall continue in effect thereafter.

(e) Any request to register Partnership Securities pursuant to this Section 7.12 shall (i) specify the Partnership Securities intended to be offered and sold by the Person making the request, (ii) express such Person's present intent to offer such shares for distribution, (iii) describe the nature or method of the proposed offer and sale of Partnership Securities, and (iv) contain the undertaking of such Person to provide all such information and materials and take all action as may be required in order to permit the Partnership to comply with all applicable requirements in connection with the registration of such Partnership Securities.

Section 7.13 Reliance by Third Parties.

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to

contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of the Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 8.1 Records and Accounting.

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including the record of the Record Holders and Assignees of Units or other Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

Section 8.2 Fiscal Year.

The fiscal year of the Partnership shall be a fiscal year ending December 31.

Section 8.3 Reports.

(a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed or made available to each Record Holder of a Unit as of a date selected by the General Partner in its discretion, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with U.S. GAAP, including a balance sheet and statements of operations, Partnership equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each fiscal year, the General Partner shall cause to be mailed

or made available to each Record Holder of a Unit, as of a date selected by the General Partner in its discretion, a report containing unaudited financial statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

ARTICLE IX

TAX MATTERS

Section 9.1 Tax Returns and Information.

The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on December 31. The tax information reasonably required by Record Holders for federal and state income tax reporting purposes with respect to a taxable year shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable year ends. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes.

Section 9.2 Tax Elections.

(a) The Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners. Notwithstanding any other provision herein contained, for the purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of a Limited Partner Interest will be deemed to be the lowest quoted closing price of the Limited Partner Interests on any National Securities Exchange on which such Limited Partner Interests are traded during the calendar month in which such transfer is deemed to occur pursuant to Section 6.2(g) without regard to the actual price paid by such transferee.

(b) The Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

Section 9.3 Tax Controversies.

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

Section 9.4 Withholding.

Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its discretion to be necessary or appropriate to cause the Partnership and the Operating Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld may at the discretion of the General Partner be treated by the Partnership as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

ARTICLE X

ADMISSION OF PARTNERS

Section 10.1 Admission of Initial Limited Partners.

Upon the issuance by the Partnership of Common Units, Subordinated Units and Incentive Distribution Rights to the General Partner and the Underwriters as described in Section 5.3 in connection with the Initial Offering, the General Partner shall admit such parties to the Partnership as Initial Limited Partners in respect of the Common Units, Subordinated Units or Incentive Distribution Rights issued to them.

Section 10.2 Admission of Substituted Limited Partner.

By transfer of a Limited Partner Interest in accordance with Article IV, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Certificate representing a Limited Partner Interest shall, however, only have the authority to convey to a purchaser or other transferee who does not execute and deliver a Transfer Application (a) the right to negotiate such Certificate to a purchaser or other transferee and (b) the right to transfer the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Limited Partner Interests. Each transferee of a Limited Partner Interest (including any nominee holder or an agent acquiring such Limited Partner Interest for the account of another Person) who executes and delivers a Transfer Application shall, by virtue of such execution and delivery, be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the Limited Partner Interests so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's discretion, and (y) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall be an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including liquidating distributions, of the Partnership. With respect to voting rights attributable to Limited Partner Interests that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto

and shall, in exercising the voting rights in respect of such Limited Partner Interests on any matter, vote such Limited Partner Interests at the written direction of the Assignee who is the Record Holder of such Limited Partner Interests. If no such written direction is received, such Limited Partner Interests will not be voted. An Assignee shall have no other rights of a Limited Partner.

Section 10.3 Admission of Successor General Partner.

A successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner Interest pursuant to Section 4.6 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the predecessor or transferring General Partner, pursuant to Section 11.1 or 11.2 or the transfer of the General Partner Interest pursuant to Section 4.6, provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.6 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the members of the Partnership Group without dissolution.

Section 10.4 Admission of Additional Limited Partners.

(a) A Person (other than the General Partner, an Initial Limited Partner or a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner

(i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 2.6, and

(ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 10.4, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

Section 10.5 Amendment of Agreement and Certificate of Limited Partnership.

To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file

an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 2.6.

ARTICLE XI

WITHDRAWAL OR REMOVAL OF PARTNERS

Section 11.1 Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its rights as General Partner pursuant to Section 4.6;

(iii) The General Partner is removed pursuant to Section 11.2;

(iv) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(iv); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vi) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or a limited liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv), (v) or (vi)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after

such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 12:00 midnight, Eastern Standard Time, on December 31, 2011, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners; provided that prior to the effective date of such withdrawal, the withdrawal is approved by Unitholders holding at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates) and the General Partner delivers to the Partnership an Opinion of Counsel ("Withdrawal Opinion of Counsel") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or any Group Member or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such); (ii) at any time after 12:00 midnight, Eastern Standard Time, on December 31, 2011, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Unitholders, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii) or is removed pursuant to Section 11.2; or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) own beneficially or of record or control at least 50% of the Outstanding Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner or managing member, to the extent applicable, of the other Group Members. If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i), the holders of a Unit Majority, may, prior to the effective date of such withdrawal, elect a successor General Partner. The Person so elected as successor General Partner shall automatically become the successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Unitholders as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.3.

Section 11.2 Removal of the General Partner.

The General Partner may be removed if such removal is approved by the Unitholders holding at least 66 2/3% of the Outstanding Units (including Units held by the General Partner and its Affiliates). Any such action by such holders for removal of the General Partner must also provide for the election of a successor General Partner by the Unitholders holding a majority of the outstanding Common Units voting as a class and a majority of the outstanding Subordinated Units voting as a class (including Units held by the General Partner and its Affiliates). Such removal shall be effective immediately following the admission of a successor General Partner

pursuant to Section 10.3. The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If a Person is elected as a successor General Partner in accordance with the terms of this Section 11.2, such Person shall, upon admission pursuant to Section 10.3, automatically become a successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. The right of the holders of Outstanding Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 11.2 shall be subject to the provisions of Section 10.3.

Section 11.3 Interest of Departing Partner and Successor General Partner.

(a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the holders of Outstanding Units under circumstances where Cause does not exist, if the successor General Partner is elected in accordance with the terms of Section 11.1 or 11.2, the Departing Partner shall have the option, exercisable prior to the effective date of the departure of such Departing Partner, to require its successor to purchase its General Partner Interest and its general partner interest (or equivalent interest) in the other Group Members and all of its Incentive Distribution Rights (collectively, the "Combined Interest") in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its departure. If the General Partner is removed by the Unitholders under circumstances where Cause exists or if the General Partner withdraws under circumstances where such withdrawal violates this Agreement, and if a successor General Partner is elected in accordance with the terms of Section 11.1 or 11.2, such successor shall have the option, exercisable prior to the effective date of the departure of such Departing Partner, to purchase the Combined Interest for such fair market value of such Combined Interest of the Departing Partner. In either event, the Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Departing Partner for the benefit of the Partnership or the other Group Members.

For purposes of this Section 11.3(a), the fair market value of the Departing Partner's Combined Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing Partner shall designate an independent investment banking firm or other independent expert, the Departing Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the

fair market value of the Combined Interest of the Departing Partner. In making its determination, such third independent investment banking firm or other independent expert may consider the then current trading price of Units on any National Securities Exchange on which Units are then listed, the value of the Partnership's assets, the rights and obligations of the Departing Partner and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 11.3(a), the Departing Partner (or its transferee) shall become a Limited Partner and its Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 11.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing Partner (or its transferee) as to all debts and liabilities of the Partnership arising on or after the date on which the Departing Partner (or its transferee) becomes a Limited Partner. For purposes of this Agreement, conversion of the Combined Interest of the Departing Partner to Common Units will be characterized as if the Departing Partner (or its transferee) contributed its Combined Interest to the Partnership in exchange for the newly issued Common Units.

(c) If a successor General Partner is elected in accordance with the terms of Section 11.1 or 11.2 and the option described in Section 11.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the Partnership cash in the amount equal to 2/98ths of the Net Agreed Value of the Partnership's assets on such date. In such event, such successor General Partner shall, subject to the following sentence, be entitled to 2% of all Partnership allocations and distributions to which the Departing Partner was entitled. In addition, the successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership distributions and allocations shall be 2%.

Section 11.4 Termination of Subordination Period, Conversion of Subordinated Units and Extinguishment of Cumulative Common Unit Arrearages.

Notwithstanding any provision of this Agreement, if the General Partner is removed as general partner of the Partnership under circumstances where Cause does not exist and Units held by the General Partner and its Affiliates are not voted in favor of such removal, (i) the Subordination Period will end and all Outstanding Subordinated Units will immediately and automatically convert into Common Units on a one-for-one basis and (ii) all Cumulative Common Unit Arrearages on the Common Units will be extinguished.

Section 11.5 Withdrawal of Limited Partners.

No Limited Partner shall have any right to withdraw from the Partnership; provided, however, that when a transferee of a Limited Partner's Limited Partner Interest becomes a Record Holder of the Limited Partner Interest so transferred, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Limited Partner Interest so transferred.

ARTICLE XII

DISSOLUTION AND LIQUIDATION

Section 12.1 Dissolution.

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1 or 11.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 12.2) its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and an Opinion of Counsel is received as provided in Section 11.1(b) or 11.2 and such successor is admitted to the Partnership pursuant to Section 10.3;

(b) an election to dissolve the Partnership by the General Partner that is approved by the holders of a Unit Majority;

(c) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(d) the sale of all or substantially all of the assets and properties of the Partnership Group.

Section 12.2 Continuation of the Business of the Partnership After Dissolution.

Upon (a) dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing Partner pursuant to Section 11.1 or 11.2, then within 90 days thereafter, or (b) dissolution of the Partnership upon an event constituting an Event of Withdrawal as defined in Section 11.1(a)(iv), (v) or (vi), then, to the maximum extent permitted by law, within 180 days thereafter, the holders of a Unit Majority may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as the successor General partner a Person approved by the holders of a Unit Majority. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the reconstituted Partnership shall continue unless earlier dissolved in accordance with this Article XII;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated in the manner provided in Section 11.3; and

(iii) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file a new partnership agreement and certificate of limited partnership, and the successor General Partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section 2.6; provided, that the right of the holders of a Unit Majority to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of any Limited Partner and (y) neither the Partnership, the reconstituted limited partnership nor the Operating Partnership or any other Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

Section 12.3 Liquidator.

Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the Partnership pursuant to Section 12.2, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by holders of at least a majority of the Outstanding Common Units and Subordinated Units voting as a single class. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or without cause, by notice of removal approved by holders of at least a majority of the Outstanding Common Units and Subordinated Units voting as a single class. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the Outstanding Common Units and Subordinated Units voting as a single class. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein.

Section 12.4 Liquidation.

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to Section 17-804 of the Delaware Act and the following:

(a) The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may, in its absolute discretion, defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may, in its absolute discretion, distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) All property and all cash in excess of that required to discharge liabilities as provided in Section 12.4(b) shall be distributed to the Partners in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable year of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable year (or, if later, within 90 days after said date of such occurrence).

Section 12.5 Cancellation of Certificate of Limited Partnership.

Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 12.6 Return of Contributions.

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners or Unitholders, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

Section 12.7 Waiver of Partition.

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

Section 12.8 Capital Account Restoration.

No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable year of the Partnership during which such liquidation occurs, or, if later, within 90 days after the date of such liquidation.

ARTICLE XIII

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

Section 13.1 Amendment to be Adopted Solely by the General Partner.

Each Partner agrees that the General Partner, without the approval of any Partner or Assignee, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to ensure that the Group Members will not be treated as associations taxable as corporations or otherwise taxed as entities for federal income tax purposes;

(d) a change that, in the discretion of the General Partner, (i) does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, (ii) is necessary or advisable to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of the Units (including the division of any class or classes of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its discretion to be in the best interests of the Partnership and the Limited Partners, (iii) is necessary or advisable in connection with action taken by the General Partner pursuant to Section 5.10 or (iv) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) a change in the fiscal year or taxable year of the Partnership and any changes that, in the discretion of the General Partner, are necessary or advisable as a result of a change in the

fiscal year or taxable year of the Partnership including, if the General Partner shall so determine, a change in the definition of "Quarter" and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) subject to the terms of Section 5.7, an amendment that, in the discretion of the General Partner, is necessary or advisable in connection with the authorization of issuance of any class or series of Partnership Securities pursuant to Section 5.6;

(h) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(i) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3;

(j) an amendment that, in the discretion of the General Partner, is necessary or advisable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4;

(k) a merger or conveyance pursuant to Section 14.3(d); or

(l) any other amendments substantially similar to the foregoing.

Section 13.2 Amendment Procedures.

Except as provided in Sections 13.1 and 13.3, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed only by or with the consent of the General Partner which consent may be given or withheld in its sole discretion. A proposed amendment shall be effective upon its approval by the holders of a Unit Majority, unless a greater or different percentage is required under this Agreement or by Delaware law. Each proposed amendment that requires the approval of the holders of a specified percentage of Outstanding Units shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding Units or call a meeting of the Unitholders to consider and vote on such proposed amendment. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments.

Section 13.3 Amendment Requirements.

(a) Notwithstanding the provisions of Sections 13.1 and 13.2, no provision of this Agreement that establishes a percentage of Outstanding Units (including Units deemed owned by the General Partner) required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the written consent or the affirmative vote of holders of Outstanding Units whose aggregate Outstanding Units constitute not less than the voting requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 13.1 and 13.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 13.3(c), (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to, the General Partner or any of its Affiliates without its consent, which consent may be given or withheld in its sole discretion, (iii) change Section 12.1(b), or (iv) change the term of the Partnership or, except as set forth in Section 12.1(b), give any Person the right to dissolve the Partnership.

(c) Except as provided in Section 14.3, and without limitation of the General Partner's authority to adopt amendments to this Agreement without the approval of any Partners or Assignees as contemplated in Section 13.1, any amendment that would have a material adverse effect on the rights or preferences of any class of Partnership Interests in relation to other classes of Partnership Interests must be approved by the holders of not less than a majority of the Outstanding Partnership Interests of the class affected.

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 13.1 and except as otherwise provided by Section 14.3(b), no amendments shall become effective without the approval of the holders of at least 90% of the Outstanding Units voting as a single class unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner under applicable law.

(e) Except as provided in Section 13.1, this Section 13.3 shall only be amended with the approval of the holders of at least 90% of the Outstanding Units.

Section 13.4 Special Meetings.

All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XIII. Special meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a special meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a special meeting and indicating the general or specific purposes for which the special meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements

governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

Section 13.5 Notice of a Meeting.

Notice of a meeting called pursuant to Section 13.4 shall be given to the Record Holders of the class or classes of Units for which a meeting is proposed in writing by mail or other means of written communication in accordance with Section 16.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

Section 13.6 Record Date.

For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 13.11 the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals.

Section 13.7 Adjournment.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XIII.

Section 13.8 Waiver of Notice; Approval of Meeting; Approval of Minutes.

The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if it had occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, Limited Partners representing such quorum who were present in person or by proxy and entitled to vote, sign a written waiver of notice or an approval of the holding of the meeting or an approval of the minutes thereof. All waivers and approvals shall be filed with the Partnership records or made a part of the minutes of the meeting. Attendance of a Limited Partner at a

meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner does not approve, at the beginning of the meeting, of the transaction of any business because the meeting is not lawfully called or convened; and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

Section 13.9 Quorum.

The holders of a majority of the Outstanding Units of the class or classes for which a meeting has been called (including Outstanding Units deemed owned by the General Partner) represented in person or by proxy shall constitute a quorum at a meeting of Limited Partners of such class or classes unless any such action by the Limited Partners requires approval by holders of a greater percentage of such Units, in which case the quorum shall be such greater percentage. At any meeting of the Limited Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Limited Partners holding Outstanding Units that in the aggregate represent a majority of the Outstanding Units entitled to vote and be present in person or by proxy at such meeting shall be deemed to constitute the act of all Limited Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the Limited Partners holding Outstanding Units that in the aggregate represent at least such greater or different percentage shall be required. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Outstanding Units specified in this Agreement (including Outstanding Units deemed owned by the General Partner). In the absence of a quorum any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of holders of at least a majority of the Outstanding Units entitled to vote at such meeting (including Outstanding Units deemed owned by the General Partner) represented either in person or by proxy, but no other business may be transacted, except as provided in Section 13.7.

Section 13.10 Conduct of a Meeting.

The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 13.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

Section 13.11 Action Without a Meeting.

If authorized by the General Partner, any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage of the Outstanding Units (including Units deemed owned by the General Partner) that would be necessary to authorize or take such action at a meeting at which all the Limited Partners were present and voted (unless such provision conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner. If a ballot returned to the Partnership does not vote all of the Units held by the Limited Partners, the Partnership shall be deemed to have failed to receive a ballot for the Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated as of a date not more than 90 days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, and (ii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners.

Section 13.12 Voting and Other Rights.

(a) Only those Record Holders of the Units on the Record Date set pursuant to Section 13.6 (and also subject to the limitations contained in the definition of "Outstanding") shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Units.

(b) With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Units are registered, such other Person shall, in exercising the voting rights in respect of such Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 13.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 4.3.

ARTICLE XIV

MERGER

Section 14.1 Authority.

The Partnership may merge or consolidate with one or more corporations, limited liability companies, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article XIV.

Section 14.2 Procedure for Merger or Consolidation.

Merger or consolidation of the Partnership pursuant to this Article XIV requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) the names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) the name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "Surviving Business Entity");

(c) the terms and conditions of the proposed merger or consolidation;

(d) the manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partner interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partner interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partner interests, securities or rights are to receive in exchange for, or upon conversion of their general or limited partner interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) a statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) the effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

Section 14.3 Approval by Limited Partners of Merger or Consolidation.

(a) Except as provided in Section 14.3(d), the General Partner, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of Limited Partners, whether at a special meeting or by written consent, in either case in accordance with the requirements of Article XIII. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a special meeting or the written consent.

(b) Except as provided in Section 14.3(d), the Merger Agreement shall be approved upon receiving the affirmative vote or consent of the holders of a Unit Majority unless the Merger Agreement contains any provision that, if contained in an amendment to this Agreement, the provisions of this Agreement or the Delaware Act would require for its approval the vote or consent of a greater percentage of the Outstanding Units or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement.

(c) Except as provided in Section 14.3(d), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 14.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, in its discretion, without Limited Partner approval, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity which shall be newly formed and shall have no assets, liabilities or operations at the time of such Merger other than those it receives from the Partnership or other Group Member if (i) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability of any Limited Partner or any Group Member or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such), (ii) the sole purpose of such merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (iii) the governing instruments of the new entity provide the Limited Partners and the General Partner with the same rights and obligations as are herein contained.

Section 14.4 Certificate of Merger.

Upon the required approval by the General Partner and the Unitholders of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

Section 14.5 Effect of Merger.

(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

ARTICLE XV

RIGHT TO ACQUIRE LIMITED PARTNER INTERESTS

Section 15.1 Right to Acquire Limited Partner Interests.

(a) Notwithstanding any other provision of this Agreement, if at any time the General Partner and its Affiliates hold more than 80% of the total Limited Partner Interests of any class then Outstanding, the General Partner shall then have the right, which right it may assign and transfer in whole or in part to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of such Limited Partner Interests of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 15.1(b) is mailed and (y) the highest price paid by the General Partner or any of its Affiliates for any such Limited Partner Interest of such class purchased during the 90-day period preceding the date that the notice described in Section 15.1(b) is mailed. As used in this Agreement, (i) "Current Market Price" as of any date of any class of

Limited Partner Interests means the average of the daily Closing Prices (as hereinafter defined) per Limited Partner Interest of such class for the 20 consecutive Trading Days (as hereinafter defined) immediately prior to such date; (ii) "Closing Price" for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted for trading on the principal National Securities Exchange (other than the Nasdaq Stock Market) on which such Limited Partner Interests of such class are listed or admitted to trading or, if such Limited Partner Interests of such class are not listed or admitted to trading on any National Securities Exchange (other than the Nasdaq Stock Market), the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the-counter market, as reported by the Nasdaq Stock Market or such other system then in use, or, if on any such day such Limited Partner Interests of such class are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in such Limited Partner Interests of such class selected by the General Partner, or if on any such day no market maker is making a market in such Limited Partner Interests of such class, the fair value of such Limited Partner Interests on such day as determined reasonably and in good faith by the General Partner; and (iii) "Trading Day" means a day on which the principal National Securities Exchange on which such Limited Partner Interests of any class are listed or admitted to trading is open for the transaction of business or, if Limited Partner Interests of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Limited Partner Interests granted pursuant to Section 15.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the "Notice of Election to Purchase") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Limited Partner Interests of such class (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 15.1(a)) at which Limited Partner Interests will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Limited Partner Interests, upon surrender of Certificates representing such Limited Partner Interests in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Limited Partner Interests at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of such Limited Partner Interests to be purchased in accordance with this Section 15.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit

of the holders of Limited Partner Interests subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Limited Partner Interests (including any rights pursuant to Articles IV, V, VI, and XII) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 15.1(a)) for Limited Partner Interests therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Limited Partner Interests, and such Limited Partner Interests shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Limited Partner Interests from and after the Purchase Date and shall have all rights as the owner of such Limited Partner Interests (including all rights as owner of such Limited Partner Interests pursuant to Articles IV, V, VI and XII).

(c) At any time from and after the Purchase Date, a holder of an Outstanding Limited Partner Interest subject to purchase as provided in this Section 15.1 may surrender his Certificate evidencing such Limited Partner Interest to the Transfer Agent in exchange for payment of the amount described in Section 15.1(a), therefor, without interest thereon.

ARTICLE XVI

GENERAL PROVISIONS

Section 16.1 Addresses and Notices.

Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address described below. Any notice, payment or report to be given or made to a Partner or Assignee hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Partnership Securities at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Partnership Securities by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 16.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Partnership is returned by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver it, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) if they are available for the Partner or Assignee at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report

to the other Partners and Assignees. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

Section 16.2 Further Action.

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.3 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.4 Integration.

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 16.5 Creditors.

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 16.6 Waiver.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

Section 16.7 Counterparts.

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Unit, upon accepting the certificate evidencing such Unit or executing and delivering a Transfer Application as herein described, independently of the signature of any other party.

Section 16.8 Applicable Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 16.9 Invalidity of Provisions.

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 16.10 Consent of Partners.

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

SUNOCO PARTNERS LLC

By: /s/ David A. Justin

Name: David A. Justin
Title: Vice President

ORGANIZATIONAL LIMITED PARTNER:

SUN PIPE LINE COMPANY OF DELAWARE

By: /S/ David A. Justin

Name: David A. Justin
Title: President

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as Limited Partners of the Partnership, pursuant to powers of attorney now and hereafter executed in favor of, and granted and delivered to the General Partner.

SUNOCO PARTNERS LLC

By: /S/ David A. Justin

Name: David A. Justin
Title: Vice President

EXHIBIT A
to the First Amended and
Restated Agreement of Limited Partnership of
Sunoco Logistics Partners L.P.
Certificate Evidencing Common Units
Representing Limited Partner Interests in
Sunoco Logistics Partners L.P.

No. ---------- Common Units ----------

In accordance with Section 4.1 of the First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., as amended, supplemented or restated from time to time (the "Partnership Agreement"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Partnership"), hereby certifies that ---------- (the "Holder") is the registered owner of Common Units representing limited partner interests in the Partnership (the "Common Units") transferable on the books of the Partnership, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed and accompanied by a properly executed application for transfer of the Common Units represented by this Certificate. The rights, preferences and limitations of the Common Units are set forth in, and this Certificate and the Common Units represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Partnership Agreement. Copies of the Partnership Agreement are on file at, and will be furnished without charge on delivery of written request to the Partnership at, the principal office of the Partnership located at 1801 Market Street, Philadelphia, Pennsylvania 19103. Capitalized terms used herein but not defined shall have the meanings given them in the Partnership Agreement.

The Holder, by accepting this Certificate, is deemed to have (i) requested admission as, and agreed to become, a Limited Partner and to have agreed to comply with and be bound by and to have executed the Partnership Agreement, (ii) represented and warranted that the Holder has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (iii) granted the powers of attorney provided for in the Partnership Agreement and (iv) made the waivers and given the consents and approvals contained in the Partnership Agreement.

This Certificate shall not be valid far any purpose unless it has been countersigned and registered by the Transfer Agent and Registrar.

Dated: ----------

Sunoco Logistics Partners L.P.

Countersigned and Registered by:

By: Sunoco Partners LLC, its General Partner

By: ----------

- ----------
as Transfer Agent and Registrar

Name: ----------

By: ----------
Authorized Signature

By: ----------
Secretary

[Reverse of Certificate]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as follows according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT/TRANSFERS MIN ACT
TEN ENT -	as tenants by the entireties	Custodian
		---------- ---------
		(Cust) (Minor)
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts/Transfers to CD Minors Act (State)

Additional abbreviations, though not in the above list, may also be used.

ASSIGNMENT OF COMMON UNITS
in
SUNOCO LOGISTICS PARTNERS L.P.
IMPORTANT NOTICE REGARDING INVESTOR RESPONSIBILITIES
DUE TO TAX SHELTER STATUS OF
SUNOCO LOGISTICS PARTNERS L.P.

You have acquired an interest in Sunoco Logistics Partners L.P., 1801 Market Street, Philadelphia, Pennsylvania 19103, whose taxpayer identification number is 23-3096839. The Internal Revenue Service has issued Sunoco Logistics Partners L.P. the following tax shelter registration number: _____.

YOU MUST REPORT THIS REGISTRATION NUMBER TO THE INTERNAL REVENUE SERVICE IF YOU CLAIM ANY DEDUCTION, LOSS, CREDIT OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN SUNOCO LOGISTICS PARTNERS L.P.

You must report the registration number as well as the name and taxpayer identification number of Sunoco Logistics Partners L.P. on Form 8271. FORM 8271 MUST BE ATTACHED TO THE RETURN ON WHICH YOU CLAIM THE DEDUCTION, LOSS, CREDIT OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN SUNOCO LOGISTICS PARTNERS L.P.

If you transfer your interest in Sunoco Logistics Partners L.P. to another person, you are required by the Internal Revenue Service to keep a list containing (a) that person's name, address and taxpayer identification number, (b) the date on which you transferred the interest and (c) the name, address and tax shelter registration number of Sunoco Logistics Partners L.P. If you do not want to keep such a list, you must (1) send the information specified above to the Partnership, which will keep the list for this tax shelter, and (2) give a copy of this notice to the person to whom you transfer your interest. Your failure to comply with any of the above-described responsibilities could result in the imposition of a penalty under Section 6707(b) or

6708(a) of the Internal Revenue Code of 1986, as amended, unless such failure is shown to be due to reasonable cause.

ISSUANCE OF A REGISTRATION NUMBER DOES NOT INDICATE THAT THIS INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED OR APPROVED BY THE INTERNAL REVENUE SERVICE.

FOR VALUE RECEIVED, ---------- hereby assigns, conveys, sells and transfers unto

(Please print or typewrite name and address of Assignee)	(Please insert Social Security or other identifying number of Assignee)

---------- Common Units representing limited partner interests evidenced by this Certificate, subject to the Partnership Agreement, and does hereby irrevocably constitute and appoint ---------- as its attorney-in-fact with full power of substitution to transfer the same on the books of Sunoco Logistics Partners L.P.

Date: ----------

NOTE: The signature to any endorsement hereon must correspond with the name as written upon the face of this Certificate in every particular, without alteration, enlargement or change.

SIGNATURE(S) MUST BE GUARANTEED BY A MEMBER FIRM OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. OR BY A COMMERCIAL BANK OR TRUST COMPANY SIGNATURE(S) GUARANTEED

---------- (Signature)

---------- (Signature)

No transfer of the Common Units evidenced hereby will be registered on the books of the Partnership, unless the Certificate evidencing the Common Units to be transferred is surrendered for registration or transfer and an Application for Transfer of Common Units has been executed by a transferee either (a) on the form set forth below or (b) on a separate application that the Partnership will furnish on request without charge. A transferor of the Common Units shall have no duty to the transferee with respect to execution of the transfer application in order for such transferee to obtain registration of the transfer of the Common Units.

APPLICATION FOR TRANSFER OF COMMON UNITS

The undersigned ("Assignee") hereby applies for transfer to the name of the Assignee of the Common Units evidenced hereby.

The Assignee (a) requests admission as a Substituted Limited Partner and agrees to comply with and be bound by, and hereby executes, the Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P. (the "Partnership"), as amended, supplemented or restated to the date hereof (the "Partnership Agreement"), (b) represents and warrants that the Assignee has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (c) appoints the General Partner of the Partnership and, if a Liquidator shall be appointed, the Liquidator of the Partnership as the Assignee's attorney-in-fact to execute, swear to, acknowledge and file any document, including, without limitation, the Partnership Agreement and any amendment thereto and the Certificate of Limited Partnership of the Partnership and any amendment thereto, necessary or appropriate for the Assignee's admission as a Substituted Limited Partner and as a party to the Partnership Agreement, (d) gives the powers of attorney provided for in the Partnership Agreement, and (e) makes the waivers and gives the consents and approvals contained in the Partnership Agreement. Capitalized terms not defined herein have the meanings assigned to such terms in the Partnership Agreement.

Date:

Social Security or other identifying number	Signature of Assignee
Purchase Price including commissions, if any	Name and Address of Assignee

Type of Entity (check one):

[ ] Individual [ ] Partnership [ ] Corporation

[ ] Trust [ ] Other (specify)

Nationality (check one):

[ ] U.S. Citizen, Resident or Domestic Entity

[ ] Foreign Corporation [ ] Non-resident Alien

If the U.S. Citizen, Resident or Domestic Entity box is checked, the following certification must be completed.

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), the Partnership must withhold tax with respect to certain transfers of property if a holder of an interest in the Partnership is a foreign person. To inform the Partnership that no withholding is

required with respect to the undersigned interestholder's interest in it, the undersigned hereby certifies the following (or, if applicable, certifies the following on behalf of the interestholder).

Complete Either A or B:

A. Individual Interestholder

1. I am not a non-resident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identification number (Social Security Number) is _____.

3. My home address is _____.

B. Partnership, Corporation or Other Interestholder

1. _____ is not a foreign corporation, foreign partnership, foreign trust (Name of Interestholder) or foreign estate (as those terms are defined in the Code and Treasury Regulations).

2. The interestholder's U.S. employer identification number is _____.

3. The interestholder's office address and place of incorporation (if applicable) is _____.

The interestholder agrees to notify the Partnership within sixty (60) days of the date the interestholder becomes a foreign person.

The interestholder understands that this certificate may be disclosed to the Internal Revenue Service by the Partnership and that any false statement contained herein could be punishable by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete and, if applicable, I further declare that I have authority to sign this document on behalf of:

_____
Name of Interestholder

_____
Signature and Date

_____
Title (if applicable)

Note: If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee holder or an agent of any of the foregoing, and is holding for the account of any other person, this application should be completed by an officer thereof or, in the case of a broker or dealer, by a registered representative who is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or, in the case of any other nominee holder, a person performing a similar function. If the Assignee is a broker,

dealer, bank, trust company, clearing corporation, other nominee owner or an agent of any of the foregoing, the above certification as to any person for whom the Assignee will hold the Common Units shall be made to the best of the Assignee's knowledge.

Exhibit 3.4

FIRST AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

TABLE OF CONTENTS

FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

This FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP of SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., dated as of February 8, 2002, is entered into by and between Sunoco Logistics Partners GP LLC, a Delaware limited liability company, as the General Partner, and Sunoco Logistics Partners L.P., a Delaware limited partnership, as the Limited Partner, together with any other Persons who hereafter become Partners in the Partnership or parties hereto as provided herein.

R E C I T A L S:
- - - - - - - -

WHEREAS, Sunoco Logistics Partners GP LLC and Sunoco Logistics Partners L.P. formed the Partnership pursuant to the Agreement of Limited Partnership of Sunoco Logistics Partners Operations L.P. dated as of December 6, 2001 (the "Prior Agreement") and a Certificate of Limited Partnership, which was filed
---------- ----------
with the Secretary of State of the State of Delaware on such date; and

WHEREAS, the Partners of the Partnership now desire to amend the Prior Agreement to reflect additional contributions by the Partners and certain other matters.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby amend the Prior Agreement and, as so amended, restate it in its entirety as follows:

ARTICLE I.
DEFINITIONS

Section 1.1. Definitions.

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to such terms in the MLP Agreement.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 10.3 and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation

Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Partner in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Partner in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The "Adjusted Capital Account" of a Partner in respect of a General Partner Interest or any other specified interest in the Partnership shall be the amount that such Adjusted Capital Account would be if such General Partner Interest or other interest in the Partnership were the only interest in the Partnership held by such Partner from and after the date on which such General Partner Interest or other interest in the Partnership was first issued.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 5.5(d)(i) or 5.5(d)(ii).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1, including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. The General Partner shall, in its discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties contributed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners Operations L.P., as it may be amended, supplemented or restated from time to time.

"Assets" means all assets conveyed, contributed or otherwise transferred to the Partnership Group prior to or on the Closing Date pursuant to the Contribution Agreement and any assets acquired by the Partnership Group pursuant to the exercise of the purchase options granted pursuant to the Omnibus Agreement.

"Assignee" means a Person to whom one or more Limited Partner Interests have been transferred in a manner permitted under this Agreement, but who has not been admitted as a Substituted Limited Partner.

"Associate" means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

"Available Cash" means, with respect to any Quarter ending prior to the Liquidation Date:

(a) the sum of (i) all cash and cash equivalents of the Partnership on hand at the end of such Quarter, and (ii) all additional cash and cash equivalents of the Partnership on hand on the date of determination of Available Cash with respect to such Quarter resulting from Working Capital Borrowings made subsequent to the end of such Quarter, less

(b) the amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Partnership (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership) subsequent to such Quarter, (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject or (iii) provide funds for distributions under Section 6.4 or 6.5 of the MLP Agreement in respect of any one or more of the next four Quarters; provided, however, that the General Partner may not establish cash reserves pursuant to (iii) above if the effect of such reserves would be that the MLP is unable to distribute the Minimum Quarterly Distribution on all Common Units, plus any Cumulative Common Unit Arrearage (as defined in the MLP Agreement) on all Common Units, with respect to such Quarter; and, provided further, that disbursements made by a Group Member or cash reserves established, increased or reduced after the end of such Quarter but on or before the date of determination of Available Cash with respect to such Quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, "Available Cash" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.5 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 5.5. The "Capital Account" of a Partner in respect of a General Partner Interest or any other Partnership Interest shall be the amount that such Capital Account would be if such General Partner Interest or other specified interest in the Partnership were the only interest in the Partnership held by such Partner from and after the date on which such General Partner Interest or other specified interest in the Partnership was first issued.

"Capital Contribution" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership pursuant to this Agreement or the Contribution Agreement.

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 5.5(d)(i) and 5.5(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 7.2, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"Closing Date" means the first date on which Common Units are sold by the MLP to the Underwriters pursuant to the provisions of the Underwriting Agreement.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

"Commission" means the United States Securities and Exchange Commission.

"Common Unit" has the meaning assigned to such term in the MLP Agreement.

"Conflicts Committee" has the meaning assigned to such term in the MLP Agreement.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.5(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Contribution Agreement" means that certain Contribution, Conveyance and Assumption Agreement, dated as of the Closing Date, among the General Partner, the MLP General Partner, the MLP, the Partnership, Sunoco, Inc., Sunoco, Inc. (R&M) and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1(d)(ix).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101 et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 11.1 or 11.2.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"Event of Withdrawal" has the meaning assigned to such term in Section 11.1(a).

"General Partner" means Sunoco Logistics Partners GP LLC and its successors and permitted assigns as general partner of the Partnership.

"General Partner Interest" means the ownership interest of the General Partner in the Partnership (in its capacity as a general partner) and includes any and all benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement.

"Group Member" means a member of the Partnership Group.

"Indemnitee" means (a) the General Partner, (b) any Departing Partner, (c) any Person who is or was an Affiliate of the General Partner or any Departing Partner, (d) any Person who is or was a member, partner, officer, director, employee, agent or trustee of any Group Member, the General Partner or any Departing Partner or any Affiliate of any Group Member, the General Partner or any Departing Partner, and (e) any Person who is or was serving at the request of the General Partner or any Departing Partner or any Affiliate of the General Partner or any Departing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"Indenture" means the Indenture, dated as of February 7, 2002, among the Partnership, the MLP, Sun Partners Marketing & Terminals L.P., Sunoco Pipeline L.P. and First Union National Bank, as trustee.

"Initial Notes" means the $250.0 million in aggregate principal amount of the Partnership's 7.25% Senior Notes due 2012 to be issued pursuant to the terms of the Indenture and offered and sold to the Initial Purchasers pursuant to the terms of the Purchase Agreement.

"Initial Offering" means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

"Initial Purchaser" means each Person named as an initial purchaser in Schedule I to the Purchase Agreement who purchases Initial Notes pursuant thereto.

"Limited Partner" means any Person that is admitted to the Partnership as a limited partner pursuant to the terms and conditions of this Agreement; but the term "Limited Partner" shall not include any Person from and after the time such Person withdraws as a Limited Partner from the Partnership.

"Limited Partner Interest" means the ownership interest of a Limited Partner or Assignee in the Partnership and includes any and all benefits to which such Limited Partner or Assignee is entitled as provided in this Agreement, together with all obligations of such Limited Partner or Assignee to comply with the terms and provisions of this Agreement.

"Liquidation Date" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the Partners have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"Liquidator" means one or more Persons selected by the General Partner to perform the functions described in Section 12.3 as liquidating trustee of the Partnership within the meaning of the Delaware Act.

"Merger Agreement" has the meaning assigned to such term in Section 14.1.

"Minimum Quarterly Distribution" has the meaning assigned to such term in the MLP Agreement.

"MLP" means Sunoco Logistics Partners L.P.

"MLP Agreement" means the First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., as it may be amended, supplemented or restated from time to time.

"MLP General Partner" means Sunoco Partners LLC, a Pennsylvania limited liability company and the general partner of the MLP.

"MLP Security" has the meaning assigned to the term "Partnership Security" in the MLP Agreement.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner or Assignee by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.5(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner or Assignee upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable year, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Income shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d).

"Net Loss" means, for any taxable year, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year.

The items included in the calculation of Net Loss shall be determined in accordance with Section 5.5(b) and shall not include any items specially allocated under Section 6.1(d).

"Net Termination Gain" means, for any taxable year, the sum, if positive, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Net Termination Loss" means, for any taxable year, the sum, if negative, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 5.5(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 6.2(b)(i)(A), 6.2(b)(ii)(A) and 6.2(b)(iii) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"OLP Subsidiary" means a Subsidiary of the Partnership.

"Omnibus Agreement" means that Omnibus Agreement, dated as of the Closing Date, among Sunoco, Inc., Sunoco, Inc. (R&M), Sun Pipe Line Company of Delaware, Atlantic Petroleum Corporation, Sunoco Texas Pipe Line Company, Sun Pipe Line Services (Out) LLC, the MLP General Partner, the MLP and the Partnership.

"Opinion of Counsel" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner in its reasonable discretion.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

"Partners" means the General Partner and the Limited Partners.

"Partnership" means Sunoco Logistics Partners Operations L.P., a Delaware limited partnership, and any successors thereto.

"Partnership Group" means the Partnership and all OLP Subsidiaries, treated as a single consolidated entity.

"Partnership Interest" means an ownership interest of a Partner in the Partnership, which shall include the General Partner Interest and the Limited Partner Interest(s).

"Partnership Minimum Gain" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"Partnership Security" means any class or series of equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership).

"Percentage Interest" means the percentage interest in the Partnership owned by each Partner upon completion of the transactions in Section 5.2 and shall mean, (a) as to the General Partner, 0.01% and (b) as to the MLP, 99.99%.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"Pipelines and Terminals Storage and Throughput Agreement" means that certain Pipelines and Terminals Storage and Throughput Agreement, dated as of the Closing Date, among Sunoco, Inc. (R&M) and Sunoco Pipeline L.P.

"Prior Agreement" is defined in the Recitals.

"Purchase Agreement" means the Purchase Agreement, dated February 4, 2002, among the Initial Purchasers, the Partnership, the MLP, the General Partner, the MLP General Partner, Sunoco, Inc., Sunoco Pipeline L.P. and Sunoco Partners Marketing & Terminals L.P., providing for the purchase of Initial Notes by such Initial Purchasers.

"Quarter" means, unless the context requires otherwise, a fiscal quarter (or, with respect to the fiscal quarter during which the Closing Date occurs, the portion of such fiscal quarter remaining after the Closing Date) of the Partnership.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Registration Statement" means the Registration Statement on Form S-1 (Registration No. 333-71968) as it has been or as it may be amended or supplemented from time to time, filed by the MLP with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

"Required Allocations" means (a) any limitation imposed on any allocation of Net Losses or Net Termination Losses under Section 6.1(b) or 6.1(c)(ii) and (b) any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1(d)(i), 6.1(d)(ii), 6.1(d)(iv), 6.1(d)(vii) or 6.1(d)(ix).

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or an Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 6.2(b)(i)(A) or 6.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

"Restricted Activities" has the meaning assigned to such term in the Omnibus Agreement.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Special Approval" has the meaning assigned to such term in the MLP Agreement.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 10.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 14.2(b).

"Treasury Services Agreement" means the Treasury Services Agreement, dated as of the Closing Date, among Sunoco, Inc., the Partnership and the MLP.

"Underwriter" means each Person named as an underwriter in Schedule I to the Underwriting Agreement who purchases Common Units pursuant thereto.

"Underwriting Agreement" means the Underwriting Agreement, dated February 4, 2002, among the Underwriters, the MLP, the Partnership, the General Partner, the MLP General Partner and Sunoco, Inc., providing for the purchase of Common Units by such Underwriters.

"Unit" has the meaning assigned to such term in the MLP Agreement.

"Unitholders" has the meaning assigned to such term in the MLP Agreement.

"Unit Majority" has the meaning assigned to such term in the MLP Agreement.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.5(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.5(d)).

"U.S. GAAP" means United States Generally Accepted Accounting Principles consistently applied.

"Withdrawal Opinion of Counsel" has the meaning assigned to such term in Section 11.1(b).

"Working Capital Borrowings" means borrowings used solely for working capital purposes or to pay distributions to Partners made pursuant to a credit facility or other arrangement to the extent such borrowings are required to be reduced to a relatively

small amount each year (or for the year in which the Initial Offering is consummated, the 12-month period beginning on the Closing Date) for an economically meaningful period of time.

Section 1.2. Construction.

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) the term "include" or "includes" means includes, without limitation, and "including" means including, without limitation.

ARTICLE II.
ORGANIZATION

Section 2.1. Formation.

The General Partner and the MLP previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act, and hereby amend and restate the Prior Agreement in its entirety. This amendment and restatement shall become effective on the date of this Agreement. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes and a Partner has no interest in specific Partnership property.

Section 2.2. Name.

The name of the Partnership shall be "Sunoco Logistics Partners Operations L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner in its sole discretion, including the name of the General Partner. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner in its discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3. Registered Office; Registered Agent; Principal Office; Other Offices.

Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 1209 Orange Street, Wilmington, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership shall be located at 1801 Market Street, Philadelphia, Pennsylvania 19103, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside

the State of Delaware as the General Partner deems necessary or appropriate. The address of the General Partner shall be 1801 Market Street, Philadelphia, Pennsylvania 19103, or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

Section 2.4. Purpose and Business.

The purpose and nature of the business to be conducted by the Partnership shall be to (a) acquire, manage, operate and sell the Assets and any similar assets or properties now or hereafter acquired by the Partnership, (b) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that the Partnership is permitted to engage in, or any type of business or activity engaged in by the General Partner prior to the Closing Date and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (c) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner and that lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; provided, however, that the General Partner reasonably determines, as of the date of the acquisition or commencement of such activity, that such activity (i) generates "qualifying income" (as such term is defined pursuant to Section 7704 of the Code) or (ii) enhances the operations of an activity of the Partnership that generates qualifying income, and (d) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member, the MLP or any Subsidiary of the MLP. The General Partner has no obligation or duty to the Partnership, the Limited Partners or the Assignees to propose or approve, and in its discretion may decline to propose or approve, the conduct by the Partnership of any business.

Section 2.5. Powers.

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

Section 2.6. Power of Attorney.

(a) Each Limited Partner and each Assignee hereby constitutes and appoints the General Partner and, if a Liquidator shall have been selected pursuant to Section 12.3, the Liquidator (and any successor to the Liquidator by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, as the case may be, with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements

hereof or thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article IV, X, XI or XII; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Partnership Interests issued pursuant hereto; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XIV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by any provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner and the Liquidator may exercise the power of attorney made in this Section 2.6(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 2.6(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIII or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee, to the maximum extent permitted by law, hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the

General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 2.7. Term.

The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the dissolution of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

Section 2.8. Title to Partnership Assets.

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided, further, that, prior to any withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

ARTICLE III.
RIGHTS OF LIMITED PARTNERS

Section 3.1. Limitation of Liability.

The Limited Partners and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

Section 3.2. Management of Business.

No Limited Partner or Assignee, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participation in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 3.3. Outside Activities of the Limited Partners.

Subject to the provisions of Section 7.5 and the Omnibus Agreement, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners or Assignees shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

Section 3.4. Rights of Limited Partners.

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 3.4(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable written demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) to obtain a copy of the Partnership's federal, state and local income tax returns for each year promptly after they become available;

(iii) to have furnished to him a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain true and full information regarding the amount of cash and a description and statement of the Net Agreed Value of any other Capital Contribution by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) The General Partner may keep confidential from the Limited Partners and Assignees, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the MLP or the Partnership Group, (B) could damage the MLP or the Partnership Group or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

ARTICLE IV.
TRANSFERS OF PARTNERSHIP INTERESTS

Section 4.1. Transfer Generally.

(a) The term "transfer," when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction by which a General Partner assigns its General Partner Interest to another Person who becomes the General Partner or by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person who is or becomes a Limited Partner (or an Assignee), and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any member of the General Partner of any or all of the issued and outstanding member interests of the General Partner.

Section 4.2. Transfer of General Partner's General Partner Interest.

No provision of this Agreement shall be construed to prevent (and the Limited Partners do hereby expressly consent to) (i) the transfer by the General Partner of all or a portion of its General Partner Interest to one or more Affiliates, which transferred General Partner Interest, to the extent not transferred to a successor General Partner, shall constitute a Limited Partner Interest or (ii) the transfer by the General Partner, in whole and not in part, of its General Partner Interest upon (a) its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person or (b) sale of all or

substantially all of the membership interests of the General Partner by its members if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the General Partner Interest so transferred are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement; provided, however, that in either such case, the transferee is primarily controlled, directly or indirectly, by the MLP or the MLP General Partner or any Person primarily controlling, directly or indirectly, the MLP or the MLP General Partner; provided, further, that in either such case, such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of any Limited Partner or cause the Partnership to be taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed). In the case of a transfer pursuant to this Section 4.2 to a Person proposed as a successor general partner of the Partnership, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 10.4, be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

Section 4.3. Transfer of a Limited Partner's Partnership Interest.

A Limited Partner may transfer all, but not less than all, of its Partnership Interest as a Limited Partner in connection with the merger, consolidation or other combination of such Limited Partner with or into any other Person or the transfer by such Limited Partner of all or substantially all of its assets to another Person and, following any such transfer, such Person may become a Substituted Limited Partner pursuant to Article X. Except as set forth in the immediately preceding sentence, or in connection with any pledge of (or any related foreclosure on) a Partnership Interest of a Limited Partner solely for the purpose of securing, directly or indirectly, indebtedness of the Partnership or the MLP, a Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

Section 4.4. Restrictions on Transfers.

(a) Notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interest shall be made if such transfer would (i) violate the then applicable federal or state securities laws or the rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership or the MLP under the laws of the jurisdiction of its formation or (iii) cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if a subsequent Opinion of Counsel determines that such restrictions are necessary to avoid a significant risk of the Partnership or the MLP becoming taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes. The restrictions may be imposed by making such amendments to this Agreement as the General Partner may determine to be necessary or appropriate to impose such restrictions.

ARTICLE V.
CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

Section 5.1. Initial Contributions.

In connection with the formation of the Partnership under the Delaware Act, the General Partner made an initial Capital Contribution to the Partnership in the amount of $0.10 in exchange for an interest in the Partnership and was admitted as General Partner, and the MLP made an initial Capital Contribution to the Partnership in the amount of $999.90 in exchange for an interest in the Partnership and was admitted as a Limited Partner.

Section 5.2. Contributions Pursuant to the Contribution Agreement.

(a) Pursuant to the Contribution Agreement, the General Partner contributed to the Partnership all of its membership interest in Sunoco Logistics Partners Operations GP LLC as an additional Capital Contribution.

(b) Pursuant to the Contribution Agreement, the MLP contributed to the Partnership all of its direct interests in Sunoco Pipeline L.P., Sun Pipe Line Services (In) L.P., Sunoco Michigan (In) LLC, Sunoco Mid-Con (In) LLC, Atlantic (In) L.P., Atlantic RM (In) L.P. and Sunoco Partners Marketing & Terminals L.P. (i) in exchange for a special interest giving the MLP the right to receive approximately $245.3 million in cash from the OLP upon redemption of the special interest on the Closing Date and (ii) as a Capital Contribution on its behalf (99.99%) and on behalf of the General Partner (0.01%) with respect to the membership interests in Sunoco Michigan (In) LLC and Sunoco Mid-Con (In) LLC.

(c) Following the foregoing transactions, the General Partner owns a 0.01% Partnership Interest as General Partner and the MLP owns a 99.99% Partnership Interest as a Limited Partner.

Section 5.3. Additional Capital Contributions.

With the consent of the General Partner, any Limited Partner may, but shall not be obligated to, make additional Capital Contributions to the Partnership. Contemporaneously with the making of any Capital Contributions by a Limited Partner, in addition to those provided in Sections 5.1 and 5.2, the General Partner shall be obligated to make an additional Capital Contribution to the Partnership in an amount equal to 0.01 divided by 99.99 times the amount of the additional Capital Contribution then made by such Limited Partner. Except as set forth in the immediately preceding sentence and in Article XII, the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

Section 5.4. Interest and Withdrawal.

No interest shall be paid by the Partnership on Capital Contributions. No Partner or Assignee shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner or Assignee

shall have priority over any other Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of Section 17-502(b) of the Delaware Act.

Section 5.5. Capital Accounts.

(a) The Partnership shall maintain for each Partner (or a beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1, and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction that is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 5.5, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner) of all property owned by any OLP Subsidiary that is classified as a partnership for federal income tax purposes.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code that may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to

Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 5.5(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 6.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the Capital Accounts of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market

value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership Interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 6.1(c) in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual distribution that is not made pursuant to Section 12.4 or in the case of a deemed distribution, be determined and allocated in the same manner as that provided in Section 5.5(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4, be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt.

Section 5.6. Loans from Partners.

Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

Section 5.7. Issuances of Additional Partnership Securities.

(a) The Partnership may issue additional Partnership Securities and options, rights, warrants and appreciation rights relating to the Partnership Securities for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion. The issuance by the Partnership of Partnership Securities or rights, warrants or appreciation rights in respect thereof shall be deemed an amendment to this Agreement.

(b) Each additional Partnership Security authorized to be issued by the Partnership pursuant to Section 5.7(a) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Securities), as shall be fixed by the General Partner in its sole discretion, including (i) the right to share Partnership profits and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may redeem such Partnership Security; (v) whether such Partnership Security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Security will be issued, evidenced by certificates and assigned or transferred; and (vii) the right, if any, of the holder of each such Partnership Security to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Partnership Security.

(c) The General Partner is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with (i) each issuance of Partnership Securities and options, rights, warrants and appreciation rights relating to Partnership Securities pursuant to this Section 5.7, (ii) the admission of Additional Limited Partners and (iii) all additional issuances of Partnership Securities. The General Partner is further authorized and directed to specify the relative rights, powers and duties of the holders of the Partnership Interests or other Partnership Securities being so issued. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems necessary or advisable in connection with any future issuance of Partnership Securities, including compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency.

Section 5.8. Limited Preemptive Rights.

Except as provided in Section 5.3, no Person shall have preemptive, preferential or other similar rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

Section 5.9. Fully Paid and Non-Assessable Nature of Limited Partner Interests.

All Limited Partner Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Limited Partner Interests, except as such non-assessability may be affected by Section 17-607 of the Delaware Act.

ARTICLE VI.
ALLOCATIONS AND DISTRIBUTIONS

Section 6.1. Allocations for Capital Account Purposes.

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.5(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

(a) Net Income. After giving effect to the special allocations set forth in Section 6.1(d), Net Income for each taxable year and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable year shall be allocated among the Partners as follows:

(i) First, 100% to the General Partner, until the aggregate Net Income allocated to the General Partner pursuant to this Section 6.1(a)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable years;

(ii) Second, 0.01% to the General Partner and 99.99% to the Limited Partners in accordance with their respective Percentage Interests.

(b) Net Losses. After giving effect to the special allocations set forth in Section 6.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated among the Partners as follows:

(i) First, 0.01% to the General Partner and 99.99% to the Limited Partners, in accordance with their respective Percentage Interests; provided, however, that Net Losses shall not be allocated to a Limited Partner pursuant to this Section 6.1(b)(i) to the extent that such allocation would cause a Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in such Limited Partner's Adjusted Capital Account);

(ii) Second, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 6.1(d), all items of income, gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of Available Cash provided under Section 6.4 have been made with respect to the taxable period ending on or before the Liquidation Date; provided, however, that solely for purposes of this Section 6.1(c), Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 5.5(d)), such Net Termination Gain shall be allocated among the Partners in the following manner (and the Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 0.01% to the General Partner and 99.99% to the Limited Partners, in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 5.5(d)), such Net Termination Loss shall be allocated among the Partners in the following manner:

(A) First, to the General Partner and the Limited Partners in proportion to, and to the extent of, the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocations. Notwithstanding any other provision of this Section 6.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 6.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Partner Nonrecourse Debt Minimum Gain. Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of

such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d), other than Section 6.1(d)(i) and other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi), with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. In the event any Partner unexpectedly
receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 6.1(d)(i) or (ii).

(iv) Gross Income Allocations. In the event any Partner has a deficit
balance in its Capital Account at the end of any Partnership taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account as adjusted after all other allocations provided for in this Section 6.1 have been tentatively made as if this Section 6.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable
period shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the other Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions
for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner

Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(c) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) Curative Allocation.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1. Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. Allocations pursuant to this Section 6.1(d)(ix)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 6.1(d)(ix)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 6.1(d)(ix)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations

pursuant to Section 6.1(d)(ix)(A) among the Partners in a manner that is likely to minimize such economic distortions.

Section 6.2. Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 5.5(d)(i) or 5.5(d)(ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.2(b)(i)(A); and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(iii) The General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) to eliminate Book-Tax Disparities.

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units or other limited partner interests of the MLP (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units or other limited partner interests of the MLP (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.2(c) only if such conventions, allocations or

amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units or other limited partner interests of the MLP issued and outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its discretion may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Partnership's common basis of such property, despite any inconsistency of such approach with Treasury Regulation Section 1.167(c)-l(a)(6) or any successor regulations thereto. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring limited partner interests of the MLP in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any limited partner interests of the MLP that would not have a material adverse effect on the Partners or the holders of any class or classes of limited partner interests of the MLP.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code that may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary or appropriate in its sole discretion, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion.

Section 6.3. Distributions.

(a) Within 45 days following the end of each Quarter commencing with the Quarter ending on March 31, 2002, an amount equal to 100% of Available Cash with respect to such Quarter shall, subject to Section 17-607 of the Delaware Act, be distributed in accordance with this Article VI by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. All distributions required to be made under this Agreement shall be made subject to Section 17-607 of the Delaware Act.

(b) In the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs, other than from borrowings described in (a)(ii) of the definition of Available Cash, shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) The General Partner shall have the discretion to treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

ARTICLE VII.
MANAGEMENT AND OPERATION OF BUSINESS

Section 7.1. Management.

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into a Partnership Interest, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; subject to Section 7.6, the lending of funds to other Persons (including the MLP and any member of the Partnership Group); the repayment of obligations of the MLP or any member of the Partnership Group and the making of capital contributions to any member of the Partnership Group;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of such insurance for the benefit of the Partnership Group and the Partners as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations, limited liability companies or other relationships subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; and

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law.

(b) Notwithstanding any other provision of this Agreement, the MLP Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and the Assignees and each other Person who may acquire an interest in the Partnership hereby (i)

approves, ratifies and confirms the execution, delivery and performance by the parties thereto of this Agreement, the Underwriting Agreement, the Indenture, the Omnibus Agreement, the Purchase Agreement, the Contribution Agreement, the Pipelines and Terminals Storage and Throughput Agreement and the other agreements and documents described in or filed as exhibits to the Registration Statement that are related to the transactions contemplated by the Registration Statement; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence, as applicable, and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an interest in the Partnership; and (iii) agrees that the execution, delivery or performance by the General Partner, the MLP, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV), shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity.

Section 7.2. Certificate of Limited Partnership.

The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner or Assignee.

Section 7.3. Restrictions on the General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by the Limited Partners or by other written instrument executed and delivered by the Limited Partners subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, except as otherwise provided in this Agreement, (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership; (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose; (iii) admitting a Person as a Partner; (iv) amending this Agreement in any manner; or (v) transferring its General Partner Interest.

(b) Except as provided in Articles XII and XIV, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination) or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, without the approval of the Limited Partners; provided however that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership and shall not apply to any forced sale of any or all of the assets of the Partnership pursuant to the foreclosure of, or other realization upon, any such encumbrance.

Section 7.4. Reimbursement of the General Partner.

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement or in the Omnibus Agreement, the General Partner shall not be compensated for its services as General Partner or as general partner or managing member of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other reasonable basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

(c) Subject to Section 5.8, the General Partner, in its sole discretion and without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership employee benefit plans, employee programs and employee practices, or cause the Partnership to issue Partnership Interests in connection with or pursuant to any employee benefit plan, employee program or employee practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees of the General Partner, any Group Member or any Affiliate, or any of them, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. Expenses incurred by the General Partner in connection with any such plans, programs and practices shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any employee benefit plans, employee programs or employee practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's General Partner Interest pursuant to Section 4.2.

Section 7.5. Outside Activities.

(a) After the Closing Date, the General Partner, for so long as it is the General Partner of the Partnership, (i) agrees that its sole business will be to act as the General Partner of the Partnership and a general partner or managing member, as the case may be, of any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner or member, and to undertake activities that are ancillary or related thereto, (ii) except to the extent permitted in the Omnibus Agreement, shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner of the Partnership or one or more Group Members or as described in or contemplated by the Registration Statement or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member and (iii) except to the extent permitted in the Omnibus Agreement, shall not, and shall cause its Affiliates not to, engage in any Restricted Activities.

(b) Sunoco, Inc. and certain of its Affiliates have entered into the Omnibus Agreement with the Partnership and the MLP, which agreement sets forth certain restrictions on the ability of Sunoco, Inc. and its Affiliates to engage in Restricted Activities.

(c) Except as specifically restricted by Section 7.5(a) and the Omnibus Agreement, each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by the MLP or any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of the MLP or any Group Member, and none of the same shall constitute a breach of this Agreement or any duty express or implied by law to the MLP or any Group Member or any Partner or Assignee. Neither the MLP nor any Group Member, any Limited Partner nor any other Person shall have any rights by virtue of this Agreement, the MLP Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee.

(d) Subject to the terms of Section 7.5(a), Section 7.5(b), Section 7.5(c) and the Omnibus Agreement, but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Indemnitee (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the Indemnitees (other than the General Partner) to engage in such business interests and activities in preference to or to the exclusion of the Partnership and (iii) except as set forth in the Omnibus Agreement, the General Partner and the Indemnitees shall have no obligation to present business opportunities to the Partnership.

(e) The General Partner and any of its Affiliates may acquire Units or other MLP Securities in addition to those acquired on the Closing Date and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights relating to such Units or MLP Securities.

(f) The term "Affiliates" when used in Section 7.5(a) and Section 7.5(e) with respect to the General Partner shall not include any Group Member or any Subsidiary of the MLP or any Group Member.

(g) Anything in this Agreement to the contrary notwithstanding, to the extent that provisions of Sections 7.7, 7.8, 7.9, 7.10 or other Sections of this Agreement purport or are interpreted to have the effect of restricting the fiduciary duties that might otherwise, as a result of Delaware or other applicable law, be owed by the General Partner to the Partnership and its Limited Partners, or to constitute a waiver or consent by the Limited Partners to any such restriction, such provisions shall be inapplicable and have no effect in determining whether the General Partner has complied with its fiduciary duties in connection with determinations made by it under this Section 7.5.

Section 7.6. Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with Affiliates; Certain Restrictions on the General Partner.

(a) The General Partner or any of its Affiliates may lend to the MLP or any Group Member, and the MLP or any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the MLP or the Group Member for such periods of time and in such amounts as the General Partner may determine; provided, however, that in any such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party or impose terms less favorable to the borrowing party than would be charged or imposed on the borrowing party by unrelated lenders on comparable loans made on an arm's-length basis (without reference to the lending party's financial abilities or guarantees). The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 7.6(a) and Section 7.6(b), the term "Group Member" shall include any Affiliate of a Group Member that is controlled by the Group Member. No Group Member may lend funds to the General Partner or any of its Affiliates (other than the MLP, a subsidiary of the MLP or a subsidiary of another Group Member), otherwise than as provided in the Treasury Services Agreement.

(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow from the Partnership, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Group Member interest at a rate less than the rate that would be charged to the Group Member (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with the MLP General Partner or any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as general partner of the Partnership. Any services rendered to a Group Member by the General Partner, the MLP General Partner or any of their Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(c) shall be deemed satisfied as to (i) any transaction

approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership Group than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership Group), is equitable to the Partnership Group. The provisions of Section 7.4 shall apply to the rendering of services described in this Section 7.6(c).

(d) The Partnership Group may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Sections 5.2 and 5.3, the Contribution Agreement and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership Group), is equitable to the Partnership.

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 7.6(a) through 7.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement are hereby approved by all Partners.

Section 7.7. Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee; provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or (in the case of a Person other than the General Partner) not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no

indemnification pursuant to this Section 7.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement or the Contribution Agreement (other than obligations incurred by the General Partner on behalf of the Partnership). The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8. Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the Units or other MLP Securities, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 7.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Partners, the General Partner and any other Indemnitee acting in connection with the Partnership's business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or otherwise modify the duties and liabilities of an Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such Indemnitee.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership, the Limited Partners, the General Partner, and the Partnership's and General Partner's directors, officers and employees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9. Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the MLP Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the MLP, any Partner or any Assignee, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the MLP Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of such resolution. Any such approval shall be subject to the presumption that, in making its decision, the Conflicts Committee acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the Partnership and the MLP and, in any proceeding brought by any Limited Partner or by or on behalf of such Limited Partner or any other Limited Partners or the Partnership challenging such approval, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval, (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Conflicts Committee in connection with Special Approval) shall be authorized in connection with its determination of what is "fair and reasonable" to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted accounting practices or principles; and (D) such additional factors as the General Partner (including the Conflicts Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. In any proceeding brought by any Limited Partner or by or on behalf of such Limited Partner or any other Limited Partners or the Partnership alleging that such a resolution by the General Partner (and not by the Conflicts Committee, whose resolution shall be conclusive as provided above) is not fair to the Partnership, such Limited Partner shall have the burden of proof of overcoming such conclusion. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including the Conflicts Committee) to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or, to the extent permitted by law, under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, except as otherwise provided herein, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the MLP, any Limited Partner or any Assignee, (ii) it may make such decision in its sole discretion (regardless of whether there is a reference to "sole discretion" or "discretion") unless another express standard is provided for, or (iii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the MLP Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of "reasonable discretion" set forth in the definition of Available Cash shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business. No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to (A) enable distributions to the General Partner or its Affiliates to exceed 0.01% of the total amount distributed to all Partners or (B) hasten the expiration of the Subordination Period or the conversion of any Subordinated Units into Common Units.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partner hereby authorizes the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

Section 7.10. Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to

be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited, to the extent permitted by law, as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement, so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

Section 7.11. Reliance by Third Parties.

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of the Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII.
BOOKS, RECORDS AND ACCOUNTING

Section 8.1. Records and Accounting.

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be

provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

Section 8.2. Fiscal Year.

The fiscal year of the Partnership shall be a fiscal year ending December 31.

ARTICLE IX.
TAX MATTERS

Section 9.1. Tax Returns and Information.

The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on December 31. The tax information reasonably required by the Partners for federal and state income tax reporting purposes with respect to a taxable year shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable year ends. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes.

Section 9.2. Tax Elections.

(a) To the extent applicable for federal income tax purposes, the Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners.

(b) To the extent applicable for federal income tax purposes, the Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

Section 9.3. Tax Controversies.

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees

to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

Section 9.4. Withholding.

Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld may at the discretion of the General Partner be treated by the Partnership as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

ARTICLE X.
ADMISSION OF PARTNERS

Section 10.1. Admission of Partners.

Upon the consummation of the transfers and conveyances described in Section 5.2, the General Partner shall be the sole general partner of the Partnership and the MLP shall be the sole limited partner of the Partnership.

Section 10.2. Admission of Substituted Limited Partner.

By transfer of a Limited Partner Interest in accordance with Article IV, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Limited Partner Interest shall, however, only have the authority to convey to a purchaser or other transferee (a) the right to negotiate such Limited Partner Interest to a purchaser or other transferee and (b) the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Limited Partner Interests. Each transferee of a Limited Partner Interest shall be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the Limited Partner Interests so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's discretion, and (y) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall remain an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including liquidating distributions, of the Partnership. With respect to voting rights attributable to Limited Partner Interests that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such Limited Partner Interests on any matter, vote such Limited Partner Interests at the written direction of the Assignee. If no such written direction is received, such Partnership Interests will not be voted. An Assignee shall have no other rights of a Limited Partner.

Section 10.3. Admission of Additional Limited Partners.

(a) A Person (other than the General Partner, the MLP or a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner:

(i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 2.6, and

(ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 10.3, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

Section 10.4. Admission of Successor or Transferee General Partner.

A successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's Partnership Interest pursuant to Section 4.2 who is proposed to be admitted as a successor General Partner shall, subject to compliance with the terms of Section 11.3, if applicable, be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the predecessor or transferring General Partner pursuant to Section 11.1 or 11.2 or the transfer of the General Partner Interest pursuant to Section 4.2, provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.2 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the members of the Partnership Group without dissolution.

Section 10.5. Amendment of Agreement and Certificate of Limited Partnership.

To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 2.6.

ARTICLE XI.
WITHDRAWAL OR REMOVAL OF PARTNERS

Section 11.1. Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its rights as General Partner pursuant to Section 4.2;

(iii) The General Partner is removed pursuant to Section 11.2;

(iv) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(iv); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vi) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or limited liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv), (v) or (vi)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 12:00 midnight, Eastern Standard Time, on December 31, 2011, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners; provided that prior to the effective date of such withdrawal, the withdrawal is approved by the Limited Partners and the General Partner delivers to the Partnership an Opinion of Counsel ("Withdrawal Opinion of Counsel") that
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such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or of the limited partners of the MLP or cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such); (ii) at any time after 12:00 midnight, Eastern Standard Time, on December 31, 2011, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Limited Partners, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii) or (iii). If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i) hereof, the Limited Partners may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partners as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.3.

Section 11.2. Removal of the General Partner.

The General Partner may be removed by the MLP. Upon the removal of the General Partner by the MLP, the MLP shall elect a successor general partner for the Partnership. The admission of any such successor General Partner to the Partnership shall be subject to the provisions of Section 10.3.

Section 11.3. Interest of Departing Partner.

(a) The Partnership Interest of the Departing Partner departing as a result of withdrawal or removal pursuant to Section 11.1 or 11.2 shall be purchased by the successor to the Departing Partner for an amount in cash equal to the fair market value of such Partnership Interest, such amount to be determined and payable as of the effective date of the Departing Partner's departure. Such purchase shall be a condition to the admission to the Partnership of the successor as the General Partner. Any successor General Partner shall indemnify the Departing Partner as to all debts and liabilities of the Partnership arising on or after the effective date of the withdrawal or removal of the Departing Partner.

For purposes of this Section 11.3(a), the fair market value of the Departing Partner's General Partner Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other

experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing Partner shall designate an independent investment banking firm or other independent expert, the Departing Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the General Partner Interest of the Departing Partner. In making its determination, such third independent investment banking firm or other independent expert may consider the value of the Partnership's assets, the rights and obligations of the Departing Partner and other factors it may deem relevant.

(b) The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by such Departing Partner for the benefit of the Partnership.

Section 11.4. Withdrawal of a Limited Partner.

Without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and except as provided in Section 10.1, no Limited Partner shall have the right to withdraw from the Partnership.

ARTICLE XII.
DISSOLUTION AND LIQUIDATION

Section 12.1. Dissolution.

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1 or 11.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 12.2) its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and an Opinion of Counsel is received as provided in Section 11.1(b) or 11.2 and such successor is admitted to the Partnership pursuant to Section 10.4;

(b) an election to dissolve the Partnership by the General Partner that is approved by all of the Limited Partners;

(c) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(d) the sale of all or substantially all of the assets and properties of the Partnership Group; or

(e) the dissolution of the MLP.

Section 12.2. Continuation of the Business of the Partnership After Dissolution.

Upon dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing Partner pursuant to Section 11.1 or 11.2, then within 90 days thereafter, all of the Limited Partners may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as a general partner a Person approved by a majority in interest of the Limited Partners. In addition, upon dissolution of the Partnership pursuant to Section 12.1(e), if the MLP is reconstituted pursuant to Section 12.2 of the MLP Agreement, the reconstituted MLP may, within 180 days after such event of dissolution, acting alone, regardless of whether there are any other Limited Partners, elect to reconstitute the Partnership in accordance with the immediately preceding sentence. Upon any such election by the Limited Partners or the MLP, as the case may be, all Partners shall be bound thereby and shall be deemed to have approved same. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(a) the reconstituted Partnership shall continue unless earlier dissolved in accordance with this Article XII;

(b) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be purchased by the successor General Partner; and

(c) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file, a new partnership agreement and certificate of limited partnership, and the successor General Partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section 2.6; provided, that the right to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of the Limited Partners or any limited partner of the MLP and (y) neither the Partnership, the reconstituted limited partnership, the MLP nor any Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

Section 12.3. Liquidator.

Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the Partnership pursuant to Section 12.2, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by a majority of the Limited Partners. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or

without cause, by notice of removal approved by a majority in interest of the Limited Partners. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by at least a majority in interest of the Limited Partners. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein.

Section 12.4. Liquidation.

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to Section 17-804 of the Delaware Act and the following:

(a) Disposition of Assets. The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may, in its absolute discretion, defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may, in its absolute discretion, distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Discharge of Liabilities. Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts owed to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) Liquidation Distributions. All property and all cash in excess of that required to discharge liabilities as provided in Section 12.4(b) shall be distributed to the Partners in accordance with, and to the extent of, the positive balances in their respective Capital

Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable year of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable year (or, if later, within 90 days after said date of such occurrence).

Section 12.5. Cancellation of Certificate of Limited Partnership.

Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership, and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware, shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 12.6. Return of Contributions.

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

Section 12.7. Waiver of Partition.

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

Section 12.8. Capital Account Restoration.

No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable year of the Partnership during which such liquidation occurs, or, if later, within 90 days after the date of such liquidation.

ARTICLE XIII.
AMENDMENT OF PARTNERSHIP AGREEMENT

Section 13.1. Amendment to be Adopted Solely by the General Partner.

Each Partner agrees that the General Partner, without the approval of any Partner or Assignee, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to ensure that no Group Member will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change that, in the discretion of the General Partner, (i) does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, (ii) is necessary or advisable to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of limited partner interests of the MLP (including the division of any class or classes of outstanding limited partner interests of the MLP into different classes to facilitate uniformity of tax consequences within such classes of limited partner interests of the MLP) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange (as defined in the MLP Agreement) on which such limited partner interests are or will be listed for trading, compliance with any of which the General Partner determines in its discretion to be in the best interests of the MLP and the limited partners of the MLP, (iii) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement or (iv) is required to conform the provisions of this Agreement with the provisions of the MLP Agreement as the provisions of the MLP Agreement may be amended, supplemented or restated from time to time;

(e) a change in the fiscal year or taxable year of the Partnership and any changes that, in the discretion of the General Partner, are necessary or advisable as a result of a change in the fiscal year or taxable year of the Partnership including, if the General Partner shall so determine, a change in the definition of "Quarter" and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its members, directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(h) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3;

(i) an amendment that, in the discretion of the General Partner, is necessary or advisable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4;

(j) a merger or conveyance pursuant to Section 14.3(d); or

(k) any other amendments substantially similar to the foregoing.

Section 13.2. Amendment Procedures.

Except with respect to amendments of the type described in Section 13.1, all amendments to this Agreement shall be made in accordance with the following requirements: Amendments to this Agreement may be proposed only by or with the consent of the General Partner, which consent may be given or withheld in its sole discretion. A proposed amendment shall be effective upon its approval by the Limited Partners.

ARTICLE XIV.
MERGER

Section 14.1. Authority.

The Partnership may merge or consolidate with one or more corporations, limited liability companies, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance
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with this Article XIV.

Section 14.2. Procedure for Merger or Consolidation.

Merger or consolidation of the Partnership pursuant to this Article XIV requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) the names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) the name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "Surviving Business Entity");

(c) the terms and conditions of the proposed merger or consolidation;

(d) the manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited

partner interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partner interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) that the holders of such general or limited partner interests, securities or rights are to receive in exchange for, or upon conversion of their general or limited partner interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) a statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) the effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

Section 14.3. Approval by Limited Partners of Merger or Consolidation.

(a) Except as provided in Section 14.3(d), the General Partner, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of the Limited Partners, whether at a special meeting or by written consent, in either case in accordance with the requirements of Article XIII. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a special meeting or the written consent.

(b) Except as provided in Section 14.3(d), the Merger Agreement shall be approved upon receiving the affirmative vote or consent of the Limited Partners.

(c) Except as provided in Section 14.3(d), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 14.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, in its discretion, without Limited Partner approval, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity that shall be newly formed and shall have no assets, liabilities or

operations at the time of such Merger other than those it receives from the Partnership or other Group Member if (i) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability of any Limited Partner or any limited partner in the MLP or cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such), (ii) the sole purpose of such merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (iii) the governing instruments of the new entity provide the Limited Partners and the General Partner with substantially the same rights and obligations as are herein contained.

Section 14.4. Certificate of Merger.

Upon the required approval by the General Partner and the Limited Partners of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

Section 14.5. Effect of Merger.

(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

ARTICLE XV.
GENERAL PROVISIONS

Section 15.1. Addresses and Notices.

Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address appearing on the books and records of the Partnership. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

Section 15.2. Further Action.

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.3. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.4. Integration.

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 15.5. Creditors.

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 15.6. Waiver.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any breach of any other covenant, duty, agreement or condition.

Section 15.7. Counterparts.

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

Section 15.8. Applicable Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.9. Invalidity of Provisions.

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.10. Consent of Partners.

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

Sunoco Logistics Partners GP LLC

By: /s/ David A. Justin

Name: David A. Justin
Its: Vice President

LIMITED PARTNERS:

Sunoco Logistics Partners L.P.

By: Sunoco Partners LLC
Its: General Partner

By: /s/ David A. Justin

Name: David A. Justin
Its: Vice President

EXHIBIT 3.6

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FIRST AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

SUNOCO PARTNERS LLC

A Pennsylvania Limited Liability Company

Dated as of

February 8, 2002

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TABLE OF CONTENTS

ARTICLE VII.
MANAGEMENT

ARTICLE VIII.
OFFICERS

ARTICLE IX.
INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND AGENTS

ARTICLE X.
TAXES

ARTICLE XI.
BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

ARTICLE XII.
DISSOLUTION, WINDING-UP AND TERMINATION

ARTICLE XIII.
GENERAL PROVISIONS

FIRST AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
SUNOCO PARTNERS LLC
A Pennsylvania Limited Liability Company

This FIRST AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of SUNOCO PARTNERS LLC (the "Company"), dated as of February 8, 2002, is adopted, executed and agreed to by Sun Pipe Line Company of Delaware, a Delaware corporation ("Sun Delaware"), Sunoco Texas Pipe Line Company, a Texas corporation ("Sunoco Texas"), Sunoco, Inc. (R&M), a Pennsylvania corporation ("Sunoco R&M"), Atlantic Petroleum Corporation, a Delaware corporation ("Atlantic Petroleum"), and Atlantic Refining & Marketing Corp., a Delaware corporation ("Atlantic Refining"), as the Members (as defined herein) of the Company.

R E C I T A L S:

WHEREAS, the Company was formed as a Pennsylvania limited liability company under and pursuant to the Pennsylvania Limited Liability Company Law of 1994, as amended (the "Act"), on October 12, 2001 (the "Original Filing Date") by the filing of a Certificate of Organization of a Domestic Limited Liability Company (the "Pennsylvania Certificate") with the Pennsylvania Department of State on such date; and

WHEREAS, Sun Delaware, as the sole member, adopted, executed and agreed to a Limited Liability Company Agreement (the "Prior Agreement") relating to the Company on October 15, 2001; and

WHEREAS, Sun Delaware and the Company desire to admit Sunoco Texas, Sunoco R&M, Atlantic Petroleum and Atlantic Refining as members of the Company in exchange for their capital contributions as set forth in Section 5.01 and to amend and restate the Prior Agreement to, among other things, provide for a board of directors and officers of the Company.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby amend the Prior Agreement and, as so amended, restate it in its entirety as follows:

ARTICLE I.
DEFINITIONS

Section 1.01 Definitions.

(a) As used in this Agreement, the following terms have the respective meanings set forth below or set forth in the Sections referred to below:

"Act" has the meaning given such term in the Recitals.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) credit to such Capital Account any amounts that such Member is obligated to restore pursuant to any provision of this Agreement or pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) debit to such Capital Account the items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with, such Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this First Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC.

"Applicable Law" means (a) any United States federal, state, local or foreign law, statute, rule, regulation, order, writ, injunction, judgment, decree or permit of any Governmental Authority and (b) any rule or listing requirement of any applicable national stock exchange or listing requirement of any national stock exchange or Securities and Exchange Commission recognized trading market on which securities issued by the MLP are listed or quoted.

"Assignee" means any Person that acquires a Membership Interest or any portion thereof through a Disposition; provided, however, that an Assignee shall have no right to be admitted to the Company as a Member except in accordance with Article IV. The Assignee of a dissolved Member is the shareholder, partner, member or other equity owner or owners of the dissolved Member to whom such Member's Membership Interest is assigned by the Person conducting the liquidation or winding up of such Member. The Assignee of a Bankrupt Member is (a) the Person or Persons (if any) to whom such Bankrupt Member's Membership Interest is assigned by order of the court or other Governmental Authority having jurisdiction over the related Bankruptcy, or (b) in the event of a general assignment for the benefit of creditors, the creditor to which such Membership Interest is assigned.

"Atlantic Petroleum" has the meaning given such term in the introductory paragraph of this Agreement.

"Atlantic Refining" has the meaning given to such term in the introductory paragraph of this Agreement.

"Bankruptcy" or "Bankrupt" means, with respect to any Person, that (a) such Person (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for such Person a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Applicable Law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; or (b) a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Applicable Law has been commenced against such Person and 120 Days have expired without dismissal thereof or with respect to which, without such Person's consent or acquiescence, a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties has been appointed and 90 Days have expired without the appointment's having been vacated or stayed, or 90 Days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"Board" has the meaning given such term in Section 7.01.

"Business Day" means any day other than a Saturday, a Sunday or a day when banks in New York, New York are authorized or required by Applicable Law to be closed.

"Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and any items in the nature of income or gain that are specially allocated pursuant to Section 6.03 hereof, and the amount of any Company liabilities assumed by such Member or that are secured by any property (other than money) distributed to such Member.

(ii) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property (other than money) distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.03 hereof, and the amount of any liabilities of such Member assumed by the Company or that are secured by any property (other than money) contributed by such Member to the Company.

(iii) In the event all or a portion of a Membership Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Membership Interest so transferred.

(iv) In determining the amount of any liability for purposes of the foregoing subparagraphs (i) and (ii) of this definition of "Capital Account," there shall be taken into account Section 752(c) of the Code and any other applicable provisions of the Code and the Treasury Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with the Treasury Regulations.

"Capital Contribution" means, with respect to any Member, the amount of money and the net agreed value of any property (other than money) contributed to the Company by such Member. Any reference in this Agreement to the Capital Contribution of a Member shall include a Capital Contribution of its predecessors in interest.

"Certified Public Accountants" means a firm of independent public accountants selected from time to time by the Board.

"Claim" means any and all judgments, claims, causes of action, demands, lawsuits, suits, proceedings, Governmental investigations or audits, losses, assessments, fines, penalties, administrative orders, obligations, costs, expenses, liabilities and damages (whether actual, consequential or punitive), including interest, penalties, reasonable attorneys' fees, disbursements and costs of investigations, deficiencies, levies, duties and imposts.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Common Units" means the common units of the MLP.

"Company" has the meaning given such term in the introductory paragraph of this Agreement.

"Compensation Committee" has the meaning given such term in Section 7.10(d).

"Conflicts Committee" has the meaning given such term in Section 7.10(c).

"Contribution Agreement" means that certain Contribution, Conveyance and Assumption Agreement, dated as of February 8, 2002, among the Company, the MLP, the Operating Partnership and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

"Day" means a calendar day; provided, however, that, if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the next succeeding Business Day.

"Depreciation" means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period,

"Depreciation" shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that, if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

"Director" or "Directors" has the meaning given such term in Section 7.02.

"Dispose," "Disposing" or "Disposition" means, with respect to any asset (including a Membership Interest or any portion thereof), a sale, assignment, transfer, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by operation of Applicable Law.

"Disposing Member" has the meaning given such term in Section 4.02.

"Dissolution Event" has the meaning given such term in Section 12.01(a).

"Encumber," "Encumbering" or "Encumbrance" means the creation of a security interest, lien, pledge, mortgage or other encumbrance, whether such encumbrance be voluntary, involuntary or by operation of Applicable Law.

"GAAP" means generally accepted accounting principles.

"Governmental Authority" or "Governmental" means any federal, state, local or foreign court or governmental or regulatory agency or authority or any arbitration board, tribunal or mediator having jurisdiction over the Company or its assets or Members.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of said asset, as determined by the contributing Member and the Board, in a manner that is consisted with Section 7701(g) of the Code;

(ii) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Board, in a manner that is consistent with Section 7701(g) of the Code, as of the following times: (a) the acquisition of an additional Membership Interest by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Company to a Member of more than a de minimis amount of property other than money as consideration for an Membership Interest; and (c) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Tax Matters Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii) the Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value (taking Section 7701(g) of the Code into account) of such asset on the date of distribution; and

(iv) the Gross Asset Values of any Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) of the Code or Section 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-1 (b)(2)(iv)(m) and the definition of Capital Account hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Tax Matters Partner determines that an adjustment pursuant to the foregoing subparagraph (ii) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to the foregoing subparagraphs (i), (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Incentive Plan" means any plan or arrangement pursuant to which the Company may compensate its employees, consultants, directors and/or service providers.

"Indemnitee" means (a) any Person who is or was an Affiliate of the Company, (b) any Person who is or was a member, partner, officer, director, employee, agent or trustee of the Company or any Affiliate of the Company and (c) any Person who is or was serving at the request of the Company or any Affiliate of the Company as an officer, director, employee, member, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"Independent Director" has the meaning given such term in Section 7.10(b).

"Majority Interest" means greater than 50% of the Sharing Ratios.

"Member" means any Person executing this Agreement as of the date of this Agreement as a member of the Company or hereafter admitted to the Company as a member as provided in this Agreement, but such term does not include any Person who has ceased to be a member in the Company.

"Membership Interest" means, with respect to any Member, (a) that Member's status as a Member; (b) that Member's share of the income, gain, loss, deduction and credits of, and the right to receive distributions from, the Company; (c) all other rights, benefits and privileges enjoyed by that Member (under the Act, this Agreement or otherwise) in its capacity as a Member, including that Member's rights to vote, consent and approve and otherwise to participate in the management of the Company, including through the Board; and (d) all obligations, duties and liabilities imposed on that Member (under the Act, this Agreement or otherwise) in its capacity as a Member, including any obligations to make Capital Contributions.

"MLP" means Sunoco Logistics Partners L.P., a Delaware limited partnership.

"Notices" has the meaning given such term in Section 13.02.

"NYSE" has the meaning given such term in Section 7.02.

"Operating Partnership" means Sunoco Logistics Partners Operations L.P., a
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Delaware limited partnership, and any successors thereto.

"Original Filing Date" has the meaning given such term in the Recitals.

"Partnership Agreement" means the First Amended and Restated Agreement of
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Limited Partnership of the MLP, dated February 8, 2002, as amended, or any successor agreement.

"Pennsylvania Certificate" has the meaning given such term in the Recitals.

"Person" means any individual, firm, partnership, corporation, limited
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liability company, association, joint-stock company, unincorporated organization, joint venture, trust, court, Governmental agency or any political subdivision thereof, or any other entity.

"Prior Agreement" has the meaning given such term in the Recitals.

"Profits" and "Losses" means, for each fiscal year or other period, an
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amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(iii) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) or (iv) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) gain or loss resulting from any disposition of property (other than money) with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the definition of Depreciation hereof; and

(vi) notwithstanding any other provision of this definition of "Profits" and "Losses," any items that are specially allocated pursuant to Section 6.03(d) and Section 6.03(e) hereof shall not be taken into account in computing Profits or Losses.

"Proper Officers" means those officers authorized by the Board to act on behalf of the Company.

"Retained Assets" means the pipeline, terminal and other logistics assets and investments owned by Sunoco, Inc. and its affiliates that were not conveyed or contributed to the MLP pursuant to the Contribution Agreement, including Mid-Valley Pipeline, West Texas Gulf Pipeline Company, Mesa Pipeline and Inland Corporation.

"Sharing Ratio" means, subject in each case to adjustments in accordance with this Agreement or in connection with Dispositions of Membership Interests, (a) in the case of a Member executing this Agreement as of the date of this Agreement or a Person acquiring such Member's Membership Interest, the percentage specified for that Member as its Sharing Ratio on Exhibit A, and (b) in the case of Membership Interests issued pursuant to Section 3.01, the Sharing Ratio established pursuant thereto; provided, however, that the total of all Sharing Ratios shall always equal 100%.

"Sun Delaware" has the meaning given such term in the introductory paragraph of this Agreement.

"Sunoco R&M" has the meaning given such term in the introductory paragraph of this Agreement.

"Sunoco Texas" has the meaning given such term in the introductory paragraph of this Agreement.

"Target Capital Account Amount" means, with respect to a Member, the distribution the Member would receive pursuant to Section 6.02 if the amount to be distributed to the Member equaled the product of (i) the amount described in Section 12.02(a)(iii)(C) multiplied by (ii) the Member's Sharing Ratio.

"Tax Matters Partner" has the meaning given such term in Section 10.03(a).

"Term" has the meaning given such term in Section 2.06.

"Treasury Regulations" means the regulations (including temporary regulations) promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute, temporary or final, Treasury Regulations.

"Withdraw," "Withdrawing" or "Withdrawal" means the withdrawal, resignation
or retirement of a Member from the Company as a Member. Such terms shall not include any Dispositions of Membership Interest (which are governed by Article IV), even though the Member making a Disposition may cease to be a Member as a result of such Disposition.

(b) Other terms defined herein have the meanings so given them.

Section 1.02 Construction.

Whenever the context requires, (a) the gender of all words used in this Agreement includes the masculine, feminine and neuter, (b) the singular forms of nouns, pronouns and verbs shall include the plural and vice versa, (c) all references to Articles and Sections refer to articles and sections in this Agreement, each of which is made a part for all purposes, and (d) the term "include" or "includes" means includes, without limitation, and "including" means including, without limitation.

ARTICLE II.
ORGANIZATION

Section 2.01 Formation.

Sun Delaware formed the Company as a Pennsylvania limited liability company by the filing of the Pennsylvania Certificate, dated as of the Original Filing Date, with the Pennsylvania Department of State pursuant to the Act.

Section 2.02 Name.

The name of the Company is "Sunoco Partners LLC" and all Company business must be conducted in that name or such other names that comply with Applicable Law as the Board may select.

Section 2.03 Registered Office; Registered Agent; Principal Office.

The name of the Company's registered agent for service of process is CT Corporation System, and the address of the Company's registered office in the Commonwealth of Pennsylvania is 1515 Market Street, #1210, Philadelphia, Pennsylvania 19103. The principal place of business of the Company shall be located at 1801 Market Street, Philadelphia, Pennsylvania 19103. The Board may change the Company's registered agent or the location of the Company's registered office or principal place of business as the Board may from time to time determine.

Section 2.04 Purposes.

(a) The Company may carry on any lawful business or activity permitted by the Act. The Company shall be authorized to engage in any and all other activities, whether or not related to the foregoing, that in the judgment of the Board may be beneficial or desirable.

(b) Subject to the limitations expressly set forth in this Agreement, the Company shall have the power and authority to do any and all acts and things deemed necessary or desirable by the Board to further the Company's purposes and carry on its business, including, without limitation, the following:

(i) acting as the general partner of the MLP;

(ii) operating, maintaining and administering the Retained Assets and the businesses conducted by or related to them;

(iii) entering into any kind of activity and performing contracts of any kind necessary or desirable for the accomplishment of its business (including the business of the MLP);

(iv) acquiring any property, real or personal, in fee or under lease or license, or any rights therein or appurtenant thereto, necessary or desirable for the accomplishment of its business;

(v) borrowing money and issuing evidences of indebtedness and securing any such indebtedness by mortgage or pledge of, or other lien on, the assets of the Company;

(vi) entering into any such instruments and agreements as the Board may deem necessary or desirable for the ownership, management, operation, leasing and sale of the Company's property; and

(vii) negotiating and concluding agreements for the sale, exchange or other disposition of all or substantially all of the properties of the Company, or for the refinancing of any loan or payment obtained by the Company.

The Members hereby specifically consent to and approve the execution and delivery by the Proper Officers on behalf of the Company of all loan agreements, guarantees, notes, security agreements or other documents or instruments, if any, as required by any lender providing funds to the Company, the MLP or the Operating Partnership and ancillary documents contemplated thereby.

Section 2.05 Foreign Qualification.

Prior to the Company's conducting business in any jurisdiction other than Pennsylvania, the Proper Officers shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of such officers, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Proper Officers, the Members shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

Section 2.06 Term.

The period of existence of the Company (the "Term") commenced on the Original Filing Date and shall end at such time as a certificate of dissolution is filed with the Pennsylvania Department of State in accordance with Section 12.04.

Section 2.07 No State Law Partnership.

The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal, state, local and foreign income tax purposes, and this Agreement may not be construed to suggest otherwise.

ARTICLE III.
MEMBERSHIP

Section 3.01 Membership Interests; Additional Members.

The Members own Membership Interests in the Company as reflected in Exhibit A attached hereto. Persons may be admitted to the Company as Members, on such terms and conditions as the Board determines at the time of admission. The terms of admission or issuance must specify the Sharing Ratios applicable thereto and may provide for the creation of different classes or groups of Members having different rights, powers and duties. The Board may reflect the creation of any new class or group in an amendment to this Agreement indicating the different rights, powers and duties, and such an amendment shall be approved by the Board and executed by the Proper Officers. Any such admission is effective only after such new Member has executed and delivered to the Members and the Company an instrument containing the notice address of the new Member, the Member's ratification of this Agreement and agreement to be bound by it.

Section 3.02 Access to Information.

Each Member shall be entitled to receive any information that it may request concerning the Company; provided, however, that this Section 3.02 shall not obligate the Company to create any information that does not already exist at the time of such request (other than to convert existing information from one medium to another, such as providing a printout of information that is stored in a computer database). Each Member shall also have the right, upon reasonable notice and at all reasonable times during usual business hours, to inspect the properties of the Company and to audit, examine and make copies of the books of account and other records of the Company. Such right may be exercised through any agent or employee of such Member designated in writing by it or by an independent public accountant, engineer, attorney or other consultant so designated. All costs and expenses incurred in any inspection, examination or audit made on such Member's behalf shall be borne by such Member.

Section 3.03 Liability.

(a) No Member shall be liable for the debts, obligations or liabilities of the Company.

(b) The Company and the Members agree that the rights, duties and obligations of the Members in their capacities as members of the Company are only as set forth in this Agreement and as otherwise arise under the Act. Furthermore, the Members agree that the existence of any rights of a Member, or the exercise or forbearance from exercise of any such rights, shall not create any duties or obligations of the Member in their capacities as members of the Company, nor shall such rights be construed to enlarge or otherwise alter in any manner the duties and obligations of the Members.

Section 3.04 Withdrawal.

A Member does not have the right or power to Withdraw.

ARTICLE IV.
DISPOSITION OF MEMBERSHIP INTERESTS

Section 4.01 General Restriction.

A Member may not Dispose of all or any portion of its Membership Interests except in strict accordance with this Article IV. References in this Article IV to Dispositions of a Membership Interest shall also refer to Dispositions of a portion of a Membership Interest. Any attempted Disposition of a Membership Interest, other than in strict accordance with this Article IV, shall be, and is hereby declared, null and void ab initio. The Members agree that a breach of the provisions of this Article IV may cause irreparable injury to the Company and to the other Members for which monetary damages (or other remedy at law) are inadequate in view of (a) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Member to comply with such provision and (b) the uniqueness of the business and the relationship among the Members. Accordingly, the Members agree that the provisions of this Article IV may be enforced by specific performance.

Section 4.02 Admission of Assignee as a Member.

An Assignee has the right to be admitted to the Company as a Member, with the Membership Interests (and attendant Sharing Ratio) so transferred to such Assignee, only if (a) the Member making the Disposition (a "Disposing Member") ----------
has granted the Assignee either (i) all, but not less than all, of such Disposing Member's Membership Interests or (ii) the express right to be so admitted; and (b) such Disposition is effected in strict compliance with this Article IV.

Section 4.03 Requirements Applicable to All Dispositions and Admissions.

Any Disposition of Membership Interests and any admission of an Assignee as a Member shall also be subject to the following requirements, and such Disposition (and admission, if applicable) shall not be effective unless such requirements are complied with; provided, however, that the Board, in its sole and absolute discretion, may waive any of the following requirements:

(a) Disposition Documents. The following documents must be delivered to the Board and must be satisfactory, in form and substance, to the Board:

(i) Disposition Instrument. A copy of the instrument pursuant to which the Disposition is effected.

(ii) Ratification of this Agreement. With respect to any Disposition, an instrument, executed by the Disposing Member and its Assignee, containing the following information and agreements, to the extent they are not contained in the instrument described in Section 4.03(a)(i): (A) the notice address of the Assignee; (B) the Sharing Ratios after the Disposition of the Disposing Member and its Assignee (which together must total the Sharing Ratio of the Disposing Member before the Disposition); (C) the Assignee's ratification of this Agreement and agreement to be bound by it; and (D) representations and warranties by the Disposing Member and its Assignee that (1) the Disposition and admission is being made in accordance with Applicable Laws, and (2) the matters set forth in Section 4.03(a)(i) and this Section 4.03(a)(ii) are true and correct.

(iii) Opinions. With respect to any Disposition, such opinions of counsel regarding tax and securities law matters as the Board, in its sole discretion, may require.

(b) Payment of Expenses. The Disposing Member and its Assignee shall pay, or reimburse the Company for, all reasonable costs and expenses incurred by the Company in connection with the Disposition and admission of the Assignee as a Member, including the legal fees incurred in connection with the legal opinions referred to in Section 4.03(a)(iii).

(c) No Release. No Disposition of Membership Interests shall effect a release of the Disposing Member from any liabilities to the Company or the other Members arising from events occurring prior to the Disposition.

ARTICLE V.
CAPITAL CONTRIBUTIONS

Section 5.01 Initial Capital Contributions.

At the time of the formation of the Company or contemporaneously with the adoption by the Members of this Agreement, as appropriate, each Member, as a result of its initial Capital Contribution, shall be deemed to have the Membership Interest in the Company as set forth next to the Member's name on Exhibit A.
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The Members hereby agree that their Membership Interests shall be adjusted to reflect a final determination of the value of their Capital Contributions and the Company's assets. Any such adjustment shall be effective as of the date hereof and shall be implemented by the revision of Exhibit A hereto to reflect the final determination of the value of the Members' Capital Contributions and the Company's assets. The final determination of the value of the Members' Capital Contributions and the Company's assets shall be made upon the unanimous agreement of the Members and the Company.

Section 5.02 Loans.

If the Company does not have sufficient cash to pay its obligations, any Member(s) that may agree to do so with the consent of the Board may advance all or part of the needed funds to or on behalf of the Company. An advance described in this Section 5.02 constitutes a loan from the Member to the Company, bears interest at a rate determined by the Board from the date of the advance until the date of payment and is not a Capital Contribution.

Section 5.03 Return of Contributions.

Except as expressly provided herein, no Member is entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

Section 5.04 Capital Accounts.

An individual Capital Account shall be established and maintained for each Member. A Member that has more than one class or series of Membership Interest shall have a single Capital Account that reflects all such class, classes or series of Membership Interests, regardless of the classes or series of Membership Interests owned by such Member and regardless of the time or manner in which such Membership Interests were acquired. Upon the Disposition of all or a portion of a Membership Interest, the Capital Account of the Disposing Member that is attributable to such Membership Interest shall carry over to the Assignee in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(l).

ARTICLE VI.
DISTRIBUTIONS AND ALLOCATIONS

Section 6.01 Distributions.

Except as otherwise provided in Section 6.02 and Section 6.05, distributions to the Members shall be made only to all Members simultaneously in proportion to their respective Sharing Ratios (at the time the amounts of such distributions are determined) and in such aggregate amounts and at such times as shall be determined by the Board; provided, however, any loans from Members pursuant to Section 5.02 shall be repaid prior to any distributions to Members pursuant to this Section 6.01.

Section 6.02 Distributions on Dissolution and Winding Up.

Upon the dissolution and winding up of the Company, after adjusting the Capital Accounts for all distributions made under Section 6.01 and all allocations under this Article VI, all available proceeds distributable to the Members as determined under Section 12.02 shall be distributed to all of the Members in amounts equal to the Members' positive Capital Account balances.

Section 6.03 Allocations.

Subject to the allocation rules of Section 6.03(c), (d) and (e) hereof, Profits and Losses of the Company for any fiscal year shall be allocated as follows:

(a) Profits for any fiscal year shall be allocated in the following order of priority:

(i) first, to all Members, in proportion to the deficit balances (if any) in their Capital Accounts, in an amount necessary to eliminate any deficits in the Members' Capital Accounts and restore such Capital Accounts balances to zero;

(ii) second, to the Members until each Member has been allocated an amount equal to the amount distributed to such Member pursuant to Section 6.01 in the current and in all previous fiscal years in excess of amounts previously allocated to such Members pursuant to this Section 6.03(a)(ii);

(iii) third, to the Members, to the greatest extent possible, an amount required to cause the positive Capital Account balances of each of the Members to be in the same proportion as the Member's respective Sharing Ratios; and

(iv) thereafter, to the Members in proportion their respective Sharing Ratios.

(b) Losses for any fiscal year shall be allocated in the following order of priority:

(i) first, to the Members, to the greatest extent possible, an amount required to cause the positive Capital Account balances of each of the Members to be in the same proportion as the Member's respective Sharing Ratios;

(ii) next, to the Members in proportion to their respective Sharing Ratios until the Capital Account balances of such Members have been reduced to zero;

(iii) next, to any Member that has a positive Capital Account balance until the Capital Account balances of all of the Members have been reduced to zero; and

(iv) thereafter, to the Members in proportion to their respective Sharing Ratios.

(c) Notwithstanding the allocation provisions of Section 6.03(a) and (b), if the allocation of Profits or Losses to a Member pursuant to Sections 6.03(a) and (b) in the current fiscal year would cause a Member to have a positive Capital Account balance that is greater than or less than the amount that has been distributed to such Member in the current fiscal year pursuant to Section 6.01, then the allocations of Profits and Losses in the current fiscal year shall be adjusted, to the greatest extent possible, to cause the positive Capital Account balances of each Member to equal the amount of distributions made to such Member in the current fiscal year. In addition, in the event of the dissolution of the Company pursuant to Section 12.01 hereof, if the allocation of Profits or Losses to a Member pursuant to Sections 6.03(a) and (b) would cause a Member to have a Capital Account balance in an amount that is greater than or less than the Member's Target Capital Account Amount, then the allocations of Profits and

Losses shall be adjusted, to the greatest extent possible, to cause the positive Capital Account balances of each Member to equal such an amount.

(d) The following special allocations shall be made in the following order:

(i) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to restore, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.03(d)(i) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.03(d)(i) was not in this Agreement.

(ii) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year that is in excess of the sum of (x) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (y) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.03(d)(ii) shall be made only if and to the extent that such Member would have a deficit Capital Account balance in excess of such sum after all other allocations provided for in this Article VI have been made as if Section 6.03(d)(i) hereof and this Section 6.03(d)(ii) were not in this Agreement.

(iii) Section 754 Adjustments. To the extent an adjustment of the adjusted tax basis of any Company asset pursuant to Section 734(b) of the Code or Section 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Treasury Regulations.

(e) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of same under this Agreement). In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes

and its Gross Asset Value in the same manner as under Section 704(c) of the Code and the Treasury Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Tax Matters Partner in any manner that reasonably reflects the purpose and intention of this Agreement, provided that the Company shall use the remedial allocation method set forth in Treasury Regulation Section 1.704-3(d). Allocations pursuant to this Section 6.03(e) are solely for purposes of federal, state, local and foreign taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

Section 6.04 Varying Interests.

All items of income, gain, loss, deduction or credit shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Members as of the last calendar day of the period for which the allocation or distribution is to be made. Notwithstanding the foregoing, if during any taxable year there is a change in any Member's Sharing Ratio, the Members agree that their allocable shares of such items for the taxable year shall be determined on any method determined by the Board to be permissible under Code Section 706 and the related Treasury Regulations to take account of the Members' varying Sharing Ratios.

Section 6.05 Tax Distributions.

To the extent the Board, in good faith, determines the Company has sufficient funds, the Company shall make distributions on quarterly basis after the end of each fiscal quarter of the Company, beginning with the first quarter for the fiscal year ending December 31, 2002, to each Member in an amount equal to (i) the total amount of taxable income allocated to such Member for such fiscal year that exceeds the aggregate allocation of Losses pursuant to Sections 6.03(b) and (c) for the preceding fiscal years multiplied by (ii) a tax rate reasonably selected by the Board; provided, however, that subsequent distributions to the Members made during such fiscal year and subsequent fiscal years shall be adjusted as necessary to ensure that, over the entire term of the Company, the aggregate cash distributed to a Member shall be equal to the amount to which such Member would have been entitled had there been no distributions made pursuant to this Section 6.05.

Section 6.06 Withheld Taxes.

All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, distribution or allocation to the Company or the Members shall be treated as amounts distributed to the Members pursuant to this Article VI for all purposes of this Agreement. The Board is authorized to withhold from distributions, or with respect to allocations, to the Members and to pay over to any federal, state, local or foreign government any amounts required to be so withheld pursuant to the Code or any provision of any other federal, state, local or foreign law and shall allocate such amounts to those Members with respect to which such amounts were withheld.

Section 6.07 Limitations on Distributions.

Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member on account of its interest in the Company if such distribution would violate any Applicable Law.

ARTICLE VII.
MANAGEMENT

Section 7.01 Management by Board of Directors and Executive Officers.

The business and affairs of the Company shall be fully vested in, and managed by, a Board of Directors (the "Board"), subject to the executive officers elected pursuant to Article VIII hereof. The Directors and executive officers shall collectively constitute "managers" of the Company within the meaning of the Act. Except as otherwise specifically provided in this Agreement, the authority and functions of the Board, on the one hand, and the executive officers, on the other hand, shall be identical to the authority and functions of the board of directors and officers, respectively, of a corporation organized under the Business Corporation Law of 1988, as amended, of the Commonwealth of Pennsylvania. The executive officers shall be vested with such powers and duties as are set forth in Article VIII hereof and as are specified by the Board. Accordingly, except as otherwise specifically provided in this Agreement, the business and affairs of the Company shall be managed under the direction of the Board, and the day-to-day activities of the Company shall be conducted on the Company's behalf by the executive officers who shall be agents of the Company.

In addition to the powers and authorities expressly conferred on the Board by this Agreement, the Board may exercise all such powers of the Company and do all such acts and things as are not restricted by the Act or Applicable Law.

Section 7.02 Number; Qualification; Tenure.

The number of directors constituting the Board shall be between three and nine (each a "Director" and, collectively, the "Directors"), unless otherwise fixed from time to time pursuant to a resolution adopted by a majority of the Directors. A Director need not be a Member. Each Director shall be elected or approved by the Members at an annual meeting of the Members and shall serve as a Director of the Company for a term of one year (or their earlier death or removal from office) or until their successors are elected and qualified.

The initial Directors of the Company shall be Deborah M. Fretz, John G. Drosdick and Thomas W. Hofmann. The Members will appoint two Independent Directors within three months of the listing of the MLP's common units on the New York Stock Exchange, Inc. (the "NYSE") and one additional Independent Director within 12 months of such listing.

Section 7.03 Regular Meetings.

The Board shall meet at least quarterly, and a regular meeting of the Board shall be held without notice other than this Section 7.03 immediately after, and at the same place as, the

annual meeting of Members. The Board may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 7.04 Special Meetings.

A special meeting of the Board may be called at any time at the request of (a) the Chairman of the Board or (b) any four Directors.

Section 7.05 Notice.

Written notice of all regular meetings of the Board must be given to all Directors at least 10 Days prior to the regular meeting of the Board and two Business Days prior to any special meeting of the Board. All notices and other communications to be given to Directors shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service or three days after being mailed by certified or registered mail, return receipt requested, with appropriate postage prepaid, or when received in the form of a telegram or facsimile, and shall be directed to the address or facsimile number as such Director shall designate by notice to the Company. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to this Agreement, as provided herein. A meeting may be held at any time without notice if all the Directors are present or if those not present waive notice of the meeting either before or after such meeting.

Section 7.06 Action by Consent of Board or Committee of Board.

To the extent permitted by Applicable Law, the Board, or any committee of the Board, may act without a meeting so long as all Directors shall have executed a written consent with respect to any action taken in lieu of a meeting.

Section 7.07 Conference Telephone Meetings.

Directors or members of any committee of the Board may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 7.08 Quorum.

A majority of all Directors, present in person or participating in accordance with Section 7.07, shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time without further notice. Except as otherwise required by Applicable Law, all decisions of the Board, or any committee of the Board, shall require the affirmative vote of a majority of all Directors of the Board, or any committee of the Board, respectively. The Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum; however, only the acts of a majority of all Directors shall be the acts of the Board.

Section 7.09 Vacancies; Increases in the Number of Directors.

Unless otherwise provided in this Agreement, vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or a sole remaining Director; and any Director so chosen shall hold office until the next annual election and until his successor shall be duly elected and shall qualify, unless sooner displaced.

Section 7.10 Committees.

(a) The Board may establish committees of the Board and may delegate certain of its responsibilities to such committees.

(b) The Board shall have an audit committee comprised of three Directors, all of whom shall be Independent Directors. Such audit committee shall establish a written audit committee charter in accordance with the rules of the NYSE, as amended from time to time. "Independent Director" shall mean Directors meeting
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the independence and experience requirements as set forth most recently by the NYSE.

(c) The Board shall have a conflicts committee (the "Conflicts Committee")
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comprised of at least two Directors, all of whom shall be Independent Directors and none of whom shall be (a) security holders, officers or employees of the Company, (b) officers, directors or employees of any Affiliate of the Company or (c) holders of any ownership interest in the MLP, the Operating Partnership or any of its subsidiaries other than Common Units. The Conflicts Committee shall review transactions between the MLP and Sunoco, Inc., or any of its Affiliates, and any other transactions involving the MLP or its Affiliates, that the Board believes may involve conflicts of interest. Any matter approved by the Conflicts Committee in the manner provided for in the Partnership Agreement shall be conclusively deemed to be fair and reasonable to the MLP, and not a breach by the Company of any fiduciary or other duties owed to the MLP by the Company.

(d) The Board shall have a compensation committee (the "Compensation
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Committee") comprised of the Directors serving on the Conflicts Committee plus
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one additional Independent Director. The Compensation Committee shall be charged with setting compensation for officers of the Company and the MLP, as well as administering any Incentive Plans put in place by the Company.

(e) A majority of any committee, present in person or participating in accordance with Section 7.07, shall constitute a quorum for the transaction of business of such committee.

(f) A majority of any committee may determine its action and fix the time and place of its meetings unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 7.05. The Board shall have power at any time to fill vacancies in, to change the membership of or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not Directors; provided, however, that no such committee shall have or may exercise any authority of the Board.

Section 7.11 Removal.

Any Director or the entire Board may be removed, with or without cause, by the holders of a Majority Interest then entitled to vote at an election of Directors.

ARTICLE VIII.
OFFICERS

Section 8.01 Elected Officers.

The executive officers of the Company shall serve at the pleasure of the Board. Such officers shall have the authority and duties delegated to each of them, respectively, by the Board from time to time. The elected officers of the Company shall be a Chairman of the Board, a Chief Executive Officer, a President, a Chief Financial Officer, a Secretary, a Treasurer and such other officers (including, without limitation, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents) as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the Directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VIII. The Board or any committee thereof may from time to time elect, such other officers (including one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers), as may be necessary or desirable for the conduct of the business of the Company. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in this Agreement or as may be prescribed by the Board or such committee, as the case may be.

Section 8.02 Election and Term of Office.

The names and titles of the initial officers of the Company are set forth on Exhibit B hereto. Thereafter, the officers of the Company shall be elected annually by the Board at the regular meeting of the Board held after the annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until such person's successor shall have been duly elected and shall have qualified or until such person's death or until he shall resign or be removed pursuant to Section 8.10.

Section 8.03 Chairman of the Board.

The Chairman of the Board shall preside at all meetings of the Members and of the Board. The Directors also may elect a Vice-Chairman to act in the place of the Chairman upon his absence or inability to act.

Section 8.04 Chief Executive Officer.

The Chief Executive Officer shall be responsible for the general management of the affairs of the Company and shall perform all duties incidental to such person's office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and the Members and shall see that all orders and resolutions of the Board and of any committee thereof are carried into effect. The Chief Executive Officer may

sign, with the Secretary, an Assistant Secretary or any other Proper Officer of the Company thereunto duly authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments that the Board has authorized to be executed except in cases where the execution thereof shall be expressly delegated by the Board or by this Agreement to some other officer or agent of the Company or shall be required by law to be otherwise executed. The Chairman of the Board may serve in the capacity of Chief Executive Officer. If the Chairman of the Board does not so serve, then the Chief Executive Officer, if he is also a director, shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of the Board.

Section 8.05 President.

The Chief Executive Officer may serve in the capacity of President. If the Chief Executive Officer does not so serve, then the President shall (i) assist the Chief Executive Officer in the administration and operation of the Company's business and general supervision of its policies and affairs, and (ii) in the absence of or because of the inability to act of the Chief Executive Officer, perform all duties of the Chief Executive Officer.

Section 8.06 Chief Financial Officer.

The Chief Financial Officer shall be responsible for financial reporting for the Company and shall perform all duties incidental to such persons' office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and shall see that all orders and resolutions of the Board and of any committee thereof relating to financial reporting are carried into effect.

Section 8.07 Vice Presidents.

Each Executive Vice President and Senior Vice President and any Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 8.08 Treasurer.

(a) The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Company to be deposited in such banks as may be authorized by the Board, or in such banks as may be designated as depositories in the manner provided by resolution of the Board. The Treasurer shall, in general, perform all duties incident to the office of Treasurer and shall have such further powers and duties and shall be subject to such directions as may be granted or imposed from time to time by the Board.

(b) Assistant Treasurers shall have such of the authority and perform such of the duties of the Treasurer as may be provided in this Agreement or assigned to them by the Board or the Treasurer. Assistant Treasurers shall assist the Treasurer in the performance of the duties assigned to the Treasurer and, in assisting the Treasurer, each Assistant Treasurer shall for such purpose have the powers of the Treasurer. During the Treasurer's absence or inability, the Treasurer's authority and duties shall be possessed by such Assistant Treasurer or Assistant Treasurers as the Board may designate.

Section 8.09 Secretary.

(a) The Secretary shall keep or cause to be kept, in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the Members. The Secretary shall (i) see that all notices are duly given in accordance with the provisions of this Agreement and as required by law; (ii) be custodian of the records and the seal of the Company and affix and attest the seal to all documents to be executed on behalf of the Company under its seal; (iii) see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and (iv) in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board.

(b) Assistant Secretaries shall have such of the authority and perform such of the duties of the Secretary as may be provided in this Agreement or assigned to them by the Board or the Secretary. Assistant Secretaries shall assist the Secretary in the performance of the duties assigned to the Secretary and, in assisting the Secretary, each Assistant Secretary shall for such purpose have the powers of the Secretary. During the Secretary's absence or inability, the Secretary's authority and duties shall be possessed by such Assistant Secretary or Assistant Secretaries as the Board may designate.

Section 8.10 Removal.

Any officer elected, or agent appointed, by the Board may be removed by the affirmative vote of a majority of the Board whenever, in their judgment, the best interests of the Company would be served thereby. No elected officer shall have any contractual rights against the Company for compensation by virtue of such election beyond the date of the election of such person's successor, such person's death, such person's resignation or such person's removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 8.11 Vacancies.

A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board.

ARTICLE IX.
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 9.01 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is

threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee; provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 9.01 shall be made only out of the assets of the Company.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 9.01(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 9.01.

(c) The indemnification provided by this Section 9.01 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Company may purchase and maintain insurance on behalf of the Company, its Affiliates and such other Persons as the Company shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Company's activities or such Person's activities on behalf of the Company, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 9.01, (i) the Company shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Company also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 9.01(a); and (iii) action taken or omitted by the Indemnitee with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in, or not opposed to, the best interests of the Company.

(f) An Indemnitee shall not be denied indemnification in whole or in part under this Section 9.01 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(g) The provisions of this Section 9.01 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(h) No amendment, modification or repeal of this Section 9.01 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Company, nor the obligations of the Company to indemnify any such Indemnitee under and in accordance with the provisions of this Section 9.01 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 9.02 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Company or any other Persons who have acquired membership interests in the Company, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Company, such Indemnitee acting in connection with the Company's business or affairs shall not be liable to the Company or to any Member for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or otherwise modify the duties and liabilities of an Indemnitee otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Indemnitee.

(c) Any amendment, modification or repeal of this Section 9.02 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Company, and the Company's directors, officers and employees under this Section 9.02 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE X.
TAXES

Section 10.01 Tax Returns.

The Tax Matters Partner of the Company shall prepare and timely file (on behalf of the Company) all federal, state, local and foreign tax returns required to be filed by the Company. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall bear the costs of the preparation and filing of its returns.

Section 10.02 Tax Elections.

(a) The Company shall make the following elections on the appropriate tax returns:

(i) to adopt as the Company's fiscal year the calendar year;

(ii) to adopt the accrual method of accounting;

(iii) if a distribution of the Company's property as described in Section 734 of the Code occurs or upon a transfer of Membership Interest as described in Section 743 of the Code occurs, on request by notice from any Member, to elect, pursuant to Section 754 of the Code, to adjust the basis of the Company's properties;

(iv) to elect to amortize the organizational expenses of the Company ratably over a period of 60 months as permitted by Section 709(b) of the Code; and

(v) any other election the Board may deem appropriate.

(b) Neither the Company nor any Member shall make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state, local or foreign law and no provision of this Agreement (including Section 2.07) shall be construed to sanction or approve such an election.

Section 10.03 Tax Matters Partner.

(a) The Board shall select Sunoco Texas to act as the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "Tax Matters Partner"). The Tax Matters Partner shall take such action as may be necessary to cause to the extent possible each Member to become a "notice partner" within the meaning of Section 6223 of the Code. The Tax Matters Partner shall inform each Member of all significant matters that may come to its attention in its capacity as Tax Matters Partner by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, shall forward to each Member copies of all significant written communications it may receive in that capacity.

(b) The Tax Matters Partner shall take no action without the authorization of the Board, other than such action as may be required by Applicable Law. Any cost or expense incurred by the Tax Matters Partner in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Company.

(c) The Tax Matters Partner shall not enter into any extension of the period of limitations for making assessments on behalf of the Members without first obtaining the consent of the Board. The Tax Matters Partner shall not bind any Member to a settlement agreement without obtaining the consent of such Member. Any Member that enters into a settlement agreement with respect to any Company item (as described in Section 6231(a)(3) of the Code) shall notify the other Members of such settlement agreement and its terms within 90 Days from the date of the settlement.

(d) No Member shall file a request pursuant to Section 6227 of the Code for an administrative adjustment of Company items for any taxable year without first notifying the other Members. If the Board consents to the requested adjustment, the Tax Matters Partner shall file the request for the administrative adjustment on behalf of the Members. If such consent is

not obtained within 30 Days from such notice, or within the period required to timely file the request for administrative adjustment, if shorter, any Member may file a request for administrative adjustment on its own behalf. Any Member intending to file a petition under Sections 6226, 6228 or other Section of the Code with respect to any item involving the Company shall notify the other Members of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Partner is intending to file such petition on behalf of the Company, such notice shall be given within a reasonable period of time to allow the Members to participate in the choosing of the forum in which such petition will be filed.

(e) If any Member intends to file a notice of inconsistent treatment under Section 6222(b) of the Code, such Member shall give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with the treatment of that item by the other Members.

ARTICLE XI.
BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

Section 11.01 Maintenance of Books.

(a) The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the Members, appropriate registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Company.

(b) The books of account of the Company shall be (i) maintained on the basis of a fiscal year that is the calendar year, (ii) maintained on an accrual basis in accordance with GAAP, consistently applied, and (iii) audited by the Certified Public Accountants at the end of each calendar year.

Section 11.02 Reports.

With respect to each calendar year, the Board shall prepare, or cause to be prepared, and deliver, or cause to be delivered, to each Member:

(a) Within 120 Days after the end of such calendar year, a profit and loss statement and a statement of cash flows for such year, a balance sheet and a statement of each Member's Capital Account as of the end of such year, together with a report thereon of the Certified Public Accountants; and

(b) Such federal, state, local and foreign income tax returns and such other accounting, tax information and schedules as shall be necessary for the preparation by each Member on or before June 15 following the end of each calendar year of its income tax return with respect to such year.

Section 11.03 Bank Accounts.

Funds of the Company shall be deposited in such banks or other depositories as shall be designated from time to time by the Board. All withdrawals from any such depository shall be

made only as authorized by the Board and shall be made only by check, wire transfer, debit memorandum or other written instruction.

ARTICLE XII.
DISSOLUTION, WINDING-UP AND TERMINATION

Section 12.01 Dissolution.

(a) The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events (each, a "Dissolution Event"):

(i) the unanimous consent of the Members; or

(ii) entry of a decree of judicial dissolution of the Company under Section 8972 of the Act.

(b) No other event shall cause a dissolution of the Company.

Section 12.02 Winding-Up and Termination.

(a) On the occurrence of a Dissolution Event of the type described in Section 12.01(a)(i) or Section 12.01(a)(ii), the Board shall act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(i) as promptly as possible after dissolution and again after final winding up, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the month in which the dissolution occurs or the final winding up is completed, as applicable;

(ii) the liquidator shall discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in winding up) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(iii) all remaining assets of the Company shall be distributed to the Members as follows:

(A) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members in accordance with the provisions of Article VI;

(B) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(C) Company property (including cash) shall be distributed among the Members in accordance with Section 6.02; and those distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 Days after the date of the liquidation).

(b) The distribution of cash or property to a Member in accordance with the provisions of this Section 12.02 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Membership Interest and all the Company's property. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 12.03 Deficit Capital Accounts.

No Member will be required to pay to the Company, to any other Member or to any third party any deficit balance that may exist from time to time in the Member's Capital Account.

Section 12.04 Certificate of Dissolution.

On completion of the distribution of Company assets as provided herein, the Members (or such other Person or Persons as the Act may require or permit) shall file a certificate of dissolution with the Pennsylvania Department of State, cancel any other filings made pursuant to Section 2.05 and take such other actions as may be necessary to terminate the existence of the Company. Upon the filing of such certificate of dissolution, the existence of the Company shall terminate (and the Term shall end), except as may be otherwise provided by the Act or by Applicable Law.

ARTICLE XIII.
GENERAL PROVISIONS

Section 13.01 Offset.

Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.

Section 13.02 Notices.

All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") required or permitted to be given hereunder or that
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are given with respect to this Agreement shall be in writing and shall be personally served, delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery, telegram,

telex or facsimile, addressed as set forth below, or to such other address as such party shall have specified most recently by written notice. Notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex or facsimile. Notice otherwise sent as provided herein shall be deemed given upon delivery of such notice:

To the Company:

Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103-1699
Attn: General Counsel and Secretary
Telephone: (215) 977-3868
Fax: (215) 977-6878

To Sun Delaware:

Sun Pipe Line Company of Delaware
P.O. Box 398
Claymont, Delaware 19703-0398
Attn: Secretary
Telephone: (302) 798-7245
Fax: (610) 859-1327

To Sunoco Texas:

Sunoco Texas Pipe Line Company
1801 Market Street
Philadelphia, Pennsylvania 19103-1699
Attn: Secretary
Telephone: (215) 977-6648
Fax: (215) 977-6733

To Sunoco R&M:

Sunoco, Inc. (R&M)
1801 Market Street
Philadelphia, Pennsylvania 19103-1699
Attn: Assistant General Counsel and Corporate Secretary
Telephone: (215) 977-6430
Fax: (215) 977-6733

To Atlantic Petroleum:

Atlantic Petroleum Corporation
P.O. Box 398
Claymont, Delaware 19703-0398
Attn: Secretary
Telephone: (302) 798-7245
Fax: (610) 859-1327

To Atlantic Refining:

Atlantic Refining & Marketing Corp.
P.O. Box 398
Claymont, Delaware 19703-0398
Attn: Secretary
Telephone: (302) 798-7245
Fax: (610) 859-1327

Section 13.03 Entire Agreement; Superseding Effect.

This Agreement constitutes the entire agreement of the Members and their Affiliates relating to the Company and the transactions contemplated hereby, and supersedes all provisions and concepts contained in all prior contracts or agreements among the Members or any of their Affiliates with respect to the Company, whether oral or written.

Section 13.04 Effect of Waiver or Consent.

Except as otherwise provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Member in the performance by that Member of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Member of the same or any other obligations of that Member with respect to the Company. Except as otherwise provided in this Agreement, failure on the part of a Member to complain of any act of any Member or to declare any Member in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Member of its rights with respect to that default until the applicable statute-of-limitations period has run.

Section 13.05 Amendment or Restatement.

This Agreement or the Pennsylvania Certificate may be amended or restated only by a written instrument executed (or, in the case of the Pennsylvania Certificate, approved) by the Members.

Section 13.06 Binding Effect.

Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Members and their respective successors and permitted assigns.

Section 13.07 Governing Law; Severability.

THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Agreement and any mandatory, non-waivable provision of the Act, such provision of the Act shall control. If any provision of the Act provides that it may be varied or superseded in a limited liability company agreement (or otherwise by agreement of the members or managers of a limited liability company), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter. If any provision of this Agreement or the application thereof to any Member or circumstance is held invalid or unenforceable to any extent, (a) the remainder of this Agreement and the application of that provision to other Members or circumstances is not affected thereby, and (b) the Members shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Members in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

Section 13.08 Further Assurances.

In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

Section 13.09 Waiver of Certain Rights.

Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

Section 13.10 Counterparts.

This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

Section 13.11 Jurisdiction.

Any and all Claims arising out of, in connection with or in relation to (i) the interpretation, performance or breach of this Agreement, or (ii) any relationship before, at the time of entering into, during the term of, or upon or after expiration or termination of this Agreement, between the parties hereto, shall be brought in any court of competent jurisdiction in the Commonwealth of Pennsylvania. Each party hereto unconditionally and irrevocably consents to the jurisdiction of any such court over any Claims and waives any objection that such party may have to the laying of venue of any Claims in any such court.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

MEMBERS

SUN PIPE LINE COMPANY OF DELAWARE

By: /s/ David A. Justin

Name: David A. Justin
Title: President

SUNOCO TEXAS PIPE LINE COMPANY

By: /s/ David A. Justin

Name: David A. Justin
Title: Vice President

SUNOCO, INC. (R&M)

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann
Title: Senior Vice President

ATLANTIC PETROLEUM CORPORATION

By: /s/ Barry H. Rossenberg

Name: Barry H. Rossenberg
Title: President

ATLANTIC REFINING & MARKETING CORP.

By: /s/ Robert W. Owens

Name: Robert W. Owens
Title: President

EXHIBIT A

Member	Membership Interest*	Effective Capital Contribution*
Sun Pipe Line Company of Delaware	13%	$
Sunoco Texas Pipe Line Company	45%	$
Sunoco, Inc. (R&M)	25%	$
Atlantic Petroleum Corporation	10%	$
Atlantic Refining & Marketing Corp.	7%	$

* To be adjusted and/or determined pursuant to Section 5.01 of the First Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC.

EXHIBIT B

John G. Drosdick	Chairman of the Board
Deborah M. Fretz	President and Chief Executive Officer
Colin A. Oerton	Vice President and Chief Financial Officer
Paul S. Broker	Vice President, Western Operations
James L. Fidler	Vice President, Business Development
David A. Justin	Vice President, Eastern Operations
Jeffrey W. Wagner	Secretary
Paul A. Mulholland	Treasurer
Joseph P. Krott	Comptroller

Exhibit 10.1

EXECUTION COPY

CREDIT AGREEMENT

among

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.
as the Borrower,

SUNOCO LOGISTICS PARTNERS L.P.
as a Guarantor

BANK OF AMERICA, N.A.,
as Administrative Agent
and
L/C Issuer,

FIRST UNION NATIONAL BANK,
as Syndication Agent,

CREDIT SUISSE FIRST BOSTON
and
LEHMAN COMMERCIAL PAPER INC.,
as Co-Documentation Agents,

and

The Lenders Party Hereto

$150,000,000

SENIOR CREDIT FACILITY

BANC OF AMERICA SECURITIES LLC
As Sole Lead Arranger and Book Manager

Dated as of February 1, 2002

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of February 1, 2002, among SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., a Delaware limited partnership (the "Borrower"), SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership (the "MLP"), each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent and L/C Issuer.

The Borrower has requested that the Lenders provide a revolving credit facility with a letter of credit sub-facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

Acquisition means any transaction or series of related transactions for the purpose of, or resulting in, directly or indirectly, (a) the acquisition by a Company of all or substantially all of the assets of a Person or of any business or division of a Person; (b) the acquisition by a Company of more than 50% of any class of Voting Stock (or similar ownership interests) of any Person; or (c) a merger, consolidation, amalgamation, or other combination by a Company with another Person if a Company is the surviving entity, provided that, (i) in any merger involving the Borrower, the Borrower must be the surviving entity; and (ii) in any merger involving a Wholly-Owned Subsidiary and another Subsidiary, a Wholly-Owned Subsidiary shall be the survivor.

Administrative Agent means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

Administrative Agent's Office means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

Administrative Details Form means the Administrative Details Reply Form furnished by a Lender to the Administrative Agent in connection with this Agreement.

Affiliate means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be controlled by any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

Agent/Arranger Fee Letter has the meaning specified in Section 2.08(d).

Agent-Related Persons means the Administrative Agent (including any successor administrative agent), together with its Affiliates (including, in the case of Bank of America in its capacity as the

Administrative Agent, Banc of America Securities LLC), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

Aggregate Commitments has the meaning set forth in the definition of "Commitment."

Aggregate Committed Sum means, on any date of determination, the sum of all Committed Sums then in effect for all Lenders (as the same may have been reduced or canceled as provided in the Loan Documents).

Agreement means this Credit Agreement.

Applicable Rate means the following percentages per annum (stated in terms of basis points) set forth in the table below, on any date of determination, with respect to the Type of Borrowing or facility fee that corresponds to the Pricing Level, as determined based upon the Borrower's Debt Rating.

Pricing Level	Debt Rating	Facility Fee	Ticking Fee	Applicable Rate for Eurodollar Rate Loans and Letters of Credit	Applicable Rate for Base Rate Loans	Utilization Fee
1	A-/A3	12.5	12.5	50.0	0	10.0
2	BBB+/Baa1	15.0	15.0	60.0	0	12.5
3	BBB/Baa2	17.5	17.5	70.0	0	12.5
4	BBB-/Baa3	25.0	25.0	87.5	0	12.5
5	BB+/Ba1 or unrated	45.0	45.0	110.0	0	20.0

Each change in the Applicable Rate resulting from a publicly announced change in the Debt Rating shall be effective, in the case of an upgrade, during the period commencing on the date of delivery by the Borrower to the Administrative Agent of notice thereof pursuant to Section 6.03(d) and ending on the date immediately preceding the effective date of the next such change and, in the case of a downgrade, during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

Arranger means Banc of America Securities LLC, in its capacity as sole lead arranger and book manager.

Asset Acquisition has the meaning set forth in Section 7.14(c)(i).

Assignment and Acceptance means an Assignment and Acceptance substantially in the form of Exhibit D.

Attorney Costs means and includes all reasonable fees and reasonable disbursements of any law firm or other external counsel and the reasonable allocated cost of internal legal services and all disbursements of internal counsel.

Attributable Indebtedness means, on any date, in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

Attributable Principal means, on any date, in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

Authorizations means all filings, recordings, and registrations with, and all validations or exemptions, approvals, orders, authorizations, consents, franchises, licenses, certificates, and permits from, any Governmental Authority.

Bank Guaranties means guaranties or other agreements or instruments serving a similar function issued by a bank or other financial institution.

Bank of America means Bank of America, N.A.

Base Rate means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

Base Rate Loan means a Loan that bears interest based on the Base Rate.

Board means the Board of Governors of the Federal Reserve System of the United States of America.

Borrower has the meaning set forth in the introductory paragraph hereto.

Borrower Affiliate means each Subsidiary of the Borrower, the General Partner, the MLP, the general partner of the MLP, each Guarantor, and their respective Subsidiaries.

Borrower Operating Agreements means the following: (a) Borrower's and its Subsidiaries' Organization Documents, (b) the Omnibus Agreement, (c) the Contribution Agreement, (d) the Throughput Agreement, (e) the Interrefinery Lease Agreement, and (f) the Treasury Services Agreement.

Borrowing means a borrowing consisting of simultaneous Loans of the same Type and having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

Borrowing Notice means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Loans as the same Type, pursuant to Section 2.03(a), which, if in writing, shall be substantially in the form of Exhibit A-1 or A-2, as applicable.

Business Day means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the applicable offshore Dollar interbank market.

Capital Expenditure by a Person means an expenditure (determined in accordance with GAAP) for any fixed asset owned by such Person for use in the operations of such Person having a useful life of more than one year, or any improvements or additions thereto.

Capital Lease means any capital lease or sublease which should be capitalized on a balance sheet in accordance with GAAP.

Cash Collateral Account Agreement means the Cash Collateral Account Agreement executed on even date herewith substantially in the form of Exhibit G attached hereto.

Cash Collateralize means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash and deposit account balances held pursuant to the Cash Collateral Account Agreement.

Change of Control means (a) the failure of Sunoco to own, directly or indirectly, 51% of the general partner interests in the MLP, (b) the failure of the MLP to own, free of all Liens, directly or indirectly, 100% of the general partner interests in the Borrower, (c) the failure of Sunoco to control the management of both the MLP and the Borrower, or (d) the failure of the MLP to own, free of all Liens, all of the limited partner interest in the Borrower.

Change in Law means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 3.04(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

Clean Down Period has the meaning set forth in Section 6.15.

Closing Date means the date upon which this Agreement has been executed by the Borrower, the Lenders and the Administrative Agent.

Code means the Internal Revenue Code of 1986.

Commitment means, as to each Lender, its obligation to make Loans to the Borrower pursuant to Section 2.01, and to purchase participations in L/C Obligations pursuant to Section 2.02, in an aggregate principal amount at any one time outstanding not to exceed its Committed Sum, in each case as such amount may be reduced or adjusted from time to time in accordance with this Agreement (collectively, the "Aggregate Commitments").

Committed Sum means for any Lender, at any date of determination occurring prior to the Maturity Date, the amount stated beside such Lender's name on the most-recently amended Schedule 2.01 to this Agreement (which amount is subject to increase, reduction, or cancellation in accordance with the Loan Documents).

Company and Companies means, on any date of determination thereof, the MLP, the Borrower and each of their respective Subsidiaries.

Compensation Period has the meaning set forth in Section 2.11(e)(ii).

Compliance Certificate means a certificate substantially in the form of Exhibit C.

Conditions Effective Date means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 4.01 (or, in the case of Sections 4.01(b) and (c), waived by the Person entitled to receive the applicable payment).

Consolidated EBITDA means, for any period, for the MLP and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) Consolidated Net Income, (b) Consolidated Interest Charges, (c) the amount of taxes, based on or measured by income, used or included in the determination of such Consolidated Net Income, and (d) the amount of depreciation and amortization expense deducted in determining such Consolidated Net Income.

For purposes of calculating compliance with Section 7.14, the following shall apply:

(i) If the MLP Offering Closing occurs during the first fiscal quarter of 2002: (A) Consolidated EBITDA for each of the fiscal quarters ending March 31, 2001, June 30, 2001, September 30, 2001 and December 31, 2001 shall be the pro forma results of the MLP set forth in financial statements provided by the Borrower to the Administrative Agent and to each Lender, which financial information shall be prepared using a methodology substantially similar to the methodology used in preparing the MLP Registration Statement, and (B) Consolidated EBITDA for the fiscal quarter ending March 31, 2002 shall be the actual results of the MLP as set forth in financial statements filed with the Securities and Exchange Commission in the Form 10-Q for the quarter ended March 31, 2002, adjusted on a pro forma basis as necessary for the period prior to the MLP Offering Closing, in each case with respect to which financial statements the Borrower shall have provided a certificate containing the representations and warranties set forth in Section 5.05(a).

(ii) If the MLP Offering Closing occurs during the second fiscal quarter of 2002: (A) Consolidated EBITDA for each of the fiscal quarters ending June 30, 2001, September 30, 2001 and December 31, 2001 shall be the pro forma results of the MLP as set forth in financial statements provided by the Borrower to the Administrative Agent and to each Lender, which financial information shall be prepared using a methodology substantially similar to the methodology used in preparing the MLP Registration Statement, (B) Consolidated EBITDA for the fiscal quarter ending March 31, 2002 shall be the actual results of the MLP as set forth in financial statements filed with the Securities and Exchange Commission in the Form 10-Q for the quarter ended March 31, 2002, adjusted on a pro forma basis as necessary for the period prior to the MLP Offering Closing, and (C) Consolidated EBITDA for the fiscal quarter ending June 30, 2002 shall be the actual results of the MLP as set forth in financial statements filed with the Securities and Exchange Commission in the Form 10-Q for the quarter ended June 30, 2002, adjusted on a pro forma basis as necessary for the period prior to the MLP Offering Closing, in each case with respect to which financial statements the Borrower shall have provided a certificate containing the representations and warranties set forth in Section 5.05(a).

Consolidated Interest Charges means, for any period, for the MLP and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, fees, charges and related expenses of the MLP and its Subsidiaries in connection with Indebtedness (including capitalized interest), in each case to the extent treated as interest in accordance with GAAP, and (b) the portion of rent expense of the MLP and its Subsidiaries with respect to such period under Capital Leases that is treated as interest in accordance with GAAP.

Consolidated Net Income means, for any period, for the MLP and its Subsidiaries on a consolidated basis, the net income or net loss of the MLP and its Subsidiaries from continuing operations, provided that there shall be excluded from such net income (to the extent otherwise included therein): (a) the income (or loss) of any entity other than a Subsidiary in which the MLP or any Subsidiary has an ownership interest, except to the extent that any such income has been actually received by the MLP or such Subsidiary in the form of cash dividends or similar cash distributions; (b) net extraordinary gains and losses (other than, in the case of losses, losses resulting from charges against net income to establish or increase reserves for potential environmental liabilities and reserves for exposure under rate cases), (c) any gains or losses attributable to non-cash write-ups or write-downs of assets, and (d) proceeds of any insurance on property, plant or equipment other than business interruption insurance.

Consolidated Total Debt means, as of any date of determination, for the MLP and its Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations and liabilities, whether current or long-term, for borrowed money (including Obligations hereunder), (b) Capital Leases, and (c) without duplication, all Guaranty Obligations with respect to Indebtedness of the type specified in subsections (a) and (b) above.

Contractual Obligation means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

Contribution Agreement means the Contribution, Conveyance and Assumption Agreement dated as of the date of MLP Offering Closing, among Sunoco Partners LLC, the MLP, the Borrower, and certain Affiliates of Sunoco.

Credit Extension means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

Crude Oil Purchase Agreements means Crude Oil Purchase Agreements between Sunoco Partners Marketing & Terminals and Sunoco R&M, entered into from time to time.

Customary Coverage means insurance coverage in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or its Subsidiaries operate.

Debt Rating of the Borrower means, as of any date of determination, the rating as determined by either S&P or Moody's (collectively, the "Debt Ratings") of the Borrower's non-credit-enhanced, senior unsecured long-term debt; provided that if a Debt Rating is issued by each of the foregoing rating agencies, then the higher of such Debt Ratings shall apply, unless there is a split in Debt Ratings of more than one level, in which case the level that is one level lower than the higher Debt Rating shall apply.

Debtor Relief Laws means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States of America or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default means any event that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

Default Rate means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by applicable Laws.

Disposition or Dispose means the sale, transfer, license or other disposition (including any sale and leaseback transaction) of any property (including stock, partnership and other equity interests) by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

Distribution Loan means a Loan which is made for the purpose of paying a Quarterly Distribution.

Documentation Agent-Related Person means each of Credit Suisse First Boston and Lehman Commercial Paper Inc., together with their respective Affiliates, and their respective officers, directors, employees, agents and attorneys-in-fact.

Dollar and $ means lawful money of the United States of America.

EDGAR means the Electronic Data Gathering and Retrieval System of the United States Securities and Exchange Commission.

Eligible Assignee means (a) a Lender; (b) an Affiliate of a Lender; and (c) any other Person (other than a natural Person) approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed).

Environmental Law means any applicable Law that relates to (a) the condition or protection of air, groundwater, surface water, soil, or other environmental media, (b) the environment, including natural resources or any activity which affects the environment, (c) the regulation of any pollutants, contaminants, wastes, substances, and Hazardous Substances, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C.Section. 9601 et seq.) ("CERCLA"), the Clean Air Act (42 U.S.C.Section. 7401 et seq.), the Federal Water Pollution Control Act, as amended by the Clean Water Act (33 U.S.C. Section. 1251 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C.Section. 136 et seq.), the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C.Section. 11001 et seq.), the Hazardous Materials Transportation Act (49 U.S.C.Section. 1801 et seq.), the National Environmental Policy Act of 1969 (42 U.S.C.Section. 4321 et seq.), the Oil Pollution Act (33 U.S.C.Section. 2701 et seq.), the Resource Conservation and Recovery Act (42 U.S.C.Section. 6901 et seq.), the Rivers and Harbors Act (33 U.S.C.Section. 401 et seq.), the Safe Drinking Water Act (42 U.S.C.Section. 201 and Section. 300f et seq.), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C.Section. 6901 et seq.), the Toxic Substances Control Act (15 U.S.C.Section. 2601 et seq.), and analogous state and local Laws, as any of the foregoing may have been and may be amended or supplemented from time to time, and any analogous enacted or adopted Law, or (d) the Release or threatened Release of Hazardous Substances.

ERISA means the Employee Retirement Income Security Act of 1974 and any regulations issued pursuant thereto.

ERISA Affiliate means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions of this Agreement relating to obligations imposed under Section 412 of the Code).

ERISA Event means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

Eurodollar Rate means for any Interest Period with respect to any Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page (such page currently being page 3750) of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest (rounded upward to the next 1/100th of 1%) at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

Eurodollar Rate Loan means a Loan that bears interest at a rate based on the Eurodollar Rate.

Event of Default means any of the events or circumstances specified in Article VIII.

Evergreen Letter of Credit has the meaning specified in Section 2.02(b)(iii).

Federal Funds Rate means, for any day, the rate per annum (rounded upwards to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

Foreign Lender has the meaning specified in Section 10.15.

Foreign Subsidiary of any Person means a Subsidiary of such Person that is organized or incorporated under the Laws of a jurisdiction other than a jurisdiction of the United States.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination, consistently applied. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

General Partner means Sunoco Logistics Partners GP LLC, a Delaware limited liability company, the general partner of the Borrower.

Governmental Authority means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other legal entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

Granting Lender has the meaning specified in Section 10.07(i).

Guarantors means any Person, including the MLP and every Subsidiary of Borrower, which undertakes to be liable for all or any part of the Obligations by execution of a Guaranty, or otherwise.

Guaranty means a Guaranty now or hereafter made by any Guarantor in favor of the Administrative Agent on behalf of the Lenders, substantially in the form of Exhibit E-1 or Exhibit E-2, as may be amended from time to time.

Guaranty Obligation means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other payment obligation of another Person (the "primary obligor") in any manner, whether directly or

indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other payment obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other payment obligation of the payment of such Indebtedness or other payment obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other payment obligation, or (iv) entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other payment obligation of the payment thereof or to protect such obligees against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other payment obligation of any other Person, whether or not such Indebtedness or other payment obligation is assumed by such Person; provided, however, that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be the lesser of (a) an amount equal to the stated or determinable outstanding amount of the related primary obligation and (b) the maximum amount for which such guarantying Person may be liable pursuant to the terms of the instrument embodying such Guaranty Obligation, unless the outstanding amount of such primary obligation and the maximum amount for which such guarantying Person may be liable are not stated or determinable, in which case the amount of such Guaranty Obligation shall be the maximum reasonably anticipated liability in respect thereof as determined by the guarantying Person in good faith.

Hazardous Substance means (a) any substance that is designated, defined, or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance, or that is otherwise regulated, under any Environmental Law, including without limitation any hazardous substance within the meaning of Section 101(14) of CERCLA, and (b) petroleum, oil, gasoline, natural gas, fuel oil, motor oil, waste oil, diesel fuel, jet fuel, and other refined petroleum hydrocarbons.

Honor Date has the meaning set forth in Section 2.02(c)(i).

Incremental EBITDA of an entity means the EBITDA of such entity for the most recent four fiscal quarters. For this purpose:

> EBITDA means an amount equal to the sum of (a) Net Income, (b) Interest Charges, (c) the amount of taxes, based on or measured by income, used or included in the determination of such Net Income, and (d) the amount of depreciation and amortization expense deducted in determining such Net Income.
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> Interest Charges means the sum of (a) all interest, premium payments, fees, charges and related expenses in connection with Indebtedness (including capitalized interest), in each case to the extent treated as interest in accordance with GAAP, and (b) the portion of rent expense with respect to such period under Capital Leases that is treated as interest in accordance with GAAP.
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> Net Income for a Person means the net income or net loss from continuing operations, provided that there shall be excluded form such net income (to the extent otherwise included therein): (a) the income (or loss) of any entity other than a Subsidiary in which such Person has an ownership interest, except to the extent that any such income has been actually received by such Person in the form of cash dividends or similar cash distributions; (b) net extraordinary gains and losses (other than, in the case of losses, losses resulting from charges against

net income to establish or increase reserves for potential environmental liabilities and reserves for exposure under rate cases), (c) any gains or losses attributable to non-cash write-ups or write-downs of assets, and (d) proceeds of any insurance on property, plant or equipment other than business interruption insurance.

Indebtedness means, as to any Person at a particular time, all of the following:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the face amount of all letters of credit (including standby and commercial), banker's acceptances, Bank Guaranties, surety bonds, and similar instruments issued for the account of such Person, and, without duplication, all drafts drawn and unpaid thereunder;

(c) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, other than trade accounts payable in the ordinary course of business not overdue by more than 60 days, and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(d) Capital Leases; and

(e) all Guaranty Obligations of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner, unless such Indebtedness is expressly made non-recourse to such Person except for customary exceptions acceptable to the Required Lenders. The amount of any Capital Lease as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

Indemnified Liabilities has the meaning set forth in Section 10.05.

Independent Insurers means sound and reputable insurance companies not Affiliates of the Borrower.

Indemnitees has the meaning set forth in Section 10.05.

Initial Financial Statements means the financial statements delivered pursuant to clauses (A), (B), (C) and (D) of Section 4.01(a)(vii).

Interest Coverage Ratio means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four prior fiscal quarters ending on such date to (b) the sum of (i) Consolidated Interest Charges during such period and (ii) imputed interest charges on Capital Leases, of the MLP and its Subsidiaries during such period. Consolidated Interest Charges and imputed interest charges on Capital Leases for the fiscal quarters ending March 31, 2002, June 30, 2002, September 30, 2002 and December 31, 2002 shall be computed on an annualized pro forma basis based upon Consolidated Interest Charges and imputed interest charges on Capital Leases for the period from the MLP Offering Closing through the date of determination.

Interest Payment Date means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

Interest Period means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Borrowing Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the scheduled Maturity Date.

Interrefinery Lease Agreement means the Interrefinery Lease Agreement between Sunoco Pipeline L.P. and Sunoco R&M dated as of the date of the MLP Offering Closing.

Investment means, as to any Person, any acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, guaranty of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

Investment Grade Rating means ratings of BBB- and Baa3 or better by S&P and Moody's, respectively, of long-term non-enhanced senior unsecured debt.

IRS means the United States Internal Revenue Service.

Laws means, collectively, all applicable international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, licenses, authorizations and permits of, any Governmental Authority.

L/C Advance means, with respect to each Lender, such Lender's participation in any L/C Borrowing in accordance with its Pro Rata Share.

L/C Borrowing means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing.

L/C Credit Extension means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

L/C Issuer means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

L/C Obligations means, as at any date of determination, the aggregate undrawn face amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings.

Lender has the meaning specified in the introductory paragraph hereto and, as the context requires, includes the L/C Issuer.

Lending Office means, as to any Lender, the office or offices of such Lender set forth on its Administrative Details Form, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

Letter of Credit means any standby letter of credit issued hereunder.

Letter of Credit Application means an application and agreement for the issuance or amendment of a letter of credit in the form from time to time in use by the L/C Issuer.

Letter of Credit Expiration Date means the day that is seven days prior to the Maturity Date (or, if such day is not a Business Day, the next preceding Business Day).

Letter of Credit Sublimit means an amount equal to the lesser of the Aggregate Commitments and $50,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

Leverage Ratio means, for the MLP and its Subsidiaries on a consolidated basis, the ratio of (a) Consolidated Total Debt as of the determination date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date, or if such date is not the last day of a fiscal quarter, ending on the last day of the fiscal quarter most recently ended.

Lien means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever to secure or provide for payment of any obligation of any Person, (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Laws of any jurisdiction), including the interest of a purchaser of accounts receivable.

Loan means an extension of credit by a Lender to the Borrower pursuant to Section 2.01.

Loan Documents means this Agreement, each Note, the Agent/Arranger Fee Letter, each Borrowing Notice, each Compliance Certificate, the Guaranties, and the Cash Collateral Account Agreement.

Loan Parties means, collectively, the Borrower and each Guarantor.

Logistics Balance Sheet has the meaning set forth in Section 4.01(a)(vii)(A).

Material Adverse Effect means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Borrower and its Subsidiaries taken as a whole or of the MLP and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower, the MLP, or any other Loan Party, collectively to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower, against the MLP, or against the Loan Parties, collectively, of any Loan Documents.

Material Agreement means (a) each Borrower Operating Agreement, and (b) any other contract material to the business of the Borrower and its Subsidiaries, taken as a whole.

Maturity Date means (a) the Stated Maturity Date, or (b) such earlier effective date of any other termination, cancellation, or acceleration of all Commitments under this Agreement.

Maximum Amount and Maximum Rate respectively mean, for each Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest which, under applicable Law, such Lender is permitted to contract for, charge, take, reserve, or receive on the Obligations.

MLP has the meaning set forth in the introductory paragraph hereto.

MLP Offering means the initial sale to the public of common units in the MLP pursuant to the MLP Registration Statement.

MLP Offering Closing means the consummation of the sale of common units to the public pursuant to the MLP Registration Statement.

MLP Registration Statement means the Registration Statement on Form S-1 filed on October 22, 2001 with the Securities and Exchange Commission in connection with the sale of common units in the MLP, as amended by Amendment No. 1 filed on December 18, 2001, as may be further amended.

Moody's means Moody's Investors Service, Inc.

Multiemployer Plan means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding three calendar years, has made or been obligated to make contributions.

Net Cash Proceeds means with respect to any Disposition, cash (including any cash received by way of deferred payment pursuant to a promissory note or otherwise, as and when received) received by the Borrower or any of its Subsidiaries in connection with and as consideration therefor, on or after the date of consummation of such transaction, after (a) deduction of Taxes payable in connection with or as a result of such transaction, (b) payment of all usual and customary brokerage commissions and all other reasonable fees and expenses related to such transaction (including, without limitation, reasonable attorneys' fees and closing costs incurred in connection with such transaction), (c) deduction of appropriate amounts required to be reserved (in accordance with GAAP) for post-closing adjustments by the Borrower or any of its Subsidiaries in connection with such transaction, against any liabilities

retained by the Borrower or any of its Subsidiaries after such transaction, which liabilities are associated with the asset or assets being sold, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, and (d) deduction for the amount of any Indebtedness (other than the Obligations or Indebtedness owed to the Borrower or any of its Subsidiaries) secured by the respective asset or assets being sold, which Indebtedness is repaid as a result of such transaction; provided, however, in the case of Taxes that are deductible under clause (a) preceding or post-closing adjustments under clause (c) preceding, but which Taxes or post-closing adjustments have not actually been paid or are not yet payable, the Borrower or any of its Subsidiaries selling such assets may deduct from the cash proceeds an amount (the "Reserved Amount") equal to the amount reserved in accordance with GAAP as a reasonable estimate for such Taxes or post-closing adjustments, so long as, at the time such Taxes or post-closing adjustments are actually paid, the amount, if any, by which the Reserved Amount exceeds the Taxes or post-closing adjustments actually paid shall constitute additional "Net Cash Proceeds" of such Disposition.

Nonrenewal Notice Date has the meaning specified in Section 2.02(b)(iii).

Notes means promissory notes of the Borrower, substantially in the form of Exhibit B hereto, evidencing the obligation of Borrower to repay the Loans, and "Note" means any one of such promissory notes issued hereunder.

Obligations means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest that accrues after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding; provided that, all references to the "Obligations" in each Guaranty and in Sections 2.11(c) and 10.09 of this Agreement shall, in addition to the foregoing, also include all present and future indebtedness, liabilities, and obligations (and all renewals and extensions thereof or any part thereof) now or hereafter owed to any Lender or any Affiliate of a Lender arising from or pursuant to any Swap Contract entered into by the Borrower or any of its Subsidiaries.

Omnibus Agreement means the Omnibus Agreement dated as of the date of the MLP Offering Closing, among the MLP, General Partner, the Borrower, Sunoco, Sunoco (R&M) and certain other Affiliates of Sunoco.

Organization Documents means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws; (b) with respect to any limited liability company, the certificate of formation and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation with the secretary of state or other department in the state of its formation, in each case as amended from time to time.

Other Senior Notes means unsecured notes issued by the Borrower in a principal amount of not less than $210 million with a maturity date of not less than five (5) years, issued pursuant to an agreement containing covenants and events of default that are not more restrictive than those contained in this Agreement.

Other Taxes has the meaning specified in Section 3.01(b).

Outstanding Amount means on any date, (i) with respect to Loans, the aggregate principal amount thereof after giving effect to any Borrowings and prepayments or repayments occurring on such date; and (ii) with respect to any L/C Obligations, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

Participant has the meaning specified in Section 10.07(d).

Partnership Agreement (Borrower) means (a) prior to the MLP Offering Closing, the Partnership Agreement of the Borrower dated December 6, 2001, and (b) after the MLP Offering Closing, the Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners Operations L.P., substantially in the form attached as Exhibit 3.4 to the MLP Registration Statement.

Partnership Agreement (MLP) means (a) prior to the MLP Offering Closing, the Partnership Agreement of the MLP dated October 15, 2001, and (b) after the MLP Offering Closing, the First Amended and Restated Agreement of Limited Partnership of the MLP, substantially in the form attached as Appendix A to the MLP Registration Statement.

PBGC means the Pension Benefit Guaranty Corporation.

Pension Plan means any "employee pension benefit plan" (as such term is defined in Section 3(2)(A) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five plan years.

Permitted Acquisition means an Acquisition by the Borrower or a Subsidiary of the Borrower, so long as the following requirements have been satisfied:

(i) Such Acquisition shall not result in the Borrower's ownership of a Foreign Subsidiary;

(ii) At the time of the closing of the Acquisition, the Borrower shall deliver to the Administrative Agent (A) a certificate of a Responsible Officer of Borrower certifying that as of the closing of the Acquisition, no Default or Event of Default (including a Default pursuant to Section 7.09) shall exist or occur as a result thereof and after giving effect thereto, and (B) a copy of the purchase agreement governing such Acquisition;

(iii) At the time of closing of the Acquisition, the Borrower shall deliver to the Administrative Agent a certificate, demonstrating pro forma compliance with Sections 7.01(i), 7.04(c) and 7.14, as of the closing of the Acquisition after giving effect thereto and after giving effect to any Indebtedness (including Obligations) incurred in connection therewith; and

(iv) If such Acquisition results in the Borrower's ownership of a Subsidiary who is not yet a Guarantor, the Borrower shall have complied with the requirements of Section 6.13 as of the date of such Acquisition.

Permitted Investments means:

(a) United States Dollars;

(b) direct general obligations, or obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof having remaining maturities of not more than thirteen (13) months, but excluding any such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemptions;

(c) certificates of deposit and eurodollar time deposits with maturities of thirteen (13) months or less, bankers acceptances with maturities not exceeding one hundred eighty (180) days, overnight bank deposits and other similar short term instruments, in each case with any domestic commercial bank having capital and surplus in excess of $500,000,000 and having a rating of at least "A2" by Moody's and at least "A" by S & P;

(d) repurchase obligations with a term of not more than thirteen (13) months for underlying securities of the types described in (b) and (c) above entered into with any financial institution meeting the qualifications in (c) above;

(e) commercial paper (having original maturities of not more than two hundred seventy (270) days) of any person rated "P-1" or better by Moody's or "A-1" or the equivalent by S & P; and

(f) money market mutual or similar funds having assets in excess of $100,000,000, at least 95% of the assets of which are comprised of assets specified in clause (a) through (e) above.

Permitted Liens means Liens permitted under Section 7.01 as described in such Section.

Person means any individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, unincorporated organization, bank, business association, firm, joint venture or Governmental Authority.

Plan means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower or any ERISA Affiliate.

Present and Related Businesses means the storage, transportation and distribution of hydrocarbons, and businesses closely related thereto.

Principal Payment means a payment of principal (or, in the case of a Synthetic Lease, Attributable Principal), whether pursuant to an amortization schedule, at maturity, or otherwise.

Pro Rata Share means, at any date of determination, for any Lender, the percentage (carried out to the ninth decimal place) that its Committed Sum bears to the Aggregate Committed Sum.

Proceeds Account has the meaning set forth in Section 2.04(b)(iv).

Quarterly Distributions means with respect to the Borrower, the distributions by the Borrower of Available Cash (as defined in the Partnership Agreement (Borrower)) or with respect to MLP, the distributions by the MLP of Available Cash (as defined in the Partnership Agreement (MLP)).

Reduction Amount has the meaning set forth in the definition of Triggering Sale.

Reference Period has the meaning set forth in Section 7.14(c)(i).

Refinery Assets means refineries and related assets that accept crude oil or feedstock or ship product pursuant to a Borrower Operating Agreement.

Register has the meaning set forth in Section 10.07(c).

Reinvested means used for capital expenditures in connection with the Present and Related Business of a Company.

Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposal, deposit, dispersal, migrating, or other movement into the air, ground, or surface water, or soil in violation of any Environmental Law.

Reportable Event means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

Request for Credit Extension means (a) with respect to a Borrowing, conversion or continuation of Loans, a Borrowing Notice, and (b) with respect to a L/C Credit Extension, a Letter of Credit Application.

Required Lenders means (a) on and after the Closing Date and until the Conditions Effective Date, and at all times thereafter prior to termination of the Commitments, Lenders whose Pro Rata Shares aggregate more than 50%, and (b) at any time after termination of the Commitments, those Lenders holding more than 50% of the sum of (i) the Loans plus (ii) the L/C Obligations.

Responsible Officer means the president, chief executive officer, chief financial officer, treasurer or assistant treasurer of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

Restricted Payment by a Person means any dividend or other distribution (whether in cash, securities or other property) with respect to any equity interest in such Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such equity interest or of any option, warrant or other right to acquire any such equity interest.

Rights means rights, remedies, powers, privileges, and benefits.

S&P means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.

Servicing Employees has the meaning set forth in Section 5.15.

SPC has the meaning specified in Section 10.07(i).

Stated Maturity Date means January 31, 2005.

Subsidiary of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

Sunoco means Sunoco, Inc., a Pennsylvania corporation.

Sunoco Contract Party means Sunoco or any Affiliate of Sunoco that is a party to a Material Agreement with the MLP, the Borrower or a Subsidiary of Borrower, and any permitted assignee.

Sunoco Logistics Business means the major portion of Sunoco's crude oil and refined product pipelines, terminalling and storage assets and its related business enterprise including interstate and intrastate crude oil and refined product pipelines, refined product terminals, crude and refined product storage facilities and related marketing operations previously owned by Subsidiaries of Sunoco and located in the states of Texas and Oklahoma, the Midwest and the Northeast.

Sunoco Partners Marketing & Terminals means Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership, any successor entity or any entity to which all or substantially all of its assets are transferred.

Sunoco Pipeline L.P. means Sunoco Pipeline L.P., a Texas limited partnership, any successor entity or any entity to which all or substantially all of its assets are transferred.

Sunoco (R&M) means Sunoco, Inc. (R&M), a Pennsylvania corporation.

Swap Contract means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

Swap Termination Value means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date

referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Lender).

Syndication Agent-Related Person means First Union National Bank, together with its Affiliates, and their respective officers, directors, employees, agents and attorneys-in-fact.

Synthetic Lease Obligation means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment). The amount of any Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Principal in respect thereof as of such date.

Taxes has the meaning set forth in Section 3.01.

Throughput Agreement means the Pipelines and Terminals Storage and Throughput Agreement between the Borrower, Sunoco R&M, and certain other Affiliates of Sunoco dated as of the date of the MLP Offering Closing.

Treasury Services Agreement means the Treasury Services Agreement between the Borrower, the MLP, and Sunoco, dated as of the date of the MLP Offering Closing, pursuant to which the Borrower and the MLP participate in Sunoco's centralized cash management program.

Triggering Sale means any Disposition (other than a Disposition permitted by Section 7.06(a)(i), (ii), (iii) or (iv)) by a Company to any other Person (other than to the Borrower or to a Wholly-Owned Subsidiary of the Borrower) with respect to which the Net Cash Proceeds realized by any Company for such Disposition, when aggregated with the Net Cash Proceeds from all such other Dispositions by all Companies occurring since the Closing Date, equals or exceeds an amount (the "Threshold Amount") which is equal to 10% of the MLP's consolidated assets (measured as of the close of the then most recent fiscal quarter end). The portion of the Net Cash Proceeds in excess of the Threshold Amount is herein called the "Reduction Amount."

Type means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

Unauthorized Assignment means an assignment by a Sunoco Contract Party of any of its obligations under a Borrower Operating Agreement other than an assignment to a purchaser with an Investment Grade Rating who fully assumes the obligations of such Sunoco Contract Party under such Borrower Operating Agreement.

Unfunded Pension Liability means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

Unreimbursed Amount has the meaning set forth in Section 2.02(c)(i).

Voting Stock means the capital stock (or equivalent thereof) of any class or kind, of a Person, the holders of which are entitled to vote for the election of directors, managers, or other voting members of the governing body of such Person.

Wholly-Owned when used in connection with a Person means any Subsidiary of such Person of which all of the issued and outstanding shares of stock (except shares required as directors' qualifying shares) shall be owned by such Person or one or more of its Wholly-Owned Subsidiaries.

1.02 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words "herein" and "hereunder" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Unless otherwise specified herein, Article, Section, Exhibit and Schedule references are to this Agreement.

(iii) The term "including" is by way of example and not limitation.

(iv) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced.

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein and the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

1.04 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

ARTICLE II.
THE COMMITMENTS AND BORROWINGS

2.01 Loans. (a) Subject to the terms and conditions set forth herein, each Lender severally, but not jointly, agrees to make loans (each such loan, a "Loan") to the Borrower from time to time on any Business Day during the period from the Conditions Effective Date to the Maturity Date, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment. Such Borrowings may be prepaid and reborrowed from time to time in accordance with the terms and provisions of the Loan Documents; provided that, each such Borrowing must occur on a Business Day and no later than the Business Day immediately preceding the Maturity Date, and provided, further, that after giving effect to any Borrowing, (i) the aggregate Outstanding Amount of all Loans and L/C Obligations shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of the Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations shall not exceed such Lender's Commitment.

(b) Loans shall be available to the Borrower for the purposes set forth in Section 6.12; provided, however, the total outstanding principal amount of Distribution Loans may not at any time exceed $20,000,000.

2.02 Letters of Credit. (a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.02, (1) from time to time on any Business Day during the period from the Conditions Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrower or its Subsidiaries, and to amend or renew Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drafts under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower and its Subsidiaries; provided that the L/C Issuer shall not be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender shall be obligated to participate in, any Letter of Credit if as of the date of such L/C Credit Extension, (x) the Outstanding Amount of all L/C Obligations and all Loans would exceed the Aggregate Commitments, (y) the aggregate Outstanding Amount of the Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations would exceed such Lender's Commitment, or (z) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated

hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) subject to Section 2.02(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless the Required Lenders have approved such expiry date;

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date;

(D) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer; or

(E) such Letter of Credit is in a face amount less than $100,000, or is to be used for a purpose other than as described in Section 6.12 or is denominated in a currency other than Dollars.

(iii) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of Letters of Credit; Evergreen Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such L/C Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m., New York time, at least two Business Days (or such later date and time as the L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is

permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in it sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "Evergreen Letter of Credit"); provided that any such Evergreen Letter of
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Credit must permit the L/C Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such renewal. Once an Evergreen Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the renewal of such Letter of Credit at any time to a date not later than the Letter of Credit Expiration Date; provided, however, that the L/C
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Issuer shall not permit any such renewal if it has received notice on or before the Business Day immediately preceding the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from any Lender stating that one or more of the applicable conditions specified in Section 4.03 is not then satisfied and directing the L/C Issuer not to permit such renewal. Notwithstanding anything to the contrary contained herein, the L/C Issuer shall have no obligation to permit the renewal of any Evergreen Letter of Credit at any time.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon any drawing under any Letter of Credit, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m., New York time, on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and such Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.03 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.03 (other than the delivery of a Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.02(c)(i) may be given by telephone if immediately confirmed in

writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender (including the Lender acting as L/C Issuer) shall upon any notice pursuant to Section 2.02(c)(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m., New York time, on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.02(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Base Rate Loans because the conditions set forth in Section 4.03 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.02(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.02.

(iv) Until each Lender funds its Loan or L/C Advance pursuant to this Section 2.02(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.02(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.02(c) by the time specified in Section 2.02(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.02(c), if the Administrative Agent receives for the account of the L/C Issuer any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), or any payment of interest thereon, the Administrative Agent will distribute to such Lender its Pro Rata Share thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.02(c)(i) is required to be returned, each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit, and to repay each L/C Borrowing and each drawing under a Letter of Credit that is refinanced by a Borrowing of Loans, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, that might otherwise constitute a defense available to, or a discharge of, the Borrower.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. No Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.02(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount).

(h) Applicability of ISP98. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

(i) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share a Letter of Credit fee for each Letter of Credit issued equal to the Applicable Rate times the actual daily undrawn amount under each Letter of

Credit. Such fee for each Letter of Credit shall be due and payable on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date. If there is any change in the Applicable Rate during any quarter, the actual daily undrawn amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account a fronting fee in an amount with respect to each Letter of Credit issued equal to 1/8 of 1% per annum on the daily undrawn amount thereunder, due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such fees and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Letter of Credit Application. In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

2.03 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Loans as the same Type shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m., New York time, (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans, (ii) one Business Day prior to the conversion of Eurodollar Rate Loans to Base Rate Loans, and (iii) on the requested date of any Borrowing of Base Rate Loans. Each such telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a written Borrowing Notice, appropriately completed and signed by an authorized officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $500,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Borrowing Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Loans as the same Type, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Borrowing Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made or continued as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Borrowing Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Borrowing Notice, the Administrative Agent shall promptly notify each Lender of its Pro Rata Share of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the

details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m., New York time, on the Business Day specified in the applicable Borrowing Notice. Upon satisfaction of the applicable conditions set forth in Section 4.03 (and, if such Borrowing is the initial Borrowing, Section 4.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to the Administrative Agent by the Borrower; provided, however, that if, on the date of the Borrowing there are L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings, and second, to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default or Event of Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Eurodollar Rate Loan upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect at any given time with respect to Loans.

2.04 Prepayments.

(a) Optional Prepayments. The Borrower may, upon notice to the
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Administrative Agent, at any time or from time to time voluntarily prepay in whole or in part the Loans without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m., New York time, (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans, and (B) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $500,000 in excess thereof; and (iii) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Pro Rata Shares.

Unless a Default or Event of Default has occurred and is continuing or would arise as a result thereof any payment or prepayment of the Loans may be reborrowed by Borrower, subject to the terms and conditions hereof.

(b) Mandatory Prepayments from Net Cash Proceeds of Triggering Sales.

(i) If any portion of the Net Cash Proceeds realized by a Company from any Triggering Sale (including any deferred purchase price therefore) has not been Reinvested within ninety (90) days from the receipt by such Company of such Net Cash Proceeds (including receipt of any deferred payments for any such Triggering Sale or portion thereof, if and when received), then on the Business Day following such ninetieth (90th) day the Commitments shall be permanently reduced, and the Loans shall be prepaid, in an amount equal to the Reduction Amount that is not so Reinvested.

(ii) In the event that as of the last day of a fiscal quarter (the "Measurement Date") the Cumulative Nonreinvested Ordinary Course Sales Proceeds (computed as set forth in the next sentence) exceeds 1% of the MLP's consolidated assets as of the Measurement Date, then within 90 days after the Measurement Date the Borrower shall provide a report to the Administrative Agent setting forth information with respect to Dispositions of property in the ordinary course of business during such quarter and the Commitments shall be permanently reduced, and the Loans shall be prepaid, in an amount equal to such excess which has not been Reinvested by the date of such report (calculated without duplication of previous prepayments and Commitment reductions pursuant to this Section 2.04(b)(ii)). "Cumulative Nonreinvested Ordinary Course Sales Proceeds" means the excess of (A) the Net Cash Proceeds from Dispositions in the ordinary course of business during the period beginning on the Closing Date and ending on the Measurement Date over (B) the amount of Net Cash Proceeds from Dispositions of property in the ordinary course of business during such period which have been Reinvested.

(iii) The prepayments provided for in this Section 2.04(b) shall be applied as follows, unless a Default or Event of Default has occurred and is continuing or would arise as a result thereof (whereupon the provisions of Section 2.11(d) shall apply): (A) first, as a payment of all Unreimbursed Amounts then outstanding, until paid in full, and (B) second, as a prepayment of the Outstanding Loans. All mandatory prepayments shall be allocated Pro Rata to each Lender. All mandatory prepayments made pursuant to this Section 2.04(b) shall permanently reduce the Commitments.

(iv) Within two (2) Business Days of a Company's receipt of Net Cash Proceeds from a Triggering Sale, the Borrower shall (or shall cause the applicable Company to) deposit an amount equal to the Reduction Amount into an account with the Administrative Agent (the "Proceeds Account"); provided, however, that the Borrower shall not be required to deposit an amount that is more than the amount of the Commitments. Such proceeds shall remain in the Proceeds Account until the earlier of (x) the date such proceeds are Reinvested, or (y) the ninetieth (90th) day following the receipt of such proceeds. If such proceeds are not Reinvested as herein provided, such proceeds shall, on the Business Day following such ninetieth day, be used for prepayment of Loans and any excess shall be refunded to the Borrower, or, if there are no outstanding Loans, or unpaid outstanding Obligations then due, such proceeds shall be refunded to the Borrower, and the Commitments shall be permanently reduced as provided in Section 2.04(b)(i); provided, however, that if the outstanding Loans are Eurodollar Rate Loans, the Administrative Agent shall hold such proceeds in the Proceeds Account until the Eurodollar Rate Loans can be prepaid without incurring funding losses under Section 3.05; provided, further, that if the Loans have become due and payable pursuant to Section 8.02 or otherwise, the Administrative Agent may, without notice, apply all funds in the Proceeds Account to repayment of the Obligations.

(v) All funds held in the Proceeds Account shall be invested in time deposits or certificates of deposit issued by the Administrative Agent or in investments that constitute Permitted Investments (provided that the maturities thereof shall not exceed 90 days). All interest and income earned on the amounts held in the Proceeds Account shall be paid to the Borrower at the time the funds therein are applied as provided in this Section 2.04(b).

(v) The Borrower hereby grants to the Administrative Agent, for the benefit of the Lenders, a lien on and security interest in and to the Proceeds Account and all monies, cash, checks, drafts, certificates of deposit, instruments, investment property, and other items ever received by Administrative Agent for deposit therein and held therein, as security for the Obligations. The rights granted by this Section 2.04(b)(v) shall be in addition to the rights of the Administrative Agent under any statutory banker's Lien or the common law right of setoff.

(c) Mandatory Payments/Reductions. If for any reason the Outstanding Amount of all Loans and L/C Obligations at any time exceeds the Aggregate Commitments then in effect, the Borrower shall immediately prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess.

(d) Mandatory Prepayments: Interest/Consequential Loss. All prepayments under this Section 2.04 shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid and any amounts due under Section 3.05.

(e) Mandatory Prepayments: Clean-Down Period. The Borrower shall make such prepayments of Borrowings used to fund Quarterly Distributions as are required in order to comply with Section 6.15. For purposes of calculating compliance with Section 6.15, when a prepayment of Loans is made pursuant to this Section 2.04, unless otherwise specified by the Borrower, such prepayment shall first be considered to prepay Loans made for Quarterly Distributions, and second be considered to prepay Loans made for other purposes permitted by Section 6.12.

2.05 Reduction or Termination of Commitments. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, or permanently reduce the Aggregate Commitments to an amount not less than the then Outstanding Amount of all Loans and L/C Obligations; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m., five Business Days prior to the date of termination or reduction, and (ii) any such partial reduction shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof. The Administrative Agent shall promptly notify the Lenders of any such notice of reduction or termination. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Aggregate Commitments shall be applied to the Aggregate Commitments of each Lender according to its Pro Rata Share. All facility fees and, if applicable, ticking fees on the portion of the Commitment so terminated which have accrued to the effective date of any termination of Commitments shall be paid on the effective date of such termination.

2.06 Repayment of Loans. The Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Loans outstanding on such date.

2.07 Interest. (a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) While any Event of Default exists or after acceleration, (i) the Borrower shall pay interest on the principal amount of all outstanding Obligations at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Law, and (ii) accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) If the designated rate applicable to any Borrowing exceeds the Maximum Rate, the rate of interest on such Borrowing shall be limited to the Maximum Rate, but any subsequent reductions in such designated rate shall not reduce the rate of interest thereon below the Maximum Rate until the total amount of interest accrued thereon equals the amount of interest which would have accrued thereon if such designated rate had at all times been in effect. In the event that at maturity (stated or by acceleration), or at final payment of the Outstanding Amount of any Loans or L/C Obligations, the total amount of interest paid or accrued is less than the amount of interest which would have accrued if such designated rates had at all times been in effect, then, at such time and to the extent permitted by Law, the Borrower shall pay an amount equal to the difference between (a) the lesser of the amount of interest which would have accrued if such designated rates had at all times been in effect and the amount of interest which would have accrued if the Maximum Rate had at all times been in effect, and (b) the amount of interest actually paid or accrued on such Outstanding Amount.

2.08 Fees. (a) Facility Fee. The Borrower shall pay to the Administrative
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Agent for the account of each Lender in accordance with its Pro Rata Share, a facility fee equal to the Applicable Rate times the actual daily amount of the Aggregate Commitments, regardless of usage. The facility fee shall accrue at all times from the Conditions Effective Date until the Maturity Date and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Conditions Effective Date, and on the Maturity Date. The facility fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. The facility fee shall accrue at all times from and after the Conditions Effective Date, including at any time during which one or more of the conditions in Article IV is not met.

(b) Utilization Fee. The Borrower shall pay to the Administrative Agent for
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the account of each Lender in accordance with its Pro Rata Share, a utilization fee equal to the Applicable Rate times the actual daily aggregate Outstanding Amount of Loans and L/C Obligations on each day that such aggregate Outstanding Amount exceeds 50% of the Aggregate Commitments. The utilization fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Conditions Effective Date, and on the Maturity Date. The utilization fee shall be calculated quarterly in arrears. The utilization fee shall accrue at all times, including at any time during which one or more of the conditions in Article IV is not met.

(c) Ticking Fee. In the event that the Conditions Effective Date has not
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occurred within 30 days of the Closing Date, the Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share, a ticking fee equal to the Applicable Rate times the actual daily amount of the Aggregate Commitments. The ticking fee shall be due and payable monthly in

arrears, with the first payment due on the thirtieth (30th) day after the Closing Date, and each subsequent payment due thirty (30) days thereafter, until the earlier of (i) the Conditions Effective Date, or (ii) the termination of the Aggregate Commitments. If there is any change in the Applicable Rate prior to the Conditions Effective Date, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period that such Applicable Rate was in effect.

(d) Arranger's and Agency Fees. The Borrower shall pay certain fees to the Arranger for the Arranger's own account, and shall pay an agency fee to the Administrative Agent for the Administrative Agent's own account, in the amounts and at the times specified in the letter agreement, dated December 7, 2001 (the "Agent/Arranger Fee Letter"), between the Borrower, the Arrangers and the Administrative Agent. Such fees shall be fully earned when paid and shall be nonrefundable for any reason whatsoever.

(e) Lenders' Upfront Fee. On the Conditions Effective Date, the Borrower shall pay to the Administrative Agent, for the account of the Lenders in accordance with their respective Pro Rata Shares, an upfront fee in the agreed amount in accordance with the Agent/Arranger Fee Letter. Such upfront fees are for the credit facilities by the Lenders under this Agreement and are fully earned on the date paid. The upfront fee paid to each Lender is solely for its own account and is nonrefundable for any reason whatsoever.

2.09 Computation of Interest and Fees. Computation of interest on Base Rate Loans shall be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed. Computation of all other types of interest and all fees shall be calculated on the basis of a year of 360 days and the actual number of days elapsed, which results in a higher yield to the payee thereof than a method based on a year of 365 or 366 days. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall bear interest for one day.

2.10 Evidence of Debt. (a) The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Loans or the L/C Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of such Lender shall control. Upon the request of any Lender made through the Administrative Agent, such Lender's Loans may be evidenced by one or more Notes. Each Lender may attach schedules to its Note(s) and endorse thereon the date, Type (if applicable), amount and maturity of the applicable Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control.

2.11 Payments Generally. (a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise

expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 12:00 noon, New York time, on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 noon, New York time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the definition of "Interest Period," if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) If no Default or Event of Default exists and if no order of application is otherwise specified in the Loan Documents, payments and prepayments of the Obligations shall be applied first to fees, second to accrued interest then due and payable on the Outstanding Amount of Loans and L/C Obligations, and then to the remaining Obligations in the order and manner as Borrower may direct.

(d) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully the Obligations, or if a Default or Event of Default exists, any payment or prepayment shall be applied in the following order: (i) to the payment of enforcement expenses incurred by the Administrative Agent, including Attorney Costs; (ii) to the ratable payment of all other fees, expenses, and indemnities for which the Administrative Agent or Lenders have not been paid or reimbursed in accordance with the Loan Documents (as used in this Section 2.11(d)(ii), a "ratable payment" for any Lender or the Administrative Agent shall be, on any date of determination, that proportion which the portion of the total fees, expenses, and indemnities owed to such Lender or the Administrative Agent bears to the total aggregate fees and indemnities owed to all Lenders and the Administrative Agent on such date of determination); (iii) to the payment of all Unreimbursed Amounts, (iv) to the ratable payment of accrued and unpaid interest on the Outstanding Amount of Loans (as used in this Section 2.11(d)(iv), "ratable payment" means, for any Lender, on any date of determination, that proportion which the accrued and unpaid interest on the Outstanding Amount of Loans owed to such Lender bears to the total accrued and unpaid interest on the Outstanding Amount of Loans owed to all Lenders); (v) to the ratable payment of the Outstanding Amount of Loans (as used in this Section 2.11(d)(v), "ratable payment" means for any Lender, on any date of determination, that proportion which the Outstanding Amount of Loans owed to such Lender bears to the Outstanding Amount of Loans owed to all Lenders); (vi) to Cash Collateralize Letters of Credit; and (vii) to the payment of the remaining Obligations, if any, in the order and manner Required Lenders deem appropriate.

(e) Unless the Borrower or any Lender has notified the Administrative Agent prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect

of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds, at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan, included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender with respect to any amount owing under this subsection (e) shall be conclusive, absent manifest error.

(f) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and the conditions to the applicable Borrowing set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(g) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit are several and not joint. The failure of any Lender to make any Loan on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(h) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.12 Sharing of Payments. If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them, and/or such subparticipations in the participations in L/C Obligations held by them, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loan or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender, such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so

recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

ARTICLE III.
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Any and all payments by the Borrower to or for the account of the Administrative Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of the Administrative Agent and each Lender, taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Administrative Agent or such Lender, as the case may be, is organized or maintains its Lending Office (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), each of the Administrative Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within 30 days after the date of such payment, the Borrower shall furnish to the Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "Other Taxes").

(c) If the Borrower shall be required to deduct or pay any Taxes or Other Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent or any Lender, the Borrower shall also pay to the Administrative Agent (for the account of such Lender) or to such Lender, at the time interest is paid, such additional amount that such Lender specifies as necessary to preserve the after-tax yield (after factoring in all taxes, including taxes imposed on or measured by net income) such Lender would have received if such Taxes or Other Taxes had not been imposed.

(d) The Borrower agrees to indemnify the Administrative Agent and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Administrative Agent and such Lender, (ii) amounts payable under Section 3.01(c) and (iii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payment under this subsection (d) shall be made within 30 days after the date the Lender or the Administrative Agent makes a demand therefor.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or materially restricts the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the applicable offshore Dollar market, or to determine or charge interest rates based upon the Eurodollar Rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period thereof, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the reasonable judgment of such Lender, otherwise be materially disadvantageous to such Lender.

3.03 Inability to Determine Rates. If the Administrative Agent determines in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the applicable offshore Dollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or adequate and reasonable means do not exist for determining the Eurodollar Rate for such Eurodollar Rate Loan, or (b) if the Required Lenders determine and notify the Administrative Agent that the Eurodollar Rate for such Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Eurodollar Rate Loan, then the Administrative Agent will promptly notify the Borrower and all Lenders. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing, conversion or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurodollar Rate Loans.

(a) If any Lender determines that as a result of a Change in Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is

organized or has its Lending Office, and (iii) reserve requirements contemplated by Section 3.04(c) utilized, as to Eurodollar Rate Loans, in the determination of the Eurodollar Rate), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction. No Lender shall have the right to recover such additional amounts for any period more than 90 days prior to the date such Lender notified the Borrower thereof.

(b) If any Lender determines a Change In Law has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such reduction. No Lender shall have the right to recover such additional amounts for any period more than 90 days prior to the date such Lender notified the Borrower thereof.

(c) The Borrower shall pay to each Lender, as long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional costs on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least 15 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 15 days from receipt of such notice.

3.05 Funding Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the applicable offshore Dollar interbank market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Matters Applicable to all Requests for Compensation. A certificate of the Administrative Agent or any Lender claiming compensation under this Article III and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods.

3.07 Survival. All of the Borrower's obligations under this Article III shall survive termination of the Commitments and payment in full of all the other Obligations.

ARTICLE IV.
CONDITIONS PRECEDENT TO BORROWINGS

4.01 Conditions to Credit Extension. The obligation of each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) and unless otherwise specified, each properly executed by an authorized officer of the signing Loan Party, each dated the Conditions Effective Date (or, in the case of certificates of governmental officials, a recent date before the Conditions Effective Date) and each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) executed counterparts of this Agreement, the Cash Collateral Account Agreement, the Guaranty executed by the Subsidiaries of Borrower, and the Guaranty executed by the MLP, each dated as of the Closing Date or as of the Conditions Effective Date;

(ii) Notes (as applicable) executed by the Borrower in favor of each Lender requesting such Notes, each in a principal amount equal to such Lender's Committed Sum, each dated as of the Closing Date or as of the Conditions Effective Date;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of officers of each Loan Party as the Administrative Agent may require to establish the identities of and verify the authority and capacity of each officer thereof authorized to act in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such evidence as the Administrative Agent may reasonably require to verify that each Loan Party and the General Partner is duly organized or formed, validly existing, in good standing in the jurisdiction of its organization;

(v) a certificate signed by an a Responsible Officer of the Borrower certifying (A) that the MLP Offering Closing has occurred and that the gross proceeds of the sale of limited partner units (other than proceeds paid by Sunoco and its Affiliates) are not less than $85,000,000, and that the MLP has contributed 100% of the net proceeds of the MLP Offering to the Borrower, (B) that the Other Senior Notes have been issued, (C) that the representations and warranties contained in Article V are true and correct in all respects on and as of such date, (D) no Default or Event of Default has occurred and is continuing as of such date, (E) since December 31, 2000 there has occurred no material adverse change in (x) the business, assets, liabilities (actual or contingent), operations, or financial condition of the Borrower and its Subsidiaries taken as a whole, or of any Borrower Affiliate, or (y) any of the businesses, assets or liabilities acquired or assumed or being acquired or assumed by the Borrower or any of its Subsidiaries, (F) the Sunoco Logistics Business has been conveyed to the Borrower pursuant to the Contribution Agreement, and the Borrower and its Subsidiaries own the assets and businesses reflected on the Logistics Balance Sheet free and clear of all Liens other than Permitted Liens, (G) there is no litigation, investigation or proceeding known to and affecting the Borrower or any Borrower Affiliate for which the Borrower is required to give notice pursuant to Section 6.03(c)

(or, if there is any such litigation, investigation or proceeding, then a notice containing the information required by Section 6.03(c) shall be given concurrently with the delivery of the certificate given pursuant to this clause (v)), and (H) no action, suit, investigation or proceeding is pending or threatened in any court or before any arbitrator or governmental authority by or against the Borrower or any Borrower Affiliate, or any of their respective properties, that (x) could reasonably be expected to materially and adversely affect the Borrower, any Borrower Affiliate, or any Guarantor, or (y) seeks to affect any transaction contemplated hereby or the ability of the Borrower or any Guarantor to perform its obligations under the Loan Documents, and (I) the current Debt Ratings;

(vi) a certificate of Responsible Officer (A) listing the Material Agreements then in effect, each of which shall be in form and substance satisfactory to the Required Lenders, which Material Agreements shall include the Borrower Operating Agreements, and (B) attaching a copy of each of the listed Material Agreements, and (C) certifying that each such Material Agreement has been duly executed and is in full force and effect;

(vii) receipt of the following: (A) unaudited pro forma balance sheet for the MLP, as of September 30, 2001 (the "Logistics Balance Sheet"); (B) unaudited pro forma statements of income for the MLP for the year ended December 31, 2000 and for the 9 months ended September 30, 2001; (C) audited historical balance sheets as of December 31, 1999 and December 31, 2000 and unaudited historical balance sheets as of September 30, 2001 for Sunoco Logistics (Predecessor) (as such term is used in the MLP Registration Statement); (D) audited historical combined statements of income and net parent investment and combined statements of cash flows for the years ended December 31, 1998, December 31, 1999 and December 31, 2000 and unaudited historical combined statements of income and net parent investment and combined statements of cash flows for the 9 months ended September 30, 2000 and for the 9 months ended September 30, 2001 for Sunoco Logistics (Predecessor) (as such term is used in the MLP Registration Statement); and (E) such other financial information as the Administrative Agent may reasonably request;

(viii) opinions from (i) Vinson & Elkins, L.L.P., counsel to each Loan Party and the General Partner, substantially in the form of Exhibit F-1 hereto, and (ii) Ann C. Mule, Esq., counsel to each Loan Party and the General Partner, substantially in the form of Exhibit F-2 hereto;

(ix) a letter from CT Corporation System, Inc., to accept service of process in the State of New York on behalf of the Borrower and each Guarantor; and

(x) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuer, or the Required Lenders reasonably may require.

(b) Any fees due and payable at the Conditions Effective Date shall have been paid.

(c) The Borrower shall have paid Attorney Costs of the Administrative Agent to the extent invoiced prior to, or on, the Conditions Effective Date.

(d) The Debt Rating of the Borrower shall be an Investment Grade Rating or better.

The Administrative Agent shall notify the Borrower and the Lenders of the Conditions Effective Date, and such notice shall be conclusive and binding.

4.02 Deadline for Conditions Effective Date. If for any reason the Conditions Effective Date has not occurred on or before the 90th day after the Closing Date, then, unless otherwise agreed by all Lenders, the Aggregate Commitments shall terminate on and as of such date.

4.03 Conditions to all Loans and L/C Credit Extensions. The obligation of each Lender to honor any Borrowing Notice (other than a Borrowing Notice requesting only a conversion of Loans to the other Type, or a continuation of Loans as the same Type) and the obligation of the Issuing Bank to issue any Letter of Credit is subject to the following conditions precedent:

(a) The representations and warranties of the Loan Parties contained in Article V, or which are contained in any document furnished at any time under or in connection herewith, shall be true and correct on and as of the date of such Request for Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) No Default or Event of Default shall exist or would result from such proposed Request for Credit Extension.

(c) The Administrative Agent, and, if applicable, the L/C Issuer, shall have received a Request for Credit Extension and, if applicable, a Letter of Credit Application in accordance with the requirements hereof.

(d) The Administrative Agent shall have received, in form and substance reasonably satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or the Required Lenders reasonably may require.

Each Request for Credit Extension (other than a Borrowing Notice requesting only a conversion of Loans to the other Type or a continuation of Loans as the same Type) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.03(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Each of the Borrower and the MLP, and each Guarantor by its execution of a Guaranty, represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence; Qualification and Power; Compliance with Laws. As of the Conditions Effective Date, the General Partner shall be the sole general partner of the Borrower. All of the limited partner interests in the Borrower, which shall constitute 99.99% of the partner interests of the Borrower, are owned by the MLP. The General Partner and each Loan Party (a) is a corporation, partnership or limited liability company duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all Laws, except in each case referred to in clause (c) or this clause (d), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject; or (c) violate any Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms.

5.05 Financial Statements; No Material Adverse Effect.

(a) The Initial Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. The Initial Financial Statements (i) fairly present the financial condition of the entities therein named and their respective Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance in all material respects with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) show all material indebtedness and other liabilities, direct or contingent, of the entities therein named and their Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness in accordance with GAAP consistently applied throughout the period covered thereby.

(b) Since December 31, 2000, there has been no event or circumstance that has or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the MLP or the Borrower threatened or contemplated in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any of their respective Subsidiaries or against any of their properties or revenues which (a) seek to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby, or (b) if determined adversely, could reasonably be expected to have a Material Adverse Effect.

5.07 Ownership of Property; Liens. From and after the Conditions Effective Date, (a) each Loan Party and its Subsidiaries have good title to, or valid leasehold interests in, all its real and personal property necessary or used in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate, have a Material Adverse Effect, and (b) the property of the Borrower and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.08 Environmental Compliance. The MLP and the Borrower have reasonably concluded that (a) there are no claims alleging potential liability under or responsibility for violation of any Environmental Law except any such claims that could not, individually or in the aggregate, reasonably be

expected to have a Material Adverse Effect, (b) there is no environmental condition or circumstance, such as the presence or Release of any Hazardous Substance, on any property owned, operated or used by any Loan Party or any of their Subsidiaries that could reasonably be expected to have a Material Adverse Effect, and (c) there is no violation of or by any Loan Party of any Environmental Law, except for such violations as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.09 Insurance. From and after the Conditions Effective Date, (a) the Companies maintain insurance providing Customary Coverage provided by Independent Insurers, or (b) the Companies and their properties are covered by coverage provided by Independent Insurers to Sunoco and its Affiliates, and Sunoco provides such contractual coverage to the Companies with respect to paying or otherwise satisfying deductible requirements such that the Required Lenders are satisfied that the effect of such arrangement is to provide the Companies with the equivalent of Customary Coverage.

5.10 Taxes. The MLP, the Borrower and their respective Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party or any of their respective Subsidiaries that would, if made, have a Material Adverse Effect.

5.11 ERISA Compliance. The representations and warranties set forth in this Section 5.11 shall apply only if the Borrower or an ERISA Affiliate establishes a Plan.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws except to the extent that noncompliance could not reasonably be expected to have a Material Adverse Effect. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the MLP and the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification, except to the extent that nonqualification could not reasonably be expected to have a Material Adverse Effect. The Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan, except to the extent that nonpayment could not reasonably be expected to have a Material Adverse Effect.

(b) There are no pending or, to the best knowledge of the MLP or the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. Neither the MLP nor the Borrower nor any ERISA Affiliate has engaged in or knowingly permitted to occur and, to the Borrower's and the MLP's knowledge, no other party has engaged in or permitted to occur any prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur that could reasonably be expected to have a Material Adverse Effect; (ii) no Pension Plan has any Unfunded Pension Liability that (when aggregated with any other Unfunded Pension Liability) has resulted or could reasonably be expected to result in a Material Adverse Effect; and (iii) neither the Borrower nor any

ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA that could reasonably be expected to have a Material Adverse Effect.

5.12 Subsidiaries and other Investments. As of the Conditions Effective Date the Borrower will have no Subsidiaries other than those specifically disclosed in Schedule 5.12, and will have no equity investment in any other corporation or other entity other than those specifically disclosed in Schedule 5.12. From and after the Conditions Effective Date the MLP will have no Subsidiaries other than the General Partner, the Borrower, and the Borrower's Subsidiaries.

5.13 Margin Regulations; Investment Company Act; Public Utility Holding Company Act; Use of Proceeds.

(a) No Loan Party is engaged and no Loan Party will engage, principally or as one of their important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board), or extending credit for the purpose of purchasing or carrying margin stock. Margin Stock constitutes less than 25% of those assets of each Loan Party which are subject to any limitation on a sale, pledge, or other restrictions hereunder.

(b) No Loan Party, no Person controlling any Loan Party, or any Subsidiary of any Loan Party (i) is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

(c) The Borrower will use all proceeds of Credit Extensions in the manner set forth in Section 6.12.

5.14 Disclosure. No statement, information, report, representation, or warranty made by any Loan Party in any Loan Document or furnished to the Administrative Agent or any Lender by or on behalf of any Loan Party in connection with any Loan Document contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.15 Labor Matters. To the Borrower's and the MLP's knowledge, there are no actual or threatened strikes, labor disputes, slowdowns, walkouts, or other concerted interruptions of operations by the Servicing Employees that could reasonably be expected to have a Material Adverse Effect. As used in this Section, "Servicing Employees" means employees of the General Partner or other Affiliate of Sunoco who perform services in connection with Borrower's and its Subsidiaries' business.

5.16 Compliance with Laws. No Loan Party or any of its Subsidiaries are in violation of any Laws, other than such violations which could not, individually or collectively, reasonably be expected to have a Material Adverse Effect. No Loan Party has received notice alleging any noncompliance with any Laws, except for such noncompliance which no longer exists, or which non-compliance could not reasonably be expected to have a Material Adverse Effect.

5.17 Third Party Approvals. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any party that is not a party to this Agreement is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document except where obtained or where the failure to

receive such approval, consent, exemption, authorization, or the failure to do such other action by, or provide such notice could not reasonably be expected to have a Material Adverse Effect.

5.18 Solvency. Neither the Borrower and its Subsidiaries on a consolidated basis nor the MLP and its Subsidiaries on a consolidated basis are "insolvent" as such term is used and defined in (i) the United States Bankruptcy Code or (ii) the New York Fraudulent Conveyance Act, N.Y. Debt. & Cred. Lawss.Section. 270-281.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, each of the Borrower and the MLP shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03 and 6.12) cause each of their Subsidiaries to:

6.01 Financial Statements. Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) within 90 days of the date of the MLP Offering Closing, a consolidated unaudited balance sheet of the MLP and its Subsidiaries as of the MLP Offering Closing, in reasonable detail and certified by a Responsible Officer of the MLP as fairly presenting the financial condition of the MLP and its Subsidiaries; and

(b) as soon as available, but in any event within 90 days after the end of each fiscal year of the MLP, consolidated balance sheets of the MLP and its Subsidiaries as at the end of such fiscal year, and the related statements of income and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, audited and accompanied by a report and opinion of Ernst & Young LLP or other independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any qualifications or exceptions as to the scope of the audit nor to any qualifications and exceptions not reasonably acceptable to the Required Lenders; and

(c) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the MLP, a consolidated balance sheet of the MLP and its Subsidiaries as at the end of such fiscal quarter, and the related statements of income and cash flows for such fiscal quarter and for the portion of the MLP's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the MLP as fairly presenting the financial condition, results of operations and cash flows of the MLP and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

provided that, if any financial statement referred to in Section 6.01(b) or (c) is readily available on-line through EDGAR, the Borrower shall not be obligated to furnish copies of such financial statement.

6.02 Certificates; Other Information. Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(b) and (c) (or, if the Borrower's obligation to deliver such financial statements is fulfilled by making them available on-line through EDGAR, then at the time or promptly after the time that such financial statements are made available on-line through EDGAR, but in any event not later than the 90-day and 45-day time periods set forth in Sections 6.01(b) and (c)), a duly completed Compliance Certificate in form of Exhibit C signed by a Responsible Officer of the Borrower and a Responsible Officer of the MLP;

(b) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or written communication sent to the equity owners of the MLP, and copies of all annual, regular, periodic and special reports and registration statements which the MLP may file or be required to file with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(c) promptly after execution thereof, copies of Material Agreements and any material amendment thereto; provided that if any such agreement or amendment is available on-line through EDGAR, the Borrower shall not be obligated to furnish copies thereof; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of any Loan Party as the Administrative Agent, at the request of any Lender, may from time to time reasonably request.

6.03 Notices. Promptly notify the Administrative Agent and each Lender:

(a) of the occurrence of any Default or Event of Default, as soon as possible but in any event within ten days after the occurrence thereof;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including any of the following events if such has resulted or could reasonably be expected to result in a Material Adverse Effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of any Loan Party; (ii) any litigation, investigation by or required by a Governmental Authority, proceeding or suspension between any Loan Party and any Governmental Authority; (iii) any litigation, investigation or proceeding involving any Loan Party related to any Environmental Law;

(c) of any litigation, investigation or proceeding known to and affecting the Borrower or any Borrower Affiliate in which (i) the amount involved exceeds (individually or collectively) $15,000,000, or (ii) injunctive relief or similar relief is sought, which could be reasonably expected to have a Material Adverse Effect; and

(d) of any announcement by Moody's or S&P of any change or possible change in a Debt Rating of the Borrower.

In addition, the Borrower and the MLP shall exercise reasonable efforts to promptly notify the Administrative Agent of any material change in accounting policies or financial reporting practices by the Borrower or the MLP.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement or other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets and (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, except, in the case of Clause (a) or (b), where (x) the validity thereof are being contested in good faith by appropriate proceedings, (y) adequate reserves in accordance with GAAP are being maintained by the appropriate Loan Party, and (z) the failure to make such payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization, except in a transaction permitted by Sections 7.05 and 7.06, (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises material to the conduct of its business, except in a transaction permitted by Sections 7.05 and 7.06.

6.06 Maintenance of Assets and Business (a) Maintain all material licenses, permits, and franchises necessary for the normal business; (b) keep all of its assets which are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs thereto and replacements thereof; and (c) do all things necessary to obtain, renew, extend, and continue in effect all Authorizations which may at any time and from time to time be necessary for the Borrower and its Subsidiaries to operate their businesses in compliance with applicable Law; except where the failure to so maintain, renew, extend, or continue in effect could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance. Maintain insurance with respect to its properties and business as described in Section 5.09.

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws (including Environmental Laws) applicable to it or to its business or property, except in such instances in which (i) such requirement of Law is being contested in good faith or a bona fide dispute exists with respect thereto; or (ii) the failure to comply therewith could not be reasonably expected to have a Material Adverse Effect.

6.09 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving its assets and business; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over it.

6.10 Inspection Rights. Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists the Administrative

Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

6.11 Compliance with ERISA. With respect to each Plan maintained by a Company, do each of the following: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws, (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification, and (c) make all required contributions to any Plan subject to Section 412 of the Code, except to the extent that noncompliance, with respect to each event listed above, could not be reasonably expected to have a Material Adverse Effect.

6.12 Use of Proceeds. Use the proceeds of the Credit Extensions only (a) for working capital requirements of the Borrower and its Subsidiaries, (b) to finance Permitted Acquisitions by the Borrower and its Subsidiaries of Persons or assets subject to compliance with this Agreement, including Sections 7.02 and 7.09, (c) to fund Quarterly Distributions to the extent permitted by Section 7.07, Section 6.15, and Section 2.01(b), and (d) for other general company purposes.

6.13 Guaranties. As an inducement to the Administrative Agent and Lenders to enter into this Agreement, cause each Subsidiary and the MLP to execute and deliver to Administrative Agent a Guaranty executed by the Borrower's Subsidiaries and a Guaranty executed by the MLP, each substantially in the form and upon the terms of Exhibit E-1 and Exhibit E-2, respectively, providing for the guaranty of payment and performance of the Obligations. In addition, promptly after the formation or acquisition of any new entity that is (or becomes) a Subsidiary, cause such new entity to execute and deliver to Administrative Agent a Guaranty substantially in the form and upon the terms of Exhibit E-1, providing for the guaranty of payment and performance of the Obligations, together with certified copies of such Subsidiary's Organization Documents and opinions of counsel with respect to such Subsidiary and such Guaranty, in substantially the forms of Exhibit F-1 and F-2 hereto.

6.14 Material Agreements. Perform its obligations under the Material Agreements except where failure to do so could not reasonably be expected to have a Material Adverse Effect; enforce the obligations of Sunoco contained in the indemnification provisions of the Omnibus Agreement, and enforce the other obligations of the Sunoco Contract Parties under the Borrower Operating Agreements to the same extent as they would enforce similar obligations of unrelated third parties.

6.15 Clean Down Period. During each fiscal year in which Distribution Loans are made, there shall be a period of fifteen (15) consecutive days (the "Clean Down Period") during which (a) there are no Distribution Loans outstanding, and (b) no Distribution Loans will be made. The Clean Down Period for a fiscal year may begin on any date that is after the first Distribution Loan is made in such fiscal year.

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligations shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, each of the MLP and the Borrower agree that they shall not, nor shall they permit any of their respective Subsidiaries to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist, any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Conditions Effective Date and listed on Schedule 7.01 and any renewals or extensions thereof, provided that the property covered thereby is not increased, the amount of the Indebtedness secured thereby is not increased, and any renewal or extension of the obligations secured or benefited thereby is permitted under this Agreement;

(c) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) judgment Liens not giving rise to an Event of Default;

(i) any Lien existing on any property or asset of any Person that becomes a Subsidiary of the Borrower after the Conditions Effective Date prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such Person becoming a Subsidiary, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary, (iii) such Lien shall secure only those obligations which it secures on the date such Person becomes a Subsidiary and any renewals, extensions and modifications (but not increases) thereof, (iv) the aggregate amount of indebtedness secured by Liens permitted by this subsection shall not at any time exceed the Incremental EBITDA of the acquired entity, and (v) the Borrower shall demonstrate pro forma compliance with this Section 7.01(i) at the closing of such acquisition; and

(j) other Liens on assets of the Borrower or its Subsidiaries, not to exceed at any time $20,000,000 in the aggregate.

7.02 Investments. Make or own any Investments, except:

(a) Investments other than those permitted by subsections (b) through (g) of this Section 7.02 existing on the Conditions Effective Date and listed in Section (c) of Schedule 5.12;

(b) Permitted Investments;

(c) Investments by the MLP in the Borrower and the General Partner;

(d) Investments by the Borrower and its Subsidiaries in the Borrower or in any Subsidiary of the Borrower that, prior to such Investment, is a Guarantor;

(e) trade accounts receivable which are for goods furnished or services rendered in the ordinary course of business;

(f) Permitted Acquisitions by the Borrower or its Subsidiaries; and

(g) Deposits of net cash receipts and cash disbursements pursuant to the Treasury Services Agreement.

7.03 Hedging Agreements. Enter into any Swap Contracts other than in the ordinary course of business for the purpose of directly mitigating risks to which the Borrower or its Subsidiaries are exposed in the conduct of their business and not for purposes of speculation.

7.04 Indebtedness of Subsidiaries.

Permit any Subsidiary of the Borrower to create, incur or assume any Indebtedness except:

(a) Guaranty Obligations under a Guaranty executed pursuant to this Agreement;

(b) Guaranty Obligations in respect of Indebtedness of the Borrower to the extent such Indebtedness of the Borrower is permitted by this Agreement; and

(c) additional Indebtedness of Subsidiaries of the Borrower provided that, (i) both before and after such Indebtedness is created, incurred or assumed, no Default or Event of Default shall exist, and (ii) the principal amount of such Indebtedness shall not exceed at any time an amount equal to 0.5 times Consolidated EBITDA for the most recent four fiscal quarters.

7.05 Fundamental Changes. Merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default or Event of Default exists or would result therefrom:

(a) mergers and consolidations constituting Permitted Acquisitions are permitted, provided that in any merger or consolidation involving the Borrower, the Borrower is the surviving entity;

(b) any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more Subsidiaries, provided that when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person; and

(c) any Subsidiary may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Borrower or to another Subsidiary; provided that if the seller in such a transaction is a wholly-owned Subsidiary, then the purchaser must also be a wholly-owned Subsidiary.

7.06 Dispositions.

(a) Make any Disposition or enter into any agreement to make any Disposition, except:

(i) Dispositions by the Borrower or its Subsidiaries of inventory in the ordinary course of business;

(ii) Dispositions of property by any Subsidiary to the Borrower or to a Wholly-Owned Subsidiary;

(iii) Dispositions by the General Partner to the MLP;

(iv) Dispositions of property in the ordinary course of business, provided that if a prepayment is required by Section 2.04(b)(ii), the Borrower shall make such prepayment in accordance with such Section; and

(v) if no Default or Event of Default then exists or arises as a result thereof, Dispositions for fair market value for cash, provided that if a prepayment is required by Section 2.04(b)(i), the Borrower shall make such prepayment in accordance with such Section.

(b) Make any Dispositions or take any other action if after such Disposition or other action Borrower fails to own, directly or indirectly, all of the ownership interests in, and to control the management of, Sunoco Partners Marketing & Terminals and Sunoco Pipeline.

7.07 Restricted Payments; Distributions and Redemptions. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may make Restricted Payments to the Borrower and to Wholly-Owned Subsidiaries of the Borrower;

(b) the Borrower may declare and make Quarterly Distributions of Available Cash as defined in the Partnership Agreement (Borrower) and the Borrower may redeem or repurchase its partner interests to the extent such Quarterly Distributions, redemptions and repurchases in any fiscal quarter do not exceed in the aggregate Available Cash as defined in the Partnership Agreement (Borrower) for the immediately preceding fiscal quarter and are made in accordance with the Partnership Agreement (Borrower); provided, that at the time each such Quarterly Distribution, redemption or repurchase is made no Default or Event of Default exists or would result therefrom; and

(c) the MLP may declare and make Quarterly Distributions of Available Cash as defined in the Partnership Agreement (MLP) and the MLP may redeem or repurchase its limited partnership units to the extent such Quarterly Distributions, redemptions and repurchases in any fiscal quarter do not exceed, in the aggregate Available Cash as defined in the Partnership Agreement (MLP) for the immediately preceding fiscal quarter and are made in accordance with the Partnership Agreement (MLP); provided, that at the time each such Quarterly Distribution, redemption or repurchase is made no Default or Event of Default exists or would result therefrom.

7.08 ERISA. At any time engage in a transaction which could be subject to Section 4069 or 4212(c) of ERISA, or permit any Plan maintained by a Company to (a) engage in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code); (b) fail to comply with ERISA or any other applicable Laws; or (c) incur any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), which, with respect to each event listed above, could be reasonably expected to have a Material Adverse Effect.

7.09 Nature of Business; Capital Expenditures. Engage in any line of business other than Present and Related Businesses, or make any Capital Expenditures except in connection with Present and Related Businesses.

7.10 Transactions with Affiliates. Sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the MLP, the Borrower or such Subsidiary, as applicable, than could be obtained on an arm's length basis from unrelated third parties, (b) transactions between or among the Borrower and its wholly owned Subsidiaries not involving any other Affiliate, and (c) any Restricted Payment permitted by Section 7.07.

7.11 Burdensome Agreements. Enter into any Contractual Obligation that limits the ability of any Subsidiary to make Restricted Payments to the Borrower or to otherwise transfer property to the Borrower.

7.12 Use of Proceeds. Use the proceeds of any Loan for purposes other than those permitted by Section 6.12, or use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.13 Material Agreements. Permit any amendment to any Material Agreement or the Partnership Agreement (MLP) if such amendment could reasonably be expected to materially adversely affect the Lenders; permit any assignment of any Material Agreement if such assignment could reasonably be expected to materially adversely affect the Lenders; or permit any Unauthorized Assignment of any Borrower Operating Agreement.

7.14 Financial Covenants.

(a) Interest Coverage Ratio. Permit the Interest Coverage Ratio as of the end of any fiscal quarter to be less than the ratio of 3.5 to 1.0.

(b) Leverage Ratio. Permit the Leverage Ratio at any time to be greater than the ratio of 4.0 to 1.0.

(c) Pro Forma Adjustments for Asset Acquisitions. For purposes of determining compliance with this Section 7.14:

(i) Consolidated EBITDA shall be calculated after giving effect, on a pro forma basis for the four consecutive fiscal quarters most recently completed, to any asset acquisitions (an "Asset Acquisition") occurring during the period commencing on the first day of such period to and including the date of determination (herein called the "Reference Period"), as if such

Asset Acquisition occurred on the first day of the Reference Period (an Asset Acquisition includes an asset acquisition that gives rise to the need to calculate compliance hereunder as a result of a Company incurring or assuming Indebtedness in connection with such asset acquisition); and

(ii) If, in connection with an Asset Acquisition during any Reference Period, any Indebtedness is incurred or assumed by the MLP or any Subsidiary, then Consolidated Interest Charges shall be calculated, on a pro forma basis for the four quarters most recently completed, as if such Indebtedness had been incurred on the first day of the Reference Period.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation or (ii) within three Business Days after the same becomes due, any interest on any Loan, any L/C Obligation, any commitment or other fee due hereunder, or any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.03(a), 6.05 (with respect to the Borrower's existence), 6.12, 6.13 or Article VII;

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 calendar days after the earlier of the date notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender or the date the Borrower has knowledge of such failure; or

(d) Representations and Warranties. Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith proves to have been incorrect in any material respect when made or deemed made; or

(e) Cross-Default. (i) The Borrower or any Borrower Affiliate (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness, Guaranty Obligation or Synthetic Lease Obligation having an aggregate principal amount (or, in the case of a Synthetic Lease Obligation, Attributable Principal) (including undrawn or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than (individually or collectively) $10,000,000, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness, Guaranty Obligation or Synthetic Lease Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness, the lessor under such Synthetic Lease Obligation or the beneficiary or beneficiaries of such Guaranty Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness or Synthetic Lease Obligation to be demanded or to become due or to be repurchased or redeemed (automatically or otherwise) prior to its stated maturity, or such Guaranty

Obligation to become payable or cash collateral in respect thereof to be demanded; or (ii) (A) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from any event of default under such Swap Contract as to which the Borrower or any Borrower Affiliate is the Defaulting Party (as defined in such Swap Contract) and the Swap Termination Value owed by the Borrower or any Borrower Affiliate as a result thereof is greater than (individually or collectively) $10,000,000, or (B) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Borrower Affiliate is an Affected Party (as so defined) and the Swap Termination Value owed by the Borrower and Borrower Affiliate as a result thereof is greater than (individually or collectively) $10,000,000 and such amount is not paid when due under such Swap Contract; or

(f) Insolvency Proceedings, Etc. (i) The Borrower or any Borrower Affiliate
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institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property or takes any action to effect any of the foregoing; or (ii) any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or (iii) any proceeding under any Debtor Relief Law relating to any such Person or to all or any part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) The Borrower or any Borrower
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Affiliate becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against property which is a material part of the property of the Borrower and its Subsidiaries taken as a whole, and is not released, vacated or fully bonded within 45 days after its issue or levy; or

(h) Judgments. There is entered against the Borrower, any other Loan Party,
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or the General Partner (i) a final judgment or order for the payment of money in an aggregate amount exceeding (individually or collectively) $20,000,000 (to the extent not covered by third-party insurance as to which the insurer does not dispute coverage), or (ii) any non-monetary final judgment that has a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) If the Borrower or any ERISA Affiliate maintains any Pension
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Plan or any Multiemployer Plan, an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower or any Subsidiary under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $15,000,000, or (ii) if there is any Multiemployer Plan, the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $15,000,000; or

(j) Invalidity of Loan Documents. Any Loan Document, at any time after its
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execution and delivery and for any reason other than the agreement of all the Lenders or termination of all Commitments and all Letters of Credit and satisfaction in full of all the Obligations, ceases to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or

unenforceable in any material respect; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(k) Change of Control. There occurs any Change of Control;

(l) Dissolution. Any Loan Party shall dissolve, liquidate, or otherwise terminate its existence, except as permitted in Section 7.05;

(m) Material Agreements. (i) Termination or Unauthorized Assignment of any Borrower Operating Agreement; (ii) termination of any other Material Agreement if such termination could reasonably be expected to have a Material Adverse Effect; (iii) termination by Sunoco of Article II of the Omnibus Agreement pursuant to Section 8.4 (or any other Section) of the Omnibus Agreement; (iv) default by the Borrower or any of its Subsidiaries or by any Sunoco Contract Party under any Material Agreement if such default could reasonably be expected to have a Material Adverse Effect; or

(n) Sale of Certain Assets by Sunoco. The sale by a Sunoco Contract Party of a material portion of its Refinery Assets or other assets related to any of the Material Agreements between such Sunoco Contract Party and the Borrower or the Borrower's Subsidiaries, unless the purchaser thereof has an Investment Grade Rating and has fully assumed the rights and obligations of such Sunoco Contract Party under such agreements in respect of the assets sold.

8.02 Remedies Upon Event of Default. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligations shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) declare that an amount equal to the then Outstanding Amount of all L/C Obligations be immediately due and payable by the Borrower, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby expressly waived by the Borrower, and require that the Borrower deliver such payments to the Administrative Agent to Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) of Section 8.01, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and an amount equal to the then Outstanding Amount of all L/C Obligations shall be deemed to be forthwith due and owing by the Borrower to the Issuing Bank and the Lenders as of the date of such occurrence and the Borrower's obligation to pay such amounts shall be absolute and unconditional, without regard to whether any

beneficiary of any such Letter of Credit has attempted to draw down all or a portion of such amount under the terms of a Letter of Credit and, to the fullest extent permitted by applicable law, shall not be subject to any defense or be affected by a right of set-off, counterclaim or recoupment which the Borrower may now or hereafter have against any such beneficiary, the Issuing Bank, the Administrative Agent, the Lenders or any other Person for any reason whatsoever. Such payments shall be delivered to and held by the Administrative Agent as cash collateral securing the L/C Obligations pursuant to the Cash Collateral Agreement.

ARTICLE IX.
ADMINISTRATIVE AGENT

9.01 Appointment and Authorization of Administrative Agent. (a) Each Lender hereby irrevocably (subject to Section 9.09) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Required Lenders to act for the L/C Issuer with respect thereto; provided, however, that the L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article IX included the L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuer.

9.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

9.03 Liability of Administrative Agent. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any

Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

9.04 Reliance by Administrative Agent. (a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders or all the Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Required Lenders otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has funded its Pro Rata Share of the Borrowing(s) on the Conditions Effective Date (or, if there is no Borrowing made on such date, each Lender other than Lenders who gave written objection to the Administrative Agent prior to such date) shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to a Lender.

9.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Lenders in accordance with Article VIII; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

9.06 Credit Decision; Disclosure of Information by Administrative Agent. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

9.07 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting from such Person's gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Commitments, the payment of all Obligations hereunder and the resignation or replacement of the Administrative Agent.

9.08 Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Bank of America were not the Administrative Agent or the L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan

Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or the L/C Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

9.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders which successor administrative agent shall be consented to by the Borrower at all times other than during the existence of an Event of Default (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article IX and Sections 10.03 and 10.13 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

9.10 Other Agents; Lead Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," as a "co-documentation agent," any other type of agent (other than the Administrative Agent), "lead arranger," or "book manager" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE X.
MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall, unless in writing and signed by each of the Lenders directly affected thereby and by the Borrower, and acknowledged by the Administrative Agent, do any of the following:

(a) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02);

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing or (subject to clause (B) of the proviso below) any fees or other amounts payable hereunder or under any other Loan Document, provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(d) change the percentage of the Aggregate Commitments or of the aggregate unpaid principal amount of the Loans and L/C Obligations which is required for the Lenders or any of them to take any action hereunder;

(e) change the Pro Rata Share of any Lender;

(f) Release any Guarantor from a Guaranty; or

(g) amend this Section, or Section 2.12, or any provision herein providing for unanimous consent or other action by all the Lenders;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iii) the Agent/Arranger Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, any Lender that has failed to fund any portion of the Loans or participations in L/C Obligations required to be funded by it hereunder shall not have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Pro Rata Share of such Lender may not be increased without the consent of such Lender.

10.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder and under the other Loan Documents shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, facsimile number or (subject to subsection (c) below) electronic mail address specified for notices on Schedule 10.02 (for the Borrower, any Guarantor and the Administrative Agent) or on the Administrative Details Form (for the other Lenders); or, in the case of the Borrower, the Guarantors the Administrative Agent, or the L/C Issuer, to such other address as shall be designated by such party in a notice to the other parties, and in the case of any other party, to such other address as shall be designated by such party in a notice to the Borrower, the Administrative Agent, and the L/C Issuer. All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the intended recipient and (ii) (A) if delivered by hand or by courier, when signed for by the intended recipient; (B) if

delivered by mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Administrative Agent or the L/C Issuer pursuant to Article II shall not be effective until actually received by such Person. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified in accordance with this Section, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information, and to distribute Loan Documents for execution by the parties thereto, and shall not be recognized hereunder for any other purpose.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Borrowing Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein or therein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.04 Attorney Costs; Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all reasonable costs and expenses incurred in connection with the preparation, negotiation, syndication, administration and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, and (b) to pay or reimburse the Administrative Agent and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any

workout or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all other out-of-pocket expenses incurred by the Administrative Agent and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. The agreements in this Section shall survive the termination of the Commitments and repayment of all the other Obligations.

10.05 Indemnification. Whether or not the transactions contemplated hereby are consummated, each of the Borrower, the MLP and each other Guarantor (by execution of a Guaranty), jointly and severally, agrees to indemnify, save and hold harmless each Agent-Related Person, each Syndication Agent-Related Person, each Documentation Agent-Related Person, each Arranger, each Lender, the L/C Issuer and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the "Indemnitees") from and against: (a) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee by any Person (other than the Administrative Agent or any Lender) relating directly or indirectly to a claim, demand, action or cause of action that such Person asserts or may assert against any Loan Party, any Affiliate of any Loan Party or any of their respective officers or directors, arising out of or relating to, the Loan Documents, the Commitments, the use or contemplated use of the proceeds of any Loans, or the relationship of any Loan Party, the Administrative Agent, the Lenders and the L/C Issuer under this Agreement or any other Loan Document; (b) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations and the resignation of the Administrative Agent or the replacement of any Lender) be asserted or imposed against any Indemnitee, arising out of or relating to, the Loan Documents, the Commitments, the use or contemplated use of the proceeds of any Loans, or the relationship of any Loan Party, the Administrative Agent, the Lenders and the L/C Issuer under this Agreement or any other Loan Document; (c) without limiting the foregoing, any and all claims, demands, actions or causes of action that are asserted or imposed against any Indemnitee, (i) under the application of any Environmental Law applicable to the Borrower or any of its Subsidiaries or any of their properties or assets, including the treatment or disposal of Hazardous Substances on any of their properties or assets, (ii) as a result of the breach or non-compliance by the Borrower or any Subsidiary with any Environmental Law applicable to the Borrower or any Subsidiary, (iii) due to past ownership by the Borrower or any Subsidiary of any of their properties or assets or past activity on any of their properties or assets which, though lawful and fully permissible at the time, could result in present liability, (iv) due to the presence, use, storage, treatment or disposal of Hazardous Substances on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, any of the properties owned or operated by the Borrower or any Subsidiary (including any liability asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower or such Subsidiary, or (v) due to any other environmental, health or safety condition in connection with the Loan Documents; (d) any administrative or investigative proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (a), (b) or (c) above; and (e) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including Attorney Costs) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, WHETHER OR NOT ARISING OUT OF THE STRICT LIABILITY OR NEGLIGENCE OF AN INDEMNITEE, and whether or not an Indemnitee is a party to such claim, demand, action, cause of action or proceeding (all the foregoing, collectively, the "Indemnified Liabilities"); provided that no Indemnitee shall be entitled to indemnification for any claim to the extent caused by its own gross negligence or willful misconduct. The agreements in this Section shall survive the termination of the Commitments and repayment of all the other Obligations.

10.06 Payments Set Aside. To the extent that the Borrower makes a payment to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

10.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent, shall not be less than $1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, and (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500 (such fee to be paid by the assignor or the assignee, as may be agreed between them). Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.07, 10.04 and 10.05). Upon request, the Borrower (at its expense) shall execute and deliver new or replacement Notes to the assigning Lender and the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does

not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money is scheduled to be paid to such Participant, (ii) reduce the principal, interest, fees or other amounts payable to such Participant, or (iii) release any Guarantor from the Guaranty. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender, provided such Participant agrees to be subject to Section 2.12 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 10.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) If the consent of the Borrower to an assignment or to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment threshold

specified in clause (i) of the proviso to the first sentence of Section 10.07(b)), the Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as L/C Issuer. In the event of any such resignation as L/C Issuer, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer. Bank of America shall retain all the rights and obligations of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund participations in Unreimbursed Amounts pursuant to Section 2.02(c)).

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan or L/C Advance that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan or L/C Advance, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan or L/C Advance in accordance with and at the times required by this Agreement, the Granting Lender shall be obligated to make such Loan or L/C Advance pursuant to the terms hereof, and (iii) each SPC that is a "foreign corporation, partnership or trust" within the meaning of the Code must comply with the provisions of Section 10.15. The making of a Loan or L/C Advance by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan or L/C Advance were made by such Granting Lender. An SPC shall not be entitled to receive any greater payment under Article III than its Granting Lender would have been entitled to receive with respect to any Loan or L/C Advance made by such SPC. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). All voting rights under this Agreement shall be exercised solely by the Granting Lender and each Granting Lender shall remain solely responsible to the other parties hereto for its obligations under this Agreement, including all obligations of a Lender in respect of Loans and L/C Advances made by its SPC. Each Granting Lender shall act as administrative agent for its SPC and give and receive notices and other communications hereunder. Any payments for the account of any SPC shall be paid to its Granting Lender as administrative agent for such SPC and neither the Borrower nor the Administrative Agent shall be responsible for any Granting Lender's application of any such payments. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any state thereof. In addition, notwithstanding anything to the contrary contained in this Section, any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent, assign all or a portion of its interests in any Loan or L/C Advances to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and L/C Advances and (ii) disclose on a confidential basis any non-public information relating to its Loans and L/C Advances to any

rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of each SPC.

10.08 Confidentiality. Each Lender agrees that it will not disclose without the prior consent of the Borrower (other than to directors, officers, employees, auditors, accountants, counsel or other professional advisors of the Administrative Agent or any Lender) any information with respect to the Borrower or its Subsidiaries, which is furnished pursuant to this Agreement and which (i) the Borrower in good faith considers to be confidential and (ii) is either clearly marked confidential or is designated by the Borrower to the Administrative Agent or the Lenders in writing as confidential, provided that any Lender may disclose any such information (a) as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to or required by any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Lender or submitted to or required by the Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States of America or elsewhere) or their successors, (c) as may be required or appropriate in response to any summons or subpoena in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Lender, (e) to any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement, provided that such Eligible Assignee or Participant or prospective Eligible Assignee or Participant executes an agreement containing provisions substantially similar to those contained in this Section 10.08, (f) in connection with the exercise of any remedy by such Lender following an Event of Default pertaining to the Loan Documents, (g) in connection with any litigation involving such Lender pertaining to the Loan Documents, (h) to any Lender or the Administrative Agent, or (i) to any Affiliate of any Lender (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential).

10.09 Set-off. In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender is authorized at any time and from time to time, without prior notice to the Borrower or any other Loan Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to the Administrative Agent and the Lenders, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Interest Rate Limitation. Regardless of any provision contained in any Loan Document, neither the Administrative Agent nor any Lender shall ever be entitled to contract for, charge, take, reserve, receive, or apply, as interest on all or any part of the Obligations, any amount in excess of the Maximum Rate, and, if any Lender ever does so, then such excess shall be deemed a partial prepayment of principal and treated hereunder as such and any remaining excess shall be refunded to the Borrower. In determining if the interest paid or payable exceeds the Maximum Rate, the Borrower and the Lenders shall, to the maximum extent permitted under applicable Law, (a) treat all Borrowings as but a single extension of credit (and the Lenders and the Borrower agree that such is the case and that provision herein for multiple Borrowings is for convenience only), (b) characterize any nonprincipal payment as an expense, fee, or premium rather than as interest, (c) exclude voluntary prepayments and

the effects thereof, and (d) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Obligations. However, if the Obligations are paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, the Lenders shall refund such excess, and, in such event, the Lenders shall not, to the extent permitted by Law, be subject to any penalties provided by any Laws for contracting for, charging, taking, reserving, or receiving interest in excess of the Maximum Amount. If, contrary to the parties' intent expressed in Section 10.16(a), the Laws of the State of Texas are applicable for purposes of determining the "Maximum Rate" or the "Maximum Amount," then those terms mean the "weekly ceiling" from time to time in effect under Texas Finance Code Section 303.305, as amended. The Borrower agrees that Chapter 346 of the Texas Finance Code, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts), does not apply to the Obligations.

10.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.12 Integration. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

10.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation shall remain unpaid or unsatisfied.

10.14 Severability. Any provision of this Agreement and the other Loan Documents to which the Borrower is a party that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.15 Foreign Lenders. Each Lender that is a "foreign corporation, partnership or trust" within the meaning of the Code (a "Foreign Lender") shall deliver to the Administrative Agent, prior to receipt of any payment subject to withholding under the Code (or after accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Person and entitling it to an exemption from withholding tax on all payments to be made to such Person by the Borrower pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Person by the Borrower pursuant to this Agreement) or such other evidence satisfactory to the Borrower and the Administrative Agent that such Person is entitled to an exemption from U.S. withholding tax. Thereafter and from time to time, each such Person

shall (a) promptly submit to the Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Borrower and the Administrative Agent of any available exemption from United States withholding taxes in respect of all payments to be made to such Person by the Borrower pursuant to this Agreement, (b) promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption, and (c) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that the Borrower make any deduction or withholding for taxes from amounts payable to such Person. If such Person fails to deliver the above forms or other documentation, then the Administrative Agent may withhold from any interest payment to such Person an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction. If any Governmental Authority asserts that the Administrative Agent did not properly withhold any tax or other amount from payments made in respect of such Person, such Person shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

10.16 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, the LAW OF THE STATE OF NEW YORK applicable to agreements made and to be performed entirely within such State; PROVIDED THAT THE ADMINISTRATIVE Agent AND

EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER UNITED STATES FEDERAL LAW.

(b) EACH COMPANY AND OTHER PARTY HERETO, AND EACH GUARANTOR, BY EXECUTION OF A GUARANTY, AGREES AS TO THIS SECTION 10.16(b). ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER, THE ADMINISTRATIVE Agent AND EACH LENDER CONSENTS, AND BY EXECUTION OF A GUARANTY, EACH GUARANTOR CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER, EACH GUARANTOR, THE ADMINISTRATIVE Agent AND EACH LENDER (1) IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO, AND (2) IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, AT ITS ADDRESS FOR NOTICES DESIGNATED HEREIN. THE BORROWER, EACH GUARANTOR, THE ADMINISTRATIVE Agent AND EACH LENDER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE. THE BORROWER AND EACH GUARANTOR, BY ITS EXECUTION OF A GUARANTY, AGREES

TO DESIGNATE AND MAINTAIN AN AGENT FOR SERVICE OF PROCESS IN NEW YORK IN CONNECTION WITH ACTIONS AND PROCEEDINGS UNDER THE LOAN DOCUMENTS AND TO DELIVER TO THE ADMINISTRATIVE AGENT EVIDENCE THEREOF.

10.17 Waiver of Right to Trial by Jury, Etc. EACH PARTY TO THIS AGREEMENT AND EACH GUARANTOR, BY EXECUTION OF A GUARANTY, HEREBY (a) EXPRESSLY AND IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES TO THE LOAN DOCUMENTS OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE COMPANIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY; AND (b) EXPRESSLY AND IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH ACTION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES, PROVIDED THAT THE WAIVER CONTAINED IN THIS SECTION 10.1(b) SHALL NOT APPLY TO THE EXTENT THAT THE PARTY AGAINST WHOM DAMAGES ARE SOUGHT HAS ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

10.18 No General Partner's Liability. The Lenders agree for themselves and their respective successors and assigns, including any subsequent holder of any Note, that, for so long as the sole asset of the General Partner is the general partner interest in the Borrower, any claim against the Borrower which may arise under any Loan Document shall be made only against and shall be limited to the assets of the Borrower and the Guarantors, and that no judgment, order or execution entered in any suit, action or proceeding, whether legal or equitable, on this Agreement, such Note or any of the other Loan Documents shall be obtained or enforced against the General Partner or its assets for the purpose of obtaining satisfaction and payment of such Note, the Indebtedness evidenced thereby or any claims arising thereunder or under this Agreement or any other Loan Document, any right to proceed against the General Partner individually or its respective assets being hereby expressly waived, renounced and remitted by the Lenders for themselves and their respective successors and assigns. Nothing in this Section 10.18, however, shall be construed so as to prevent the Administrative Agent, any Lender or any other holder of any Note from commencing any action, suit or proceeding with respect to or causing legal papers to be served upon the General Partner for the purpose of obtaining jurisdiction over the Borrower.

10.19 ENTIRE AGREEMENT. This Agreement and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., as Borrower

By: SUNOCO LOGISTICS PARTNERS GP LLC, its General Partner

By: /s/ Paul Mulholland

Name: Paul Mulholland
Tital: Treasure

SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership, as a Guarantor

By: SUNOCO PARTNERS LLC, its General Partner

By: /s/ Paul Mulholland

Name: Paul Mulholland
Title: Treasurer

[THIS IS A SIGNATURE PAGE TO THE SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

BANK OF AMERICA, n.a., as Administrative Agent, a
Lender and L/C Issuer

By: /s/ Ronald E. McKaig

Name: Ronald E. McKaig
Title: Managing Director

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

FIRST UNION NATIONAL BANK

By: /s/ Russell Clingman

Name: Russell Clingman
Title: Vice President

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

CREDIT SUISSE FIRST BOSTON

By: /s/ Paul L. Colon

Name: Paul L. Colon
Title: Vice President

By: /S/ Vanessa Gomez

Name: Vanessa Gomez
Title: Associate

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Michelle Swanson

Name: Michelle Swanson
Title: Authorized Signatory

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

CITIBANK, N.A.

By: /s/ Gordon De Kuyper

Name: Gordon De Kuyper
Title: Vice President

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

UBS AG, STAMFORD BRANCH

By: /s/ Wilfred V. Saint

Name: Wilfred V. Saint
Title: Associate Director
Banking Products Services, US

By: /s/ Anthony N. Joseph

Name: Anthony N. Joseph
Title: Associate Director
Banking Products Services, US

[THIS IS A SIGNATURE PAGE TO THE
SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

SCHEDULE 2.01

COMMITMENTS

Lender	Commitment
Bank of America, N.A.	$ 30,000,000
First Union National Bank	$ 30,000,000
Credit Suisse First Boston	$ 25,000,000
Lehman Commercial Paper Inc.	$ 25,000,000
Citibank, N.A.	$ 20,000,000
UBS AG, Stamford Branch	$ 20,000,000
Total:	$150,000,000

SCHEDULE 5.12

SUBSIDIARIES
AND OTHER EQUITY INVESTMENTS

(a) Subsidiaries as of the Conditions Effective Date:

	Name	Jurisdiction of Organization	Ownership
1.	Sunoco Logistics Partners Operations GP LLC	Delaware	100% owned by the Borrower
2.	Sunoco Partners Marketing & Terminals L.P.	Texas	99.99% limited partner interest owned by the Borrower 0.01% general partner interest owned by Sunoco Logistics Partners Operations GP LLC
3.	Sunoco Pipeline L.P.	Texas	99.99% limited partner interest owned by the Borrower 0.01% general partner interest owned by Sunoco Logistics Partners Operations GP LLC

(b) Other Equity Investments as of the Conditions Effective Date

Sunoco Pipeline L.P. has a 9.4% interest in Explorer Pipeline Company, a Delaware corporation.

SCHEDULE 7.01

EXISTING LIENS

Liens on certain assets (including pipelines, land, rights-of-way, easements, and servitudes and buildings, improvements and fixtures related thereto) located in Hutchison, Carson, Gray, Conley, Collingsworth, Hall, Childress, Cottle, King, Knox, Haskell, Jones and Wheeler Counties, Texas securing a promissory note with a remaining principal balance as of the Closing Date of approximately $4.75 million, with a maturity date of November 30, 2014. Said promissory note is payable to the order of Ultramar Diamond Shamrock Corporation; it was executed by Pride Refining, Inc. and the obligations of Pride Borger, Inc. thereunder have been assumed by Sunoco, Inc. (R&M).

SCHEDULE 10.02

ADDRESSES FOR NOTICES TO BORROWER,
GUARANTORS AND ADMINISTRATIVE AGENT

ADDRESS FOR NOTICES TO BORROWER
- ------------------------------

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

Ten Penn Center
1801 Market Street
Philadelphia, PA 19103
Attn: Paul A. Mulholland
Telephone: (215) 246-8810
Facsimile: (215) 977-3559
Electronic Mail: paul_a_mulholland@sunoil.com

ADDRESS FOR NOTICES TO GUARANTORS
- ---------------------------------

Ten Penn Center
1801 Market Street
Philadelphia, PA 19103
Attn: Paul A. Mulholland
Telephone: (215) 246-8810
Facsimile: (215) 977-3559
Electronic Mail: paul_a_mulholland@sunoil.com

ADDRESSES FOR BANK OF AMERICA
- -----------------------------

Administrative Agent's Office and Bank of America's Lending Office
- --
(for payments and Borrowing Notices):
Bank of America, N.A.
901 Main Street, 14th Floor
Dallas, TX 75202
Attention: Ben Cosgrove
Telephone: 214-209-9254
Facsimile: 214-290-9439
Electronic Mail: ben.cosgrove@bankofamerica.com
Account No.: 1292000883
Ref: Sunoco Logistics Partners
ABA# 111000012

L/C Issuer:
- ----------
Bank of America, N.A.
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Riyaz Kaka
Vice President
Telephone: 312-923-5924
Facsimile: 312-987-6828
Electronic Mail: riyaz.n.kaka@bankofamerica.com

Other Notices to Administrative Agent or to Bank of America as a Lender:
- ----------
Bank of America, N.A.
333 Clay Street, Suite #4550
Houston, TX 77002
Attention: Ronald E. McKaig, Managing Director
Telephone: 713-651-4881
Facsimile: 713-651-4841
Electronic Mail: ronald.e.mckaig@bankofamerica.com

EXHIBIT A-1

FORM OF BORROWING NOTICE

Date: _____, _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of February 1, 2002 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership, Sunoco Logistics Partners L.P., a Delaware limited partnership, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

1. The undersigned hereby requests the following Type of Loan and applicable Dollar amount:

(a) Base Rate Loan for $_____.

(b) Eurodollar Rate Loan with Interest Period of:

(i) one month for $_____

(ii) two months for $_____

(iii) three months for $_____

(iv) six months for $_____

2. Requested date of Borrowing: _____, 200_.

3. Purpose of Loan:

To fund Quarterly Distributions (Section 6.12(c) of the Agreement)
____

Other
____

4. If the Loan is for the purpose of funding Quarterly Distributions:

(a) Total outstanding amount of Distribution Loans: $_____

(b) Amount of Distribution Loan requested: $_____

(c) Total of lines 4.(a) plus 4.(b): $_____

(must be not be greater than $20,000,000)

The undersigned hereby certifies that the following statements will be true on the date of the proposed Borrowing(s) after giving effect thereto and to the application of the proceeds therefrom:

(a) the representations and warranties of the Borrower contained in Article V of the Agreement are true and correct as though made on and as of such date (except such representations and warranties which expressly refer to an earlier date, which are true and correct as of such earlier date); and

(b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Borrowing(s).

The Borrowing requested herein complies with Sections 2.01, and 2.03 of the Agreement, as applicable.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By Sunoco Logistics Partners GP LLC, its General Partner

By: ----------

Name: ----------

Title: ----------

EXHIBIT A-2

FORM OF CONVERSION/CONTINUATION NOTICE

Date: ,

TO: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of February 1, 2002 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as herein defined), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership, Sunoco Logistics Partners L.P., a Delaware limited partnership, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests a [conversion] [continuation] of Loans as follows:

1. Amount of [conversion] [continuation]: $

2. Existing rate: Check applicable blank

(a) Base Rate

(b) Eurodollar Rate Loan with Interest Period of:

(i) one month

(ii) two months

(iii) three months

(iv) six months

3. If a Eurodollar Rate Loan, date of the last day of the Interest Period for such Loan: , 200 .

The Loan described above is to be [converted] [continued] as follows:

4. Requested date of [conversion] [continuation]: ,

200 .

5. Requested Type of Loan and applicable Dollar amount:

(a) Base Rate Loan for $.

(b) Eurodollar Rate Loan with Interest Period of:

(i) one month for $

(ii) two months for $

(iii) three months for $

(iv) six months for $ ----------

The [conversion] [continuation] requested herein complies with Sections 2.01 and 2.03 of the Agreement, as applicable.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By Sunoco Logistics Partners GP LLC, its General Partner

By: ----------

Name: ----------

Title: ----------

EXHIBIT B

FORM OF NOTE

$ ---------- February , 2002 ---

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to the order of ---------- (the "Lender"), on the Maturity Date (as defined in the Credit Agreement referred to below) the principal amount of ---------- Dollars ($ ----------), or such lesser principal amount of Loans (as defined in such Credit Agreement) due and payable by the Borrower to the Lender on the Maturity Date under that certain Credit Agreement, dated as of even date herewith (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Borrower, Sunoco Logistics Partners L.P., a Delaware limited partnership, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates, and at such times as are specified in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. This Note is also entitled to the benefits of each Guaranty. Upon the occurrence of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

This Note is a Loan Document and is subject to Section 10.10 of the Credit Agreement, which is incorporated herein by reference the same as if set forth herein verbatim.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, notice of intent to accelerate, notice of acceleration, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC, its General Partner

By: ----------

Name: ----------

Title: ----------

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Revolver Principal Debt This Date	Notation Made By

FORM OF COMPLIANCE CERTIFICATE
(Pursuant to Section 6.02 of the Agreement)

Financial Statement Date: ----------, ----

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of February 1, 2002 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent. Capitalized terms used herein but not defined herein shall have the meaning set forth in the Agreement.

The undersigned Responsible Officers hereby certify as of the date hereof that they are the ---------- of the MLP and the ---------- of the Borrower, and that, as such, they are authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the MLP and the Borrower, and that:

[Use one of the following for fiscal year-end financial statements]

Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(b) of the Agreement for the fiscal year of the MLP ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section. [or]

The year-end audited financial statements required by Section 6.01(b) of the Agreement for the fiscal year of the MLP ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section were filed on-line through EDGAR on ----------.

[Use one of the following for fiscal quarter-end financial statements]

Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.01(c) of the Agreement for the fiscal quarter of the MLP ended as of the above date, together with a certificate of a Responsible Officer of the MLP stating that such financial statements fairly present the financial condition, results of operations and cash flows of the MLP and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes. [or]

Attached is a certificate of a Responsible Officer of the MLP stating that the unaudited financial statements required by Section 6.01(c) of the Agreement for the fiscal quarter of the MLP ended as of the above date, which were filed on-line through EDGAR on ----------, fairly present the financial condition, results of operations and cash flows of the MLP and its Subsidiaries in accordance with GAAP

as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

[Use the following for both fiscal year-end and quarter-end financial statements]

1. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by the attached financial statements.

2. A review of the activities of the MLP and the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the MLP and the Borrower performed and observed all their respective Obligations under the Loan Documents, and no Default or Event of Default has occurred and is continuing except as follows (list of each such Default or Event of Default and include the information required by Section 6.03 of the Credit Agreement):

3. The covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of

- --------------, --------.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC,
its General Partner

By:

Name:

Title:

SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership

By: Sunoco Partners LLC, its General Partner

By:

Name:

Title:

For the Quarter/Year ended _____ ("Statement Date")

SCHEDULE 2
to the Compliance Certificate
($ in 000's)

I. Section 7.04(c) - Indebtedness of Subsidiaries

A. Consolidated EBITDA for the most recent four fiscal quarters: (Line II.A.8 below) $ _____

B. Consolidated EBITDA shown in Line I.A, times 0.5: $ _____

C. Actual Principal Amount of Indebtedness of Subsidiaries: (may not exceed the amount set forth in Line I.B above) $ _____

II. Section 7.14(a) - Interest Coverage Ratio.

A. Consolidated EBITDA for four consecutive fiscal quarters ending on the Statement Date ("Subject Period") (see Credit Agreement definition of "Consolidated EBITDA"):

1. Consolidated Net Income for Subject Period: $ _____

2. Consolidated Interest Charges for Subject Period: $ _____

3. Provision for income taxes for Subject Period: $ _____

4. Depreciation expenses for Subject Period: $ _____

5. Amortization expenses for Subject Period: $ _____

6. Consolidated EBITDA (prior to pro forma adjustments for Asset Acquisitions pursuant to Section 7.14(c)(i)) (Lines II.A.1 + II.A.2 + II.A.3 + II.A.4 + II.A.5): $ _____

7. Pro forma adjustments to EBITDA for Asset Acquisitions during the Subject Period (Section 7.14(c)(i)), giving effect to such Asset Acquisitions on a pro forma basis for the Subject Period as if such Asset Acquisitions occurred on the first day of the Subject Period: $ ----------

8. Consolidated EBITDA, including pro forma adjustments for Asset Acquisitions (Lines II.A.6 + II.A.7): $ ----------

B. Consolidated Interest Charges for Subject Period:

1. Consolidated Interest Charges for the four consecutive fiscal quarters ending on the Statement Date (prior to January 1, 2003, use the appropriate annualized pro forma number from Line 1.d, 2.b, 3.b, or 4.b of Worksheet A): $ ----------

2. Pro forma adjustment for Interest Charges during the four consecutive fiscal quarters ending on the Statement Date (Section 7.14(c)(ii)): $ ----------

3. Consolidated Interest Charges, including pro forma adjustments (Lines II.B.1 + II.B.2): $ ----------

C. Interest Coverage Ratio:

1. Consolidated EBITDA adjusted for Asset Acquisitions (Line II.A.8): $ ----------

2. Consolidated Interest Charges adjusted for Asset Acquisitions (Line II.B.3): $ ----------

3. Interest Coverage Ratio (Line II.C.1 Line II.C.2): to 1.0 -----

Minimum required: 3.5:1.0

III. Section 7.14(b) - Leverage Ratio

A. Consolidated Total Debt: $ ----------

B. Consolidated EBITDA (including pro forma adjustments for Asset Acquisitions) (Line II.A.8 above): $ ----------

C. Leverage Ratio (Line III.A / III.B):

Maximum permitted: 4.0:1.0 to 1.0 -----

IV. Calculation of Compliance with Sections 7.06(a)(iv) and (v) and Section 2.04(b) (Dispositions and Mandatory Prepayments)

A. Section 2.04(b)(ii) (Ordinary Course Dispositions) (Report required within 90 days after the end of each fiscal quarter; provide report below or provide this information in a separate report)

1. The aggregate Net Cash Proceeds from Dispositions in the ordinary course of business from the Closing Date to the Statement Date (Section 7.06(a)(iv)): $ ----------

2. Net Cash Proceeds from such Dispositions during the period from the Closing Date to the Statement Date which have been Reinvested either prior to or within 90 days after the Statement Date: $ ----------

3. Cumulative Nonreinvested Ordinary Course Sales Proceeds not reinvested within ninety (90) days after the Statement Date (Line IV.A.1 - IV.A.2): $ ----------

4. Book value of 1% of MLP's consolidated assets as of the Statement Date: $ ----------

5. Amount of previous mandatory prepayments and commitment reductions pursuant to Section 2.04(b)(ii): $ ----------

6. Amount of Loans to be prepaid and Amount of Commitment Reduction (Line IV.A.3 - IV.A.4 - IV.A.5 $ (if positive)): $ ----------

B. Section 2.04(b)(i) and Section 7.06(a)(v): Attach a report showing each Disposition of property for fair market value for cash during the two (2) fiscal quarters ending on the Statement Date. For each such Disposition show:

1. The date that Net Cash Proceeds from such Disposition were received (the "Receipt Date").

2. The amount of Net Cash Proceeds received from such Disposition.

3. The total amount of Net Cash Proceeds from Dispositions for fair market value for cash during the period from the Closing Date to such Receipt Date.

4. The value of 10% of the MLP's consolidated assets as of the end of the fiscal quarter immediately prior to such Receipt Date (this is the "Threshold Amount"; see Credit Agreement definition of "Triggering Sale").

5. The Reduction Amount, as of the Receipt Date (Line IV.B.3 - IV.B.4).

6. If the Reduction Amount in Line IV.B.5 is a positive number, was the Reduction Amount deposited with the Administrative Agent within two (2) business days of the Receipt Date?

7. If the Reduction Amount in Line IV.B.5 is a positive number, have the Net Cash Proceeds of such Disposition been Reinvested? If so, give amounts and date(s) of Reinvestment. If not, have 90 days passed since the Receipt Date for such Disposition?

8. If any portion of the Reduction Amount in Line IV.B.5 has not been reinvested within ninety (90) days of the Receipt Date specify amount not Reinvested.

9. Amount of Loans to be prepaid and amount of Commitment reduction (Line IV.B.8):

V. Distribution Loans - Section 2.01(b) - Date of prepayment and Commitment reduction

A. Total amount of Distribution Loans outstanding as of the Statement Date (may not exceed $20,000,000): $ ----------

B. Attach schedule showing each date on which a Distribution Loan was made and each repayment during the fiscal quarter ending on the Statement Date

VI. Section 7.07 - Calculation of Available Cash and Quarterly Distributions

A. Available Cash of the MLP for the fiscal quarter ending on the Statement Date (from Worksheet B): $ ----------

B. Available Cash of the Borrower for the fiscal quarter ending on the Statement Date (from Worksheet B) $ ----------

C. Borrower Distributions of Available Cash made during the fiscal quarter ending on the Statement Date (attach a schedule showing date(s) and amount(s))

D. MLP Distributions of Available Cash made during the fiscal quarter ending on the Statement Date (attach a schedule showing date(s) and amount(s))

VII. Section 6.15 - Clean Down Period

	# of Days	Dates
[This section is required to be completed only at fiscal year end, and only if during any such fiscal year the Borrower requested Distribution Loans.] One Clean Down period of fifteen (15) consecutive days during the fiscal year is required in compliance with Section 6.15. For the current fiscal year, describe the Clean Down period (period of consecutive days (and dates)):	---------	-----

[END OF SCHEDULE 2--WORKSHEETS A AND B FOLLOW]

WORKSHEET A
CONSOLIDATED INTEREST CHARGES CALCULATION

Calculation of Consolidated Interest Charges for the four consecutive fiscal quarters ending prior to January 1, 2003 (use the annualized pro forma number from Line 1.d, 2.b, 3.b, or 4.b. for the appropriate quarter and enter this number on Line II.B.1. of the Compliance Certificate):

1. For the fiscal quarter ended March 31, 2002:

   a. Number of days between MLP Offering Closing and March 31, 2002: _____ days

   b. Consolidated Interest Charges during the period in Line 1.a: $ _____

   c. Pro Forma Quarterly Interest Charges for the fiscal quarter ended March 31, 2002 (Line 1.b. / Line 1.a. x 90): $ _____

   d. Consolidated Interest Charges (Line 1.c x 4) (to be entered as Line II.B.1 on Schedule 2): $ _____

2. For the fiscal quarter ended June 30, 2002:

   a. Consolidated Interest Charges for the fiscal quarter ended June 30, 2002: $ _____

   b. Annualized Consolidated Interest Charges ((Line 1.c + Line 2.a) x 2) (to be entered as Line II.B.1 on Schedule 2): $ _____

3. For the fiscal quarter ended September 30, 2002:

   a. Consolidated Interest Charges for the fiscal quarter ended September 30, 2002: $ _____

   b. Annualized Consolidated Interest Charges ((Line 1.c + Line 2.a + Line 3.a) x (4/3)) (to be entered as Line II.B.1 on Schedule 2): $ _____

4. For the fiscal quarter ended December 31, 2002:

   a. Consolidated Interest Charges for the fiscal quarter ended December 31, 2002: $ _____

   b. Annualized Consolidated Interest Charges (Line 1.c + Line 2.a + Line 3.a + Line 4.a) (to be entered as Line II.B.1 on Schedule 2): $ _____

[Note: This Worksheet is based upon the assumption that the MLP Offering Closing will occur during the first fiscal quarter of 2002. If the MLP Offering Closing occurs after such date, appropriate adjustments will need to be made.]

WORKSHEET B
CALCULATION OF AVAILABLE CASH

Available Cash of the MLP (calculated pursuant to the MLP's Partnership Agreement)

A.	Cash and cash equivalents of the MLP and its subsidiaries on hand at the end of the quarter:	$ ----------
B.	All additional cash and cash equivalents of the MLP and its subsidiaries on hand on the date of determination resulting from working capital borrowings made after the end of the quarter:	$ ----------
C.	Cash reserves to provide for the proper conduct of the business of the MLP and its subsidiaries (including reserves for future capital expenditures and for future credit needs of the MLP and its subsidiaries) after the quarter:*	$ ----------
D.	Cash reserves to comply with applicable law or any debt instrument or other agreement or obligation to which the MLP or any of its subsidiaries is a party or its assets are subject:*	$ ----------
E.	Cash reserves to provide funds for minimum quarterly distributions and cumulative common unit arrearages for any one or more of the next four quarters:*	$ ----------
F.	Available Cash of the MLP (Line A + B - C - D - E) (to be entered as Line VI.A on Schedule 2):	$ ----------

* If there is an amount entered in C, D, or E above, attach a description of purpose/reason for such reserves.

Available Cash of the Borrower (calculated pursuant to the Borrower's Partnership Agreement)

A.	All cash and cash equivalents of the Borrower on hand at the end of the quarter:	$ ----------
B.	All additional cash and cash equivalents of the Borrower on hand on the date of determination of Available Cash with respect to such quarter resulting from working capital borrowings made subsequent to the end of such quarter:	$ ----------

C.	Cash reserves to provide for the proper conduct of the business of the Borrower (including reserves for future capital expenditures and for anticipated future credit needs of the Borrower) subsequent to such quarter:*	$ ----------
D.	Cash reserves to comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Borrower or any Subsidiary is a party or by which it is bound or its assets are subject:*	$ ----------
E.	Cash reserves to provide funds for distributions under Section 6.4 or 6.5 of the MLP Agreement in respect of any one or more of the next four quarters:*	$ ----------
F.	Available Cash of the Borrower (Line A + B - C - D - E) (to be entered as Line VI.B on Schedule 2):	$ ----------

* If there is an amount entered in C, D, or E above, attach a description of purpose/reason for such reserves.

EXHIBIT D

FORM OF ASSIGNMENT AND ACCEPTANCE

Reference is made to that certain Credit Agreement, dated as of February 1, 2002 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The assignor identified on the signature page hereto (the "Assignor") and the assignee identified on the signature page hereto (the "Assignee") agree as follows:

1. (a) Subject to paragraph 11, effective as of the date specified on Schedule 1 hereto (the "Effective Date"), the Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, the interest with under the Credit Agreement described on Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Agreement.

(b) From and after the Effective Date, (i) the Assignee shall be a party under the Agreement and will have all the rights and obligations of a Lender for all purposes under the Loan Documents to the extent of the Assigned Interest and be bound by the provisions thereof, and (ii) to the extent of the Assigned Interest, the Assignor shall relinquish its rights and be released from its obligations under the Agreement. The Assignor and/or the Assignee, as agreed by the Assignor and the Assignee, shall deliver, in immediately available funds, any applicable assignment fee required under Section 10.07(b) of the Agreement.

2. On the Effective Date, the Assignee shall pay to the Assignor, in immediately available funds, an amount equal to the purchase price of the Assigned Interest as agreed upon by the Assignor and the Assignee.

3. From and after the Effective Date, the Administrative Agent shall make all payments under the Agreement and the Notes, if any, in respect of the Assigned Interest (including all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Agreement and such Notes, if any, for periods prior to the Effective Date directly between themselves.

4. The Assignor represents and warrants to the Assignee that:

(a) The Assignor is the legal and beneficial owner of the Assigned Interest, and the Assigned Interest is free and clear of any adverse claim;

(b) the Assigned Interest listed on Schedule 1 accurately and completely sets forth the Outstanding Amount of all Loans and of all L/C Obligations relating to the Assigned Interest as of the Effective Date;

(c) it has the power and authority and the legal right to make, deliver and perform, and has taken all necessary action, to authorize the execution, delivery and performance of this Assignment and Acceptance, and any and all other documents delivered by it in connection

herewith and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment and Acceptance and the Loan Documents, and no consent or authorization of, filing with, or other act by or in respect of any Governmental Authority, is required in connection in connection herewith or therewith; and

(d) this Assignment and Acceptance constitutes the legal, valid and binding obligation of the Assignor.

The Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its Affiliates or the performance by the Borrower or any of its Affiliates of their respective obligations under the Loan Documents, and assumes no responsibility with respect to any statements, warranties or representations made under or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document other than as expressly set forth above.

5. The Assignee represents and warrants to the Assignor and the Administrative Agent that:

(a) it is an Eligible Assignee;

(b) it has the full power and authority and the legal right to make, deliver and perform, and has taken all necessary action, to authorize the execution, delivery and performance of this Assignment and Acceptance, and any and all other documents delivered by it in connection herewith and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment and Acceptance and the Loan Documents, and no consent or authorization of, filing with, or other act by or in respect of any Governmental Authority, is required in connection in connection herewith or therewith;

(c) this Assignment and Acceptance constitutes the legal, valid and binding obligation of the Assignee;

(d) under applicable Laws no tax will be required to be withheld by the Administrative Agent or the Borrower with respect to any payments to be made to the Assignee hereunder or under any Loan Document, and unless otherwise indicated in the space opposite the Assignee's signature below, no tax forms described in Section 10.15 of the Agreement are required to be delivered by the Assignee; and

(e) the Assignee has received a copy of the Agreement, together with copies of the most recent financial statements of the Borrower delivered pursuant thereto, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance. The Assignee has independently and without reliance upon the Assignor or the Administrative Agent and based on such information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance. The Assignee will, independently and without reliance upon the Administrative Agent or any Lender, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement.

6. The Assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Agreement, the other Loan

Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto.

7. If either the Assignee or the Assignor desires one or more Notes to evidence its Loans, it shall request the Administrative Agent to procure such Notes from the Borrower.

8. The Assignor and the Assignee agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment and Acceptance.

9. This Assignment and Acceptance shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that the Assignee shall not assign its rights or obligations hereunder without the prior written consent of the Assignor and any purported assignment, absent such consent, shall be void.

10. This Assignment and Acceptance may be executed by facsimile signatures with the same force and effect as if manually signed and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the state specified in Section 10.16 of the Agreement entitled "Governing Law."

11. The effectiveness of the assignment described herein is subject to:

(a) if such consent is required by the Agreement, receipt by the Assignor and the Assignee of the consent of the Administrative Agent and/or the Borrower to the assignment described herein. By delivering a duly executed and delivered copy of this Assignment and Acceptance to the Administrative Agent, the Assignor and the Assignee hereby request any such required consent and request that the Administrative Agent register the Assignee as a Lender under the Agreement effective as of the Effective Date; and

(b) receipt by the Administrative Agent of (or other arrangements acceptable to the Administrative Agent with respect to) any applicable assignment fee referred to in Section 10.07(b) of the Agreement and any tax forms required by Section 10.15 of the Agreement.

By signing below, the Administrative Agent agrees to register the Assignee as a Lender under the Agreement, effective as of the Effective Date with respect to the Assigned Interest, and will adjust the registered Pro Rata Share of the Assignor under the Agreement to reflect the assignment of the Assigned Interest.

12. Attached hereto as Schedule 2 is all contact, address, account and other administrative information relating to the Assignee.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers.

Assignor:

[Name of Assignor]

By: ----------

Name: ----------

Title: ----------

Assignee:

[Name of Assignee]

[ ] Tax forms required by Section 10.15 of the Agreement included

By: ----------

Name: ----------

Title: ----------

(Signatures continue)

In accordance with and subject to Section 10.07 of the Credit Agreement, the undersigned consent to the foregoing assignment as of the Effective Date:

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC, its General Partner

By: ----------
Name: ----------
Title: ----------

BANK OF AMERICA, N.A.,
as Administrative Agent

By: ----------
Title:

SCHEDULE 1 TO ASSIGNMENT AND ACCEPTANCE

THE ASSIGNED INTEREST

Effective Date: _____

Committed Sum or Outstanding Amount Assigned (as applicable)	Commitment Percentage (i.e. the proportion that Assignee's Committed Sum to be acquiredbears to the Aggregate Committed Sum or Percentage of Outstanding Amount assigned (i.e. the proportion that the Outstanding Amount to be acquired by Assignee bears to the aggregate Outstanding Amount under the respective Facility) (set forth to at least 8 decimal points)
Assigned Interest	%

SCHEDULE 2 TO ASSIGNMENT AND ACCEPTANCE

ADMINISTRATIVE DETAILS

(Assignee to list names of credit contacts, addresses, phone and facsimile numbers, electronic mail addresses and account and payment information)

FORM OF SUBSIDIARY GUARANTY

THIS GUARANTY is executed as of February , 2002, jointly and severally by the undersigned (each a "Guarantor" and collectively the "Guarantors"), for the benefit of BANK OF AMERICA, N.A., a national banking association (in its capacity as Administrative Agent for the benefit of Lenders).

RECITALS

A. Sunoco Logistics Partners Operations L.P., a Delaware limited partnership ("Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), Bank of America, N.A., as Administrative Agent (including its permitted successors and assigns in such capacity, "Administrative Agent"), and the Lenders now or hereafter party to the Credit Agreement (including their respective permitted successors and assigns, "Lenders") have entered into a Credit Agreement, dated as of February 1, 2002 (as amended, modified, supplemented, or restated from time to time, the "Credit Agreement");

B. Provisions of the Credit Agreement permit Guarantors to directly or indirectly receive proceeds of Borrowings made pursuant thereto; and

C. This Guaranty is integral to the transactions contemplated by the Loan Documents and the execution and delivery hereof, is a condition precedent to Lenders' obligations to extend credit under the Loan Documents.

ACCORDINGLY, for adequate and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, each Guarantor, jointly and severally, guarantees to Administrative Agent and Lenders the prompt payment of the Guaranteed Debt (defined below) as follows:

1. DEFINITIONS. Terms defined in the Credit Agreement have the same meanings when used, unless otherwise defined, in this Guaranty. As used in this Guaranty:

Borrower means Borrower, Borrower as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party appointed for Borrower or for all or substantially all of Borrower's assets under any Debtor Relief Law.

Credit Agreement is defined in the recitals to this Guaranty.

Guaranteed Debt means, collectively, (a) the Obligations and (b) all present and future costs, attorneys' fees, and expenses reasonably incurred by Administrative Agent or any Lender to enforce Borrower's, any Guarantor's, or any other obligor's payment of any of the Guaranteed Debt, including, without limitation (to the extent lawful), all present and future amounts that would become due but for the operation of Sections 502 or 506 or any other provision of Title 11 of the United States Code and all present and future accrued and unpaid interest (including, without limitation, all post-maturity interest and any post-petition interest in any proceeding under Debtor Relief Laws to which Borrower or any Guarantor becomes subject).

Guarantor and Guarantors is defined in the preamble to this Guaranty.

Lender means, individually, or Lenders means, collectively, on any date of determination, the Lenders and their permitted successors and assigns.

Subordinated Debt means, for each Guarantor, all present and future obligations of any Company to such Guarantor, whether those obligations are (a) direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, (b) due or to become due to such Guarantor, (c) held by or are to be held by such Guarantor, (d) created directly or acquired by assignment or otherwise, or (e) evidenced in writing.

2. GUARANTY. This is an absolute, irrevocable, and continuing guaranty of payment, not collection, and the circumstance that at any time or from time to time the Guaranteed Debt may be paid in full does not affect the obligation of any Guarantor with respect to the Guaranteed Debt incurred after that. This Guaranty remains in effect until the Guaranteed Debt is fully paid and performed, and all commitments to extend any credit under the Loan Documents have terminated. No Guarantor may rescind or revoke its obligations with respect to the Guaranteed Debt. Notwithstanding any contrary provision, it is the intention of Guarantors, Lenders, and Administrative Agent that the amount of the Guaranteed Debt guaranteed by each Guarantor by this Guaranty shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer, or similar Laws applicable to each such Guarantor. Accordingly, notwithstanding anything to the contrary contained in this Guaranty or any other agreement or instrument executed in connection with the payment of any of the Guaranteed Debt, the amount of the Guaranteed Debt guaranteed by any Guarantor under this Guaranty shall be limited to an aggregate amount equal to the largest amount that would not render such Guarantor's obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any applicable state Law.

3. CONSIDERATION. Each Guarantor represents and warrants that its liability under this Guaranty may reasonably be expected to directly or indirectly benefit it.

4. CUMULATIVE RIGHTS. If any Guarantor becomes liable for any indebtedness owing by Borrower to Administrative Agent or any Lender, other than under this Guaranty, that liability may not be in any manner impaired or affected by this Guaranty. The Rights of Administrative Agent or Lenders under this Guaranty are cumulative of any and all other Rights that Administrative Agent or Lenders may ever have against any Guarantor. The exercise by Administrative Agent or Lenders of any Right under this Guaranty or otherwise does not preclude the concurrent or subsequent exercise of any other Right.

5. PAYMENT UPON DEMAND. If an Event of Default exists, each Guarantor shall, on demand and without further notice of dishonor and without any notice having been given to any Guarantor previous to that demand of either the acceptance by Administrative Agent or Lenders of this Guaranty or the creation or incurrence of any Guaranteed Debt, pay the amount of the Guaranteed Debt then due and payable to Administrative Agent and Lenders; provided that, if an Event of Default exists and Administrative Agent or Lenders cannot, for any reason, accelerate the Obligations, then the Guaranteed Debt shall be, as among Guarantors, Administrative Agent, and Lenders, a fully matured, due, and payable obligation of Guarantors to Administrative Agent and Lenders. It is not necessary for Administrative Agent or Lenders, in order to enforce that payment by any Guarantor, first or contemporaneously to institute suit or exhaust remedies against Borrower or others liable on any Guaranteed Debt.

6. SUBORDINATION. The Subordinated Debt is expressly subordinated to the full and final payment of the Obligations. Upon the occurrence and during the continuation of an Event of Default, each Guarantor agrees not to accept any payment of any Subordinated Debt from any Company. In the event of (i) any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to any Company, its creditors as such or its property, (ii) any proceeding for the liquidation, dissolution or other winding-up of any Company, voluntary or involuntary, whether or not involving insolvency or bankruptcy proceedings, (iii) any assignment by any Company for the benefit of creditors, or (iv) any other marshalling of the assets of a Company, the Obligations (including any interest thereon accruing at the legal rate after the commencement of any such proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall first be paid in full before any payment or distribution, whether in cash, securities or other property, shall be made to any holder of any Subordinated Debt. If any Guarantor receives any payment of any Subordinated Debt in violation of the terms of this Section, such Guarantor shall hold that payment in trust for Administrative Agent and Lenders and promptly turn it over to Administrative Agent, in the form received (with any necessary endorsements), to be applied to the Obligations.

7. SUBROGATION AND CONTRIBUTION. Until payment in full of the Guaranteed Debt and the termination of the Obligations of Lenders to extend credit under the Loan Documents, (a) no Guarantor may assert, enforce, or otherwise exercise any Right of subrogation to any of the Rights or Liens of Administrative Agent or Lenders or any other beneficiary against Borrower or any other obligor on the Guaranteed Debt or any collateral or other security or any Right of recourse, reimbursement, subrogation, contribution, indemnification, or similar Right against Borrower or any other obligor on any Guaranteed Debt or any Guarantor of it, and (b) each Guarantor defers all of the foregoing Rights (whether they arise in equity, under contract, by statute, under common Law, or otherwise). Upon payment in full of the Guaranteed Debt and the termination of the obligations of Lenders to extend credit under the Loan Documents, each Guarantor shall be subrogated to the rights of the Administrative Agent and Lenders against Borrower and the other obligors.

8. NO RELEASE. Each Guarantor agrees that its obligations under this Guaranty may not be released, diminished, or affected by the occurrence of any one or more of the following events: (a) any taking or accepting of any additional guaranty or any other security or assurance for any Guaranteed Debt; (b) any release, surrender, exchange, subordination, impairment, or loss of any collateral securing any Guaranteed Debt; (c) any full or partial release of the liability of any other obligor on the Obligations, except for any final release resulting from payment in full of such Obligations; (d) the modification of, or waiver of compliance with, any terms of any other Loan Document; (e) the insolvency, bankruptcy, or lack of corporate or partnership power of any other obligor at any time liable for any Guaranteed Debt, whether now existing or occurring in the future; (f) any renewal, extension, or rearrangement of any Guaranteed Debt or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Administrative Agent or any Lender to any other obligor on the Obligations; (g) any neglect, delay, omission, failure, or refusal of Administrative Agent or any Lender to take or prosecute any action in connection with the Guaranteed Debt or to foreclose, take, or prosecute any action in connection with any Loan Document; (h) any failure of Administrative Agent or any Lender to notify any Guarantor of any renewal, extension, or assignment of any Guaranteed Debt, or the release of any security or of any other action taken or refrained from being taken by Administrative Agent or any Lender against Borrower or any new agreement between Administrative Agent, any Lender, and Borrower; it being understood that neither Administrative Agent nor any Lender is required to give any Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with any Guaranteed Debt, other than any notice required to be given in this Guaranty; (i) the

unenforceability of any Guaranteed Debt against any other obligor or any security securing same because it exceeds the amount permitted by Law, the act of creating it is ultra vires, the officers creating it exceeded their authority or violated their fiduciary duties in connection with it, or otherwise; (j) any payment of the Obligations to Administrative Agent or any Lender is held to constitute a preference under any Debtor Relief Law or for any other reason Administrative Agent or any Lender is required to refund that payment or make payment to someone else (and in each such instance this Guaranty will be reinstated in an amount equal to that payment); or (k) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Borrower or any Guarantor.

9. WAIVERS. By execution hereof, each Guarantor waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to the Guaranteed Debt (or any part thereof) shall not be affected by any renewal or extension in the time of payment of the Obligations (or any part thereof). To the maximum extent lawful, each Guarantor waives all Rights by which it might be entitled to require suit on an accrued Right of action in respect of any Guaranteed Debt or require suit against Borrower or others.

10. LOAN DOCUMENTS. By execution hereof, each Guarantor covenants and agrees that certain representations, warranties, terms, covenants, and conditions set forth in the Loan Documents are applicable to Guarantors by their terms and shall be imposed upon Guarantors, and each Guarantor reaffirms that each such representation and warranty is true and correct and covenants and agrees to promptly and properly perform, observe, and comply with each such term, covenant, or condition. Moreover, each Guarantor acknowledges and agrees that this Guaranty is subject to the offset provisions of the Loan Documents in favor of Administrative Agent and Lenders. In the event the Credit Agreement or any other Loan Document shall cease to remain in effect for any reason whatsoever during any period when any part of the Guaranteed Debt remains unpaid, the terms, covenants, and agreements of the Credit Agreement or such other Loan Document incorporated herein by reference shall nevertheless continue in full force and effect as obligations of Guarantors under this Guaranty.

11. RELIANCE AND DUTY TO REMAIN INFORMED. Each Guarantor confirms that it has executed and delivered this Guaranty after reviewing the terms and conditions of the Loan Documents and such other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this Guaranty. Each Guarantor confirms that it has made its own independent investigation with respect to Borrower's creditworthiness and is not executing and delivering this Guaranty in reliance on any representation or warranty by Administrative Agent or any Lender as to that creditworthiness. Each Guarantor expressly assumes all responsibilities to remain informed of the financial condition of Borrower and any circumstances affecting Borrower's ability to perform under the Loan Documents to which it is a party.

12. LOAN DOCUMENT. This Guaranty is a Loan Document and is subject to the applicable provisions of Articles 1 and 10 of the Credit Agreement, including, without limitation, the provisions relating to GOVERNING LAW, AND WAIVER OF RIGHT TO JURY TRIAL, both of which are incorporated into this Guaranty by reference the same as if set forth in this Guaranty verbatim.

13. NOTICES. All notices required or permitted under this Guaranty, if any, shall be given in the manner set forth in Section 10.02 of the Credit Agreement.

14. AMENDMENTS, ETC. No amendment, waiver, or discharge to or under this Guaranty is valid unless it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of Section 10.01 of the Credit Agreement.

15. ADMINISTRATIVE AGENT AND LENDERS. Administrative Agent is Administrative Agent for each Lender under the Credit Agreement. All Rights granted to Administrative Agent under or in connection with this Guaranty are for each Lender's ratable benefit. Administrative Agent may, without the joinder of any Lender, exercise any Rights in Administrative Agent's or Lenders' favor under or in connection with this Guaranty. Administrative Agent's and each Lender's Rights and obligations vis-a-vis each other may be subject to one or more separate agreements between those parties. However, no Guarantor is required to inquire about any such agreement or is subject to any of its terms unless such Guarantor specifically joins such agreement Therefore, neither Guarantor nor its successors or assigns is entitled to any benefits or provisions of any such separate agreement or is entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of such agreement.

16. ADDITIONAL GUARANTORS. Each Guarantor is aware that the MLP has executed and delivered a Guaranty to the Administrative Agent on the date hereof. Also, from time to time subsequent to the time hereof, additional Persons may execute and deliver guaranties to the Administrative Agent. Each Guarantor hereunder expressly agrees that its obligations arising hereunder shall not be affected or diminished by any such additional guaranties. Each Guarantor agrees that it shall not be necessary or required that the Administrative Agent or any Lender exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Borrower, the other Guarantors, or any other Person who has guaranteed the Guaranteed Debt before or as a condition to the obligations of any Guarantor hereunder.

17. PARTIES. This Guaranty benefits Administrative Agent, Lenders, and their respective successors and assigns and binds Guarantors and their respective successors and assigns. Upon appointment of any successor Administrative Agent under the Credit Agreement, all of the Rights of Administrative Agent under this Guaranty automatically vest in that new Administrative Agent as successor Administrative Agent on behalf of Lenders without any further act, deed, conveyance, or other formality other than that appointment. The Rights of Administrative Agent and Lenders under this Guaranty may be transferred with any assignment of the Guaranteed Debt pursuant to and in accordance with the terms of the Credit Agreement. The Credit Agreement contains provisions governing assignments of the Guaranteed Debt and of Rights and obligations under this Guaranty.

Remainder of Page Intentionally Blank.
Signature Page(s) to Follow.

EXECUTED as of the date first stated in this Guaranty.

GUARANTORS:

SUNOCO LOGISTICS PARTNERS OPERATIONS GP LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

SUNOCO PARTNERS MARKETING & TERMINALS L.P., a Texas limited partnership

By: SUNOCO LOGISTICS PARTNERS OPERATIONS GP LLC, a Delaware limited liability company, its General Partner

By: _____
Name: _____
Title: _____

SUNOCO PIPELINE L.P., a Texas limited partnership

By: SUNOCO LOGISTICS PARTNERS OPERATIONS GP LLC, a Delaware limited liability company, its General Partner

By: _____
Name: _____
Title: _____

FORM OF GUARANTY
(MLP)

THIS GUARANTY is executed as of February , 2002, by the undersigned
--
("Guarantor"), for the benefit of BANK OF AMERICA, N.A., a national banking association (in its capacity as Administrative Agent for the benefit of Lenders).

RECITALS

A. Sunoco Logistics Partners Operations L.P., a Delaware limited partnership ("Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), Bank of America, N.A., as Administrative Agent (including its permitted successors and assigns in such capacity, "Administrative Agent"), and the Lenders now or hereafter party to the Credit Agreement (including their respective permitted successors and assigns, "Lenders") have entered into a Credit Agreement, dated as of February 1, 2002 (as amended, modified, supplemented, or restated from time to time, the "Credit Agreement");

B. Borrower is a Subsidiary of Guarantor, and therefore, Guarantor will derive direct and substantial benefits from the extensions of credit under the Credit Agreement; and

C. This Guaranty is integral to the transactions contemplated by the Loan Documents and the execution and delivery hereof, is a condition precedent to Lenders' obligations to extend credit under the Loan Documents.

ACCORDINGLY, for adequate and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor guarantees to Administrative Agent and Lenders the prompt payment of the Guaranteed Debt (defined below) as follows:

1. DEFINITIONS. Terms defined in the Credit Agreement have the same meanings when used, unless otherwise defined, in this Guaranty. As used in this Guaranty:

Borrower means Borrower, Borrower as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party appointed for Borrower or for all or substantially all of Borrower's assets under any Debtor Relief Law.

Credit Agreement is defined in the recitals to this Guaranty.

Guaranteed Debt means, collectively, (a) the Obligations and (b) all present and future costs, attorneys' fees, and expenses reasonably incurred by Administrative Agent or any Lender to enforce Borrower's, the Guarantor's, or any other obligor's payment of any of the Guaranteed Debt, including, without limitation (to the extent lawful), all present and future amounts that would become due but for the operation of Sections 502 or 506 or any other provision of Title 11 of the United States Code and all present and future accrued and unpaid interest (including, without limitation, all post-maturity interest and any post-petition interest in any proceeding under Debtor Relief Laws to which Borrower or the Guarantor becomes subject).

Guarantor is defined in the preamble to this Guaranty.

Lender means, individually, or Lenders means, collectively, on any date of determination, the Lenders and their permitted successors and assigns.

Subordinated Debt means, all present and future obligations of any Company to the Guarantor, whether those obligations are (a) direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, (b) due or to become due to the Guarantor, (c) held by or are to be held by the Guarantor, (d) created directly or acquired by assignment or otherwise, or (e) evidenced in writing.

2. GUARANTY. This is an absolute, irrevocable, and continuing guaranty of payment, not collection, and the circumstance that at any time or from time to time the Guaranteed Debt may be paid in full does not affect the obligation of the Guarantor with respect to the Guaranteed Debt incurred after that. This Guaranty remains in effect until the Guaranteed Debt is fully paid and performed, all commitments to extend any credit under the Loan Documents have terminated and all Letters of Credit have terminated. The Guarantor may not rescind or revoke its obligations with respect to the Guaranteed Debt.

3. CONSIDERATION. The Guarantor represents and warrants that its liability under this Guaranty will directly benefit it.

4. CUMULATIVE RIGHTS. If the Guarantor becomes liable for any indebtedness owing by Borrower to Administrative Agent or any Lender, other than under this Guaranty, that liability may not be in any manner impaired or affected by this Guaranty. The Rights of Administrative Agent or Lenders under this Guaranty are cumulative of any and all other Rights that Administrative Agent or Lenders may ever have against the Guarantor. The exercise by Administrative Agent or Lenders of any Right under this Guaranty or otherwise does not preclude the concurrent or subsequent exercise of any other Right.

5. PAYMENT UPON DEMAND. If an Event of Default exists, the Guarantor shall, on demand and without further notice of dishonor and without any notice having been given to the Guarantor previous to that demand of either the acceptance by Administrative Agent or Lenders of this Guaranty or the creation or incurrence of any Guaranteed Debt, pay the amount of the Guaranteed Debt then due and payable to Administrative Agent and Lenders; provided that, if an Event of Default exists and Administrative Agent or Lenders cannot, for any reason, accelerate the Obligations, then the Guaranteed Debt shall be, as among the Guarantor, Administrative Agent, and Lenders, a fully matured, due, and payable obligation of the Guarantor to Administrative Agent and Lenders. It is not necessary for Administrative Agent or Lenders, in order to enforce that payment by the Guarantor, first or contemporaneously to institute suit or exhaust remedies against Borrower or others liable on any Guaranteed Debt.

6. SUBORDINATION. The Subordinated Debt is expressly subordinated to the full and final payment of the Obligations. Upon the occurrence and during the continuation of an Event of Default, the Guarantor agrees not to accept any payment of any Subordinated Debt from any Company. In the event of (i) any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to any Company, its creditors as such or its property, (ii) any proceeding for the liquidation, dissolution or other winding-up of any Company, voluntary or involuntary, whether or not involving insolvency or bankruptcy proceedings, (iii) any assignment by any Company for the benefit of creditors, or (iv) any other marshalling of the assets of a Company, the Obligations (including any interest thereon accruing at the legal rate after the commencement of any such

proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall first be paid in full before any payment or distribution, whether in cash, securities or other property, shall be made to any holder of any Subordinated Debt. If the Guarantor receives any payment of any Subordinated Debt in violation of the terms of this Section, such Guarantor shall hold that payment in trust for Administrative Agent and Lenders and promptly turn it over to Administrative Agent, in the form received (with any necessary endorsements), to be applied to the Obligations.

7. SUBROGATION AND CONTRIBUTION. Until payment in full of the Guaranteed Debt and the termination of the Obligations of Lenders to extend credit under the Loan Documents, (a) the Guarantor may not assert, enforce, or otherwise exercise any Right of subrogation to any of the Rights or Liens of Administrative Agent or Lenders or any other beneficiary against Borrower or any other obligor on the Guaranteed Debt or any collateral or other security or any Right of recourse, reimbursement, subrogation, contribution, indemnification, or similar Right against Borrower or any other obligor on any Guaranteed Debt or any other guarantor of it, and (b) the Guarantor defers all of the foregoing Rights (whether they arise in equity, under contract, by statute, under common Law, or otherwise). Upon payment in full of the Guaranteed Debt and the termination of the obligations of Lenders to extend credit under the Loan Documents, the Guarantor shall be subrogated to the rights of the Administrative Agent and Lenders against Borrower and the other obligors.

8. NO RELEASE. The Guarantor agrees that its obligations under this Guaranty may not be released, diminished, or affected by the occurrence of any one or more of the following events: (a) any taking or accepting of any additional guaranty or any other security or assurance for any Guaranteed Debt; (b) any release, surrender, exchange, subordination, impairment, or loss of any collateral securing any Guaranteed Debt; (c) any full or partial release of the liability of any other obligor on the Obligations, except for any final release resulting from payment in full of such Obligations; (d) the modification of, or waiver of compliance with, any terms of any other Loan Document; (e) the insolvency, bankruptcy, or lack of corporate or partnership power of any other obligor at any time liable for any Guaranteed Debt, whether now existing or occurring in the future; (f) any renewal, extension, or rearrangement of any Guaranteed Debt or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Administrative Agent or any Lender to any other obligor on the Obligations; (g) any neglect, delay, omission, failure, or refusal of Administrative Agent or any Lender to take or prosecute any action in connection with the Guaranteed Debt or to foreclose, take, or prosecute any action in connection with any Loan Document; (h) any failure of Administrative Agent or any Lender to notify the Guarantor of any renewal, extension, or assignment of any Guaranteed Debt, or the release of any security or of any other action taken or refrained from being taken by Administrative Agent or any Lender against Borrower or any new agreement between Administrative Agent, any Lender, and Borrower; it being understood that neither Administrative Agent nor any Lender is required to give the Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with any Guaranteed Debt, other than any notice required to be given in this Guaranty; (i) the unenforceability of any Guaranteed Debt against any other obligor or any security securing same because it exceeds the amount permitted by Law, the act of creating it is ultra vires, the officers creating it exceeded their authority or violated their fiduciary duties in connection with it, or otherwise; (j) any payment of the Obligations to Administrative Agent or any Lender is held to constitute a preference under any Debtor Relief Law or for any other reason Administrative Agent or any Lender is required to refund that payment or make payment to someone else (and in each such instance this Guaranty will be reinstated in an amount equal to that payment); or (k) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Borrower or the Guarantor.

9. WAIVERS. By execution hereof, the Guarantor waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to the Guaranteed Debt (or any part thereof) shall not be affected by any renewal or extension in the time of payment of the Obligations (or any part thereof). To the maximum extent lawful, the Guarantor waives all Rights by which it might be entitled to require suit on an accrued Right of action in respect of any Guaranteed Debt or require suit against Borrower or others.

10. LOAN DOCUMENTS. By execution hereof, the Guarantor covenants and agrees that certain representations, warranties, terms, covenants, and conditions set forth in the Loan Documents are applicable to the Guarantor by their terms and shall be imposed upon the Guarantor, and the Guarantor reaffirms that each such representation and warranty is true and correct and covenants and agrees to promptly and properly perform, observe, and comply with each such term, covenant, or condition. Moreover, the Guarantor acknowledges and agrees that this Guaranty is subject to the offset provisions of the Loan Documents in favor of Administrative Agent and Lenders. In the event the Credit Agreement or any other Loan Document shall cease to remain in effect for any reason whatsoever during any period when any part of the Guaranteed Debt remains unpaid, the terms, covenants, and agreements of the Credit Agreement or such other Loan Document incorporated herein by reference shall nevertheless continue in full force and effect as obligations of the Guarantor under this Guaranty.

11. RELIANCE AND DUTY TO REMAIN INFORMED. The Guarantor confirms that it has executed and delivered this Guaranty after reviewing the terms and conditions of the Loan Documents and such other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this Guaranty. The Guarantor confirms that it has made its own independent investigation with respect to Borrower's creditworthiness and is not executing and delivering this Guaranty in reliance on any representation or warranty by Administrative Agent or any Lender as to that creditworthiness. The Guarantor expressly assumes all responsibilities to remain informed of the financial condition of Borrower and any circumstances affecting Borrower's ability to perform under the Loan Documents to which it is a party.

12. LOAN DOCUMENT. This Guaranty is a Loan Document and is subject to the applicable provisions of Articles 1 and 10 of the Credit Agreement, including, without limitation, the provisions relating to GOVERNING LAW, AND WAIVER OF RIGHT TO JURY TRIAL, both of which are incorporated into this Guaranty by reference the same as if set forth in this Guaranty verbatim.

13. NOTICES. All notices required or permitted under this Guaranty, if any, shall be given in the manner set forth in Section 10.02 of the Credit Agreement.

14. AMENDMENTS, ETC. No amendment, waiver, or discharge to or under this Guaranty is valid unless it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of Section 10.01 of the Credit Agreement.

15. ADMINISTRATIVE AGENT AND LENDERS. Administrative Agent is Administrative Agent for each Lender under the Credit Agreement. All Rights granted to Administrative Agent under or in connection with this Guaranty are for each Lender's ratable benefit. Administrative Agent may, without the joinder of any Lender, exercise any Rights in Administrative Agent's or Lenders' favor under or in connection with this Guaranty. Administrative Agent's and each Lender's Rights and obligations vis-a-vis each other may be subject to one or more separate agreements between those parties.

However, the Guarantor is not required to inquire about any such agreement nor is it subject to any of its terms unless the Guarantor specifically joins such agreement Therefore, neither Guarantor nor its successors or assigns is entitled to any benefits or provisions of any such separate agreement or is entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of such agreement.

16. ADDITIONAL GUARANTORS. The Guarantor is aware that certain Subsidiaries of the Borrower have executed and delivered guaranties to the Administrative Agent on the date hereof. Furthermore, from time to time subsequent to the time hereof, additional Persons may execute and deliver guaranties to the Administrative Agent. The Guarantor hereunder expressly agrees that its obligations arising hereunder shall not be affected or diminished by any such additional guaranties. The Guarantor agrees that it shall not be necessary or required that the Administrative Agent or any Lender exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Borrower or any other Person who has guaranteed the Guaranteed Debt before or as a condition to the obligations of the Guarantor hereunder.

17. PARTIES. This Guaranty benefits Administrative Agent, Lenders, and their respective successors and assigns and binds the Guarantor and their respective successors and assigns. Upon appointment of any successor Administrative Agent under the Credit Agreement, all of the Rights of Administrative Agent under this Guaranty automatically vest in that new Administrative Agent as successor Administrative Agent on behalf of Lenders without any further act, deed, conveyance, or other formality other than that appointment. The Rights of Administrative Agent and Lenders under this Guaranty may be transferred with any assignment of the Guaranteed Debt pursuant to and in accordance with the terms of the Credit Agreement. The Credit Agreement contains provisions governing assignments of the Guaranteed Debt and of Rights and obligations under this Guaranty.

Remainder of Page Intentionally Blank.
Signature Page(s) to Follow.

EXECUTED as of the date first stated in this Guaranty.

GUARANTOR:

SUNOCO LOGISTICS PARTNERS L.P., a
Delaware limited partnership

By: Sunoco Partners LLC, a Pennsylvania
limited liability company, its
General Partner

By:

Name:

Title:

FORM OF OPINION OF COUNSEL

February , 2002

To each of the Lenders parties to the Credit Agreement referred to below, and Bank of America, N.A., as Administrative Agent for the Lenders

Ladies and Gentlemen:

We have acted as special counsel to (i) Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), (ii) Sunoco Logistics Partners GP LLC, a Delaware limited liability company (the "Borrower's GP"), (iii) Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("Sunoco Partners M&T"), Sunoco Pipeline L.P., a Texas limited partnership ("Sunoco Partners Pipeline", and together with Sunoco Partners M&T, the "Borrower's Subsidiaries"), and Sunoco Logistics Partners Operations GP LLC, a Delaware limited liability company (the "Borrower's Subsidiaries' GP", and together with the MLP, the Borrower's Subsidiaries and the Borrower's Subsidiaries' GP, the "Guarantors") and (iv) Sunoco Partners LLC, a Pennsylvania limited liability company (the "MLP's GP") in connection with the Credit Agreement dated as of February 1, 2002, by and among the Borrower, the MLP, the Lenders party thereto, Bank of America, N.A., as Administrative Agent for the Lenders, and the other agents and lenders therein named (the "Credit Agreement").

This opinion is furnished to you at the request of the Borrower pursuant to Section 4.01(a)(vi) of the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

A. Basis of Opinion

In rendering the opinion set forth herein, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction of the following (the "Loan Documents"):

(a) the Credit Agreement;

(b) the Notes;

(c) the Guaranties executed by the Guarantors;

(d) the Cash Collateral Account Agreement (together with (a), (b) and (c), the "Credit Documents");

(e) the Organization Documents of the Borrower, the Borrower's GP, the Guarantors and the MLP's GP (the "Transaction Parties") and all amendments thereto;

(f) Certificates of the Secretary of State of the State of Delaware dated , 2002, and of the Secretary of State of Texas dated , 2002, and of the

Commonwealth of Pennsylvania dated , 2002, attesting to the
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continued existence and good standing of the Transaction Parties in Delaware, Texas, and Pennsylvania, as applicable;

(g) copies of such corporate documents and records of the Transaction Parties, certificates of officers and representatives of certain of the Transaction Parties and such other agreements, documents, instruments and certificates of public officials and other Persons as we have deemed necessary or appropriate for the purposes of rendering the opinion expressed herein; and

(h) such matters of law as we have deemed necessary or appropriate as a basis for the opinion expressed herein.

B. Assumptions

In rendering the opinion expressed below, we have assumed, with your permission, without independent investigation or inquiry, (a) the due authorization, execution and delivery of the Loan Documents by all parties to such documents (other than the Transaction Parties) and that the Loan Documents are valid, binding and enforceable (subject to the limitations on enforceability of the types referred to in the qualifications below) against the parties thereto (other than the Transaction Parties); (b) the legal capacity of natural persons; (c) the genuineness of all signatures on all documents that we examined; (d) the authenticity of all documents submitted to us as originals; and (e) the conformity to authentic originals of all documents submitted to us as certified, conformed or photostatic copies.

As to questions of fact material to the opinion hereinafter expressed, we have relied without investigation upon the representations and warranties of the Borrower and the Guarantors made in the Loan Documents and on such corporate records and certificates from officers and representatives of the Transaction Parties and from public officials as we have deemed necessary and appropriate for this opinion. We have made no examination or investigation to verify the accuracy or completeness of any financial, accounting or statistical information set forth in the Loan Documents or otherwise furnished to you and, accordingly, express no opinion with respect thereto.

C. Opinion

Based upon our examination and review as set forth in Section A hereof, and subject to the assumptions, exceptions, qualifications and limitations set forth in Sections B and D hereof, we are of the opinion that:

1. The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware; the Borrower's GP is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware; the MLP's GP is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania; and each of the Guarantors is a limited partnership or limited liability company duly organized, validly existing and in good standing under the laws of the state of its organization, as indicated in the first paragraph of this opinion.

2. Each Transaction Party has the partnership or company power and authority to own and lease its property and to conduct the business in which it is currently engaged. The

execution, delivery and performance by each Transaction Party of the Credit Documents to which it is a party and the consummation of the transactions contemplated by the Credit Documents (a) are within its partnership or company powers; (b) will not contravene (i) the Organization Documents of any Transaction Party or (ii) any Applicable Law (as defined below); (c) will not breach or result in a default under any Material Agreement; and (d) will not result in or require the creation or imposition of any Lien prohibited by the Credit Documents.

"Applicable Law" means the Delaware Partnership Act, the Delaware Limited Liability Company Act and those laws, rules and regulations of the State of New York, Texas and the United States of America and the rules and regulations adopted thereunder, which, in our experience, are normally applicable to transactions of the type contemplated by the Transaction Documents. Furthermore, the term "Applicable Laws" does not include, and we express no opinion with regard to any: (a) New York, Texas or federal law, rule or regulation relating to (i) pollution or protection of the environment, (ii) zoning, land use, building or construction, (iii) occupational, safety and health or other similar matters or (iv) labor, employee rights and benefits, including the Employment Retirement Income Security Act of 1974, as amended; (b) state or federal laws and regulations regarding the regulation of utilities; (c) antitrust and trade regulation laws; (d) tax laws, rules or regulations; (e) copyright, patent and trademark laws, rules or regulations; and (e) state or federal securities laws.

3. The Credit Agreement and the Cash Collateral Agreement have been duly authorized, executed and delivered to the Administrative Agent by the Borrower, and the Guaranties have been duly authorized, executed and delivered to the Administrative Agent by each of the Guarantors.

4. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Transaction Party of the Credit Documents to which it is a party or the consummation of the transactions contemplated by the Credit Documents, except, in the case of such performance, for such authorizations, approvals, actions, notices and filings which have been made or obtained.

5. The Credit Agreement and each of the Notes constitute valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, and each Guaranty constitutes valid and binding obligations of each of the Guarantors enforceable against each of the Guarantors in accordance with its terms.

6. To our knowledge, there are no pending actions or actions threatened in writing or proceedings against any Transaction Party before any court, governmental agency or arbitrator that purport to affect the legality, validity, binding effect or enforceability of the Credit Documents, or that would reasonably be expected to have a material adverse effect upon the financial condition or operations of any Transaction Party, taken as a whole.

7. No Transaction Party is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8. No Transaction Party is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

D. Qualifications and Exceptions

The opinion rendered above is subject in all respects to the following qualifications and comments:

1. Our opinion above, as to enforceability, is subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

2. Our opinion is subject to the effect of general principles of equity (whether considered in a proceeding in equity or at law). In rendering our opinion, we have assumed that the parties to the Credit Documents will perform their obligations and exercise their rights under such documents within the standards of reasonableness, good faith and fair dealing imposed by applicable law.

3. We express no opinion with respect to the legality, validity, binding nature or enforceability of any of the following provisions found in the Credit Documents, if any: (i) provisions relating to waivers, precluding a party from asserting certain claims or defenses or from obtaining or exercising certain rights, releases and remedies, or excusing a party from damages, liability or obligations to the extent such provisions may violate public policy or otherwise violate applicable law; (ii) provisions relating to subrogation rights, delay or omission of enforcement of rights or remedies, severability or set offs that violate applicable law; (iii) provisions obligating a party to submit to the jurisdiction or venue of any court; (iv) provisions purporting to establish evidentiary standards for suits or proceedings to enforce the Credit Documents; (v) provisions that decisions by a party are conclusive; (vi) provisions purporting to effect the automatic service of process on any person; and (vii) provisions purporting to indemnify or exculpate the Administrative Agent or the Lenders from the consequences of their own negligence, willful misconduct or strict liability.

4. With respect to our opinion set forth in paragraph 1 above as to the valid existence and good standing of the Borrower, the Borrower's GP, the MLP, the MLP's GP and the Borrowers' Subsidiaries' GP, we have relied solely on the certificate dated ----------, of the Secretary of State of the State of Delaware, the certificate dated ----------, of the Secretary of the State of Texas and the certificate dated ----------, of the Commonwealth of Pennsylvania and, with respect to the period from that date to the date of this opinion letter, a certificate of an officer of the Borrower.

5. Qualification of any statement or opinion herein by the use of the words "to our knowledge" means that during the course of the representation in connection with these transactions contemplated by the Credit Agreement, no information has come to our attention that would give us current knowledge of the existence of facts or matters so qualified. We have not undertaken any investigation to determine the existence of facts,

and no inference as to our knowledge thereof shall be drawn from the fact of the representation by us of any party or otherwise.

6. We are members of the bar of the States of New York and Texas, and we express no opinion as to the laws of any jurisdiction other than the laws of the States of New York and Texas, the Delaware Partnership Act, the Delaware Limited Liability Company Act and the Federal laws of the United States of America.

7. This opinion letter is limited to the matters stated herein, and no opinions may be implied or inferred beyond the matters expressly stated herein.

8. The opinion expressed herein is as of the date hereof, and we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

9. This opinion is being furnished only to the addressees named above, and has been rendered solely for your benefit in connection with the Credit Agreement and the transactions contemplated thereby and may not be used, circulated, quoted, relied upon or otherwise referred to for any other purpose without our prior written consent; provided, however, that any Person that becomes a Lender or successor Administrative Agent pursuant to the terms of the Credit Agreement may rely on this opinion as if it were addressed to such Person and delivered on the date hereof.

Very truly yours,

VINSON & ELKINS L.L.P.

FORM OF OPINION OF COUNSEL

February , 2002

To each of the Lenders parties to the Credit Agreement referred to below, and
Bank of America, N.A., as
Administrative Agent for the Lenders

Ladies and Gentlemen:

I have acted as counsel to (i) Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), (ii) Sunoco Logistics Partners GP LLC, a Delaware limited liability company (the "Borrower's GP"), (iii) Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("Sunoco Partners M&T"), Sunoco Pipeline L.P., a Texas limited partnership ("Sunoco Partners Pipeline", and together with Sunoco Partners M&T, the "Borrower's Subsidiaries"), and Sunoco Logistics Partners Operations GP LLC, a Delaware limited liability company (the "Borrower's Subsidiaries' GP", and together with the MLP, the Borrower's Subsidiaries and the Borrower's Subsidiaries' GP, the "Guarantors") and (iv) Sunoco Partners LLC, a Pennsylvania limited liability company (the "MLP's GP") in connection with the Credit Agreement dated as of February 1, 2002, by and among the Borrower, the MLP, the Lenders party thereto, Bank of America, N.A., as Administrative Agent for the Lenders, and the other agents and lenders therein named (the "Credit Agreement").

In connection with the opinions expressed herein, I, or attorneys reporting to me, have examined and relied upon copies of the following documents:

(a) the Credit Agreement, including all exhibits, schedules, and attachments thereto, and any Notes issued pursuant thereto (the "Notes");

(b) the Guaranties dated as of even date with the Credit Agreement executed by each of the Guarantors (the "Guaranty");

(c) the Cash Collateral Account Agreement;

(d) Certificates of the Commonwealth of Pennsylvania dated , 2002, attesting to the continued existence and good standing of the MLP's GP in Pennsylvania; and

(e) the Organization Documents of the MLP's GP and all amendments thereto.

Those documents identified in items (a), (b) and (c) above are collectively referred to herein as the "Credit Documents." In connection with this opinion, I or other attorneys acting under my supervision have (i) investigated such questions of law, (ii) examined such partnership and company

documents and records of the Transaction Parties and certificates of public officials, and (iii) received such information from officers and representatives of the Transaction Parties and made such investigations as I or other attorneys under my supervision have deemed necessary or appropriate for the purposes of this opinion. I have not, nor have other attorneys under my supervision, conducted independent investigations or inquiries to determine the existence of matters, actions, proceedings, items, documents, facts, judgments, decrees, franchises, certificates, permits, or the like and have made no independent search of the records of any court, arbitrator, or governmental authority affecting any Person, and no inference as to my knowledge thereof shall be drawn from the fact of my representation of any party or otherwise.

In rendering the opinions herein, I have assumed without independent verification (i) the genuineness of all signatures of the Lenders and the Administrative Agent, (ii) the capacity of the signing officers of each of the Lenders and the Administrative Agent, (iii) the authenticity of all documents submitted to me as original and the conformity with the authentic originals of all documents submitted to me as copies, and (iv) the due execution and delivery, pursuant to due authorization, of the Agreement by the Lenders and the Administrative Agent and the enforceability of the Agreement against the Lenders and the Administrative Agent.

Based upon and subject to the foregoing and the other qualifications, limitations, and assumptions set forth below and upon such other matters as I have deemed appropriate, I am of the opinion that:

1. The MLP's GP is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania.

2. The MLP's GP has the company power and authority to own and lease its property and to conduct the business in which it is currently engaged. The execution, delivery, and performance by the MLP's GP of the Credit Documents on behalf of the MLP and the consummation of the transactions contemplated by the Credit Documents are (a) within its company powers, (b) will not contravene (i) the Organization Documents of the MLP's GP, (ii) any law, rule, or regulation of the Commonwealth of Pennsylvania applicable to the MLP's GP, or (iii) any contractual or legal restriction applicable to the MLP's GP, and (c) with regard to the MLP's GP, will not result in or require the creation or imposition of any Lien prohibited by the Credit Documents.

3. The Credit Agreement and the Guaranties have been duly authorized, executed, and delivered to the Administrative Agent by the MLP's GP on behalf of the MLP.

4. No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery, and performance by the MLP's GP of the Credit Documents to which it is a party or the consummation of the transactions contemplated by the Credit Documents, except, in the case of such performance, for such authorizations, approvals, actions, notices, and filings that have been made or obtained.

5. To my knowledge there are no pending or overtly threatened actions or proceedings against the MLP's GP before any court, governmental agency, or arbitrator that purport to affect the legality, validity, binding effect, or enforceability of the Credit Documents,

or that would reasonably be expected to have a materially adverse effect upon the financial condition or operations of the MLP's GP.

6. In any action or proceeding arising out of or relating to the Credit Documents in any court of the Commonwealth of Pennsylvania or in any Federal court sitting in the Commonwealth of Pennsylvania, assuming (i) proper venue, jurisdiction, and a full and proper presentation of the issues and the law to the court, (ii) such action or proceeding is not dismissed on the basis of an inconvenient forum, and (iii) that the court properly applies Pennsylvania law, such court should (a) recognize and give effect to the provisions of the Credit Documents that set forth the governing law, and (b) construe the Credit Documents in accordance with the internal laws of the State of New York, unless application of New York law would violate the public policy of the Commonwealth of Pennsylvania. Subject to the foregoing and without limiting the generality thereof, a court of the Commonwealth of Pennsylvania or a Federal court sitting in the Commonwealth of Pennsylvania should apply the usury law of the State of New York and applicable U.S. federal law and should not apply the usury law of the Commonwealth of Pennsylvania to the Credit Documents, unless application of New York law would violate the public policy of the Commonwealth of Pennsylvania. We have found no relevant statute or case law that has found a violation of public policy in connection with choice of law in a credit agreement where some of the parties thereto are headquartered, execute in, or fund from, another state. However, if a court were to hold that the Credit Documents are governed by or are to be construed in accordance with the laws of the Commonwealth of Pennsylvania, the Credit Agreement and the Cash Collateral Agreement, when executed and delivered by the parties thereto, would be, under the laws of the Commonwealth of Pennsylvania, legal, valid, and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, and each Guaranty would be, under the laws of the Commonwealth of Pennsylvania, legal, valid and binding obligations of each Guarantor party thereto, enforceable against such Guarantor in accordance with its terms, in any case subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

The opinions expressed in this letter are subject to the following additional qualifications and limitations:

1. With respect to my opinion set forth in paragraph 1 above as to the valid existence and good standing of the MLP's GP, I have relied solely on the certificate dated ---------- , of the Commonwealth of Pennsylvania and, with respect to the period from that date to the date of this opinion letter, a certificate of an officer of the MLP's GP.

2. Qualification of any statement or opinion herein by the use of the words "to my knowledge" means that during the course of the representation in connection with these transactions contemplated by the Credit Agreement, no information has come to my attention that would give me current knowledge of the existence of facts or matters so qualified. I have not undertaken any investigation to determine the existence of facts, and no inference as to my knowledge thereof shall be drawn from the fact of the representation by me of any party or otherwise.

3. This opinion letter is limited to the matters stated herein, and no opinions may be implied or inferred beyond the matters expressly stated herein.

4. The opinion expressed herein is as of the date hereof, and I assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may hereafter come to my attention or any changes in law that may hereafter occur.

5. I am admitted to practice law in the Commonwealth of Pennsylvania, and, accordingly, the opinions expressed herein are based upon and limited exclusively to the laws of the Commonwealth of Pennsylvania insofar as any of such laws are applicable. I render no opinion with respect to any other laws. Further, I express no opinion with regard to any: (a) Pennsylvania or federal law, rule or regulation relating to (i) pollution or protection of the environment, (ii) zoning, land use, building or construction, (iii) occupational, safety and health or other similar matters or (iv) labor, employee rights and benefits, including the Employment Retirement Income Security Act of 1974, as amended; (b) state or federal laws and regulations regarding the regulation of utilities; (c) antitrust and trade regulation laws; (d) tax laws, rules or regulations; (e) copyright, patent and trademark laws, rules or regulations; and (e) state or federal securities laws.

6. This opinion letter is solely for the benefit of the Lenders and the Administrative Agent, their respective successors, assigns, participants, and other transferees and counsel for the Persons referred to in this sentence, in consummating the transaction contemplated by the Credit Documents, and may not be used or relied upon by, quoted, transmitted to, or filed with any other Person or for any other purpose whatsoever without in each instance my prior written consent. This opinion speaks as of its date, and I undertake no, and hereby expressly disclaim any, duty to advise you as to any changes of fact or law coming to my attention after the date hereof.

Very truly yours,

EXHIBIT G

CASH COLLATERAL ACCOUNT AGREEMENT

This CASH COLLATERAL ACCOUNT AGREEMENT (the "Agreement") dated as of February , 2002, is entered into among SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. ("Borrower") and Bank of America, N.A. (the "Administrative Agent"). All capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement herein referenced.

RECITALS

WHEREAS, pursuant to the Credit Agreement dated as of the date hereof among the Borrower, the MLP, the Lenders from time to time party thereto, and the Administrative Agent, as Administrative Agent for the Lenders and as L/C Issuer (as it may be amended, modified, supplemented and restated from time to time, the "Credit Agreement"), the Lenders have committed to make Loans and issue Letters of Credit;

WHEREAS, the Administrative Agent has agreed that it will issue Letters of Credit, provided that Borrower agrees to establish and maintain the Cash Collateral Account subject to and in accordance with the terms and conditions of this Agreement; and

WHEREAS, as a condition precedent to executing and delivering the Credit Agreement, making Borrowings and issuing the Letters of Credit, the Lenders have required that Borrower grant a lien on and security interest in its rights and interests in the Cash Collateral Account to the Administrative Agent, on behalf of, and for the benefit of, the Lenders, to secure its L/C Obligations;

NOW THEREFORE, in consideration of the premises and the mutual agreements contained herein, Borrower and Administrative Agent hereby agree as follows:

1. Establishment of Cash Collateral Account. (a) Borrower shall establish and maintain an account (the "Cash Collateral Account") with the Administrative Agent, the maintenance of which shall be subject to such rules and regulations as the Administrative Agent shall from time to time specify. If an Event of Default shall occur, the Administrative Agent shall have the immediate right, without prior notice or demand, to take and apply against the L/C Obligations any and all funds then or thereafter on deposit in the Cash Collateral Account. The funds deposited in the Cash Collateral Account shall be invested by the Administrative Agent in demand deposits held by or certificates of deposit issued by the Administrative Agent. The Administrative Agent shall not be obligated to pay interest on the Cash Collateral Account. The interest, if any, earned on the Cash Collateral Account shall be credited to and remain a part of the Cash Collateral Account until the termination of this Agreement. Borrower shall make deposits to the Cash Collateral Account at the time and in the amounts required by the Credit Agreement. Deposits shall be made by wire transfer to the account as designated by the Administrative Agent.

(b) The Administrative Agent shall have complete dominion and control over the Cash Collateral Account. The Borrower shall have no right to make withdrawals from the Cash Collateral Account. The Administrative Agent shall have the right at any time, without notice to the Borrower, to withdraw funds from the Cash Collateral Account for application to the L/C Obligations.

(c) The maximum amount required to be on deposit in the Cash Collateral Account at any time shall be equal to the Outstanding Amount of L/C Obligations. If the amount on deposit in the Cash Collateral Account exceeds the Outstanding Amount of all L/C Obligations, upon request made by the Borrower, Administrative Agent shall return such excess funds to Borrower.

2. Pledge of Cash Collateral Account. Borrower hereby grants to the Administrative Agent, for the benefit of the Lenders, a lien on and security interest in and to the Cash Collateral Account and all monies, cash, checks, drafts, certificates of deposit, instruments, investment property, and other items now or hereafter received by Administrative Agent for deposit therein and held therein, as security for the L/C Obligations. The rights granted by this Paragraph 2 shall be in addition to the rights of the Administrative Agent under any statutory banker's Lien or the common law right of set off.

3. Miscellaneous.

(a) The Borrower agrees to pay to the Administrative Agent all customary fees, costs and expenses which the Administrative Agent incurs in connection with opening and maintaining the Cash Collateral Account.

(b) This Agreement is one of the "Loan Documents" referred to in the Credit Agreement and the provisions of the Credit Agreement relating to the Loan Documents are incorporated herein by reference. Unless stated otherwise, (i) the singular number includes the plural and vice versa and words of any gender include each other gender, in each case, as appropriate, (ii) headings and captions may not be construed in interpreting provisions, (iii) this Agreement must be construed, and its performance enforced, under New York law, and (iv) this Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all of those counterparts must be construed together to constitute the same document.

(c) This Agreement shall remain in effect until such time as there are no Letters of Credit outstanding, all Commitments have been terminated or reduced to zero, and there are no outstanding L/C Obligations. At such time, this Agreement shall terminate and the Administrative Agent shall return any amounts on deposit to the Borrower.

(d) This Agreement binds and inures to the benefit of Borrower, the Administrative Agent (for the benefit of Lenders), and their respective successors and assigns.

[remainder of page intentionally left blank
signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: SUNOCO LOGISTICS PARTNERS GP, LLC,
its General Partner

By:

Name:

Title:

BANK OF AMERICA, N.A.,
for itself and as Administrative Agent for the Lenders

By:

Name:

Title:

EXHIBIT 10.2

SUNOCO LOGISTICS
PARTNERS OPERATIONS L.P.

Issuer

and

FIRST UNION NATIONAL BANK

Trustee

Indenture

Dated as of February 7, 2002

$250,000,000 7.25% Senior Notes due 2012

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

CERTAIN SECTIONS OF THIS INDENTURE RELATING TO
SECTIONS 310 THROUGH 318, INCLUSIVE, OF THE
TRUST INDENTURE ACT OF 1939:

Trust Indenture Act Section	Indenture Section
Section 310(a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(b)	608; 610
Section 311(a)	613
(b)	613
Section 312(a)	701; 702
(b)	702
(c)	702
Section 313(a)	703
(b)	703
(c)	703
(d)	703
Section 314(a)	704
(a)(4)	1004
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
Section 315(a)	601, 603
(b)	602
(c)	601
(d)	601
(e)	514
Section 316(a)	101
(a)(1)(A)	502; 512
(a)(1)(B)	513
(a)(2)	Not Applicable
(b)	508
(c)	104
Section 317(a)(1)	503
(a)(2)	504
(b)	1003
Section 318(a)	107

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

ARTICLE II

SECURITY FORMS

ARTICLE III

THE SECURITIES

ARTICLE IV

SATISFACTION AND DISCHARGE

ARTICLE V

REMEDIES

ARTICLE VI

THE TRUSTEE

ARTICLE VII

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND OPERATING PARTNERSHIP

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

ARTICLE IX

SUPPLEMENTAL INDENTURES

ARTICLE X

COVENANTS

ARTICLE XI

REDEMPTION OF SECURITIES

INDENTURE dated as of February 7, 2002 between SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., a Delaware limited partnership (the "Operating Partnership"), having its principal office at 1801 Market Street, Philadelphia, Pennsylvania 19103, and FIRST UNION NATIONAL BANK, a national banking association, having a corporate trust office at 123 South Broad Street, Philadelphia, Pennsylvania 19109, as Trustee (the "Trustee").

RECITALS OF THE OPERATING PARTNERSHIP

The Operating Partnership has duly authorized the creation of the Securities (as hereinafter defined), substantially of the tenor and amount hereinafter set forth, and to provide therefor the Operating Partnership has duly authorized the execution and delivery of this Indenture.

All things necessary to make the Securities, when executed by the Operating Partnership and authenticated and delivered hereunder and duly issued by the Operating Partnership, the valid obligations of the Operating Partnership, and to make this Indenture a valid agreement of the Operating Partnership, in accordance with the terms of the Securities and this Indenture, respectively, have been done.

Upon the issuance of the Exchange Securities or the effectiveness of a registration statement filed in connection with the Exchange Offer (as hereinafter defined), this Indenture will be subject to the provisions of the Trust Indenture Act (as hereinafter defined) that are required to be a part of this Indenture and shall, to the extent applicable, be governed by such provisions. Prior thereto, the provisions of said Trust Indenture Act will apply to this Indenture only to the extent expressly provided herein.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by Holders (as hereinafter defined) thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States at the date of such computation;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(5) the words "Article" and "Section" refer to an Article and Section, respectively, of this Indenture, and the word "Annex" refers to an Annex to this Indenture.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Additional Interest", which does not apply to the Exchange Securities, has the meaning specified in the Forms of Reverse of Security in Section 203.

"Additional Interest Event", which does not apply to the Exchange Securities, has the meaning specified in the Forms of Reverse of Security in Section 203.

"Adjusted Net Assets" of a Guarantor at any date means the amount by which the fair value of the property of such Guarantor at such date exceeds the total amount of liabilities, including, without limitation, the probable amount of contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date) of such Guarantor at such date, but excluding liabilities under the Guaranty of such Guarantor.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent Member" means any member of, or participant in, the Depositary.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Security or beneficial interest therein, the rules and procedures of the Depositary for such Security, or Euroclear and Clearstream, in each case to the extent applicable to such transaction and as in effect from time to time.

"Attributable Indebtedness", when used with respect to any Sale-Leaseback Transaction, means, as of the time of determination, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights) during the remaining term of the lease

included in such Sale-Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease that is terminable by the lessee upon the payment of a penalty or other termination payment, such amount shall be the lesser of the amount determined assuming termination upon the first date such lease may be terminated (in which case the amount shall also include the amount of the penalty or termination payment, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or the amount determined assuming no such termination.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate the Securities.

"Authorized Agent" has the meaning specified in Section 1405.

"Authorized Newspaper" means a newspaper, in the English language, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in the Borough of Manhattan, The City of New York.

"Bankruptcy Law" means Title 11, U.S. Code, as amended, or any similar federal or state law for the relief of debtors or the protection of creditors.

"Board of Directors" means the board of directors of the General Partner, or the executive or any other committee of that board duly authorized to act in respect thereof. If the Operating Partnership shall change its form of entity to other than a limited partnership, the references to officers or the Board of Directors of the General Partner shall mean the officers or the Board of Directors (or other comparable governing body) of the Operating Partnership.

"Board Resolution" means a copy of a resolution certified by the Corporate Secretary of the General Partner, the principal financial officer of the General Partner or any other authorized officer of the General Partner or a Person duly authorized by any of them, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by law, executive order or regulation to close.

"Capital Interests" means, with respect to any Person, any and all shares, interests, participations, rights or other equivalents (however designated) of such Person's equity, including, without limitation (i) with respect to partnerships, partner interests (whether general or limited), (ii) with respect to limited liability companies, member interests, and (iii) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person.

"Change of Control" means the occurrence of any transaction that results in:

(1) the failure of Sunoco or an Investment Grade Person to own, directly or indirectly, 51% of the general partnership interests in the Partnership;

(2) the failure of the Partnership or an Investment Grade Person to own, directly or indirectly, all of the general partnership interests in the Operating Partnership; or

(3) the failure of the Partnership or an Investment Grade Person to own, directly or indirectly, all of the limited partnership interests in the Operating Partnership.

"Change of Control Offer" has the meaning specified in Section 1011.

"Change of Control Payment" has the meaning specified in Section 1011.

"Change of Control Payment Date" has the meaning specified in Section 1011.

"Clearstream" means Clearstream Banking, Societe Anonyme (or any successor securities clearing agency).

"Closing Date" has the meaning specified in the Registration Rights Agreement.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

"Comparable Treasury Price" means with respect to any Redemption Date for the Securities (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of assets after deducting therefrom (i) all current liabilities (excluding (A) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (B) current maturities of long-term debt), and (ii) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth on the consolidated balance sheet of the Operating Partnership and its consolidated subsidiaries for the Operating Partnership's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be administered, which at the date hereof is 123 South Broad Street, Philadelphia, Pennsylvania 19109.

"corporation" includes corporations, associations, partnerships (general or limited), limited liability companies, joint-stock companies and business trusts.

"covenant defeasance" has the meaning specified in Section 1302.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Debt" means any obligation created or assumed by any Person for the repayment of money borrowed, any purchase money obligation created or assumed by such Person and any guarantee of the foregoing.

"Default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to the Securities.

"Defaulted Interest" has the meaning specified in Section 307.

"defeasance" has the meaning specified in Section 1301.

"Definitive Security" means a Security other than a Global Security or a temporary Security.

"Depositary" means a clearing agency registered under the Exchange Act that is designated to act as Depositary for the Securities, until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean or include each Person which is then a Depositary hereunder, and if at any time there is more than one such Person, shall be a collective reference to such Persons.

"Dollar" or "$" means the coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"DTC" means the Depository Trust Company.

"Effectiveness Period" has the meaning specified in the Registration Rights Agreement.

"Euroclear" means the Euroclear Clearance System (or any successor securities clearing agency).

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934 or any statute successor thereto, in each case as amended from time to time.

"Exchange Offer" has the meaning specified in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning specified in the Registration Rights Agreement.

"Exchange Security" means any Security issued in exchange for an Original Security or Original Securities pursuant to the Exchange Offer or otherwise registered under the Securities Act (which shall be substantially identical to the Original Securities except that the Exchange Securities will have been registered pursuant to an effective registration statement under the Securities Act, will not be subject to transfer restrictions or registration rights and will not be entitled to the benefit of provisions for Additional Interest) and any Security with respect to which the next preceding Predecessor Security of such Security was an Exchange Security.

"Funded Debt" means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

"Funding Guarantor" has the meaning specified in Section 1403.

"General Partner" means Sunoco Logistics Partners GP LLC, a Delaware limited liability company.

"Global Securities" means the Restricted Global Securities and the Regulation S Global Securities.

"Global Security Legend" means a legend substantially in the form specified in Section 204(c).

"Guarantor" means (i) the Partnership, (ii) each Subsidiary Guarantor, (iii) each Subsidiary of the Operating Partnership that becomes a guarantor of the Securities pursuant to Section 1008, and (iv) any Subsidiary of the Operating Partnership that is a successor of any Subsidiary of the Operating Partnership referred to in clause (ii) or (iii). The term "Guarantor" shall not include any Subsidiary of the Operating Partnership referred to in clause (ii), (iii) or (iv) that shall have been (or whose predecessor shall have been) released from its obligations under a Guaranty pursuant to Section 1409.

"Guaranty" means (i) the guaranty of the Partnership pursuant to Section 1401, (ii) the guaranty of each of the Subsidiary Guarantors pursuant to Section 1401 and (iii) a guaranty of the Securities by any other Guarantor as required by Section 1008.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Independent Investment Banker" means either Lehman Brothers Inc. or Credit Suisse First Boston Corporation, as specified by the Operating Partnership, and any successor firm or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with the Operating Partnership.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument, and

any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"Initial Purchasers" means Lehman Brothers Inc., Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney, Inc. UBS Warburg LLC and First Union Securities, Inc.

"Interest" includes Additional Interest, if any.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Investment Grade Person" means a Person that has issued unsecured senior debt that has one of the following ratings on the date the transaction constituting a Change of Control is consummated:

(i) BBB- or above, in the case of S&P (or its equivalent under any successor rating categories of S&P);

(ii) Baa3 or above, in the case of Moody's (or its equivalent under any successor rating categories of Moody's); or

(iii) the equivalent in respect of the rating categories of any rating agencies substituted for S&P or Moody's.

"Judgment Currency" has the meaning specified in Section 1407.

"Lien" means, as to any entity, any mortgage, lien, pledge, security interest or other encumbrance in or on, or adverse interest or title of any vendor, lessor, lender or other secured party to or of the entity under conditional sale or other title retention agreement or capital lease with respect to, any property or asset of the entity, but excluding agreements to refrain from granting Liens.

"Maturity," when used with respect to a Security, means the date on which the principal of the Securities becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, required purchase or otherwise.

"Moody's" means Moody's Investors Services, Inc. and its successors.

"Non-U.S. Guarantor" has the meaning specified in Section 1405.

"Notice of Default" means a written notice of the kind specified in Section 501(4).

"Officers' Certificate" of a Person means a certificate signed by the Chairman of the Board, the Vice Chairman, the President or a Vice President, and by the Treasurer or the Secretary, of the Person, or if such Person is a partnership, of its general partner, and delivered to the Trustee. One of the officers or such other Persons (as applicable) signing an Officers'

Certificate given pursuant to Section 1004 or 1009 shall be the principal executive, financial or accounting officer of the Person, or if such Person is a partnership, of its general partner.

"Operating Partnership" means the Person named as the "Operating Partnership" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Operating Partnership" shall mean such successor Person.

"Operating Partnership Request" or "Operating Partnership Order" means a written request or order signed in the name of the Operating Partnership by the Chairman of the Board, the Vice Chairman, the President or a Vice President of the General Partner, and by the Treasurer or Secretary of the General Partner, and delivered to the Trustee, or if the Operating Partnership shall change its form of entity to other than a limited partnership, by Persons or officers, members, agents and the like positions comparable to those of the foregoing nature, as applicable.

"Opinion of Counsel" means a written opinion of legal counsel, who may be an employee of or counsel for the Operating Partnership or a Guarantor, which opinion shall comply with the provisions of Sections 102 and 103. Such counsel shall be acceptable to the Trustee, whose acceptance shall not be unreasonably withheld.

"Original Securities" means all Securities other than Exchange Securities.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Operating Partnership) in trust or set aside and segregated in trust by the Operating Partnership (if the Operating Partnership shall act as its own Paying Agent) for Holders of such Securities; provided, however, that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor has been made;

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Operating Partnership; and

(iv) Securities, except to the extent provided in Sections 1301 and 1302, with respect to which the Operating Partnership has effected defeasance or covenant defeasance as provided in Article XIII;

provided, however, that in determining whether Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Operating Partnership or any other obligor upon the Securities or any Affiliate of the Operating Partnership or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the trust officer or officers of the Trustee administering the account has actual knowledge to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Operating Partnership or any other obligor upon the Securities or any Affiliate of the Operating Partnership or of such other obligor.

"Pari Passu Debt" means any Debt of the Operating Partnership, whether outstanding on the Closing Date or thereafter created, incurred or assumed, unless, in the case of any particular Debt, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Debt shall be subordinated in right of payment to the Securities.

"Partnership" means Sunoco Logistics Partners L.P., a Delaware limited partnership.

"Partnership GP" means Sunoco Partners LLC, a Pennsylvania limited liability company.

"Paying Agent" means any Person authorized by the Operating Partnership to pay the principal of or any premium or interest on any Securities on behalf of the Operating Partnership.

"Payment Default" has the meaning specified in Section 501.

"Permitted Liens" means (i) Liens upon rights-of-way for pipeline purposes; (ii) any statutory or governmental Lien or Lien arising by operation of law, or any mechanics', repairmen's, materialmen's, supplier's, carrier's, landlord's, warehousemen's or similar Lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction, development, improvement or repair; (iii) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property; (iv) Liens of taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by the Operating Partnership or any Subsidiary in good faith; (v) Liens of, or to secure performance of, leases, other than capital leases; (vi) any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings; (vii) any Lien upon property or assets acquired or sold by the Operating Partnership or any Subsidiary resulting from the exercise of any rights arising out of defaults on receivables; (viii) any Lien incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental

regulations; (ix) any Lien in favor of the Operating Partnership or any Subsidiary; (x) any Lien in favor of the United States or any state thereof, or any department, agency or instrumentality or political subdivision of the United States or any state thereof, to secure partial, progress, advance, or other payments pursuant to any contract or statute, or any Debt incurred by the Operating Partnership or any Subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to such Lien; or (xi) any Lien securing industrial development, pollution control or similar revenue bonds; (xii) any Lien securing Debt of the Operating Partnership or any Subsidiary, all or a portion of the net proceeds of which are used, substantially concurrent with the funding thereof (and for purposes of determining such "substantial concurrence", taking into consideration, among other things, required notices to be given to Holders of Outstanding Securities under this Indenture in connection with such refunding, refinancing or repurchase, and the required corresponding durations thereof), to refinance, refund or repurchase all Outstanding Securities, including the amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by the Operating Partnership or any Subsidiary in connection therewith; (xiii) Liens in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute; or (xiv) any Lien upon or deposits of any assets to secure performance of bids, trade contracts, leases or statutory obligations.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, other entity, unincorporated organization or government, or any agency or political subdivision thereof.

"Place of Payment," when used with respect to the Securities, means the office or agency of the Operating Partnership in The City of New York.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same Debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same Debt as the mutilated, destroyed, lost or stolen Security.

"Principal Property" means, whether owned or leased on the date of this Indenture or thereafter acquired, any pipeline, terminal or other logistics asset of the Operating Partnership or any Subsidiary, including any related asset employed in the transportation, distribution, storage, terminalling, processing or marketing of crude oil, refined petroleum products (including on-road and off-road diesel fuel, gasoline, petrochemicals and liquefied petroleum gas) or fuel additives, that is located in the United States or any territory or political subdivision thereof, except, in the case of either of the foregoing clauses (i) or (ii), (A) any such assets consisting of inventories, furniture, office fixtures and equipment (including data processing equipment), vehicles and equipment used on, or useful with, vehicles, and (B) any such assets, plant or terminal which, in the opinion of the Board of Directors, is not material in relation to the activities of the Operating Partnership or of the Operating Partnership and its Subsidiaries, taken as a whole.

"Purchase Agreement" means the Purchase Agreement, dated as of February 4, 2002, among the Operating Partnership, the Initial Purchasers and the other parties thereto, as the same shall be amended from time to time.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Reference Treasury Dealer" means each of Lehman Brothers Inc. and Credit Suisse First Boston Corporation and three other primary U.S. government securities dealers (each a "Primary Treasury Dealer"), as specified by the Operating Partnership; provided that (1) if any of Lehman Brothers Inc., Credit Suisse First Boston Corporation or any Primary Treasury Dealer as specified by the Operating Partnership shall cease to be a Primary Treasury Dealer, the Operating Partnership will substitute therefor another Primary Treasury Dealer and (2) if the Operating Partnership fails to select a substitute within a reasonable period of time, then the substitute will be a Primary Treasury Dealer selected by the Trustee after consultation with the Operating Partnership.

"Reference Treasury Dealer Quotations" means, with respect to the Reference Treasury Dealer and any Redemption Date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Registered Securities" means the Exchange Securities and all other Securities sold or otherwise disposed of pursuant to an effective registration statement under the Securities Act, together with their respective Successor Securities.

"Registrable Notes" has the meaning specified in the Registration Rights Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement to be entered into between the Operating Partnership and the Initial Purchasers, as the same shall be amended from time to time.

"Regular Record Date" for the interest payable on any Interest Payment Date means February 1st or August 1st of each year (whether or not a Business Day) as the case may be, next preceding such Interest Payment Date.

"Regulation S" means Regulation S under the Securities Act (or any successor provision), as it may be amended from time to time.

"Regulation S Certificate" means a certificate substantially in the form specified in Annex B.

"Regulation S Global Securities" has the meaning specified in Section 201.

"Regulation S Legend" means a legend substantially in the form of the legend specified in Section 204(b).

"Regulation S Securities" means any Securities sold by the Purchaser in reliance on Regulation S and any Successor Securities thereto as long as such Securities are required pursuant to Section 305(c) to bear any Regulation S Legend.

"Restricted Global Securities" has the meaning specified in Section 201.

"Restricted Period" means the period of 41 consecutive days beginning on and including the later of (i) the day on which Securities are first offered to Persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the original issuance date of the Securities.

"Restricted Securities" means any Securities sold by the Purchaser in reliance on Rule 144A and any Successor Securities thereto as long as such Securities are required pursuant to Section 305(c) to bear any Restricted Securities Legend.

"Restricted Securities Certificate" means a certificate substantially in the form specified in Annex C.

"Restricted Securities Legend" means a legend substantially in the form of the legend specified in Section 204(a).

"Revolving Credit Facility" means the Credit Agreement dated as of February 1, 2002 among the Operating Partnership, as borrower, the Partnership, as guarantor, Bank of America, National Association, as Administrative Agent and Letter of Credit Issuer and the other parties thereto.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144(k) Period" means the period of two years (or such shorter period as may hereafter be referred to in Rule 144(k) under the Securities Act (or any successor provision)) commencing on the Closing Date.

"Sale-Leaseback Transaction" means the sale or transfer by the Operating Partnership or any Subsidiary of any Principal Property to a Person (other than the Operating Partnership or a Subsidiary) and the taking back by the Operating Partnership or any Subsidiary, as the case may be, of a lease of such Principal Property.

"Securities" means the 7.25% Senior Notes due 2012 of the Operating Partnership, including the Original Securities and the Exchange Securities. For all purposes of this Indenture, the term "Securities" shall include any Exchange Securities issued in exchange for Original Securities pursuant to this Indenture and, for purposes of this Indenture, all Outstanding Original

Securities and Exchange Securities shall vote together as one series of Securities under this Indenture.

"Securities Act" means the Securities Act of 1933 or any statute successor thereto, in each case as amended from time to time.

"Securities Act Legend" means a Restricted Securities Legend or a Regulation S Legend.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305(a).

"Shelf Registration Statement" has the meaning specified in the Registration Rights Agreement.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors.

"Sunoco" means Sunoco, Inc., a Pennsylvania corporation.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"spot rate of exchange" has the meaning specified in Section 1407.

"Stated Maturity", when used with respect to the principal of any Security or any installment of interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of interest is due and payable.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the total voting power of the Capital Interests of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof or, in the case of a partnership, more than 50% of the partners' Capital Interests (considering all partners' Capital Interests as a single class), is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof.

"Subsidiary Guarantor" means (i) Sunoco Pipeline L.P., a Texas limited partnership, (ii) Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership, and (iii) any Subsidiary that becomes a Guarantor as required by Section 1008.

"Successor Security" of any particular Security means every Security issued after, and evidencing all or a portion of the same debt as that evidenced by, such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Treasury Rate" means the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury

Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated on the third Business Day preceding the Redemption Date.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as otherwise provided in Section 905; provided, however, that if the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Unrestricted Securities Certificate" means a certificate substantially in the form specified in Annex D.

"U.S." and "United States" each means the United States of America.

"U.S. Government Obligations" means securities which are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged, or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, each of which are not callable or redeemable at the option of the issuer thereof.

"Vice President", when used with respect to the Operating Partnership, means any vice president of the General Partner, or when used with respect to the Trustee, means any vice president of the Trustee.

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Operating Partnership or any Guarantor to the Trustee to take or refrain from taking any action under any provision of this Indenture, the Operating Partnership shall furnish to the Trustee an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by officers of the General Partner or any Guarantor, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every Officers' Certificate or Opinion of Counsel (except for certificates provided for in Sections 1004 and 1009) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Operating Partnership, the General Partner or a Guarantor may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Operating Partnership, the General Partner or such Guarantor stating that the information with respect to such factual matters is in the possession of the Operating Partnership, the General Partner or such Guarantor, unless such counsel knows that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed (either physically or by means of a facsimile or an electronic transmission, provided that such electronic transmission is transmitted through the facilities of a Depositary) by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered (either physically or by means of a facsimile or an electronic transmission, provided that such electronic transmission is transmitted through the facilities of a Depositary) to the Trustee and, where it is hereby expressly required, to the Operating Partnership. Such instrument or instruments (and the action embodied

therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 315 of the Trust Indenture Act) conclusive in favor of the Trustee and the Operating Partnership, if made in the manner provided in this Section.

Without limiting the generality of the foregoing, a Holder, including a Depositary that is a Holder of a Global Security, may make, give or take, by a proxy or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and a Depositary that is a Holder of a Global Security may provide its proxy or proxies to the beneficial owners of interests in any such Global Security.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership, principal amount and serial numbers of Securities held by any Person, and the date of commencement of such Person's holding the same, shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other action of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Operating Partnership in reliance thereon, whether or not notation of such action is made upon such Security.

The Operating Partnership may set any day as the record date for the purpose of determining Holders of Outstanding Securities entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders of Securities (other than any such action provided or permitted to be taken under Section 501, 502 or 512), but the Operating Partnership shall have no obligation to do so. Such record date shall be not earlier than the 30th day prior to the first solicitation of any Holder to give or take any such action and not later than the date of such first solicitation. With regard to any record date set pursuant to this paragraph, Holders of Outstanding Securities on such record date (or their duly appointed agents), and only such Persons, shall be entitled to give or take the relevant action, whether or not such Holders remain Holders after such record date. The Operating Partnership shall notify the Trustee in writing of any such record date not later than the date of the first solicitation of any Holder to give or take any action.

Section 105. Notices, Etc., to Trustee and Operating Partnership.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Operating Partnership or any Guarantor shall be sufficient for every purpose hereunder if made in writing and actually received by the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or at any other address previously furnished in writing by the Trustee, or

(2) the Operating Partnership or any Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Operating Partnership addressed to it at 1801 Market Street, Philadelphia, Pennsylvania 19103, to the attention of the Corporate Secretary, or at any other address previously furnished in writing to the Trustee by the Operating Partnership. Notice to the Operating Partnership shall constitute notice to each Guarantor, if any.

Section 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid (if international mail, by air mail), to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of

the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

Section 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Operating Partnership shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of New York.

Section 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

Section 114. Language of Notices, Etc.

Any request, demand, authorization, direction, notice, consent, waiver or Act required or permitted under this Indenture shall be in the English language.

ARTICLE II

SECURITY FORMS

Section 201. Forms Generally.

The Securities and the Trustee's certificate of authentication shall be in substantially the forms set forth in this Article, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with applicable securities laws, tax laws or the rules of any securities exchange or automated quotation system on which the Securities may be listed or traded or of the Depositary therefor.

The Definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Upon their original issuance, the Restricted Securities shall be issued in the form of one or more Global Securities registered in the name of DTC, as Depositary, or its nominee and deposited with the Trustee, as custodian for DTC, for credit by DTC to the respective accounts of beneficial owners of the Securities represented thereby (or such other accounts as they may direct). Such Global Securities, together with their Successor Securities which are Global Securities other than the Regulation S Global Securities, are collectively herein called the "Restricted Global Securities".

Upon their original issuance, initial Regulation S Securities shall be issued in the form of one or more Global Securities registered in the name of DTC, as Depositary, or its nominee and deposited with the Trustee, as custodian for DTC, for credit by DTC to the respective accounts of beneficial owners of the Securities represented thereby (or such other accounts as they may direct), provided that upon such deposit all such Securities shall be credited to or through accounts maintained at DTC by or on behalf of Euroclear or Clearstream and in accordance with Section 305(b)(iv). Such Global Securities, together with their Successor Securities which are Global Securities other than the Restricted Global Securities, are collectively herein called the "Regulation S Global Securities".

Section 202. Forms of Face of Securities.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

7.25% Senior Note due 2012

No. ---------- U.S. $ ----------

CUSIP No. [86765B AA 7]1
[U86757 AA 6]2

Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (herein called the "Operating Partnership", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ----------, or registered assigns, the principal sum of ---------- Dollars on February 15, 2012, and to pay interest thereon from February 8, 2002 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on February 15 and August 15 in each year (or if any such date is not a Business Day, the next succeeding Business Day), commencing August 15, 2002, at the rate of 7.25% per annum, until the principal hereof is paid or made available for payment.

The interest so payable [(including Additional Interest, if any, provided for on the reverse hereof)],3 and punctually paid or duly provided for, on any Interest Payment Date will, as provided in said Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be February 1st or August 1st (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Payment of the principal of and interest on this Security will be made at the office or agency of the Operating Partnership maintained for that purpose in The City of New York, New York, in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Operating Partnership payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; and provided, further, however, that in case this Security is held by a Depositary or its nominee, payments of principal, interest and premium, if any, shall be made by wire transfer of immediately available funds to an account designated by such Depositary.

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1 For Restricted Global Securities.
2 For Regulation S Global Securities.
3 Omitted from Exchange Securities.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Operating Partnership has caused this instrument to be duly executed.

Dated:

SUNOCO LOGISTICS PARTNERS
OPERATIONS L.P.

By: Sunoco Logistics Partners
Operations GP LLC, Its General Partner

By:

Name:
Title:

Section 203. Forms of Reverse of Securities.

This Security is one of a duly authorized issue of securities of the Operating Partnership, issued in initial aggregate principal amount to $250,000,000, issued and to be issued under an Indenture, dated as of February 7, 2002 (herein called the "Indenture"), between the Operating Partnership and First Union National Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which the Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Operating Partnership, the Trustee and Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. The Securities issued and to be issued under the Indenture consist of $250,000,000 initial aggregate original principal amount of 7.25% Senior Notes due 2012 and are hereinafter called the "Securities"; provided, however, that the Operating Partnership may reopen the series of Securities to issue additional Securities of such series, which shall form a single series with the Securities and shall have the same terms, without the consent of the Holders.

[The Holder of this Security is entitled to the benefits of the Registration Rights Agreement. The Operating Partnership agrees to pay additional interest (the "Additional Interest"), as specified below, upon the occurrence of any of the following events (each such event an "Additional Interest Event"): (i) if the Exchange Offer Registration Statement is not filed with the Commission on or prior to the 90th calendar day after the Closing Date, then, commencing on the 91st calendar day after the Closing Date, Additional Interest shall accrue on

the principal amount of the Securities over and above the otherwise applicable interest rate at a rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th calendar day after which such registration default shall have occurred and be continuing; (ii) if the Exchange Offer Registration Statement is not declared effective by the Commission on or prior to the 180th calendar day after the Closing Date, then, commencing on the 181st calendar day after the Closing Date, Additional Interest shall accrue on the principal amount of the Securities over and above the otherwise applicable interest rate at a rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th calendar day after which such registration default shall have occurred and be continuing; (iii) if either (A) the Operating Partnership has not exchanged Exchange Securities for all Securities validly tendered, in accordance with the terms of the Exchange Offer, on or prior to the 210th calendar day after the Closing Date or (B) if the Shelf Registration Statement is required to be filed pursuant to Section 2(b) of the Registration Rights Agreement but is not declared effective by the Commission on or prior to the 210th calendar day after the Closing Date, then, commencing on the 211th calendar day after the Closing Date, Additional Interest shall accrue on the principal amount of the Securities over and above the otherwise applicable interest rate at the rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing; or (iv) if the Shelf Registration Statement has been declared effective and, except as otherwise provided in Section 2(b) of the Registration Rights Agreement, such Shelf Registration Statement ceases to be continuously effective or the Prospectus contained in such Shelf Registration Statement ceases to be usable for resales (A) at any time prior to the expiration of the Effectiveness Period or (B) if related to corporate developments, public filings with the Commission or similar events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such failure continues for more than 45 days (whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period, then Additional Interest shall accrue on the principal amount of the Securities over and above the otherwise applicable interest rate at a rate of 0.25% per annum commencing on the day that (in the case of Clause (iv)(A) above), or the 46th (cumulative) day after (in the case of Clause (iv)(B) above), such Shelf Registration Statement ceases to be effective or the Prospectus ceases to be usable for resales, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing; provided, however, that the aggregate amount of Additional Interest in respect of the Securities may not exceed 0.25% per annum during the first 90 days of a registration default or 0.50% per annum thereafter (regardless, in each case, of whether multiple events triggering Additional Interest exist); provided, further, however, that (1) upon the filing of the Exchange Offer Registration Statement (in the case of Clause (i) above), (2) upon the effectiveness of the Exchange Offer Registration Statement (in the case of Clause (ii) above), (3) upon the exchange of Exchange Securities for all Securities validly tendered (in the case of Clause (iii)(A) above) or upon the effectiveness of the Shelf Registration Statement (in the case of Clause (iii)(B) above) and (4) upon the earlier of (x) such time as the Shelf Registration Statement which had ceased to remain effective or the Prospectus which had ceased to be usable for resales again becomes effective and usable for resales, as applicable, and (y) the expiration of the Effectiveness Period (in the case of Clause (iv) above), Additional Interest on the principal amount of the Securities as a result of such Clause (or the relevant subclause thereof) shall cease to accrue; provided, further, however, that if the Exchange

Offer Registration Statement is not declared effective by the Commission on or prior to the 210th calendar day after the Closing Date and the Operating Partnership shall request Holders to provide the information required by the Commission for inclusion in the Shelf Registration Statement, the Securities owned by Holders who do not provide such information when required pursuant to Section 2(b) of the Registration Rights Agreement will not be entitled to any Additional Interest for any day after the 210th calendar day after the Closing Date, regardless of the existence of any events which would otherwise trigger a Additional Interest for such Holders.]4

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Securities are redeemable, at the option of the Operating Partnership, at any time in whole or from time to time in part, upon not less than 30 and not more than 60 days' notice mailed to each Holder of the Securities to be redeemed at the Holder's address appearing in the Security Register, on any date prior to Maturity at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed and (ii) an amount equal to the sum of the present values of the remaining scheduled payments for principal and interest on the Securities to be redeemed, not including any portion of the payments of interest accrued as of such Redemption Date, discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 25 basis points; plus in each case, accrued and unpaid interest on the Securities to be redeemed to such Redemption Date.

The Operating Partnership shall notify the Trustee of the Redemption Price with respect to the foregoing redemption promptly after the calculation thereof. The Trustee shall not be responsible for calculating said Redemption Price.

The Operating Partnership has no obligation to redeem or purchase any Securities pursuant to any sinking fund or analogous requirement. Upon the occurrence of a Change of Control, the Operating Partnership shall be required to offer to purchase the Securities at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Indenture contains provision for defeasance at any time of (1) the entire indebtedness of this Security or (2) certain covenants contained therein, in each case upon compliance with certain conditions set forth in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Operating Partnership and the rights of Holders of the Securities under the Indenture at any time by the Operating Partnership and the Trustee with the consent of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of Holders of all the Securities, to waive compliance by the Operating Partnership with certain

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4 Omitted from Exchange Securities.

provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Securities, Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from Holders of a majority in principal amount of the Outstanding Securities a direction inconsistent with such request and shall have failed to institute such proceedings within 60 days; provided, however, that such limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal of or any interest on this Security on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall, without the consent of the Holder hereof, alter or impair the obligation of the Operating Partnership, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Operating Partnership in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Operating Partnership and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof, unless otherwise required by law. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Operating Partnership may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Operating Partnership, the Trustee and any agent of the Operating Partnership or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Operating Partnership, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers this Security to

- ---

- ---

(Print or type transferee's name, address, zip code and social security or taxpayer identification number above)

and irrevocably appoints _____ agent to transfer this Security on the books of the Operating Partnership. The agent may substitute another to act for the agent.

Date: _____

Your signature: _____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the Security.

_____
Signature

Signature Guaranteed by:

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NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Operating Partnership pursuant to Section 1011 of the Indenture, check the box below:

[ ] Section 1011

If you want to elect to have only part of the Security purchased by the Operating Partnership pursuant to Section 1011 of the Indenture, state the amount you elect to have purchased.

$: _____ Your Signature: _____

(Sign exactly as your name appears on the face of the Note)

Date: _____ Tax Identification No: _____

Signature Guarantee:

Section 204. Form of Legend for Global Securities.

(a) Each Restricted Security shall bear the following legends: THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM AND IN ANY EVENT MAY BE SOLD OR OTHERWISE TRANSFERRED ONLY IN ACCORDANCE WITH THE INDENTURE, COPIES OF WHICH ARE AVAILABLE FOR INSPECTION AT THE CORPORATE TRUST OFFICE OF THE TRUSTEE IN NEW YORK.

EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. EACH HOLDER OF THIS NOTE REPRESENTS TO SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. THAT (a) SUCH HOLDER WILL NOT SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE (WITHOUT THE CONSENT OF SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.) OTHER THAN (i) TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (ii) IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT, (iii) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (iv) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, SUBJECT, IN THE CASE OF CLAUSES (ii), (iii) OR (iv), TO THE RECEIPT BY SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. OF AN OPINION OF COUNSEL OR SUCH OTHER EVIDENCE ACCEPTABLE TO SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. THAT SUCH RESALE, PLEDGE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND THAT (b) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO HEREIN AND DELIVER TO THE TRANSFEREE (OTHER THAN A QUALIFIED INSTITUTIONAL BUYER) PRIOR TO THE SALE A COPY OF THE TRANSFER RESTRICTIONS APPLICABLE HERETO (COPIES OF WHICH MAY BE OBTAINED FROM THE TRUSTEE).

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT (AS SUCH TERM IS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF) AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

BECAUSE OF THE FOREGOING RESTRICTIONS, PURCHASERS ARE ADVISED TO CONSULT LEGAL COUNSEL PRIOR TO MAKING ANY RESALE, PLEDGE OR TRANSFER OF ANY OF THE NOTES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

(b) Each Regulation S Security shall bear the following legend: THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY UNITED STATES PERSON, UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE.

BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), (2) BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (i) TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (ii) IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT, (iii) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, (iv) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, SUBJECT, IN THE CASE OF CLAUSES (ii), (iii) OR (iv), TO THE RECEIPT BY SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. OF AN OPINION OF COUNSEL OR SUCH OTHER EVIDENCE ACCEPTABLE TO SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. THAT SUCH RESALE, PLEDGE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND THAT (b) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO HEREIN AND DELIVER TO THE TRANSFEREE (OTHER THAN A QUALIFIED INSTITUTIONAL BUYER) PRIOR TO THE SALE A COPY OF THE TRANSFER RESTRICTIONS APPLICABLE HERETO (COPIES OF WHICH MAY BE OBTAINED FROM THE TRUSTEE).

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT (AS SUCH TERM IS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF) AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

BECAUSE OF THE FOREGOING RESTRICTIONS, PURCHASERS ARE ADVISED TO CONSULT LEGAL COUNSEL PRIOR TO MAKING ANY RESALE, PLEDGE OR TRANSFER OF ANY OF THE NOTES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

(c) Each Global Security shall bear the following legend: THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Section 205. Form of Trustee's Certificate and Authorization.

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities designated therein referred to in the within-mentioned Indenture.

FIRST UNION NATIONAL BANK,
As Trustee

By:

Authorized Signatory

ARTICLE III

THE SECURITIES

Section 301. Title and Terms.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is initially limited to $250,000,000, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 304, 305, 306 or 906; provided, however, that the Operating Partnership may reopen the series of Securities represented by the 7.25% Senior Notes due 2012 to issue additional Securities of such series, which shall form a single series with the Securities and shall have the same terms, without the consent of the Holders.

The Securities shall be known and designated as the "7.25% Senior Notes due 2012" of the Operating Partnership. Their Stated Maturity in respect of principal shall be February 15, 2012, and they shall bear interest at the rate of 7.25% per annum, from February 8, 2002 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, payable semi-annually on each February 15 and August 15, commencing August 15, 2002, until the principal thereof is paid or made available for payment.

The principal of and interest on the Securities shall be payable at the office or agency of the Operating Partnership in The City of New York maintained for such purpose and any other office or agency maintained by the Operating Partnership for such purpose; provided, however, that at the option of the Operating Partnership payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Section 302. Denominations.

The Securities shall be issuable only in registered form without coupons and only denominations of $1,000 and any integral multiple thereof, unless otherwise required by law.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Operating Partnership by the Chairman of the Board, Vice Chairman, Chief Executive Officer, Chief Financial Officer, President or any Vice President of the General Partner and need not be attested. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the General Partner shall bind the Operating Partnership, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Operating Partnership may deliver Securities executed by the Operating Partnership to the Trustee or an Authenticating Agent for authentication, together with an Operating Partnership Order for the authentication and delivery of such Securities, and the Trustee in accordance with

the Operating Partnership Order shall authenticate and deliver such Securities; provided, however, that Exchange Securities shall be issuable only upon the valid surrender for cancellation of Original Securities of a like aggregate principal amount, in accordance with the Exchange Offer.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or any Guaranty or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Operating Partnership, and the Operating Partnership shall deliver such Security to the Trustee for cancellation as provided in Section 309 for all purposes of this Indenture, such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

Pending the preparation of Definitive Securities, the Operating Partnership may execute, and upon receipt of the documents required by Section 303, together with an Operating Partnership Order, the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the Definitive Securities in lieu of which they are issued.

If temporary Securities are issued, the Operating Partnership will cause Definitive Securities to be prepared without unreasonable delay. After the preparation of Definitive Securities, the temporary Securities shall be exchangeable for Definitive Securities upon surrender of the temporary Securities at the office or agency of the Operating Partnership maintained pursuant to Section 1002 for the purpose of exchanges of Securities, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities the Operating Partnership shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more Definitive Securities, of any authorized denominations and of a like aggregate principal amount and tenor. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities of such tenor.

Section 305. Registration, Registration of Transfer and Exchange.

(a) Registration, Registration of Transfer and Exchange, Generally.

The Operating Partnership shall cause to be kept at an office or agency of the Security Registrar in The City of New York a register (the register maintained in such office or in any other office or agency of the Operating Partnership in a Place of Payment being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations

as it may prescribe, the Operating Partnership shall provide for the registration of Securities and of transfers of Securities. The Operating Partnership shall, prior to the issuance of any Securities hereunder, appoint the Trustee as the initial "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided and its corporate trust office which, at the date hereof, is located at First Union National Bank, 599 Lexington Avenue, 22nd Floor, New York, New York 10022, as the initial office or agency in The City of New York where the Security Register will be maintained. The Operating Partnership may at any time replace such Security Registrar, change such office or agency or act as its own Security Registrar. The Operating Partnership will give prompt written notice to the Trustee of any change of the Security Registrar or of the location of such office or agency. At all reasonable times the Security Register shall be available for inspection by the Trustee.

Upon surrender for registration of transfer of any Security at the office or agency of the Operating Partnership maintained pursuant to Section 1002 for such purpose, the Operating Partnership shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities, of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities (except a Global Security) may be exchanged for other Securities, of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Operating Partnership shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive; provided that no exchange of Original Securities for Exchange Securities shall occur until a registration statement for the issuance of the Exchange Securities shall have been declared effective by the Commission and the Original Securities to be exchanged for such Exchange Securities shall be cancelled by the Trustee.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Operating Partnership, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Operating Partnership or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Operating Partnership and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Operating Partnership may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304 or 1107 not involving any transfer.

Neither the Trustee nor the Operating Partnership shall be required (1) to issue, register the transfer of or exchange Securities during a period beginning at the opening of business 15

days before the day of mailing of a notice of redemption of Securities selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Operating Partnership that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, and in either (i) or (ii) of this clause (2) a successor Depositary is not appointed by the Operating Partnership within 90 days after the date of such notice from the Depositary, (B) there shall have occurred and be continuing a Default or an Event of Default, or (C) the Operating Partnership by Operating Partnership Order, elects to have the Global Security registered in the name of a Person other than the Depositary or its nominee.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 304, 306 or 906 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(b) Certain Transfers and Exchanges. Notwithstanding any other provision of this Indenture or the Securities, transfers and exchanges of Securities and beneficial interests in a Global Security of the kinds specified in this Section 305(b) shall be made only in accordance with this Section 305(b).

(i) Restricted Global Security to Regulation S Global Security. If the owner of a beneficial interest in a Restricted Global Security wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a beneficial interest in the Regulation S Global Security, such transfer may be effected only in accordance with the provisions of this Clause (b)(i) and Clause (b)(iv) below and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar,

of (A) an order given by the Depositary or its authorized representative directing that a beneficial interest in the Regulation S Global Security in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Restricted Global Security and in an equal principal amount be debited from another specified Agent Member's account and (B) a Regulation S Certificate, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Restricted Global Security or his attorney duly authorized in writing, then the Trustee, as Security Registrar but subject to Clause (b)(iv) below, shall reduce the principal amount of the Restricted Global Security and increase the principal amount of the Regulation S Global Security by such specified principal amount.

(ii) Regulation S Global Security to Restricted Global Security. If the owner of a beneficial interest in a Regulation S Global Security wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a beneficial interest in the Restricted Global Security, such transfer may be effected only in accordance with this Clause (b)(ii) and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (A) an order given by the Depositary or its authorized representative directing that a beneficial interest in the Restricted Global Security in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Regulation S Global Security and in an equal principal amount be debited from another specified Agent Member's account and (B) if such transfer is to occur during the Restricted Period, a Restricted Securities Certificate, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Regulation S Global Security or his attorney duly authorized in writing, then the Trustee, as Security Registrar, shall reduce the principal amount of the Restricted Global Security by such specified principal amount. If transfers under this Clause (b)(ii) occur after the Restricted Period, no Restricted Securities Certificates will be required.

(iii) Non-Global Security to Non-Global Security. A Security that is not a Global Security may be transferred, in whole or in part to a Person who takes delivery in the form of another Security that is not a Global Security as provided in Section 305(a), provided, that, if the Security to be transferred in whole or in part is a Restricted Security, then the Trustee shall have received a Restricted Securities Certificate, satisfactory to the Trustee and duly executed by the transferor Holder or his attorney duly authorized in writing, in which case the transferee Holder shall take delivery in the form of a Restricted Security (subject in every case to Section 305(c)).

(iv) Regulation S Global Security to be Held Through Euroclear or Clearstream During Restricted Period. The Operating Partnership shall use its reasonable efforts to cause the Depositary to ensure that during the Restricted Period beneficial interests in a Regulation S Global Security may be held only in or through accounts maintained at the Depositary by Euroclear or Clearstream (or by Agent Members acting for the account thereof), and no Person shall be entitled to effect any transfer or exchange that would result in any such interest being held otherwise than in or through such an account; provided, that this Clause (b)(iv) shall not prohibit any transfer or exchange of such an interest in accordance with Clause (b)(ii) above.

(v) Restricted Non-Global Security to Restricted Global Security or Regulation S Global Security. If the Holder of a Restricted Security (other than a Global Security) wishes at any time to transfer all or any portion of such Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Restricted Global Security or the Regulation S Global Security, such transfer may be effected only in accordance with the provisions of this Clause (b)(v) and Clause (b)(iv) above and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (A) such Security as provided in Section 305(a) and instructions satisfactory to the Trustee directing that a beneficial interest in such Restricted Global Security or such Regulation S Global Security in a specified principal amount not greater than the principal amount of such Security be credited to a specified Agent Member's account and (B) a Restricted Securities Certificate, if the specified account is to be credited with a beneficial interest in such Restricted Global Security, or a Regulation S Certificate, if the specified account is to be credited with a beneficial interest in such Regulation S Global Security, in either case satisfactory to the Trustee and duly executed by such Holder or his attorney duly authorized in writing, then the Trustee, as Security Registrar, shall cancel such Security (and issue a new Security in respect of any untransferred portion thereof) and increase the principal amount of the Restricted Global Security or the Regulation S Global Security, as the case may be, by the specified principal amount, both as provided in Section 305(a).

(c) Securities Act Legends. Restricted Securities and their Successor Securities shall bear a Restricted Securities Legend, and the Regulation S Securities and their Successor Securities shall bear a Regulation S Legend, subject to the following:

(i) subject to the following Clauses of this Section 305(c), a Security or any portion thereof which is exchanged, upon transfer or otherwise, for a Global Security or any portion thereof shall bear the Securities Act Legend borne by such Global Security while represented thereby;

(ii) subject to the following Clauses of this Section 305(c), a new Security which is not a Global Security and is issued in exchange for another Security (including a Global Security or any portion thereof, upon transfer or otherwise, shall bear the Securities Act Legend borne by such other Security, provided that, if such new Security is required pursuant to Section 305(b)(v) to be issued in the form of a Restricted Security, it shall bear a Restricted Securities Legend and, if such new Security is so required to be issued in the form of a Regulation S Security, it shall bear a Regulation S Legend;

(iii) Registered Securities shall not bear a Securities Act Legend;

(iv) at any time after the Securities may be freely transferred without registration under the Securities Act or without being subject to transfer restrictions pursuant to the Securities Act, a new Security which does not bear a Securities Act Legend may be issued in exchange for or in lieu of a Security (other than a Global Security) or any portion thereof which bears such a legend if the Trustee has received an Unrestricted Securities Certificate, satisfactory to the Trustee and duly executed by the

Holder of such legended Security or his attorney duly authorized in writing, and after such date and receipt of such certificate, the Trustee shall authenticate and deliver such a new Security in exchange for or in lieu of such other Security as provided in this Article III;

(v) a new Security which does not bear a Securities Act Legend may be issued in exchange for or in lieu of a Security (other than a Global Security) or any portion thereof which bears such a legend if, in the Operating Partnership's judgment, placing such a legend upon such new Security is not necessary to ensure compliance with the registration requirements of the Securities Act, and the Trustee, at the written direction of the Operating Partnership, shall authenticate and deliver such a new Security as provided in this Article III; and

(vi) notwithstanding the foregoing provisions of this Section 305(c), a Successor Security of a Security that does not bear a particular form of Securities Act Legend shall not bear such form of legend unless the Operating Partnership has reasonable cause to believe that such Successor Security is a "restricted security" within the meaning of Rule 144, in which case the Trustee, at the written direction of the Operating Partnership, shall authenticate and deliver a new Security bearing a Restricted Securities Legend in exchange for such Successor Security as provided in this Article III.

Furthermore, any Holder of a Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book-entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in such Global Security shall be required to be reflected in a book entry.

The Trustee shall retain copies of all letters, notices and other written communications (if any) received concerning transfer or exchange, and the Operating Partnership shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of a reasonable written notice to the Trustee.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, together with such security or indemnity as may be required by the Operating Partnership or the Trustee to save each of them and any agent of either of them harmless, the Operating Partnership shall execute and upon its request the Trustee shall authenticate and deliver in exchange therefor a new Security of like tenor and principal amount and bearing a number not contemporaneously Outstanding.

If there shall be delivered to the Operating Partnership and the Trustee (1) evidence to their satisfaction of the destruction, loss or theft of any Security and (2) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Operating Partnership or the Trustee that such Security has been acquired by a bona fide purchaser, the Operating Partnership shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount and bearing a number not

contemporaneously Outstanding. If, after the delivery of such new Security, a bona fide purchaser of the original Security in lieu of which such new Security was issued presents for payment or registration such original Security, the Trustee shall be entitled to recover such new Security from the party to whom it was delivered or any party taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Operating Partnership and the Trustee in connection therewith.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Operating Partnership in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Operating Partnership may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. Every new Security issued pursuant to this Section in exchange for any mutilated Security or in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Operating Partnership, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Operating Partnership, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Operating Partnership may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Operating Partnership shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Operating Partnership shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory

to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Operating Partnership of such Special Record Date and, in the name and at the expense of the Operating Partnership, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Operating Partnership may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which such Securities may be listed or traded, and upon such notice as may be required by such exchange, if, after notice given by the Operating Partnership to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security, shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

The Operating Partnership shall, on each payment date for principal and premium, if any, and interest, if any, deposit with the Trustee money in immediately available funds sufficient to make cash payments due on the applicable payment date.

Section 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Operating Partnership, the Trustee and any agent of the Operating Partnership or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Sections 305 and 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and neither the Operating Partnership, the Trustee nor any agent of the Operating Partnership or the Trustee shall be affected by notice to the contrary.

No holder of any beneficial interest in any Global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such Global Security, and such Depositary may be treated by the Operating Partnership, the Trustee and any agent of the Operating Partnership or the Trustee as the owner of such Global Security for all purposes whatsoever. None of the Operating Partnership, the Trustee nor any agent of the Operating Partnership or the Trustee will have any responsibility or liability for any aspect of the records

relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Operating Partnership may at any time deliver to the Trustee for cancellation any Security previously authenticated and delivered hereunder which the Operating Partnership may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Security previously authenticated hereunder which the Operating Partnership has not issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of in accordance with its customary procedures, and the Trustee shall thereafter deliver to the Operating Partnership a certificate with respect to such disposition.

Section 310. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months and interest on the Securities for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the number of days elapsed in any partial month.

Section 311. CUSIP Numbers.

The Operating Partnership in issuing the Securities may use "CUSIP" numbers (in addition to the other identification numbers printed on the Securities), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such "CUSIP" numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such "CUSIP" numbers. The Operating Partnership will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Operating Partnership Request cease to be of further effect with respect to Securities (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Operating Partnership, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such Securities, when

(1) either

(A) all such Securities theretofore authenticated and delivered (other than (i) such Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, and (ii) such Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Operating Partnership and thereafter repaid to the Operating Partnership or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable,

(ii) will become due and payable at their Stated Maturity in respect of principal within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Operating Partnership,

and the Operating Partnership in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for this purpose an amount in Dollars sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity of the principal thereof, or the Redemption Date, as the case may be;

(2) the Operating Partnership has paid or caused to be paid all other sums payable hereunder by the Operating Partnership with respect to such Securities; and

(3) the Operating Partnership has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to such Securities have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to the Securities (x) the obligations of the Operating Partnership to the Trustee under Section 607, the obligations of each Guarantor under Section 101 of its Guaranty, the obligations of the Trustee to any Authenticating Agent under Section 614 and the right of the Trustee to resign under Section 610 shall survive, and (y) if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Operating Partnership and/or the Trustee under Sections 402, 606, 701 and 1002 and the last paragraph of Section 1003 shall survive.

Section 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Operating Partnership acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE V

REMEDIES

Section 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security at its Maturity; or

(3) default in the performance, or breach, of any term, covenant or warranty of the Operating Partnership or any Guarantor in this Indenture or the applicable Guaranty, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Operating Partnership or such Guarantor by the Trustee or to the Operating Partnership or such Guarantor and the Trustee by Holders of at least 25% in principal amount of the Outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(4) an event of default occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by the Operating Partnership or any of its Subsidiaries (or the payment of which is guaranteed by the Operating Partnership or any of its Subsidiaries), whether such Debt or guarantee now exists, or is created after the date of this Indenture, if that event of default: (i) is caused by a failure to pay principal of or premium, if any, or interest on such Debt prior to the expiration of the grace period provided in such mortgage, indenture or instrument (a "Payment Default"); or (ii) results in the acceleration of such Debt prior to its express maturity, and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10 million or more; or

(5) the Operating Partnership pursuant to or within the meaning of any Bankruptcy Law (A) commences a voluntary case, (B) consents to the entry of any order for relief against it in an involuntary case, (C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or (D) makes a general assignment for the benefit of its creditors; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Operating Partnership in an involuntary case, (B) appoints a Custodian of the Operating Partnership or for all or substantially all of its property, or (C) orders the liquidation of the Operating Partnership; and the order or decree remains unstayed and in effect for 90 days.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities at the time Outstanding occurs and is continuing, then in every such case the Trustee or Holders of not less than 25% in principal amount of the Outstanding Securities may declare the principal amount of and accrued but unpaid interest, if any, on all of the Securities to be due and payable immediately, by a notice in writing to the Operating Partnership (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to the Securities has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Operating Partnership and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Operating Partnership has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities,

(B) the principal of (and premium, if any, on) any Securities which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities, other than the non-payment of the principal of Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Operating Partnership covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Operating Partnership will, upon demand of the Trustee, pay to it, for the benefit of Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Operating Partnership fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Operating Partnership, any Guarantor, or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Operating Partnership, any Guarantor, or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of Holders of the Securities by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Operating Partnership, any Guarantor, or any other obligor upon the Securities, their property or their creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to

distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money or property collected or to be applied by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money or property on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

THIRD: The balance, if any, to the Operating Partnership.

Section 507. Limitation on Suits.

No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities;

(2) Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered and, if requested, provided to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer and, if requested, provision of security or indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by Holders of a majority in principal amount of the Outstanding Securities;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Sections 305 and 307) interest on such Security on the Stated Maturity expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or any Guaranty and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then in every such case, subject to any determination in such proceeding, the Operating Partnership, the relevant Guarantor, the Trustee and Holders shall be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein

conferred upon or reserved to the Trustee or to Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by Holders, as the case may be.

Section 512. Control by Holders.

Subject to the provisions of Section 603, Holders of a majority in aggregate principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities; provided, however, that

(1) such direction shall not be in conflict with any rule of law or with this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) subject to the provisions of Section 601, the Trustee shall have the right to decline to follow any such directions if the Trustee in good faith shall determine that the proceeding so directed would involve the Trustee in personal liability or would otherwise be contrary to applicable law.

Section 513. Waiver of Past Defaults.

Holders of a majority in aggregate principal amount of the Outstanding Securities may on behalf of Holders of all the Securities waive any past default hereunder and its consequences, except

(1) a continuing default in the payment of the principal of or any premium or interest on any Security, or

(2) a default in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided, however, that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Trustee, in any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities to which the suit relates, or in any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity expressed by such Security (or, in the case of redemption or repayment, on or after the Redemption Date).

Section 515. Waiver of Usury, Stay or Extension Laws.

The Operating Partnership covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Operating Partnership (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

THE TRUSTEE

Section 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default with respect to the Securities,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Securities, and no implied covenants or obligations shall read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may, with respect to the Securities, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be

under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default with respect to the Securities has occurred and is continuing, the Trustee shall exercise with respect to the Securities such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(c) No provisions of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders or a majority in principal amount of the Outstanding Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

If a Default occurs and is continuing with respect to the Securities, the Trustee shall, within 90 days after it occurs, transmit, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, notice of all uncured or unwaived Defaults known to it; provided, however, that, except in the case of a Default in payment on the Securities, the Trustee shall be protected in withholding the notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee determine in good faith that withholding such notice is in the interests of Holders of Securities; provided, further, however, that, in the case of any Default of the character specified in Section 501(3) with respect to the Securities, no such notice to Holders shall be given until at least 30 days after the occurrence of such Default.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(1) the Trustee may rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request, direction, order or demand of the Operating Partnership mentioned herein shall be sufficiently evidenced by a Operating Partnership Request or Operating Partnership Order and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Operating Partnership, personally or by agent or attorney;

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(8) the Trustee is not a party to the Registration Rights Agreement and shall be entitled to rely on an Officers' Certificate as to whether Additional Interest is owed on the Securities; and

(9) the Trustee may request that the Operating Partnership deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

Section 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Operating Partnership, and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. Neither the Trustee nor any Authenticating Agent makes any representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Operating Partnership of the Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Operating Partnership, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Operating Partnership with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

Section 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Operating Partnership.

Section 607. Compensation and Reimbursement.

The Operating Partnership agrees:

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith;

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the

costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder; and

(4) The Trustee shall have a claim prior to the Securities as to all property and funds held by it hereunder for any amounts owing it or any predecessor Trustee pursuant to this Section 607, except to funds held in trust for the benefit of Holders of any Securities.

The obligations of the Operating Partnership under this Section to compensate the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder.

Without limiting any rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(5) or Section 501(6), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any applicable Bankruptcy Law.

The provisions of this Section 607 and the obligations of the Operating Partnership thereunder, shall survive payment in full of the Securities, the satisfaction and discharge of this Indenture and any defeasance of the Securities.

Section 608. Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be a single Trustee hereunder that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus required by the Trust Indenture Act. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of a supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time by giving written notice thereof to the Operating Partnership. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of

resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by Act of Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Operating Partnership. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the removed Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Operating Partnership, or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Operating Partnership, or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case (A) the Operating Partnership, by a Board Resolution, may remove the Trustee, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Operating Partnership, by a Board Resolution, shall promptly appoint a successor Trustee and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of Holders of a majority in principal amount of the Outstanding Securities delivered to the Operating Partnership and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee and shall supersede the successor Trustee appointed by the Operating Partnership. If no successor Trustee shall have been so appointed by the Operating Partnership or Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Operating Partnership shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders of Securities in the manner provided in Section 106. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

(1) Every such successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Operating Partnership and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Operating Partnership or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(2) Upon request of any such successor Trustee, the Operating Partnership shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (1) of this Section.

(3) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims Against Operating Partnership.

If and when the Trustee shall be or become a creditor of the Operating Partnership, any Guarantor, or any other obligor upon the Securities, the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Operating Partnership, any such Guarantor, or any such other obligor.

Section 614. Appointment of Authenticating Agent.

The Trustee (upon notice to the Operating Partnership) may appoint an Authenticating Agent or Agents which shall be authorized to act on behalf of the Trustee to authenticate Securities issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated

by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Operating Partnership and shall at all times be a corporation organized and doing business under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of such Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Operating Partnership. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Operating Partnership. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Operating Partnership and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

Except with respect to an Authenticating Agent appointed at the request of the Operating Partnership, the Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment is made pursuant to this Section, the Securities may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities referred to in the within-mentioned Indenture.

FIRST UNION NATIONAL BANK,
As Trustee

Date: ----------

By: ----------
As Authenticating Agent

By: ----------
Authorized Signatory

ARTICLE VII

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND OPERATING PARTNERSHIP

Section 701. Operating Partnership to Furnish Trustee Names and Addresses of Holders.

The Operating Partnership will furnish or cause to be furnished to the Trustee

(1) not later than each Interest Payment Date in each year in respect of the Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of Holders of Securities as of the preceding Regular Record Date in respect of the Securities, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Operating Partnership of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

Section 702. Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Operating Partnership and the Trustee that neither the Operating Partnership nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to the names and addresses of Holders made pursuant to the Trust Indenture Act.

Section 703. Reports by Trustee.

As promptly as practicable after each May 15 beginning with the May 15 following the date of this Indenture, and in any event prior to July 15 in each year, the Trustee shall mail to each Holder a brief report dated as of May 15 that complies with TIA Section 313(a). The Trustee also shall comply with TIA Section 313(b). Prior to delivery to Holders, the Trustee shall deliver to the Operating Partnership a copy of any report it delivers to Holders pursuant to this Section 703.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Operating Partnership. The Operating Partnership will notify the Trustee when any Securities are listed on any stock exchange.

Section 704. Reports by Operating Partnership.

The Operating Partnership shall file with the Trustee, within 15 days after the Operating Partnership is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Operating Partnership may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Operating Partnership is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission (unless the Commission will not accept such a filing), in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 801. Operating Partnership and Subsidiary Guarantors May Consolidate, Etc., Only on Certain Terms.

The Operating Partnership shall not, and, subject to Section 1409, shall not permit any Subsidiary Guarantor to, consolidate with or merge into any other Person or sell, lease or transfer its properties and assets as, or substantially as, an entirety to, any Person, unless:

(1) (A) in the case of a merger, the Operating Partnership or such Subsidiary Guarantor, as the case may be, is the surviving entity, or (B) the Person formed by such consolidation or into which the Operating Partnership or such Subsidiary Guarantor is merged or the Person which acquires by sale or transfer, or which leases, the properties and assets of the Operating Partnership or such Subsidiary Guarantor as, or substantially as, an entirety must expressly assume, by an indenture supplemental hereto, or a supplement to the applicable

Guaranty, as the case may be, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Operating Partnership or such Subsidiary Guarantor, as the case may be, under this Indenture and the Securities, or the applicable Guaranty, as the case may be;

(2) the surviving entity or successor Person is a Person organized and existing under the laws of the United States, any State thereof or the District of Columbia;

(3) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(4) the Operating Partnership has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, transfer or lease and the supplemental indenture required in connection with such transaction comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Successor Substituted.

Upon any consolidation of the Operating Partnership or any Subsidiary Guarantor with, or merger of the Operating Partnership or any Subsidiary Guarantor into, any other Person or any sale, transfer or lease of the properties and assets of the Operating Partnership or any Subsidiary Guarantor as, or substantially as, an entirety in accordance with Section 801, the successor Person formed by such consolidation or into which the Operating Partnership or such Subsidiary Guarantor is merged or to which such sale, transfer or lease is made shall (and, in the case of a Subsidiary Guarantor, its Guaranty will provide that it shall) succeed to, and be substituted for, and may exercise every right and power of, the Operating Partnership or such Subsidiary Guarantor under this Indenture and the Securities, or the Guaranty of such Subsidiary Guarantor, as the case may be, with the same effect as if such successor Person had been named originally as the Operating Partnership or such Subsidiary Guarantor herein or therein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities, or such Guaranty, as the case may be.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders of Securities, the Operating Partnership and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to secure the Securities;

(2) to evidence the succession of another Person to the Operating Partnership under this Indenture and the Securities and the assumption by such successor Person of the obligations of the Operating Partnership hereunder;

(3) to reflect the addition of any Subsidiary of the Operating Partnership as a Guarantor, or to reflect the release of any Guarantor from its Guaranty, in either case in the manner provided by Article XIV of this Indenture;

(4) to add covenants and Events of Default for the benefit of Holders of the Securities or to surrender any right or power conferred by this Indenture upon the Operating Partnership;

(5) to add to, change or eliminate any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form;

(6) to cure any ambiguity or correct any inconsistency in this Indenture;

(7) to amend this Indenture to reopen the series represented by the Securities and issue additional Securities of that series in compliance with Section 301;

(8) to evidence the acceptance of appointment by a successor Trustee;

(9) to qualify this Indenture under the Trust Indenture Act;

(10) to supplement any provisions of this Indenture necessary to permit or facilitate the defeasance and discharge of the Securities, provided that such action does not adversely affect the interests of Holders of Securities; and

(11) to comply with the rules or regulations of any securities exchange or automated quotation system on which any of the Securities may be listed or traded.

Section 902. Supplemental Indentures with Consent of Holders.

With the consent of Holders of not less than a majority in aggregate principal amount of the Outstanding Securities affected by such supplemental indenture, the Operating Partnership and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture, or modifying in any manner the rights of Holders of Securities under this Indenture; provided that the Operating Partnership and the Trustee may not, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or of any installment of interest on, any Security, or reduce the principal amount thereof or premium, if any, or the rate of interest thereon, or alter the method of computation of interest;

(2) reduce the percentage in principal amount of the Securities required for any such supplemental indenture or for any waiver provided for in this Indenture;

(3) change the Operating Partnership's obligation to maintain an office or agency for payment of Securities and the other matters specified herein;

(4) impair the right to institute suit for the enforcement of any payment of principal of, premium, if any, or interest on, any Security; or

(5) modify any of the provisions of this Indenture relating to the execution of supplemental indentures with the consent of Holders of Securities which are discussed in this Section or modify any provisions relating to the waiver by Holders of Securities of past defaults and covenants, except to increase any required percentage or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Securities to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Operating Partnership shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Operating Partnership, to any such supplemental indenture may be prepared and executed by the Operating Partnership and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

ARTICLE X

COVENANTS

Section 1001. Payment of Principal, Premium and Interest.

I The Operating Partnership covenants and agrees for the benefit of Holders of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities in accordance with the terms of such Securities and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Operating Partnership will maintain in the Place of Payment an office or agency where the Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Operating Partnership in respect of the Securities and this Indenture may be served. The Operating Partnership will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Operating Partnership shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Operating Partnership hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Operating Partnership may also from time to time designate one or more other offices or agencies in The City of New York where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Operating Partnership of its obligation to maintain an office or agency in the Place of Payment for such purposes. The Operating Partnership will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Operating Partnership hereby permanently designates as the Place of Payment of Securities The City of New York, and initially appoints the Trustee as Paying Agent at its office located at First Union National Bank, 599 Lexington Avenue, 22nd Floor, New York, New York 10022, Attn: Joe Salgado, as the Operating Partnership's office or agency for such purpose in such city.

Section 1003. Money for Securities Payments to Be Held in Trust.

If the Operating Partnership or any of its Subsidiaries shall at any time act as Paying Agent with respect to the Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Operating Partnership shall have one or more Paying Agents for the Securities, it will, on or prior to each due date of the principal of or any premium or interest on any Securities, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Operating Partnership will promptly notify the Trustee of its action or failure so to act.

The Operating Partnership will cause the Paying Agent for the Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest, if any, on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided; (2) give the Trustee notice of any default by the Operating Partnership or any Guarantor (or any other obligor upon the Securities) in the making of any payment of principal (and premium, if any) or interest, if any, on the Securities; and (3) during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities.

The Operating Partnership may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Operating Partnership Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Operating Partnership, any Guarantor or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Operating Partnership, such Guarantor or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of or any premium or interest on any Security and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the state whose escheat laws control, and the Trustee or such Paying Agent shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the state whose escheat laws control, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Operating Partnership as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such payment, shall, if directed in writing by, and at the expense of, the Operating Partnership cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the state whose escheat laws control.

Section 1004. Statement by Officers as to Default.

The Operating Partnership will deliver to the Trustee, within 150 days after the end of each fiscal year of the Operating Partnership ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Operating Partnership or any Guarantor is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement

of notice provided hereunder) and, if the Operating Partnership or any Guarantor shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 1005. Existence.

Subject to Article VIII, the Operating Partnership will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises and those of each Subsidiary Guarantor; provided, however, that neither the Operating Partnership nor any Subsidiary Guarantor shall be required to preserve any such right or franchise if the Operating Partnership shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Operating Partnership or such Subsidiary Guarantor.

Section 1006. Limitations on Liens.

The Operating Partnership will not, nor will it permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property, or upon any shares of capital stock of any Subsidiary owning or leasing any Principal Property, whether owned or leased on the date of this Indenture or thereafter acquired, to secure any Debt of the Operating Partnership or any other Person (other than the Securities issued hereunder), without in any such case making effective provision whereby all of the Securities Outstanding hereunder shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured. This restriction shall not apply to:

(1) Permitted Liens;

(2) any Lien upon any property or asset created at the time of acquisition of such property or asset by the Operating Partnership or any Subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or asset or Debt incurred to finance such purchase price, whether such Debt was incurred prior to, at the time of or within one year after the date of such acquisition;

(3) any Lien upon any property or asset to secure all or part of the cost of construction, development, repair or improvements thereon or to secure Debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof (whichever is later), to provide funds for any such purpose;

(4) any Lien upon any property or asset existing thereon at the time of the acquisition thereof by the Operating Partnership or any Subsidiary (whether or not the obligations secured thereby are assumed by the Operating Partnership or any Subsidiary); provided, however, that such Lien only encumbers the property or asset so acquired;

(5) any Lien upon any property or asset of a Person existing thereon at the time such Person becomes a Subsidiary by acquisition, merger or otherwise; provided, however, that such Lien only encumbers the property or assets of such Person at the time such Person becomes a Subsidiary;

(6) any Lien upon any property or asset of the Operating Partnership or any Subsidiary in existence on the Closing Date or provided for pursuant to agreements existing on the Closing Date, including, without limitation, pursuant to the Revolving Credit Facility;

(7) Liens imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and Liens which secure a judgment or other court-ordered award or settlement as to which the Operating Partnership or the applicable Subsidiary, as the case may be, has not exhausted its appellate rights;

(8) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refunding or replacements) of Liens, in whole or in part, referred to in Clauses (1) through (7), inclusive, of this Section; provided, however, that any such extension, renewal, refinancing, refunding or replacement Lien shall be limited to the property or asset covered by the Lien extended, renewed, refinanced, refunded or replaced and that the obligations secured by any such extension, renewal, refinancing, refunding or replacement Lien shall be in an amount not greater than the amount of the obligations secured by the Lien extended, renewed, refinanced, refunded or replaced and any expenses of the Operating Partnership and its Subsidiaries (including any premium) incurred in connection with such extension, renewal, refinancing, refunding or replacement; or

(9) any Lien resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing Debt of the Operating Partnership or any Subsidiary.

Notwithstanding the foregoing provisions of this Section, the Operating Partnership may, and may permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property to secure Debt of the Operating Partnership or any Person (other than the Securities) that is not excepted by Clauses (1) through (9), inclusive, of this Section without securing the Securities issued hereunder, provided that the aggregate principal amount of all Debt then outstanding secured by such Lien and all similar Liens, together with all Attributable Indebtedness from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by Clauses (1) through (4), inclusive, of Section 1007), does not exceed 10% of Consolidated Net Tangible Assets.

Section 1007. Restriction of Sale-Leaseback Transaction.

The Operating Partnership will not, and will not permit any Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

(1) such Sale-Leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations on such Principal Property, whichever is later;

(2) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

(3) the Operating Partnership or such Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject thereto in a principal amount equal to or

exceeding the Attributable Indebtedness from such Sale-Leaseback Transaction without equally and ratably securing the Securities; or

(4) the Operating Partnership or such Subsidiary, within a one-year period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the Attributable Indebtedness from such Sale-Leaseback Transaction to (A) the prepayment, repayment, redemption, reduction or retirement of Pari Passu Debt of the Operating Partnership or any Subsidiary, or (B) the expenditure or expenditures for Principal Property used or to be used in the ordinary course of business of the Operating Partnership or its Subsidiaries.

Notwithstanding the foregoing provisions of this Section, the Operating Partnership may, and may permit any Subsidiary to, effect any Sale-Leaseback Transaction that is not excepted by Clauses (1) through (4), inclusive, of this Section, provided that the Attributable Indebtedness from such Sale-Leaseback Transaction, together with the aggregate principal amount of then outstanding Debt (other than the Securities) secured by Liens upon Principal Properties not excepted by Clauses (1) through (9), inclusive, of Section 1006, do not exceed 10% of the Consolidated Net Tangible Assets.

Section 1008. Future Subsidiary Guarantors.

The Operating Partnership shall cause each Subsidiary of the Operating Partnership that guarantees or becomes a co-obligor in respect of any Funded Debt of the Operating Partnership other than the Securities at any time subsequent to the Closing Date (including, without limitation, following any release of such Subsidiary pursuant to Section 1409 from any Guaranty previously provided by it under Article XIV), to (A) cause the Securities to be equally and ratably guaranteed by such Subsidiary, but only to the extent that the Securities are not already guaranteed by such Subsidiary on reasonably comparable terms and (B) execute and deliver to the Trustee a supplemental indenture in the form attached as Annex A pursuant to which such Subsidiary will guarantee payment of the Securities.

Section 1009. Waiver of Certain Covenants.

The Operating Partnership may omit in any particular instance to comply with any term, provision or condition set forth in Section 1005, 1006, 1007 or 1008 with respect to the Securities if before the time for such compliance Holders of at least a majority in aggregate principal amount of the Outstanding Securities shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Operating Partnership and the Guarantors and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

Section 1010. Officers' Certificate as to Additional Interest.

The Operating Partnership shall deliver an Officers' Certificate to the Trustee within five Business Days after an Additional Interest Event occurs which identifies such Additional Interest Event and states the date as of which Additional Interest began accruing or will begin to accrue. Promptly upon (i) an Additional Interest Event having been cured or (ii) the expiration of the

Rule 144(k) Period, the Operating Partnership shall deliver to the Trustee an Officers' Certificate which identifies such Additional Interest Event, states that it has been cured or that the Rule 144(k) Period has expired, as the case may be, and states the date as of which Additional Interest ceased accruing or will cease to accrue.

Section 1011. Change of Control.

Upon the occurrence of a Change of Control, the Operating Partnership will make an offer to purchase all or any part (equal to $1,000 or an integral multiple thereof) of the Securities pursuant to the offer described below (the "Change of Control Offer") at a price in cash (the "Change of Control Payment") equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. Within 30 days following any Change of Control, the Operating Partnership will mail a notice to each Holder of Securities issued under this Indenture, with a copy to the Trustee, with the following information:

(1) a Change of Control Offer is being made pursuant to this Section 1011 and that all Securities properly tendered pursuant to such Change of Control Offer will be accepted for payment;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed, except as may be otherwise required by applicable law (the "Change of Control Payment Date");

(3) any Security not properly tendered will remain outstanding and continue to accrue interest;

(4) unless the Operating Partnership default in the payment of the Change of Control Payment, all Securities accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) Holders electing to have any Securities purchased pursuant to a Change of Control Offer will be required to surrender the Securities, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Securities completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) Holders will be entitled to withdraw their tendered Securities and their election to require us to purchase such Securities, provided that the paying agent receives, not later than the close of business on the last day of the Offer Period (as defined below), a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Securities tendered for purchase, and a statement that such Holder is withdrawing his tendered Securities and his election to have such Securities purchased; and

(7) that Holders whose Securities are being purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

The Change of Control Offer shall remain open for a period of 20 Business Days following commencement, except to the extent a longer period is required by applicable Law (the "Offer Period"). The Operating Partnership will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Securities pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Operating Partnership will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof.

On the Change of Control Payment Date, the Operating Partnership will, to the extent permitted by law,

(1) accept for payment all Securities or portions thereof properly tendered pursuant to the Change of Control Offer,

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Securities or portions thereof so tendered, and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Securities so accepted together with an Officers' Certificate stating that such Securities or portions thereof have been tendered to and purchased by the Operating Partnership. The paying agent will promptly mail to each Holder of Securities the Change of Control Payment for such Securities, and the Trustee will promptly authenticate and mail to each Holder a new Security equal in principal amount to any unpurchased portion of the Securities surrendered, if any, provided, that each such new Security will be in a principal amount of $1,000 or an integral multiple thereof. The Operating Partnership will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

ARTICLE XI

REDEMPTION OF SECURITIES

Section 1101. Optional Redemption.

The Securities will be redeemable, in whole or in part, at the option of the Operating Partnership at any time, upon not less than 30 and not more than 60 days' notice mailed to each Holder of the Securities to be redeemed at the Holder's address appearing in the Security Register, on any date prior to Maturity at a Redemption Price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed and (ii) an amount equal to the sum of the present values of the remaining scheduled payments for principal and interest on the Securities to be redeemed, not including any portion of the payments of interest accrued as of such Redemption Date, discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 25 basis points; plus in each case, accrued and unpaid interest on the Securities to be redeemed to such Redemption Date.

The Operating Partnership shall notify the Trustee of the Redemption Price with respect to the foregoing redemption promptly after the calculation thereof. The Trustee shall not be responsible for calculating said Redemption Price.

The Operating Partnership has no obligation to redeem or purchase any Securities pursuant to any sinking fund or analogous requirement, or (except as provided in Article V) upon the happening of a specified event, or at the option of a Holder thereof.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Operating Partnership to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Operating Partnership of less than all the Securities, the Operating Partnership shall, not less than 35 nor more than 60 days prior to the Redemption Date fixed by the Operating Partnership (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities to be redeemed.

Section 1103. Selection by Trustee of Securities to be Redeemed.

If less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected not more than 45 days prior to the Redemption Date by the Trustee, from the Outstanding Securities not previously called for redemption, either pro rata, by lot or by any other method which the Trustee deems fair and appropriate. The redemption may provide for redemption of portions (equal to the minimum authorized denomination for Securities or any integral multiple thereof) of the principal amount of Securities of a denomination larger than the minimum authorized denomination for Securities.

The Trustee shall promptly notify the Operating Partnership in writing of the Securities selected for redemption and, in the case of any such Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of the Securities shall relate, in the case of any such Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail (if international mail, by air mail), postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of the Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Securities are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after said date, and

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price.

Notice of redemption of Securities to be redeemed shall be given by the Operating Partnership or, at the Operating Partnership's request, by the Trustee in the name and at the expense of the Operating Partnership.

Section 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Operating Partnership shall deposit with the Trustee or with a Paying Agent (or, if the Operating Partnership is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Operating Partnership shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Operating Partnership at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in such Security.

Section 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Operating Partnership or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Operating Partnership and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Operating Partnership shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized

denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE XII

NON-RECOURSE

Section 1201. Non-Recourse to the General Partner and Partnership GP; No Personal Liability of Officers, Directors, Employees or Partners.

Obligations of the Operating Partnership or any Guarantor, as such, under this Indenture, the Securities and any Guaranty are non-recourse to the General Partner, the Partnership GP and their respective Affiliates (other than the Operating Partnership and the Guarantors), and payable only out of cash flow and assets of the Operating Partnership and the Guarantors. The Trustee, and each Holder of a Security by its acceptance thereof, will be deemed to have agreed in this Indenture that (1) neither the General Partner, the Partnership GP nor their respective assets (nor any of their respective Affiliates other than the Operating Partnership or the Guarantors, nor their respective assets) shall be liable for any of the obligations of the Operating Partnership or the Guarantors under this Indenture, such Securities or any Guaranty, and (2) no director, officer, employee, stockholder or unitholder, as such, of the Operating Partnership, the Guarantors, the Trustee, the General Partner, the Partnership GP or any Affiliate of any of the foregoing entities shall have any personal liability in respect of the obligations of the Operating Partnership or the Guarantors under this Indenture, such Securities or any Guaranty by reason of his, her or its status. The agreements set forth in this Section 1201 are part of the consideration for the issuance of the Securities and any Guaranty.

ARTICLE XIII

DEFEASANCE OF SECURITIES

Section 1301. Legal Defeasance.

In addition to discharge of the Indenture pursuant to Section 401, the Operating Partnership shall be deemed to have paid and discharged the entire indebtedness on all Securities on the date of the deposit referred to in Clause (1) below, and the provisions of this Indenture with respect to such Securities shall no longer be in effect (except as to (i) rights of registration of transfer and exchange of such Securities and the Operating Partnership's right of optional redemption, (ii) substitution of mutilated, destroyed, lost or stolen Securities, (iii) rights of Holders of such Securities to receive payments of principal thereof and interest thereon, upon the original stated due dates therefor or on the specified redemption dates therefor (but not upon acceleration), (iv) the rights, obligations, duties and immunities of the Trustee hereunder, and the Operating Partnership's and Guarantors' obligations in connection therewith (including, but not limited to, Section 607), (v) the rights, if any, to convert or exchange such Securities, (vi) the rights of Holders of such Securities as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, and (vii) the obligations of the Operating Partnership under Section 1002), and the Trustee, at the expense of the Operating Partnership, shall, upon a Operating Partnership Request, execute proper instruments

acknowledging the same, if the conditions set forth below are satisfied (hereinafter, "defeasance"):

(1) The Operating Partnership has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust, for the purposes of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of Holders of such Securities (A) cash in an amount, or (B) U.S. Government Obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash, or (C) a combination thereof, certified to be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay the principal and interest and premium, if any, on all such Securities on each date that such principal, interest or premium, if any, is due and payable or on any Redemption Date established pursuant to Clause (3) below;

(2) The Operating Partnership has delivered to the Trustee an Opinion of Counsel based on the fact that (A) the Operating Partnership has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date hereof, there has been a change in the applicable federal income tax law, in either case to the effect that, and such opinion shall confirm that, Holders of such Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred;

(3) If such Securities are to be redeemed prior to Stated Maturity, notice of such redemption shall have been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee shall have been made;

(4) No Event of Default or Default shall have occurred and be continuing on the date of such deposit;

(5) Such defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all such Securities are in default within the meaning of such Act);

(6) Such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Operating Partnership is a party or by which it is bound;

(7) Such defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder; and

(8) The Operating Partnership has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the defeasance contemplated by this provision have been complied with.

For this purpose, such defeasance means that the Operating Partnership, the Guarantors, and any other obligor upon the Securities shall be deemed to have paid and discharged the entire debt represented by such Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1303 and the rights and obligations referred to in Clauses (i) through (vii), inclusive, of the first paragraph of this Section, and to have satisfied all its other obligations under such Securities, this Indenture and the Guaranties insofar as such Securities are concerned.

Section 1302. Covenant Defeasance.

The Operating Partnership and any other obligor, including the Guarantors, shall be released on the date of the deposit referred to in Clause (1) below from its obligations under Sections 704, 801, 1004, 1005, 1006, 1007, 1008, 1010 and 1011, Article VIII and Article XIV with respect to the Securities on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and such Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any request, demand, authorization, direction, notice, waiver, consent or declaration or other action or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed Outstanding for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Securities, the Operating Partnership and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section, whether directly or indirectly by reason of any reference elsewhere herein to such Section or by reason of any reference in such Section to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501, but, except as specified above, the remainder of this Indenture and the Securities shall be unaffected thereby. The following shall be the conditions to application of this Section 1302:

(1) The Operating Partnership has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of Holders of the Securities (A) cash in an amount, or (B) U.S. Government Obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay the principal and interest and premium, if any, on all Securities on each date that such principal, interest or premium, if any, is due and payable or on any Redemption Date established pursuant to Clause (2) below;

(2) If such Securities are to be redeemed prior to Stated Maturity, notice of such redemption shall have been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee shall have been made;

(3) No Event of Default or Default shall have occurred and be continuing on the date of such deposit;

(4) The Operating Partnership has delivered to the Trustee an Opinion of Counsel which shall confirm that Holders of such Securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and covenant defeasance and will

be subject to federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit and covenant defeasance had not occurred;

(5) Such covenant defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all such Securities are in default within the meaning of such Act);

(6) Such covenant defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Operating Partnership is a party or by which it is bound;

(7) Such covenant defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder; and

(8) The Operating Partnership has delivered to the Trustee an Officers' Certificate and Opinion of Counsel stating that all conditions precedent provided for relating to the covenant defeasance contemplated by this provision have been complied with.

Section 1303. Application by Trustee of Funds Deposited for Payment of Securities.

Subject to the provisions of the last paragraph of Section 1003, all moneys or U.S. Government Obligations deposited with the Trustee pursuant to Section 1301 or 1302 (and all funds earned on such moneys or U.S. Government Obligations) shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Operating Partnership acting as its own Paying Agent), to Holders of such Securities for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law. Subject to Sections 1301 and 1302, the Trustee shall promptly pay to the Operating Partnership upon Operating Partnership Order any moneys held by it at any time, which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the amounts required to effect the defeasance with respect to the Outstanding Securities in question.

Section 1304. Repayment to Operating Partnership.

The Trustee and any Paying Agent promptly shall pay or return to the Operating Partnership upon Operating Partnership Request any money and U.S. Government Obligations held by them at any time that are not required for the payment of the principal of and any interest on such Securities for which money or U.S. Government Obligations have been deposited pursuant to Section 1301 or 1302, which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the amounts required to effect the defeasance with respect to the Outstanding Securities in question.

The provisions of the last paragraph of Section 1003 shall apply to any money held by the Trustee or any Paying Agent under this Article that remains unclaimed for two years after the Maturity of the Securities for which money or U.S. Government Obligations have been deposited pursuant to Section 1301 or 1302.

Section 1305. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money or U. S. Government Obligations in accordance with this Article by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Operating Partnership and any Guarantor under this Indenture, the applicable Guaranty and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Indenture until such time as the Trustee or the Paying Agent is permitted to apply all such money or U. S. Government Obligations in accordance with this Article; provided, however, that if the Operating Partnership or any Guarantor has made any payment of principal of or interest on any Securities because of the reinstatement of its obligations, the Operating Partnership or such Guarantor shall be subrogated to the rights of Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or the Paying Agent.

ARTICLE XIV

GUARANTY OF SECURITIES

Section 1401. Unconditional Guaranties.

(1) For value received, the Guarantors, jointly and severally, hereby fully, unconditionally and absolutely guarantee to the Holders and to the Trustee the due and punctual payment of the principal of, and premium, if any, and interest on the Securities and all other amounts due and payable under this Indenture and the Securities by the Operating Partnership, when and as such principal, premium, if any, and interest shall become due and payable, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, according to the terms of the Securities and this Indenture.

(2) Failing payment when due of any amount guaranteed pursuant to the Guaranties, for whatever reason, each Guarantor will be obligated to pay the same immediately. Each Guaranty is intended to be a general, unsecured, senior obligation of each Guarantor and will rank pari passu in right of payment with all Debt of each such Guarantor that is not, by its terms, expressly subordinated in right of payment to such Guaranty of such Guarantor. Each of the Guarantors hereby agrees that its obligations under this Section 1401 shall be full, unconditional and absolute, irrespective of the validity, regularity or enforceability of the Securities, this Guaranty or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Operating Partnership, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby agrees that in the event of a default in payment of the principal of, or premium, if any, or

interest on the Securities, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, legal proceedings may be instituted by the Trustee on behalf of Holders or, subject to Section 507, by Holders, on the terms and conditions set forth in this Indenture, directly against each of the Guarantors to enforce this Guaranty without first proceeding against the Operating Partnership.

(3) The obligations of each Guarantor under this Guaranty shall be as aforesaid full, unconditional and absolute and shall not be impaired, modified, released or limited by any occurrence or condition whatsoever, including, without limitation (A) any compromise, settlement, release, waiver, renewal, extension, indulgence or modification of, or any change in, any of the obligations and liabilities of the Operating Partnership or any Guarantor contained in the Securities, this Indenture or any other Guaranty, (B) any impairment, modification, release or limitation of the liability of the Operating Partnership, any Guarantor or any of their estates in bankruptcy, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of any applicable Bankruptcy Law, as amended, or other statute or from the decision of any court, (C) the assertion or exercise by the Operating Partnership, any Guarantor or the Trustee of any rights or remedies under the Securities, this Indenture or any other Guaranty or their delay in or failure to assert or exercise any such rights or remedies, (D) the assignment or the purported assignment of any property as security for the Securities, including all or any part of the rights of the Operating Partnership or any Guarantor under this Indenture or any other Guaranty, (E) the extension of the time for payment by the Operating Partnership or any Guarantor of any payments or other sums or any part thereof owing or payable under any of the terms and provisions of the Securities, this Indenture or any other Guaranty or of the time for performance by the Operating Partnership or any Guarantor of any other obligations under or arising out of any such terms and provisions or the extension or the renewal of any thereof, (F) the modification or amendment (whether material or otherwise) of any duty, agreement or obligation of the Operating Partnership or any Guarantor set forth in this Indenture or any other Guaranty, (G) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, the Operating Partnership or any of the Guarantors or any of their respective assets, or the disaffirmance of the Securities, this Guaranty or this Indenture or any other Guaranty in any such proceeding, (H) the release or discharge of the Operating Partnership or any Guarantor from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law, (I) the unenforceability of the Securities, this Guaranty, any other Guaranty or this Indenture or (J) any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

(4) Each of the Guarantors hereby (A) waives diligence, presentment, demand of payment, filing of claims with a court in the event of the merger, insolvency or bankruptcy of the Operating Partnership or a Guarantor, and all demands whatsoever, (B) acknowledges that this Guaranty may be transferred and that the benefit of its obligations hereunder shall extend to each holder of any Securities without notice to them and (C) covenants that its Guaranty will not be discharged except by complete performance. Each Guarantor further agrees that if at any time all or any part of any payment hereunder theretofore applied by any Person is, or must be, rescinded or returned for any reason whatsoever, including without limitation, the insolvency,

bankruptcy or reorganization of the Operating Partnership or such Guarantor, this Guaranty shall, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence notwithstanding such application, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such application had not been made.

(5) Each Guarantor shall be subrogated to all rights of Holders and the Trustee against the Operating Partnership in respect of any amounts paid by such Guarantor pursuant to the provisions of this Indenture or this Guaranty, provided, however, that no Guarantor shall be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until all of the Securities and this Guaranty shall have been paid in full or discharged.

(6) A director, officer, employee or stockholder, as such, of any Guarantor shall not have any liability for any obligations of such Guarantor under this Indenture or this Guaranty, or for any claim based on, in respect of or by reason of such obligations or their creation.

Section 1402. Limitation of Guarantor's Liability.

Each Guarantor and by its acceptance of any Security each Holder confirms that it is the intention of all such parties that the guarantee by such Guarantor pursuant to this Guaranty not constitute a fraudulent transfer or conveyance for purposes of any federal, state or foreign law. To effectuate the foregoing intention, Holders and each Guarantor hereby irrevocably agree that the obligations of each Guarantor under this Guaranty shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Guaranty or pursuant to Section 1403, result in the obligations of such Guarantor under this Guaranty not constituting a fraudulent conveyance or fraudulent transfer under federal, state or foreign law.

Section 1403. Contribution.

In order to provide for just and equitable contribution among all Guarantors, the Guarantors agree, inter se, that in the event any payment or distribution is made by any Guarantor (a "Funding Guarantor") under its Guaranty, such Funding Guarantor shall be entitled to a contribution from each other Guarantor in a pro rata amount based on the Adjusted Net Assets of each Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by the Funding Guarantor in discharging the Operating Partnership's obligations with respect to the Securities or any other Guarantor's obligations with respect to its Guaranty.

Section 1404. Execution and Delivery of Guaranties.

Each Guarantor hereby agrees that a notation relating to such Guaranty shall be endorsed on each Security authenticated and delivered by the Trustee and executed by either manual or facsimile signature of two officers of the Guarantor.

Each of the Guarantors hereby agrees that its Guaranty shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation relating to such Guaranty.

If an officer of a Guarantor whose signature is on this Indenture or a Security no longer holds that office at the time the Trustee authenticates such Security or at any time thereafter, such Guarantor's Guaranty of such Security shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Guarantee set forth in this Guaranty on behalf of the Guarantor.

Section 1405. Consent to Jurisdiction and Service of Process.

Each Guarantor that is not organized under the laws of the United States (including the States and the District of Columbia) (each a "Non-U.S. Guarantor") hereby appoints the principal office of CT Corporation System in The City of New York which, on the date hereof, is located at 111 Eighth Avenue, New York, New York 10011, as the authorized agent thereof (the "Authorized Agent") upon whom process may be served in any action, suit or proceeding arising out of or based on the Indenture or this Guaranty or the Securities which may be instituted in the Supreme Court of the State of New York or the United States District Court for the Southern District of New York, in either case in The Borough of Manhattan, The City of New York, by the Holder of any Security, and each Non-United States Guarantor hereby waives any objection which it may now or hereafter have to the laying of venue of any such proceeding and expressly and irrevocably accepts and submits, for the benefit of Holders from time to time of the Securities, to the nonexclusive jurisdiction of any such court in respect of any such action, suit or proceeding, for itself and with respect to its properties, revenues and assets. Such appointment shall be irrevocable unless and until the appointment of a successor authorized agent for such purpose, and such successor's acceptance of such appointment, shall have occurred. Each Non-U.S. Guarantor agrees to take any and all actions, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent with respect to any such action shall be deemed, in every respect, effective service of process upon any such Non-U.S. Guarantor. Notwithstanding the foregoing, any action against any Non-U.S. Guarantor arising out of or based on any Security may also be instituted by the Holder of such Security in any court in the jurisdiction of organization of such Non-U.S. Guarantor, and such Non-U.S. Guarantor expressly accepts the jurisdiction of any such court in any such action. The Operating Partnership shall require the Authorized Agent to agree in writing to accept the foregoing appointment as agent for service of process.

Section 1406. Waiver of Immunity.

To the extent that any Non-U.S. Guarantor or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any thereof, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in

aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Indenture or this Guaranty or the Securities, such Non-U.S. Guarantor, to the maximum extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Section 1407. Judgment Currency.

Each Non-U.S. Guarantor agrees to indemnify the Trustee and each Holder against any loss incurred by it as a result of any judgment or order being given or made and expressed and paid in a currency (the "Judgment Currency") other than Dollars and as a result of any variation as between (A) the rate of exchange at which the Dollar amount is converted into the Judgment Currency for the purpose of such judgment or order and (B) the spot rate of exchange in The City of New York at which the Trustee or such Holder on the date of payment of such judgment or order is able to purchase Dollars with the amount of the Judgment Currency actually received by the Trustee or such Holder. The foregoing indemnity shall constitute a separate and independent obligation of each Non-U.S. Guarantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, Dollars.

Section 1408. Execution of Supplemental Indenture for Future Subsidiary Guarantors.

Each Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 1008 shall promptly execute and deliver to the Trustee a supplemental indenture in the form attached as Annex A hereto pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article XIV and shall guarantee the Securities. Concurrently with the execution and delivery of such supplemental indenture, the Operating Partnership shall deliver to the Trustee an Opinion of Counsel and an Officers' Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and that the Guarantee of such Subsidiary Guarantor is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms (subject to such customary exceptions concerning creditors' rights and equitable principles as may be acceptable to the Trustee in its discretion).

Section 1409. Release of Guaranty.

Notwithstanding anything to the contrary in this Article XIV, in the event that any Guarantor shall no longer be a guarantor of any Funded Debt of the Operating Partnership other than the Securities, and so long as no Default or Event of Default shall have occurred or be continuing, such Guarantor, upon giving written notice to the Trustee to the foregoing effect, shall be deemed to be released from all of its obligations in respect of the Securities and this Indenture without further act or deed and the Guaranty of such Guarantor shall be of no further force or effect. Following the receipt by the Trustee of any such notice, the Operating Partnership shall cause this Indenture to be amended as provided in Section 901; provided,

however, that the failure to so amend this Indenture shall not affect the validity of the termination of the Guaranty of such Guarantor.

* * *

This instrument may be executed with counterpart signature pages or in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

SUNOCO LOGISTICS PARTNERS
OPERATIONS L. P.

By: Sunoco Logistics Partners GP LLC,
Its General Partner

By: /s/ Deborah M. Fretz

Name: Deborah M. Fretz
Title: President

SUNOCO LOGISTICS PARTNERS L. P.

By: Sunoco Partners LLC, Its General Partner

By: /s/ Deborah M. Fretz

Name: Deborah M. Fretez
Title: President

SUNOCO PIPELINE L. P.

By: Sun Pipe Line GP LLC, Its General Partner

By: /s/ James L. Fidler

Name: James L. Fidler
Title: President

SUNOCO PARTNERS MARKETING &
TERMINALS L. P.

By: Sunoco R&M (In) LLC, Its General Partner

By: /s/ James L. Fidler

Name: James L. Fidler
Title: President

FIRST UNION NATIONAL BANK

By: /s/ Bertha McClean

Name: Bertha McClean
Title: Assistant Vice President

ANNEX A

FORM OF SUPPLEMENTAL INDENTURE

This Supplemental Indenture, dated as of _____ (this "Supplemental Indenture" or "Guarantee"), among [name of future Subsidiary Guarantor] (the "Additional Guarantor"), Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (together with its successors and assigns, the "Operating Partnership"), each other then existing Guarantor under the Indenture referred to below, and First Union National Bank, as Trustee under the Indenture referred to below.

W I T N E S S E T H:

WHEREAS, the Operating Partnership, the Guarantors and the Trustee have heretofore executed and delivered an Indenture, dated as of February 7, 2002 (as amended, supplemented, waived or otherwise modified, the "Indenture"), providing for the issuance of an aggregate principal amount of $250,000,000 of 7.25% Senior Notes due 2012 of the Operating Partnership (the "Securities");

WHEREAS, Section 1008 of the Indenture provides that under certain circumstances the Operating Partnership is required to cause the Additional Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the Additional Guarantor shall unconditionally guarantee the Securities pursuant to the Guarantee on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 901 of the Indenture, the Trustee and the Company are authorized to execute and deliver this Supplemental Indenture to amend the Indenture, without the consent of any securityholder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Additional Guarantor, the Operating Partnership, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

ARTICLE I

DEFINITIONS

Section 101. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "Holders" in this Guarantee shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf or for the benefit of such holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

Section 201. Agreement to be Bound. The Additional Guarantor hereby becomes a party to the Indenture as a Subsidiary Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Subsidiary Guarantor under the Indenture. The Additional Guarantor agrees to be bound by all of the provisions of the Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under the Indenture.

Section 202. Guarantee. The Additional Guarantor hereby fully, unconditionally and absolutely guarantees, jointly and severally with each other Subsidiary Guarantor, to each Holder of the Securities and the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on the Securities and all other amounts due and payable under this Indenture and the Securities by the Operating Partnership, when and as such principal, premium, if any, and interest shall become due and payable, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, according to the terms of the Securities and the Indenture.

ARTICLE III

MISCELLANEOUS

Section 301. Notices. All notices and other communications to the Additional Guarantor shall be given as provided in the Indenture to the Additional Guarantor, at its address set forth below, with a copy to the Company as provided in the Indenture for notices to the Company.

Section 302. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

Section 303. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 304. Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

Section 305. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture.

Section 306. Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

Section 307. Headings. The headings of the Articles and the sections in this Guarantee are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[ADDITIONAL GUARANTOR]

By:

Name:
Title:

SUNOCO LOGISTICS PARTNERS OPERATIONS L. P.

By: Sunoco Logistics Partners GP LLC,
Its General Partner

By:

Name:
Title:

SUNOCO LOGISTICS PARTNERS L. P.

By: Sunoco Partners LLC, Its General Partner

By:

Name:
Title:

SUNOCO PIPELINE L. P.

By: Its General Partner

By:

Name:
Title:

SUNOCO PARTNERS MARKETING &
TERMINALS L. P.

By: Its General Partner

By:

Name:
Title:

FIRST UNION NATIONAL BANK

By:

Name:
Title:

ANNEX B

Form of Regulation S Certificate

REGULATION S CERTIFICATE

(For transfers pursuant to Sections 305(b)(i) and (v) of the below-referenced Indenture)

First Union National Bank,
as Trustee
599 Lexington Avenue, 22nd Floor
New York, New York 10022
Attention: Joe Salgado, Corporate Trust Administration

Re: 7.25% Senior Notes due 2012 of Sunoco Logistics Partners Operations L.P. (the "Securities")

Reference is made to the Indenture, dated as of February 7, 2002 (the "Indenture"), between Sunoco Logistics Partners Operations L.P. (the "Operating Partnership") and First Union National Bank, as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933, as amended (the "Securities Act"), are used herein as therein so defined.

This certificate relates to U.S. $ _____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The Person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner." If the Specified Securities are represented by a Global Security, they are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a Person (the "Transferee") who will take delivery in the form of a Regulation S Security.

In connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 904 or Rule 144 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

(1) Rule 904 Transfers. If the transfer is being effected in accordance with Rule 904:

(A) the Owner is not a distributor of the Securities, an Affiliate of the Operating Partnership or any such distributor or a Person acting on behalf of any of the foregoing;

(B) the offer of the Specified Securities was not made to a Person in the United States;

(C) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any Person acting on its behalf reasonably believed that the Transferee was outside the United States, or

(ii) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the Association of International Bond Dealers, or another designated offshore securities market and neither the Owner nor any Person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

(D) no directed selling efforts have been made in the United States by or on behalf of the Owner or any Affiliate thereof;

(E) if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied; and

(F) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Operating Partnership or from an Affiliate of the Operating Partnership, whichever is later, and is being effected in accordance with the applicable volume, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Operating Partnership or from an Affiliate of the Operating Partnership, whichever is later, and the Owner is not, and during the preceding three months has not been, an Affiliate of the Operating Partnership.

This certificate and the statements contained herein are made for your benefit and the benefit of the Operating Partnership, the Guarantors (if any) and the Purchaser.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:

Name:

Title:

(If the Undersigned is a corporation, partnership, limited liability company or fiduciary, the title of the Person signing on behalf of the Undersigned must be stated.)

ANNEX C

Form of Restricted Securities Certificate

RESTRICTED SECURITIES CERTIFICATE

(For transfers pursuant to Sections 305(b)(ii), (iii) and (v) of the below-referenced Indenture)

First Union National Bank,
as Trustee
599 Lexington Avenue, 22nd Floor
New York, New York 10022
Attention: Joe Salgado, Corporate Trust Administration

Re: 7.25% Senior Notes due 2012 of Sunoco Logistics Partners Operations L.P. (the "Securities")

Reference is made to the Indenture, dated as of February 7, 2002 (the "Indenture"), between Sunoco Logistics Partners Operations L.P. (the "Operating Partnership") and First Union National Bank, as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933, as amended (the "Securities Act"), are used herein as therein so defined.

This certificate relates to U.S. $ _____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The Person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner." If the Specified Securities are represented by a Global Security, they are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a Person (the "Transferee") who will take delivery in the form of a Restricted Security. In connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 144A or Rule 144 under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

(1) Rule 144A Transfers. If the transfer is being effected in accordance with Rule 144A:

(A) the Specified Securities are being transferred to a Person that the Owner and any Person acting on its behalf reasonably believe is a "qualified institutional buyer" within the meaning of Rule 144A, acquiring for its own account or for the account of a qualified institutional buyer; and

(B) the Owner and any Person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer; and

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Operating Partnership or from an Affiliate of the Operating Partnership, whichever is later, and is being effected in accordance with the applicable volume, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Operating Partnership or from an Affiliate of the Operating Partnership, whichever is later, and the Owner is not, and during the preceding three months has not been, an Affiliate of the Operating Partnership.

This certificate and the statements contained herein are made for your benefit and the benefit of the Operating Partnership, the Guarantors (if any) and the Purchaser.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:

Name:
Title:

(If the Undersigned is a corporation, partnership, limited liability company or fiduciary, the title of the Person signing on behalf of the Undersigned must be stated.)

ANNEX D

Form of Unrestricted Securities Certificate

UNRESTRICTED SECURITIES CERTIFICATE

(For removal of Securities Act Legends pursuant to Sections 305(c) of the below-referenced Indenture)

First Union National Bank,
as Trustee
599 Lexington Avenue, 22nd Floor
New York, New York 10022
Attention: Joe Salgado, Corporate Trust Administration

Re: 7.25% Senior Notes due 2012 of Sunoco Logistics Partners Operations L.P. (the "Securities")

Reference is made to the Indenture, dated as of February 7, 2002 (the "Indenture"), between Sunoco Logistics Partners Operations L.P. (the "Operating Partnership") and First Union National Bank, as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933, as amended (the "Securities Act"), are used herein as therein so defined.

This certificate relates to U.S. $ _____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The Person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner." If the Specified Securities are represented by a Global Security, they are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be exchanged for Securities bearing no Securities Act Legend pursuant to Section 305(c) of the Indenture. In connection with such exchange, the Owner hereby certifies that the exchange is occurring after a holding period of at least two years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Operating Partnership or from an Affiliate of the Operating Partnership, whichever is later, and the Owner is not, and during the preceding three months has not been, an Affiliate of the Operating Partnership.

This certificate and the statements contained herein are made for your benefit and the benefit of the Operating Partnership, the Guarantors (if any) and the Purchaser.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:

Name:
Title:

(If the Undersigned is a corporation, partnership, limited liability company or fiduciary, the title of the Person signing on behalf of the Undersigned must be stated.)

Exhibit 10.3

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of February 8, 2002 by and among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Operating Partnership"), Sunoco Logistics Partners L.P., a Delaware limited liability company (the "Partnership"), Sunoco Pipeline L.P., a Texas limited partnership (the "Sun Pipeline"), Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("RM In LP"), and the Initial Purchasers (as hereinafter defined).

This Agreement is made pursuant to the Purchase Agreement dated February 4, 2002 (the "Purchase Agreement"), by and among the Operating Partnership, as issuer of the $250,000,000 aggregate principal amount of 7.25% Senior Notes due 2012 (including the related guarantees, the "Notes"), Sunoco, Inc., Sunoco Partners LLC, the Partnership, Sunoco Logistics Partners GP LLC, Sun Pipeline, RM In LP and the Initial Purchasers, which provides for, among other things, the sale by the Operating Partnership to the Initial Purchasers of the aggregate principal amount of Notes specified therein. In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Operating Partnership, the Partnership, Pipeline LP and RM In LP have agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Additional Interest" shall have the meaning set forth in Section 2(e)(i) hereof.

"Advice" shall have the meaning set forth in the last paragraph of Section 3 hereof.

"Affiliate" has the meaning given to that term in Rule 405 under the Securities Act or any successor rule thereunder.

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Applicable Period" shall have the meaning set forth in Section 3(u) hereof.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed.

"Closing Date" shall mean February 8, 2002, the initial date of delivery of the Notes from the Operating Partnership to the Initial Purchasers.

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Operating Partnership; provided, however, that such depositary must have an address in the Borough of Manhattan, The City of New York.

"Effectiveness Period" shall have the meaning set forth in Section 2(b) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Exchange Notes" shall mean the 7.25% Senior Notes due 2012 issued by the Operating Partnership under the Indenture containing terms identical in all material respects to the Notes (including the related guarantees by the Guarantors), except that (i) interest thereon shall accrue from the last date on which interest was paid or duly provided for on the Notes or, if no such interest has been paid, from the date of their original issue, (ii) they will not contain terms with respect to transfer restrictions under the Securities Act, and (iii) they will not provide for any Additional Interest thereon.

"Exchange Offer" shall mean the offer by the Operating Partnership and the Guarantors to the Holders to exchange all of the Registrable Notes held by each such Holder for a like amount of Exchange Notes pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the Securities Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" shall have the meaning set forth in Section 2(a) hereof.

"Guarantors" means the Partnership, Sun Pipeline LP and RM In LP.

"Holder" shall mean any Initial Purchaser, for so long as it owns any Registrable Notes, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Notes under the Indenture.

"Indenture" shall mean the Indenture, dated as of February 7, 2002, between the Operating Partnership, as issuer, the Guarantors and First Union National Bank, as trustee, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

"Initial Purchasers" shall mean Lehman Brothers Inc., Credit Suisse First Boston Corporation, Banc of America Securities LLC, Salomon Smith Barney Inc., UBS Warburg LLC and First Union Securities, Inc.

"Inspectors" shall have the meaning set forth in Section 3(p) hereof.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Notes or Exchange Notes, as the case may be.

"NASD" shall mean National Association of Securities Dealers, Inc.

"Notes" shall have the meaning set forth in the preamble to this Agreement and shall include the related guarantees.

"Operating Partnership" shall have the meaning set forth in the preamble to this Agreement and also includes the Operating Partnership's successors and permitted assigns.

"Participating Broker-Dealer" shall have the meaning set forth in Section 3(u) hereof.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, limited liability company, or a government or agency or political subdivision thereof or other legal entity.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Notes covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all documents incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Records" shall have the meaning set forth in Section 3(p) hereof.

"Registrable Notes" shall mean the Notes (including the related guarantees by the Guarantors), until the earliest to occur of (a) the date on which any Note has been exchanged by a Person other than a Participating Broker-Dealer for Exchange Notes in the Exchange Offer, (b) following the exchange by a Participating Broker-Dealer in the Exchange Offer of any Note for one or more Exchange Notes, the date on which such Exchange Notes are sold to a purchaser in accordance with the Exchange Offer Registration Statement, (c) the date on which any Note has been registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement and (d) the date on which any Note is eligible to be distributed to the public pursuant to Rule 144(k) under the Securities Act.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Operating Partnership and the Guarantors with this Agreement, including without limitation: (i) all SEC or NASD registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of one counsel for all underwriters and Holders as a group in connection with blue sky qualification of any of the Exchange Notes or Registrable Notes), (iii) all expenses of the Operating Partnership and the Guarantors in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus and any amendments or supplements thereto, (iv) all rating agency fees, (v) all fees

and disbursements of counsel for the Operating Partnership and the Guarantors and of the independent certified public accountants of the Operating Partnership, the Guarantors and their respective subsidiaries, including the expenses of any "cold comfort" letters required by or incident to the performance of and compliance with this Agreement, (vi) all reasonable fees and expenses of the Trustee and its counsel and any exchange agent or custodian, and (vii) all reasonable fees and expenses of any special experts retained by the Operating Partnership or the Guarantors in connection with any Registration Statement.

"Registration Statement" shall mean any registration statement of the Operating Partnership and the Guarantors which covers any of the Exchange Notes or Registrable Notes pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Rule 144(k) Period" shall mean the period of two years (or such shorter period as may hereafter be referred to in Rule 144(k) under the Securities Act (or similar successor rule)) commencing on the Closing Date.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Event" shall have the meaning set forth in Section 2(b) hereof.

"Shelf Registration Event Date" shall have the meaning set forth in Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Operating Partnership and the Guarantors pursuant to the provisions of Section 2(b) hereof which covers all of the Registrable Notes (except Registrable Notes which the Holders have elected not to include in such Shelf Registration Statement or the Holders of which have not complied with their obligations under the penultimate paragraph of Section 3 hereof or under the first paragraph of Section 2(b) hereof) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"TIA" shall have the meaning set forth in Section 3(m) hereof.

"Trustee" shall mean the trustee under the Indenture.

2. Registration Under the Securities Act.

(a) Exchange Offer. Except as set forth in Section 2(b) below, the Operating Partnership and the Guarantors shall, for the benefit of the Holders, at the Operating

Partnership's and the Guarantors' cost, (i) prepare and file with the SEC as soon as practicable after the Closing Date, but in no event later than 90 calendar days after the Closing Date, an Exchange Offer Registration Statement on an appropriate form under the Securities Act relating to the Exchange Offer, (ii) use its commercially reasonable efforts to cause such Exchange Offer Registration Statement to be declared effective under the Securities Act by the SEC as soon as practicable after the Closing Date, but in no event later than 180 calendar days after the Closing Date, (iii) provided such Exchange Offer Registration Statement has been declared effective under the Securities Act by the SEC, use its commercially reasonable efforts to keep the Exchange Offer Registration Statement effective until the completion of the Exchange Offer, and (iv) provided such Exchange Offer Registration Statement has been declared effective under the Securities Act by the SEC, commence the Exchange Offer and keep the Exchange Offer open for not less than 20 Business Days, or longer if required by applicable law, after the date on which such Registration Statement was declared effective by the SEC (such period referred to herein as the "Exchange Period") and at the termination thereof issue Exchange Notes in exchange for all Registrable Notes tendered prior thereto in the Exchange Offer.

In connection with the Exchange Offer, the Operating Partnership and the Guarantors shall:

(i) mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) use the services of the Depositary for the Exchange Offer with respect to Notes represented by a global certificate;

(iii) permit Holders to withdraw tendered Registrable Notes at any time prior to the close of business, New York City time, on the last Business Day of the Exchange Period, by sending to the institution specified in the notice to Holders, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Notes delivered for exchange, and a statement that such Holder is withdrawing its election to have such Registrable Notes exchanged;

(iv) notify each Holder that any Registrable Security not tendered by such Holder in the Exchange Offer will remain outstanding and continue to accrue interest but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers as provided herein); and

(v) otherwise comply in all material respects with all applicable laws and regulations relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Operating Partnership and the Guarantors shall:

(i) accept for exchange all Registrable Notes or portions thereof duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and letter of transmittal;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Notes or portions thereof so accepted for exchange by the Operating Partnership; and

(iii) issue, and cause the Trustee under the Indenture to promptly authenticate and deliver to each Holder, Exchange Notes equal in principal amount to the principal amount of the Registrable Notes as are surrendered by such Holder.

Interest on each Exchange Note issued pursuant to the Exchange Offer will accrue from the last date on which interest was paid or duly provided for on the Note surrendered in exchange therefor or, if no interest has been paid on such Note, from the date of original issue of such Note. To the extent not prohibited by any judicial order, judgment, law, regulation or applicable interpretation of the staff of the SEC, the Operating Partnership and the Guarantors shall use commercially reasonable efforts to complete the Exchange Offer as provided above, and shall comply with the applicable requirements of the Securities Act, the Exchange Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions other than the conditions referred to in Section 2(b)(i) and (ii) below and those conditions that are customary in similar exchange offers, except as may be required by applicable law. Each Holder of Registrable Notes who wishes to exchange such Registrable Notes for Exchange Notes in the Exchange Offer will be required, as a condition to participating in the Exchange Offer, to make certain customary representations in connection therewith, including, in the case of any Holder, representations that (i) it is not an Affiliate of the Operating Partnership or the Guarantors, (ii) it is not a broker-dealer tendering Registrable Notes acquired directly from the Operating Partnership or the Guarantors, (iii) the Notes being exchanged, and the Exchange Notes to be received, by it have been or are being acquired in the ordinary course of its business and (iv) at the time of the Exchange Offer, it has no arrangements or understandings with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes. The Operating Partnership and the Guarantors shall inform the Initial Purchasers, after consultation with the Trustee, of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right to contact such Holders in order to facilitate the tender of Registrable Notes in the Exchange Offer.

Upon consummation of the Exchange Offer in accordance with this Section 2(a), the provisions of this Agreement shall continue to apply, mutatis mutandis, solely with respect to Exchange Notes held by Initial Purchasers and Participating Broker-Dealers, and the Operating Partnership and the Guarantors shall have no further obligation to register the Registrable Notes held by any other Holder pursuant to Section 2(b) of this Agreement.

(b) Shelf Registration. If (i) because of any change in law, regulation or in currently prevailing interpretations thereof by the staff of the SEC, the Operating Partnership and the Guarantors are not permitted to effect the Exchange Offer as contemplated by Section 2(a) hereof, (ii) the Exchange Offer is not consummated within 240 calendar days after the Closing Date or (iii) any Holder of Registrable Notes that is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) shall notify the Operating Partnership and the Guarantors prior to the 20th calendar day following the consummation of the Exchange Offer (A) that such Holder was prohibited by applicable law or SEC policy from participating in the Exchange

Offer, or (B) that such Holder may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) that such Holder is a Participating Broker-Dealer and holds Notes acquired directly from the Operating Partnership or the Guarantors or one of their Affiliates (any of the events specified in (i), (ii) or (iii) being a "Shelf Registration Event", and the date of occurrence thereof, the "Shelf Registration Event Date"), then in addition to or in lieu of conducting the Exchange Offer contemplated by Section 2(a) of this Agreement, as the case may be, the Operating Partnership and the Guarantors shall promptly notify the Holders in writing thereof and shall, at its cost, file as promptly as practicable after such Shelf Registration Event Date and, in any event, within 60 calendar days after such Shelf Registration Event Date, or, if later, 90 days after the Closing Date, a Shelf Registration Statement providing for the sale by the Holders of all of the Registrable Notes (other than Registrable Notes owned by Holders who have elected not to include such Registrable Notes in such Shelf Registration Statement or who have not complied with their obligations under the penultimate paragraph of Section 3 hereof or under this paragraph), and shall use its best efforts to cause such Shelf Registration Statement to be declared effective by the SEC as soon as practicable and in any event, on or before the 120th calendar day after the Shelf Registration Event Date or, if later, the 210th calendar day after the Closing Date. No Holder of Registrable Notes shall be entitled to include any of its Registrable Notes in any Shelf Registration pursuant to this Agreement unless and until such Holder agrees in writing to be bound by all of the provisions of this Agreement applicable to such Holder and furnishes to the Operating Partnership and the Guarantors in writing, within 5 calendar days after receipt of a request therefor, such information as the Operating Partnership and the Guarantors may, after conferring with counsel with regard to information relating to Holders that would be required by the SEC to be included in such Shelf Registration Statement or Prospectus included therein, reasonably request for inclusion in any Shelf Registration Statement or Prospectus included therein. Each Holder as to which any Shelf Registration is being effected agrees to furnish to the Operating Partnership and the Guarantors, without request and as soon as practicable, all information with respect to such Holder necessary to make the information previously furnished to the Operating Partnership by such Holder not materially misleading.

The Operating Partnership and the Guarantors agree to use their commercially reasonable efforts to keep the Shelf Registration Statement, subject to the 45 day grace period referred to in Section 2(e)(iv), continuously effective and the Prospectus usable for resales for the earlier of: (x) the expiration of the Rule 144(k) Period and (y) such time as all of the Notes covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Registrable Notes (the period from the effective date of the Shelf Registration Statement until the earlier of the events described in clauses (x) and (y) being the "Effectiveness Period"), subject to the 45 day grace period referred to in Section 2(e)(iv). Neither the Operating Partnership nor the Guarantors shall not permit any securities other than Registrable Notes to be included in the Shelf Registration.

(c) Expenses. The Operating Partnership and the Guarantors shall pay all Registration Expenses in connection with any Registration Statement filed pursuant to Section 2(a) and/or 2(b) hereof. Except as provided herein, each Holder shall pay all expenses of its counsel, underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Notes pursuant to the Shelf Registration Statement.

(d) Effective Registration Statement. An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Notes pursuant to such Exchange Offer Registration Statement or Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Exchange Offer Registration Statement or Shelf Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Notes pursuant to such Registration Statement may legally resume.

(e) Additional Interest. In the event that:

(i) the Exchange Offer Registration Statement is not filed with the SEC on or prior to the 90th calendar day after the Closing Date, then, commencing on the 91st calendar day after the Closing Date, additional interest (the "Additional Interest") shall accrue on the principal amount of the Notes over and above the otherwise applicable interest rate at a rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing;

(ii) the Exchange Offer Registration Statement is not declared effective by the SEC on or prior to the 180th calendar day after the Closing Date, then, commencing on the 181st calendar day after the Closing Date, Additional Interest shall accrue on the principal amount of the Notes over and above the otherwise applicable interest rate at a rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing;

(iii) (A) the Operating Partnership and the Guarantors have not exchanged Exchange Notes for all Notes validly tendered, in accordance with the terms of the Exchange Offer, on or prior to the 210th calendar day after the Closing Date or (B) if the Shelf Registration Statement is required to be filed pursuant to Section 2(b) of this Agreement but is not declared effective by the SEC on or prior to the 210th calendar day after the Closing Date, then, commencing on the 211th calendar day after the Closing Date, Additional Interest shall accrue on the principal amount of the Notes over and above the otherwise applicable interest rate at the rate of 0.25% per annum, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing; or

(iv) the Shelf Registration Statement has been declared effective and, except as otherwise provided in Section 2(b), such Shelf Registration Statement ceases to be continuously effective or the Prospectus contained in such Shelf Registration Statement ceases to be usable for resales (A) at any time prior to the expiration of the Effectiveness Period or (B) if related to corporate developments, public filings with the SEC or similar events or because the Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such failure continues for more than 45 days

(whether or not consecutive and whether or not arising out of a single or multiple circumstances) in any twelve-month period, then Additional Interest shall accrue on the principal amount of the Notes over and above the otherwise applicable interest rate at a rate of 0.25% per annum commencing on the day that (in the case of (A) above), or the 46th (cumulative) day after (in the case of (B) above), such Shelf Registration Statement ceases to be effective or the Prospectus ceases to be usable for resales, plus an additional 0.25% per annum from and after the 90th day after which such registration default shall have occurred and be continuing;

provided, however, that the aggregate amount of Additional Interest in respect of the Notes may not exceed 0.25% per annum during the first 90 days of a registration default or 0.50% per annum thereafter (regardless, in each case, of whether multiple events triggering Additional Interest under this subsection (e) exist); provided, further, however, that (1) upon the filing of the Exchange Offer Registration Statement (in the case of clause (i) above), (2) upon the effectiveness of the Exchange Offer Registration Statement (in the case of clause (ii) above), (3) upon the exchange of Exchange Notes for all Notes validly tendered (in the case of clause (iii)(A) above) or upon the effectiveness of the Shelf Registration Statement (in the case of clause (iii)(B) above) and (4) upon the earlier of (x) such time as the Shelf Registration Statement which had ceased to remain effective or the Prospectus which had ceased to be usable for resales again becomes effective and usable for resales, as applicable, and (y) the expiration of the Effectiveness Period (in the case of clause (iv) above), Additional Interest on the principal amount of the Notes as a result of such clause (or the relevant subclause thereof) shall cease to accrue;

provided, further, however, that if the Exchange Offer Registration Statement is not declared effective by the SEC on or prior to the 210th calendar day after the Closing Date and the Operating Partnership and the Guarantors shall request Holders to provide the information required by the SEC for inclusion in the Shelf Registration Statement, the Notes owned by Holders who do not provide such information when required pursuant to Section 2(b) of this Agreement will not be entitled to any Additional Interest for any day after the 210th calendar day after the Closing Date, regardless of the existence of any events which would otherwise trigger a Additional Interest under this subsection (e) for such Holders.

Any Additional Interest due pursuant to Section 2(e)(i), (ii), (iii) or (iv) above will be payable in cash on the next succeeding February 15th or August 15th, as the case may be, to eligible Holders (as determined under this subsection (e)) on the relevant record dates for the payment of interest pursuant to the Indenture. The receipt of additional interest will be the sole monetary remedy available to a holder if the Operating Partnership or the Guarantors fail to meet its obligations hereunder.

(f) Specific Enforcement. Without limiting the remedies available to the Holders, the Operating Partnership and each of the Guarantors acknowledges that any failure by the Operating Partnership or such Guarantors to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries

precisely and that, in the event of any such failure, any Holder may obtain such relief as may be required to specifically enforce the Operating Partnership's and the Guarantors' obligations under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures. In connection with the obligations of the Operating Partnership and the Guarantors with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Operating Partnership and the Guarantors shall:

(a) prepare and file with the SEC a Registration Statement or Registration Statements as prescribed by Sections 2(a) and 2(b) hereof within the relevant time period specified in Section 2 hereof on the appropriate form under the Securities Act, which form shall (i) be selected by the Operating Partnership and the Guarantors, (ii) in the case of a Shelf Registration, be available for the sale of the Registrable Notes by the selling Holders thereof and, in the case of an Exchange Offer, be available for the exchange of Registrable Notes, and (iii) comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith; and use its commercially reasonable efforts to cause such Registration Statement to become effective and remain effective (and, in the case of a Shelf Registration Statement, the Prospectus to be usable for resales) in accordance with Section 2 hereof; provided, however, that if (1) such filing is pursuant to Section 2(b) of this Agreement, or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) of this Agreement is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Operating Partnership and the Guarantors shall furnish to and afford the Holders of the Registrable Notes and each such Participating Broker-Dealer, as the case may be, covered by such Registration Statement, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed for a period of five Business Days; and the Operating Partnership and the Guarantors shall not file any Registration Statement or Prospectus or any amendments or supplements thereto in respect of which the Holders must be afforded an opportunity to review prior to the filing of such document if the Majority Holders of the Registrable Notes, depending solely upon which Holders must be afforded the opportunity of such review, or such Participating Broker-Dealer, as the case may be, their counsel or the managing underwriters, if any, shall reasonably object within five Business Days after receipt thereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the Effectiveness Period or the Applicable Period, as the case may be, and cause each Prospectus to be supplemented, if so determined by the Operating Partnership and the Guarantors or requested by the SEC, by any required prospectus supplement and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act, and comply with the provisions of the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder applicable to it with respect to the disposition of all Notes covered by each Registration Statement during the Effectiveness Period or the Applicable Period, as the case may be, in accordance with the intended method or methods of distribution by

the selling Holders thereof described in this Agreement (including sales by any Participating Broker-Dealer);

(c) in the case of an Exchange Offer Registration Statement, if in the reasonable opinion of counsel to the Operating Partnership and the Guarantors there is a question as to whether the Exchange Offer is permitted by applicable law, seek a no-action letter or other favorable decision from the SEC allowing the Operating Partnership and the Guarantors to consummate an Exchange Offer for such Notes. The Operating Partnership and the Guarantors hereby agree to pursue the issuance of such a decision to the SEC staff level but shall not be required to take commercially unreasonable action to effect a change of SEC policy. The Operating Partnership and the Guarantors hereby agree, however, to (i) participate in telephonic conferences with the SEC, (ii) deliver to the SEC staff an analysis prepared by counsel to the Operating Partnership and the Guarantors setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (iii) diligently pursue a resolution (which need not be favorable) by the SEC staff of such submission;

(d) in the case of an Exchange Offer Registration Statement, prior to the effectiveness of such statement, provide a supplemental letter to the SEC (i) stating that the Operating Partnership and the Guarantors are registering the Exchange Offer in reliance on the position of the SEC enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991), Brown & Wood LLP (available February 7, 1997) and, if applicable, any no-action letter obtained pursuant to Section 3(c) of this Agreement and (ii) including a representation that the Operating Partnership and the Guarantors have not entered into any arrangement or understanding with any Person to distribute the Exchange Notes to be received in the Exchange Offer and that, to the best of the Operating Partnership's information and belief, each Holder participating in the Exchange Offer is acquiring the Exchange Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Exchange Notes received in the Exchange Offer;

(e) in the case of a Shelf Registration, (i) notify each Holder of Registrable Notes included in the Shelf Registration Statement, at least five Business Days prior to filing, that a Shelf Registration Statement with respect to the Registrable Notes is being filed and advising such Holder that the distribution of Registrable Notes will be made in accordance with the method selected by the Majority Holders of the Registrable Notes, (ii) furnish to each Holder of Registrable Notes included in the Shelf Registration Statement and to each underwriter of an underwritten offering of Registrable Notes, if any, without charge, as many copies of each Prospectus, including each preliminary prospectus, and any amendment or supplement thereto, and such other documents as such Holder or underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Notes and (iii) consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Notes included in the Shelf Registration Statement in connection with the offering and sale of the Registrable Notes covered by the Prospectus or any amendment or supplement thereto;

(f) in the case of a Shelf Registration, register or qualify the Registrable Notes under all applicable state securities or "blue sky" laws of such jurisdictions by the time the

applicable Registration Statement is declared effective by the SEC as any Holder of Registrable Notes covered by a Registration Statement and as each underwriter of an underwritten offering of Registrable Notes shall reasonably request in writing in advance of such date of effectiveness, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder and underwriter to consummate the disposition in each such jurisdiction of such Registrable Notes owned by such Holder; provided, however, that neither the Operating Partnership nor the Guarantors shall be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(f), (ii) file any general consent to service of process in any jurisdiction where it would not otherwise be subject to such service of process or (iii) subject itself to taxation in any such jurisdiction if it is not then so subject;

(g) (1) in the case of a Shelf Registration or (2) if Participating Broker-Dealers from whom the Operating Partnership or any of the Guarantors has received prior written notice that they will be using the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(u) hereof, are seeking to sell Exchange Notes and are required to deliver Prospectuses, promptly notify each Holder of Registrable Notes, or such Participating Broker-Dealers, as the case may be, their counsel and the managing underwriters, if any, and promptly confirm such notice in writing (i) when a Registration Statement has become effective and when any post-effective amendments thereto become effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement or Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the qualification of the Registrable Notes or the Exchange Notes to be offered or sold by any Participating Broker-Dealer in any jurisdiction described in Section 3(f) hereof or the initiation of any proceedings for that purpose, (iv) of the happening of any event or the failure of any event to occur or the discovery of any facts, during the Effectiveness Period, which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which causes such Registration Statement or Prospectus to omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, as well as any other corporate developments, public filings with the SEC or similar events causing such Registration Statement not to be effective or the Prospectus not to be useable for resales and (v) of the reasonable determination of the Operating Partnership and the Guarantors that a post-effective amendment to the Registration Statement would be appropriate;

(h) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Notes included within the coverage of such Shelf Registration Statement, without charge, at least one conformed copy of each Registration Statement relating to such Shelf Registration and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Notes to facilitate the timely preparation and delivery of certificates representing Registrable Notes to be sold and not bearing any restrictive legends (except any customary legend borne by securities held through The Depository Trust Company or any similar depositary) and in such denominations (consistent with the provisions of the Indenture and the officer's certificate establishing the forms and the terms of the Notes pursuant to the Indenture) and registered in such names as the selling Holders or the underwriters may reasonably request (provided such names are consistent with the names of the selling security holders set forth in the Shelf Registration Statement) at least two Business Days prior to the closing of any sale of Registrable Notes pursuant to such Shelf Registration Statement;

(k) in the case of a Shelf Registration or an Exchange Offer Registration, promptly after the occurrence of any event specified in Section 3(g)(ii), 3(g)(iii), 3(g)(iv) (subject to the 45-day cumulative grace period within any twelve-month period provided for in Section 2(e)(iv)(B)) and 3(g)(v) hereof, prepare a supplement or post-effective amendment to such Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Notes, such Prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Operating Partnership and the Guarantors shall notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Operating Partnership and the Guarantors have amended or supplemented the Prospectus to correct such misstatement or omission;

(l) obtain a CUSIP number, and any other appropriate security identification number, for the Exchange Notes or the Registrable Notes, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with certificates for the Exchange Notes or the Registrable Notes, as the case may be, in a form eligible for deposit with the Depositary;

(m) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Notes or Registrable Notes, as the case may be, and effect such changes to such documents as may be required for them to be so qualified in accordance with the terms of the TIA and execute, and cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such documents to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, enter into such agreements (including underwriting agreements) as are customary in underwritten offerings and take all such other appropriate actions in connection therewith as are reasonably requested by the Majority Holders of the Registrable Notes in order to expedite or facilitate the registration or the disposition of the Registrable Notes;

(o) in the case of a Shelf Registration, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, if

requested by (x) an Initial Purchaser, in the case where such Initial Purchaser holds Notes acquired by it as part of its initial placement, or (y) the Majority Holders of the Registrable Notes covered thereby: (i) make such representations and warranties to Holders of such Registrable Notes and the underwriters (if any), with respect to the business of the Operating Partnership as then conducted and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by issuers to underwriters in underwritten offerings, and confirm the same if and when requested; (ii) obtain opinions of counsel to the Operating Partnership and the Guarantors and updates thereof (which may be in the form of a reliance letter) in form and substance reasonably satisfactory to the managing underwriters (if any) and the Majority Holders of the Registrable Notes being sold, addressed to each selling Holder and the underwriters (if any) covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such underwriters (it being agreed that the matters to be covered by such opinion may be subject to customary qualifications and exceptions); (iii) obtain "cold comfort" letters and updates thereof in form and substance reasonably satisfactory to the managing underwriters from the independent certified public accountants of the Operating Partnership and the Guarantors, addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings and such other matters as reasonably requested by such underwriters in accordance with Statement on Auditing Standards No. 72; and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 4 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate principal amount of Registrable Notes covered by such Registration Statement and the managing underwriters) customary for such agreements with respect to all parties to be indemnified pursuant to said Section (including, without limitation, such underwriters and selling Holders); and in the case of an underwritten registration, the above requirements shall be satisfied at each closing under the related underwriting agreement or as and to the extent required thereunder;

(p) if (1) a Shelf Registration is filed pursuant to Section 2(b) or (2) a Prospectus contained in an Exchange Offer Registration Statement filed pursuant to Section 2(a) is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Notes during the Applicable Period, make reasonably available for inspection by any representatives appointed by the Majority Holders of Registrable Notes or Participating Broker-Dealer, as applicable, who certifies to the Operating Partnership and the Guarantors that it has a current intention to sell Registrable Notes pursuant to the Shelf Registration, any underwriter participating in any such disposition of Registrable Notes, if any, and any attorney, accountant or other agent retained by any such selling Holder, Participating Broker-Dealer, as the case may be, or underwriter (collectively, the "Inspectors"), at the offices where normally kept, during the Operating Partnership's and the Guarantors' normal business hours, upon reasonable notice, all financial and other records, pertinent organizational and operational documents and properties of the Operating Partnership and the Guarantors (collectively, the "Records") as shall be reasonably necessary to enable them to conduct due diligence activities; and cause the officers, trustees and employees of the Operating Partnership and the Guarantors to supply all relevant information in each case reasonably requested by any such Inspector in connection with the Registration Statement; Records and information which the Operating Partnership and the Guarantors determine, in good faith, to be confidential and any

Records and information which it notifies the Inspectors are confidential shall not be disclosed to any Inspector except where (i) the disclosure of such Records or information is necessary to avoid or correct a material misstatement or omission in such Registration Statement, (ii) the release of such Records or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or is necessary in connection with any action, suit or proceeding or (iii) such Records or information previously has been made generally available to the public; each selling Holder of such Registrable Notes and each such Participating Broker-Dealer will be required to agree in writing that Records and information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Operating Partnership and the Guarantors unless and until such is made generally available to the public through no fault of an Inspector or a selling Holder; and each selling Holder of such Registrable Notes and each such Participating Broker-Dealer will be required to further agree in writing that it will, upon learning that disclosure of such Records or information is sought in a court of competent jurisdiction, or in connection with any action, suit or proceeding, give notice to the Operating Partnership and the Guarantors and allow the Operating Partnership and the Guarantors at their expense to undertake appropriate action to prevent disclosure of the Records and information deemed confidential;

(q) comply with all applicable rules and regulations of the SEC so long as any provision of this Agreement shall be applicable and make generally available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Notes are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Operating Partnership and the Guarantors after the effective date of a Registration Statement, which statements shall cover said 12-month periods, provided that the obligations under this paragraph (q) shall be satisfied by the timely filing of quarterly and annual reports on Forms 10-Q and 10-K under the Exchange Act;

(r) if an Exchange Offer is to be consummated, upon delivery of the Registrable Notes by Holders to the Operating Partnership (or to such other Person as directed by the Operating Partnership), in exchange for the Exchange Notes, the Operating Partnership shall mark, or cause to be marked, on such Notes delivered by such Holders that such Notes are being cancelled in exchange for the Exchange Notes; it being understood that in no event shall such Notes be marked as paid or otherwise satisfied;

(s) cooperate with each seller of Registrable Notes covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Notes and their respective counsel in connection with any filings required to be made with the NASD;

(t) take all other commercially reasonable steps to effect the registration of the Registrable Notes covered by a Registration Statement contemplated hereby;

(u) in the case of the Exchange Offer Registration Statement (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Notes acquired for its own account as a result of market-making activities or other trading activities (a "Participating Broker-Dealer") and that will be the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Notes to be received by such broker-dealer in the Exchange Offer, whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, represent the prevailing views of the staff of the SEC, including a statement that any such broker-dealer who receives Exchange Notes for Registrable Notes pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, (ii) furnish to each Participating Broker-Dealer who has delivered to the Operating Partnership or the Guarantors the notice referred to in Section 3(g) of this Agreement, without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary Prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request (the Operating Partnership and the Guarantors hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto by any Person subject to the prospectus delivery requirements of the Securities Act, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Notes covered by the Prospectus or any amendment or supplement thereto), (iii) use its commercially reasonable efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such Persons must comply with such requirements under the Securities Act and applicable rules and regulations in order to resell the Exchange Notes; provided, however, that such period shall not be required to exceed 180 calendar days (or such longer period if extended pursuant to the last sentence of Section 3 hereof) (the "Applicable Period"), and (iv) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

> "If the exchange offeree is a broker-dealer holding Registrable Notes acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Notes received in respect of such Registrable Notes pursuant to the Exchange Offer";

and (y) a statement to the effect that by a Participating Broker-Dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Notes, the Participating Broker-Dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

The Operating Partnership and the Guarantors may require each seller of Registrable Notes as to which any registration is being effected to furnish to the Operating Partnership and the Guarantors such information regarding such seller as may be required by the

staff of the SEC to be included in a Registration Statement. The Operating Partnership and the Guarantors may exclude from such registration the Registrable Notes of any seller who unreasonably fails to furnish such information within a reasonable time after receiving such request. The Operating Partnership and the Guarantors shall have no obligation to register under the Securities Act the Registrable Notes of a seller who so fails to furnish such information.

In the case of a Shelf Registration Statement, or if Participating Broker-Dealers who have notified the Operating Partnership and the Guarantors that they will be using the Prospectus contained in the Exchange Offer Registration Statement as provided in this Section 3(u) are seeking to sell Exchange Notes and are required to deliver Prospectuses, each Holder agrees that, upon receipt of any notice from the Operating Partnership and the Guarantors of the occurrence of any event specified in Section 3(g)(ii), 3(g)(iii), 3(g)(iv) or 3(g)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Notes pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof or until it is advised in writing (the "Advice") by the Operating Partnership and the Guarantors that the use of the applicable Prospectus may be resumed, and, if so directed by the Operating Partnership, such Holder will deliver to the Operating Partnership and the Guarantors (at the Operating Partnership's and the Guarantors' expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Notes or Exchange Notes, as the case may be, current at the time of receipt of such notice. If the Operating Partnership and the Guarantors shall give any such notice to suspend the disposition of Registrable Notes or Exchange Notes, as the case may be, pursuant to a Registration Statement, the Operating Partnership and the Guarantors shall use its best efforts to file and have declared effective (if an amendment), as soon as practicable after the resolution of the related matters, an amendment or supplement to the Registration Statement and shall extend the period during which such Registration Statement is required to be maintained effective and the Prospectus usable for resales pursuant to this Agreement by the number of days in the period from and including the date of the giving of such notice to and including the date when the Operating Partnership and the Guarantors shall have made available to the Holders (x) copies of the supplemented or amended Prospectus necessary to resume such dispositions or (y) the Advice.

4. Indemnification and Contribution. (a) In connection with a Shelf Registration Statement or in connection with any delivery of a Prospectus contained in an Exchange Offer Registration Statement by any Participating Broker-Dealer or Initial Purchaser, as applicable, who seeks to sell Exchange Notes, the Operating Partnership and the Guarantors shall indemnify and hold harmless each Holder of Registrable Notes included within any such Shelf Registration Statement and each Participating Broker-Dealer or Initial Purchaser selling Exchange Notes, underwriters, their officers and employees, and each Person, if any, who controls any such Person within the meaning of Section 15 of the Securities Act from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to the sale of Notes), to which that Holder, Participating Broker-Dealer, Initial Purchaser, underwriter, officer, employee or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in (A) any Registration Statement (or any amendment thereto) or Prospectus (or any amendment or supplement thereto), covering

Registrable Notes or Exchange Notes, as applicable, or (B) in any written or electronically produced materials or information electronically provided to investors by, or with the approval of, the Operating Partnership or the Guarantors in connection with the sale of the Registrable Notes or Exchange Notes, as applicable ("Marketing Materials"), necessary to make the statements therein, in light of the circumstances in which they were made, not misleading or (ii) the omission or alleged omission to state in any Registration Statement (or any amendment thereto) or Prospectus (or any amendment or supplement thereto) or in any Marketing Materials any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and shall reimburse each Holder, Participating Broker-Dealer, Initial Purchaser, underwriter, officer, employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by that Holder, Participating Broker-Dealer, Initial Purchaser, underwriter, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or actions as such expenses are incurred; provided, however, that this indemnity does not apply to any loss, claim, damage, liability or expense to the extent arising out of (i) an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished in writing to the Operating Partnership or the Guarantors by the Initial Purchasers or any Holder, underwriter or Participating Broker-Dealer for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto) or (ii) the failure of any Holder to comply with the provisions of the last paragraph of Section 3 of this Agreement.

(b) Each of the Initial Purchasers and each Holder, underwriter or Participating Broker-Dealer agrees, severally and not jointly, to indemnify and hold harmless the Operating Partnership, the Guarantors, their officers and employees, and each Person, if any, who controls the Operating Partnership or the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Operating Partnership, the Guarantors, their officers, employees or controlling persons may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (A) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) or Prospectus (or any amendment or supplement thereto), covering Registrable Notes or Exchange Notes, as applicable, or (B) the omission or alleged omission to state in any Registration Statement (or any amendment thereto) or Prospectus (or any amendment or supplement thereto) any material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Initial Purchaser, Holder, underwriter or Participating Broker-Dealer specifically for inclusion therein, and shall reimburse the Operating Partnership and the Guarantors and any such officer, employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by that Holder, Participating Broker-Dealer, Initial Purchaser, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or actions as such expenses are incurred; provided, however, that in the case of a Shelf Registration Statement, no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Notes pursuant to such Shelf Registration Statement.

(c) Promptly after receipt by an indemnified party under this Section 4 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 4, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 4 except to the extent it has been materially prejudiced by such failure and, provided further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 4. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to local counsel), separate from their own counsel, for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 4 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 4(a) or 4(b) in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, in such proportion as is appropriate to reflect the relative fault of the Operating Partnership and the Guarantors, on the one hand, and the Holders on the other, with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Operating Partnership, the Guarantors or the Holders, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Operating Partnership, the Guarantors and the Holders agree that it would not be just and equitable if contributions pursuant to this Section 4 were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable

by an indemnified party as a result of the loss, claim, damage, liability, or action in respect thereof, referred to above in this Section 4 shall be deemed to include, for purposes of this Section 4(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute as provided in this Section 4(d) are several in proportion to their respective underwriting obligations and not joint. For purposes of this Section 4, each Affiliate of a Holder, and each director, officer and employee and Person, if any, who controls a Holder or such Affiliate within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Holder and each Person, if any, who controls the Operating Partnership or the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Operating Partnership and the Guarantors.

5. Participation in an Underwritten Registration. No Holder may participate in an underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Notes on the basis provided in the underwriting arrangement approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents reasonably required under the terms of such underwriting arrangements.

6. Selection of Underwriters. The Holders of Registrable Notes covered by the Shelf Registration Statement who desire to do so may sell the Notes covered by such Shelf Registration in an underwritten offering, subject to the provisions of Section 3(m) hereof. In any such underwritten offering, the underwriter or underwriters and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Registrable Notes included in such offering; provided, however, that such underwriters and managers must be reasonably satisfactory to the Operating Partnership and the Guarantors.

7. Miscellaneous.

(a) Rule 144A. If the Operating Partnership and the Guarantors cease to be required to file reports under the Securities Act and Section 13(a) or 15(d) of the Exchange Act and the rules and regulations adopted by the SEC thereunder, the Operating Partnership and the Guarantors will, upon the request of any Holder of Registrable Notes, deliver such information to a prospective purchaser as is necessary to permit sales of their securities pursuant to Rule 144A under the Securities Act.

(b) No Conflicting Agreements. The Operating Partnership and the Guarantors have not entered into, nor will the Operating Partnership or the Guarantors on or after the date of this Agreement enter into, any agreement which conflicts with the provisions hereof without the written consent of Holders of a majority in aggregate principal amount of the outstanding Registrable Notes. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Operating

Partnership's or the Guarantors' other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Operating Partnership and the Guarantors has obtained the written consent of Holders of a majority in aggregate principal amount of the outstanding Registrable Notes affected by such amendment, modification, supplement, waiver or departure; provided that no amendment, modification or supplement or waiver or consent to the departure with respect to the provisions of Section 4 hereof shall be effective as against any Holder of Registrable Notes unless consented to in writing by such Holder of Registrable Notes. Notwithstanding the foregoing sentence, (i) this Agreement may be amended, without the consent of any Holder of Registrable Notes, by written agreement signed by the Operating Partnership, the Guarantors and the Initial Purchasers, to cure any ambiguity, correct or supplement any provision of this Agreement that may be inconsistent with any other provision of this Agreement or to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with other provisions of this Agreement, (ii) this Agreement may be amended, modified or supplemented, and waivers and consents to departures from the provisions hereof may be given, by written agreement signed by the Operating Partnership, the Guarantors and the Initial Purchasers to the extent that any such amendment, modification, supplement, waiver or consent is, in their reasonable judgment, necessary or appropriate to comply with applicable law and regulation (including any interpretation of the staff of the SEC) or any change therein and (iii) to the extent any provision of this Agreement relates to an Initial Purchaser, such provision may be amended, modified or supplemented, and waivers or consents to departures from such provisions may be given, by written agreement signed by such Initial Purchaser, the Operating Partnership and the Guarantors.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Operating Partnership and the Guarantors by means of a notice given in accordance with the provisions of this Section 7(d), which address initially is, with respect to the Initial Purchasers:

c/o Lehman Brothers Inc.
745 7th Avenue
New York, New York 10019
Attention: Fixed Income Syndication

(with a copy to the General Counsel)

and (ii) if to the Operating Partnership or the Guarantors, initially at the Operating Partnership's address:

Sunoco Logistics Partners Operations L.P.
1801 Market Street

Philadelphia, Pennsylvania 19103
Attn: Chief Financial Officer

and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 7(d).

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of the Initial Purchasers, including, without limitation and without the need for an express assignment, subsequent Holders; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Notes in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Notes in any manner, whether by operation of law or otherwise, such Registrable Notes shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Notes, such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiaries. Each Holder and any Participating Broker-Dealer shall be third party beneficiaries of the agreements made hereunder among the Initial Purchasers, the Operating Partnership and the Guarantors, and the Initial Purchasers shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Notes Held by the Operating Partnership or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Notes is required hereunder, Registrable Notes held by the Operating Partnership, the Guarantors or their Affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) Entire Agreement. This Agreement embodies the entire agreement and understanding between the Operating Partnership, the Guarantors and each of the Initial Purchasers relating to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties hereto with respect to this subject matter.

[continued on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS L.P.

By: Sunoco Partners LLC, its general partner

By: /s/ Deborah M. Feetz
Name: Deborah M. Feetz
Title: President

SUNOCO PIPELINE L.P.

By: Sun Pipeline GP LLC, its general partner

By: /s/ James L. Fidler
Name: James L. Fidler
Title: President

SUNOCO PARTNERS MARKETING &
TERMINALS L.P.

By: Sun Pipeline GP LLC, its general partner

By: /s/ James L. Fidler
Name: James L. Fidler
Title: President

Confirmed and accepted as of
the date first above written:
LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON CORPORATION
BANC OF AMERICA SECURITIES LLC SALOMON
SMITH BARNEY INC.
UBS WARBURG LLC
FIRST UNION SECURITIES, INC.

By: LEHMAN BROTHERS INC.
For itself and on behalf of the
other Initial Purchasers

By: /s/ Martin Goldberg

Authorized Signatory
Name: Martin Goldberg

Title: Senior Vice President

Exhibit 10.4

CONTRIBUTION, CONVEYANCE AND
ASSUMPTION AGREEMENT

Index

CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT

THIS CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT, dated as of February 8, 2002, is entered into by and among Sunoco, Inc., a Pennsylvania corporation ("Sunoco"); Sun Pipe Line Company of Delaware, a Delaware corporation ("Sun Delaware"); Sunoco, Inc. (R&M), a Pennsylvania corporation ("R & M"); Atlantic Petroleum Corporation, a Delaware corporation ("Petroleum"); Sunoco Texas Pipe Line Company, a Texas corporation ("Sun Texas"); Sun Oil Line of Michigan (Out) LLC, a Texas limited liability company ("Michigan Texas"); Mid-Continent Pipe Line (Out) LLC, a Texas limited liability company ("Mid-Con Texas"); Sun Pipe Line Services (Out) LLC, a Delaware limited liability company ("Services Out LLC"); Atlantic Petroleum Delaware Corporation, a Delaware corporation ("Delaware"); Atlantic Pipeline (Out) L.P., a Texas limited partnership ("Atlantic Out LP"); Sunoco Partners LLC, a Pennsylvania limited liability company ("Sunoco GP"); Sunoco Partners Lease Acquisition & Marketing LLC, a Delaware limited liability company ("LA LLC"); Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"); Sunoco Logistics Partners GP LLC, a Delaware limited liability company ("GP LLC"); Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "OLP"); Sunoco Logistics Partners Operations GP LLC, a Delaware limited liability company ("OLP GP LLC"); Sunoco Pipeline L.P., a Texas limited partnership ("Sun Pipeline LP"); Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("R&M In LP"); Sunoco Mid-Con (In) LLC, a Texas limited liability company ("Mid-Con In LLC"); Atlantic (In) L.P., a Texas limited partnership ("Atlantic In LP"); Atlantic R&M (In) L.P., a Texas limited partnership ("Atlantic R&M In LP"); Sun Pipe Line Services (In) L.P., a Delaware limited partnership ("Services LP"); Sunoco Michigan (In) LLC, a Texas limited liability company ("Michigan In LLC"); Atlantic (In) LLC, a Delaware limited liability company ("Atlantic In LLC"); Sun Pipe Line GP LLC, a Delaware limited liability company ("Pipe Line GP LLC"); Sunoco R&M (In) LLC, a Delaware limited liability company ("R&M In LLC"); and Atlantic Refining & Marketing Corp., a Delaware corporation ("Atlantic Refining").

RECITALS

WHEREAS, Sunoco GP and Sun Delaware have formed the MLP pursuant to the Delaware Revised Uniform Limited Partnership Act (the "Delaware Limited Partnership Act"), for the purpose of acquiring, owning and operating certain assets of certain subsidiaries and affiliates of Sunoco used in storage, transportation and distribution of crude oil and refined petroleum products;

WHEREAS, in order to accomplish the objectives and purposes in the preceding recital, the following actions have been taken prior to the date hereof:

1. Sun Delaware formed Sunoco GP under the terms of the Pennsylvania Limited Liability Company Act (the "Pennsylvania LLC Act") and contributed $1,000 in exchange for all of the membership interests in Sunoco GP.

2. Sunoco GP formed LA LLC and contributed $100 in exchange for all of the membership interests in LA LLC.

3. Sunoco GP and Sun Delaware formed the MLP to which Sunoco GP contributed $20 in exchange for a 2% general partner interest in the MLP, and Sun Delaware contributed $980 in exchange for a 98% limited partner interest in the MLP.

4. Sun Delaware formed GP LLC and contributed $1,000 in exchange for all of the membership interests in GP LLC.

5. Sun Delaware formed the following Texas limited liability companies: (i) Michigan Texas, (ii) Michigan In LLC, (iii) Mid-Con In LLC, and (iv) Mid-Con Texas, and contributed $1,000 to each in exchange for all of the membership interests in each of such limited liability companies.

6. The MLP and GP LLC formed the OLP to which the MLP contributed $999.90 in exchange for a 99.99% limited partner interest in the OLP, and GP LLC contributed $.10 in exchange for a .01% general partner interest in the OLP.

7. GP LLC formed OLP GP LLC and contributed $100 in exchange for all of the membership interests in OLP GP LLC.

8. Sun Pipe Line Company, a Pennsylvania corporation ("Pipe Line"), formed Pipe Line GP LLC to which it contributed $1,000 in exchange for all of the membership interests in Pipe Line GP LLC.

9. Pipe Line and Pipe Line GP LLC formed Sun Pipeline LP to which Pipe Line contributed $999.90 in exchange for a 99.99% limited partner interest in Sun Pipeline LP, and Pipeline GP LLC contributed $.10 in exchange for a .01% general partner interest in Sun Pipeline LP.

10. Pipe Line formed Sun Texas pursuant to the Texas Business Corporation Act (the "Texas Corporation Act"), and contributed $1,000 in exchange for all of the capital stock of Sun Texas.

11. R&M formed R&M In LLC and contributed $1,000 in exchange for all of the membership interests in R&M In LLC.

12. R&M and R&M In LLC formed R&M In LP to which R&M contributed $999.90 in exchange for a 99.99% limited partner interest in R&M In LP, and R&M In LLC contributed $.10 in exchange for a .01% general partner interest in R&M In LP.

13. Petroleum formed the following Delaware limited liability companies: Atlantic In LLC and Atlantic Petroleum (Out) LLC ("Atlantic Out LLC"), and contributed $2,000 to each in exchange for all of the membership interests in each.

14. Petroleum and each of Atlantic In LLC and Atlantic Out LLC have formed Atlantic In LP and Atlantic Out LP, respectively, to which Petroleum contributed $.10 to Atlantic Out LP in exchange for a .01% general partner interest in Atlantic Out LP and $999.90 to Atlantic In LP in exchange for a 99.99% limited partner

interest in Atlantic In LP; Atlantic In LLC contributed $.10 to Atlantic In LP in exchange for a .01% general partner interest in Atlantic In LP; and Atlantic Out LLC contributed $999.90 to Atlantic Out LP in exchange for a 99.99% limited partner interest in Atlantic Out LP.

15. Petroleum and Atlantic In LLC formed Atlantic R&M In LP, to which Petroleum contributed $999.90 to Atlantic R&M In LP in exchange for a 99.99% limited partner interest in Atlantic R&M In LP; and Atlantic In LLC contributed $.10 to Atlantic R&M In LP in exchange for a .01% general partner interest in Atlantic R&M In LP. Petroleum subsequently conveyed all of its limited partner interest in Atlantic R&M In LP to Atlantic Refining in consideration of the payment of $999.90 to Petroleum.

16. Sun Pipe Line Services Co., a Delaware corporation ("Services"), formed Services Out LLC, and contributed $1,000 in exchange for all of the membership interests in Services Out LLC.

17. R&M conveyed certain trucks and related licenses to R&M In LP, 99.99% on its own behalf and .01% on behalf of R&M In LLC.

18. Petroleum formed Delaware and contributed $100 and its $250 million note receivable in exchange for all of the outstanding common stock of Delaware.

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, each of the following shall occur:

19. Pipe Line will merge into Sun Texas under Section 1921 of the Pennsylvania Business Corporation Law (the "Pennsylvania Corporation Law") and Article 5.16 of the Texas Corporation Act, with Sun Texas being the survivor.

20. Sun Texas will effect a multiple survivor merger with Sun Pipeline LP under Article 5.01 of the Texas Corporation Act and Article 6132a, Section 2.11 of the Texas Revised Limited Partnership Act (the "Texas Limited Partnership Act"), and the assets and liabilities of Sun Texas owned before such merger will be allocated in accordance with the Texas Corporation Act and the Texas Limited Partnership Act, with the effect that (i) all assets and liabilities of Sun Texas not going to the MLP or its subsidiaries shall continue to be owned by Sun Texas and (ii) all assets and liabilities going into the MLP or its subsidiaries shall be owned by Sun Pipeline LP.

21. Sun Borger Pipe Line Company, a Delaware corporation ("Borger"), will merge into Services under Section 253 of the Delaware General Corporation Law (the "Delaware Corporation Act"), with Services being the survivor.

22. Sun Delaware will contribute .01% of the stock of Services to GP LLC as a capital contribution.

23. Services will file a certificate of conversion under Section 266 of the Delaware Corporation Act and Section 17-217 of the Delaware Limited Partnership Act to convert itself to Services LP, designating GP LLC as its general partner and Sun Delaware as its limited partner.

24. Services LP will (i) convey the assets of Services LP not going into the MLP or its subsidiaries to Services Out LLC as a capital contribution and (ii) distribute all of the membership interests in Services Out LLC to Sun Delaware, allocating 99.99% to Sun Delaware and .01% to GP LLC. GP LLC, in turn, will distribute its .01% membership interest in Services Out LLC to Sun Delaware.

25. Sun Oil Line Company of Michigan, a Michigan corporation ("Michigan"); will merge into Michigan Texas under Section 736 of the Michigan Business Corporation Act (the "Michigan Corporation Act") and Article 10.02 of the Texas Limited Liability Company Act (the "Texas LLC Act"), with Michigan Texas being the survivor.

26. Michigan Texas will effect a multiple survivor merger with Michigan In LLC under Article 10.01 of the Texas LLC Act, and the assets and liabilities of Michigan Texas owned before such merger will be allocated in accordance with the Texas LLC Act, with the effect that (i) all assets and liabilities of Michigan Texas going into the MLP or its subsidiaries shall be owned by Michigan In LLC and (ii) all other assets and liabilities of Michigan Texas shall continue to be owned by Michigan Texas.

27. Mid-Continent Pipe Line Company, an Oklahoma corporation ("Mid-Con"), will merge into Mid-Con Texas under Section 1090.2 of the Oklahoma General Corporation Act (the "Oklahoma Corporation Act") and Article 10.01 of the Texas LLC Act, with Mid-Con Texas being the survivor.

28. Mid-Con Texas will effect a multiple survivor merger with Mid-Con In LLC under Article 10.01 of the Texas LLC Act, and the assets and liabilities of Mid-Con Texas owned before such merger will be allocated in accordance with the Texas LLC Act, with the effect that (i) all assets and liabilities of Mid-Con Texas going into the MLP or its subsidiaries will be owned by Mid-Con In LLC, and (ii) all other assets and liabilities of Mid-Con Texas will continue to be owned by Mid-Con Texas.

29. Atlantic Pipeline Corp., a Delaware corporation ("Atlantic"), will merge into Atlantic Out LP under Section 263 of the Delaware Corporation Act and Article 6132a, Section 2.11 of the Texas Limited Partnership Act, with Atlantic Out LP being the survivor.

30. Atlantic Out LP will effect a multiple survivor merger with Atlantic In LP under Article 6132a, Section 2.11 of the Texas Limited Partnership Act, and the assets and liabilities of Atlantic Out LP owned before such merger will be allocated in accordance with the Texas Limited Partnership Act, with the effect that (i) all

assets and liabilities of Atlantic Out LP going into the MLP or its subsidiaries will be owned by Atlantic In LP, and (ii) all other assets and liabilities of Atlantic Out LP will continue to be owned by Atlantic Out LP.

31. Atlantic Refining will convey all of its assets going into the MLP and its subsidiaries to Atlantic R&M In LP as a capital contribution in exchange for a limited partner interest in Atlantic R&M In LP and the assumption by Atlantic R&M In LP of the related liabilities (99.99% on its behalf and .01% on behalf of Atlantic In LLC, for which Atlantic Refining will receive an interest in Atlantic In LLC). The percentage ownership interests with respect to Atlantic In LLC shall be adjusted after the Effective Date by the members of Atlantic In LLC in accordance with the terms of the limited liability company agreement of Atlantic In LLC.

32. R&M will convey its assets going into the MLP and its subsidiaries to R&M In LP as a capital contribution, with R&M In LP assuming the related liabilities (99.99% for itself and .01% on behalf of R&M In LLC).

33. The following contributions will be made to Sunoco GP: (a) Sun Delaware will contribute all of its interest in GP LLC, Services LP, Michigan In LLC, Explorer Pipeline Company, a Delaware corporation, and Mid-Con In LLC and will continue its 13% membership interest in Sunoco GP; (b) Sun Texas will contribute all of its interest in Pipe Line GP LLC and Sun Pipeline LP in exchange for a 45% membership interest in Sunoco GP; (c) R&M will contribute all of its interest in R&M In LLC and R&M In LP in exchange for a 25% membership interest in Sunoco GP; (d) Petroleum will contribute all of its interest in Atlantic In LLC and Atlantic In LP in exchange for a 10% membership interest in Sunoco GP; and (e) Atlantic Refining will contribute its interest in Atlantic In LLC and Atlantic R&M In LP to Sunoco GP in exchange for a 7% membership interest in Sunoco GP. The percentage ownership interests set forth in clauses (a) through (e) shall be adjusted after the Effective Date by the members of Sunoco GP in accordance with the terms of the limited liability company agreement of Sunoco GP.

34. Sunoco GP will contribute all of the membership interests and partnership interests and its interest in Explorer Pipeline Company conveyed to it as provided in the immediately preceding paragraph 33 to the MLP in exchange for (a) a continuation of its 2% general partner interest in the MLP (and its Incentive Distribution Rights), (b) 5,633,639 Common Units (as defined below) in the MLP, (c) 11,383,639 Subordinated Units (as defined below) in the MLP and (d) a special limited partnership interest in the MLP (the "Sunoco GP Special LP Interest") giving Sunoco GP only the right to receive the Net Debt Proceeds (as defined herein) in cash from the MLP upon redemption of the Sunoco GP Special LP Interest. The public, through the Underwriters, will contribute $116,437,500 to the MLP in exchange for 5,750,000 Common Units in the MLP.

35. The MLP will pay or cause to be paid the underwriting discounts and offering expenses incurred by the MLP in connection with the initial public offering (the "Offering") of the Common Units (collectively, the "Offering Costs").

36. R&M In LLC, Pipe Line GP LLC and Atlantic In LLC will merge into GP LLC under Section 18-209 of the Delaware Limited Liability Company Act (the "Delaware LLC Act"), with GP LLC being the survivor.

37. The MLP will contribute to (i) R&M In LP the cash remaining (after the payment of the Offering Costs that are due and payable or that have been previously paid) from the sale of the Common Units to the public (the "Net Equity Proceeds"), to be used by R&M In LP to pay any unpaid Offering Costs and the remainder to be used by R&M In LP as working capital and (ii) Sun Pipeline LP its interest in Explorer Pipeline Company, .01% on behalf of GP LLC and 99.99% on behalf of the MLP.

38. The MLP will contribute its direct ownership interests in Sun Pipeline LP, Services LP, Michigan In LLC, Mid-Con In LLC, Atlantic In LP, Atlantic R&M In LP and R&M In LP (collectively, the "Entities") to the OLP (i) in exchange for a special limited partnership interest in the OLP (the "MLP Special LP Interest") giving the MLP only the right to receive the Net Debt Proceeds from the OLP upon redemption of the MLP Special LP Interest, and (ii) as a capital contribution on its behalf (99.99%) and on behalf of GP LLC (.01%) with respect to the membership interests in Michigan In LLC and Mid-Con In LLC.

39. GP LLC will contribute to OLP GP LLC its .01% general partner interest in each of (a) R&M In LP, (b) Sun Pipeline LP, (c) Atlantic In LP, (d) Atlantic R&M In LP and (e) Services LP as a capital contribution and, in turn, GP LLC will contribute its interest in OLP GP LLC to the OLP as a capital contribution.

40. The OLP will issue $250 million in aggregate principal amount of its 7.25% Senior Notes, due February 15, 2012 (the "Senior Notes"), and the following shall occur: (a) the OLP will pay the discounts and commissions and offering expenses incurred by the OLP in connection with the offer and sale of the Senior Notes (the "Debt Offering Costs") and will distribute the cash remaining (after the payment of the Debt Offering Costs) from the sale of the Senior Notes (the "Net Debt Proceeds") to the MLP in redemption of the MLP Special LP Interest, and (b) the MLP will distribute the Net Debt Proceeds to Sunoco GP in redemption of the Sunoco GP Special LP Interest.

41. Sunoco GP will lend the Net Debt Proceeds to R&M. The MLP will redeem the limited partner interest in the MLP owned by Sun Delaware for $980.

WHEREAS, following the foregoing matters, each of the following shall occur:

42. Sun Delaware will contribute to Sun Texas all of the outstanding common stock it owns of West Texas Gulf Pipe Line Company, a Delaware corporation, and Inland Corporation, a Delaware corporation, as a capital contribution.

43. Services LP, Atlantic In LP, Michigan In LLC and Mid-Con In LLC will merge into Sun Pipeline LP under Section 17-211 of the Delaware Limited Partnership Act, Article 10.01 of the Texas LLC Act and Article 6132a, Section 2.11 of the Texas Limited Partnership Act, with Sun Pipeline LP being the survivor.

44. Atlantic R&M In LP will merge into R&M In LP under Article 6132a, Section 2.11 of the Texas Limited Partnership Act.

45. Sun Pipeline LP will effect a multiple survivor merger with R&M In LP under Article 6132a, Section 2.11 of the Texas Limited Partnership Act and (i) certain terminal assets and related liabilities located in Inkster, Michigan; Nederland, Texas; and Fort Mifflin, Pennsylvania; owned by Sun Pipeline LP before such merger will be allocated to R&M In LP in accordance with the Texas Limited Partnership Act and all other assets and liabilities owned by Sun Pipeline LP before such merger will continue to be owned by Sun Pipeline LP and (ii) certain easement assets owned by R&M In LP before such merger will be allocated to Sun Pipeline LP in accordance with the Texas Limited Partnership Act and all other assets owned by R&M In LP before such merger will continue to be owned by R&M In LP.

46. Sun Texas will change its name to Sun Pipe Line Company.

47. The agreements of limited partnership of each of the following will be amended and restated to the extent necessary to reflect the applicable matters set forth above and in Articles II and III in this Agreement (as defined below):

    (a) the MLP;

    (b) the OLP;

    (c) Sun Pipeline LP;

    (d) Atlantic In LP;

    (e) Atlantic R&M In LP;

    (f) Services LP;

    (g) R&M In LP; and

    (h) Atlantic Out LP.

48. The limited liability company agreements of each of the following will be amended to the extent necessary to reflect the applicable matters set forth above and in Articles II and III in this Agreement:

    (a) GP LLC;

(b) OLP GP LLC;

(c) Services Out LLC;

(d) Atlantic In LLC;

(e) Pipe Line GP LLC;

(f) R&M In LLC;

(g) Sunoco GP; and

(k) Atlantic (Out) LLC.

49. The regulations of each of the following limited liability companies will be amended to the extent necessary to reflect the applicable matters set forth above and in Articles II and III in this Agreement:

(a) Mid-Con In LLC; and

(b) Michigan In LLC.

NOW, THEREFORE, in consideration of their mutual undertakings and agreements hereunder, the parties to this Agreement undertake and agree as follows:

ARTICLE I
Definitions; Schedules; Recordation

1.1 Definitions. The following capitalized terms have the meanings given below.

"Acts" shall mean collectively the Delaware Limited Partnership Act, the Delaware LLC Act, the Delaware Corporation Act, the Michigan Corporation Act, the Oklahoma Corporation Act, the Pennsylvania LLC Act, the Pennsylvania Corporation Law, the Texas Limited Partnership Act, the Texas LLC Act and the Texas Corporation Act.

"Affiliate" has the meaning assigned to such term in the Partnership Agreement.

"Agreement" means this Contribution, Conveyance and Assumption Agreement.

"Assets" has the meaning assigned to such term in Section 5.1.

"Atlantic" has the meaning assigned to such term in Item 29 of the Recitals of this Agreement.

"Atlantic In LLC" has the meaning assigned to such term in the first paragraph of this Agreement.

"Atlantic In LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Atlantic In LP Assets" has the meaning assigned to such term in Section 2.15.

"Atlantic In LP Liabilities" means all obligations and liabilities associated with the Atlantic In LP Assets.

"Atlantic Out LLC" has the meaning assigned to such term in Item 13 of the Recitals of this Agreement.

"Atlantic Out LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Atlantic Out LP Assets" has the meaning assigned to such term in Section 2.15.

"Atlantic Out LP Liabilities" means all obligations and liabilities associated with the Atlantic Out LP Assets.

"Atlantic R&M In LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Atlantic R&M In LP Assets" has the meaning assigned to such term in Section 2.16.

"Atlantic R&M In LP Liabilities" means all obligations and liabilities associated with the Atlantic R&M In LP Assets.

"Atlantic Refining" has the meaning assigned to such term in the first paragraph of this Agreement.

"Atlantic Refining Aggregate Interests" has the meaning assigned to such term in Section 2.22.

"Atlantic Refining Aggregate Liabilities" means all obligations and liabilities associated with the Atlantic Refining Aggregate Interests.

"Beneficial Owner" has the meaning assigned to such term in Section 8.2.

"Borger" has the meaning assigned to such term in Item 21 of the Recitals of this Agreement.

"Common Units" has the meaning assigned to such term in the Partnership Agreement.

"Contributing Parties" has the meaning assigned to such term in Section 2.42.

"Conveyed Assets" has the meaning assigned to such term in Section 5.3.

"Debt Offering Costs" has the meaning assigned to such term in Item 40 of the Recitals of this Agreement.

"Delaware" has the meaning assigned to such term in the first paragraph of this Agreement.

"Delaware Corporation Act" has the meaning assigned to such term in Item 21 of the Recitals of this Agreement.

"Delaware LLC Act" has the meaning assigned to such term in Item 36 of the Recitals of this Agreement.

"Delaware Limited Partnership Act" has the meaning assigned to such term in the initial Recital to this Agreement.

"Effective Date" means February 8, 2002.

"Effective Time" means 12:01 a.m. Eastern Standard Time on the Effective Date.

"Entities" has the meaning assigned to such term in Item 38 of the Recitals to this Agreement.

"FERC" means the Federal Energy Regulatory Commission.

"GP LLC" has the meaning assigned to such term in the first paragraph of this Agreement.

"GP LLC Aggregate Interests" has the meaning assigned to such term in Section 2.29.

"GP LLC Aggregate Liabilities" means all of the obligations under the applicable limited partnership agreements relating to the GP LLC Aggregate Interests.

"GP LLC's Interest in OLP GP LLC" has the meaning assigned to such term in Section 2.30.

"GP LLC's Interest in OLP GP LLC Liabilities" means all of the obligations under the applicable limited liability company agreement relating to GP LLC's Interest in OLP GP LLC.

"GP LLC Interest in Services Out LLC" has the meaning assigned to such term in Section 2.9.

"GP LLC Interest in Services Out LLC Liabilities" means all of the obligations under the limited liability company agreement of Services Out LLC that relate to the GP LLC Interest in Services Out LLC.

"Incentive Distribution Rights" has the meaning assigned to such term in the Partnership Agreement.

"LA LLC" has the meaning assigned to such term in the first paragraph of this Agreement.

"Laws" means any and all laws, statutes, ordinances, rules or
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regulations promulgated by a governmental authority, orders of a governmental authority, judicial decisions, decisions of arbitrators or determinations of any governmental authority or court.

"Michigan" has the meaning assigned to such term in Item 25 in the
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Recitals of this Agreement.

"Michigan Corporation Act" has the meaning assigned to such term in
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Item 25 of the Recitals of this Agreement.

"Michigan In LLC" has the meaning assigned to such term in the first
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paragraph of this Agreement.

"Michigan In LLC Assets" has the meaning assigned to such term in
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Section 2.11.

"Michigan In LLC Liabilities" means all of the obligations and
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liabilities associated with the Michigan In LLC Assets.

"Michigan Texas" has the meaning assigned to such term in the first
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paragraph of this Agreement.

"Michigan Texas Assets" has the meaning assigned to such term in
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Section 2.11.

"Michigan Texas Liabilities" means all of the obligations and
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liabilities associated with the Michigan Texas Assets.

"Mid-Con" has the meaning assigned to such term in Item 27 of the
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Recitals of this Agreement.

"Mid-Con Texas" has the meaning assigned to such term in the first
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paragraph of this Agreement.

"Mid-Con Texas Assets" has the meaning assigned to such term in
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Section 2.13.

"Mid-Con Texas Liabilities" means all of the obligations and
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liabilities associated with the Mid-Con Texas Assets.

"Mid-Con In LLC" has the meaning assigned to such term in the first
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paragraph of this Agreement.

"Mid-Con In LLC Assets" has the meaning assigned to such term in
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Section 2.13.

"Mid-Con In LLC Liabilities" means all of the obligations and
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liabilities associated with the Mid-Con In LLC Assets.

"MLP" has the meaning assigned to such term in the first paragraph of
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this Agreement.

"MLP Aggregate Interests" has the meaning assigned to such term in
Section 2.28.

"MLP Aggregate Liabilities" shall mean all of the obligations under the applicable regulations and the limited partnership agreement relating to the MLP Aggregate Interests.

"MLP Interest in Explorer" has the meaning assigned to such term in Section 2.27.

"MLP Interest in Explorer Liabilities" means all of the obligations under the shareholders agreement relating to the MLP Interest in Explorer.

"MLP Special LP Interest" has the meaning assigned to such term in Item 38 of the Recitals to this Agreement.

"Net Debt Proceeds" has the meaning assigned to such term in Item 40 of the Recitals to this Agreement.

"Net Equity Proceeds" has the meaning assigned to such term in Item 37 of the Recitals to this Agreement.

"Offering" has the meaning assigned to such term in Item 35 of the Recitals of this Agreement.

"Offering Costs" has the meaning assigned to such term in Item 35 of the Recitals to this Agreement.

"Oklahoma Corporation Act" has the meaning assigned to such term in Item 27 of the Recitals to this Agreement.

"OLP" has the meaning assigned to such term in the first paragraph of this Agreement.

"OLP GP LLC" has the meaning assigned to such term in the first paragraph of this Agreement.

"Omnibus Agreement" means the Omnibus Agreement dated of even date herewith, by and among Sunoco, R&M, Sun Delaware, Petroleum, Sun Texas, Services Out LCC, the MLP, the OLP and Sunoco GP.

"Partnership Agreement" means the First Amended and Restated Agreement of Limited Partnership of the MLP, as it may be amended and restated from time to time.

"Pennsylvania Corporation Law" has the meaning assigned to such term in Item 19 of the Recitals of this Agreement.

"Partnership Group" has the meaning assigned to such term in the
Omnibus Agreement.

"Pennsylvania LLC Act" has the meaning assigned to such term in Item 1
of the Recitals of this Agreement.

"Petroleum" has the meaning assigned to such term in the first
paragraph of this Agreement.

"Petroleum Aggregate Interests" has the meaning assigned to such term
in Section 2.21.

"Petroleum Aggregate Interests Liabilities" means all of the
obligations under the applicable limited liability company agreement and the
limited partnership agreement relating to the Petroleum Aggregate Interests.

"Pipe Line" has the meaning assigned to such term in Item 8 of the
Recitals of this Agreement.

"Pipe Line GP LLC" has the meaning assigned to such term in the first
paragraph of this Agreement.

"Pro Forma Balance Sheet" has the meaning assigned to such term in
Section 2.42.

"Real Property" has the meaning assigned to such term in Section 5.3.

"Receiving Party" has the meaning assigned to such term in Section
7.4.

"Reserved Assets" has the meaning assigned to such term in Section
5.3.

"Restriction" has the meaning assigned to such term in Section 8.2.

"Restriction Asset" has the meaning assigned to such term in Section
8.2.

"R&M" has the meaning assigned to such term in the first paragraph of
this Agreement.

"R&M Aggregate Interests" has the meaning assigned to such term in
Section 2.20.

"R&M Aggregate Interests Liabilities" means all of the obligations
under the applicable limited liability company agreement and the limited
partnership agreement that relate to the R&M Aggregate Interests.

"R&M In LLC" has the meaning assigned to such term in the first
paragraph of this Agreement.

"R&M In LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"R&M In LP Assets" has the meaning assigned to such term in Section 2.17.

"R&M In LP Additional Assets" has the meaning assigned to such term in Section 2.40.

"R&M In LP Additional Liabilities" means all of the obligations and liabilities associated with the R&M In LP Additional Assets.

"R&M In LP Liabilities" means all of the obligations and liabilities associated with the R&M In LP Assets.

"R&M In LP Non-Conrail Easement and Non-Intellectual Property Assets" has the meaning assigned to such term in Section 2.40.

"R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities" means all of the obligations and liabilities associated with the R&M In LP Non-Conrail Easement and Non-Intellectual Property Assets.

"Registration Statement" means the registration statement on Form S-1 filed by the MLP relating to the Offering.

"Senior Notes" has the meaning assigned to such term in Item 40 in the Recitals of this Agreement.

"Services" has the meaning assigned to such term in Item 16 in the Recitals of this Agreement.

"Services LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Services LP/GP LLC Interest in Services Out LLC" has the meaning assigned to such term in Section 2.8.

"Services LP/GP LLC Interest in Services Out LLC Liabilities" means all of the obligations under the limited liability company agreement of Services Out LLC that relate to the Services LP/GP LLC Interest in Services Out LLC.

"Services LP/Sun Delaware Interest in Services Out LLC" has the meaning assigned to such term in Section 2.7.

"Services LP/Sun Delaware Interest in Services Out LLC Liabilities" means all of the obligations under the limited liability company agreement of Services Out LLC that relate to the Services LP/Sun Delaware Interest in Services Out LLC.

"Services Out LLC" has the meaning assigned to such term in the first paragraph of this Agreement.

"Services Out LLC Assets" has the meaning assigned to such term in Section 2.6.

"Services Out LLC Liabilities" means all of the obligations and liabilities associated with the Services Out LLC Assets.

"Services Stock" has the meaning assigned to such term in Section 2.4.

"Specific Conveyances" has the meaning assigned to such term in Section 2.43.

"Subordinated Units" has the meaning assigned to such term in the Partnership Agreement.

"Sun Delaware" has the meaning assigned to such term in the first paragraph of this Agreement.

"Sun Delaware Aggregate Interests" has the meaning assigned to such term in Section 2.18.

"Sun Delaware Liabilities" means all of the obligations under the applicable limited liability company agreement, the limited partnership agreement, the regulations and the shareholders agreement that relate to the Sun Delaware Aggregate Interests.

"Sun Delaware Stock" has the meaning assigned to such term in Section 2.36.

"Sun Delaware Stock Liabilities" shall mean all of the obligations under the shareholder's agreement relating to the applicable Sun Delaware Stock.

"Sunoco" has the meaning assigned to such term in the first paragraph to this Agreement.

"Sunoco Related Party" has the meaning assigned to such term in the Underwriting Agreement.

"Sunoco GP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Sunoco GP Aggregate Interests" has the meaning assigned to such term in Section 2.23.

"Sunoco GP Aggregate Liabilities" shall mean all of the obligations associated with the Sunoco GP Aggregate Interests.

"Sunoco GP Special LP Interest" has the meaning assigned to such term in Item 34 of the Recitals to this Agreement.

"Sun Pipeline LP" has the meaning assigned to such term in the first paragraph of this Agreement.

"Sun Pipeline LP Additional Assets" has the meaning assigned to such term in Section 2.40.

"Sun Pipeline LP Additional Liabilities" means all of the obligations and liabilities associated with the Sun Pipeline LP Additional Assets.

"Sun Pipeline LP Assets" has the meaning assigned to such term in Section 2.2.

"Sun Pipeline LP Liabilities" means all of the obligations and liabilities associated with the Sun Pipeline LP Assets.

"Sun Pipeline LP Conrail Easement and Intellectual Property Assets" has the meaning assigned to such term in Section 2.40.

"Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities" means all of the obligations and liabilities associated with the Sun Pipeline LP Conrail Easement and Intellectual Property Assets.

"Sun Texas" has the meaning assigned to such term in the first paragraph of this Agreement.

"Sun Texas Assets" has the meaning assigned to such term in Section 2.2.

"Sun Texas Liabilities" means all of the obligations and liabilities associated with the Sun Texas Assets.

"Sun Texas Aggregate Interests" has the meaning assigned to such term in Section 2.19.

"Sun Texas Aggregate Liabilities" shall mean all of the obligations and liabilities of Sun Texas associated with the Sun Texas Aggregate Interests.

"Texas Corporation Act" has the meaning assigned to such term in Item 10 of the Recitals to this Agreement.

"Texas LLC Act" has the meaning assigned to such term in Item 25 of the Recitals to this Agreement.

"Texas Limited Partnership Act" has the meaning assigned to such term in Item 20 of the Recitals to this Agreement.

"Underwriters" has the meaning assigned to such term in Item 42 of the Recitals to this Agreement.

"Underwriting Agreement" means the Underwriting Agreement dated February 4, 2002, by and between the Underwriters and Sunoco, Sunoco GP, the MLP, GP LLC, and the OLP.

1.2 Schedules. The following schedules are attached hereto:

(a) Schedule 2.2(a) - List of Sun Pipeline LP Assets
(b) Schedule 2.6 - List of Services Out LLC Assets
(c) Schedule 2.11(a) - List of Michigan In LLC Assets
(d) Schedule 2.13(a) - List of Mid-Con In LLC Assets
(e) Schedule 2.15(a) - List of Atlantic In LP Assets
(f) Schedule 2.16 - List of Atlantic R&M In LP Assets
(g) Schedule 2.17 - List of R&M In LP Assets
(h) Schedule 2.40(a) - List of R&M In LP Additional Assets
(i) Schedule 2.40(b) - List of Sun Pipeline LP Conrail Easement and Intellectual Property Assets

1.3 Recordation of Evidence of Ownership of Assets. In connection with the conversions and mergers under the applicable Acts that are referred to in the recitals to this Agreement, the parties to this Agreement acknowledge that certain jurisdictions in which the assets of the applicable parties to such conversions and mergers are located may require that documents be recorded by the entities resulting from such conversions and mergers in order to evidence title in such entities. All such documents shall evidence such new ownership and are not intended to modify, and shall not modify, any of the terms, covenants and conditions herein set forth.

ARTICLE II
Concurrent Transactions

2.1 Merger of Pipe Line into Sun Texas. Pipe Line has merged into Sun Texas, with Sun Texas being the survivor.

2.2 Allocation of Assets pursuant to Multiple Survivor Merger of Sun Texas and Sun Pipeline LP. Sun Texas and Sun Pipeline LP have merged under Article 5.01 of the Texas Corporation Act and Article 6132a, Section 2.11 of the Texas Limited Partnership Act, and the assets of Sun Texas prior to such merger have been allocated to Sun Texas and Sun Pipeline LP in accordance with the Texas Corporation Act and the Texas Limited Partnership Act in the following manner:

(a) All of the assets described on Schedule 2.2(a) (the "Sun Pipeline LP Assets") are owned by Sun Pipeline LP.

(b) All of the assets owned by Sun Texas prior to such merger that do not constitute Sun Pipeline LP Assets (the "Sun Texas Assets") continue to be owned by Sun Texas.

2.3 Merger of Borger into Services. Borger has merged into Services.

2.4 Contribution of Services Common Stock by Sun Delaware to GP LLC. Sun Delaware hereby grants, contributes, transfers, assigns and conveys to GP LLC, its successors and assigns, for its and their own use forever, all right, title and interest in and to .01% of the issued and outstanding common stock of Services (the "Services Stock"), and GP LLC hereby accepts the Services Stock as an additional contribution to the capital of GP LLC.

TO HAVE AND TO HOLD the Services Stock unto GP LLC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.5 Conversion of Services to Services LP. Services has adopted articles of conversion and has converted to Services LP, having (a) GP LLC as the general partner owning a 0.01% general partner interest and (b) Sun Delaware as the limited partner owning a 99.99% limited partner interest.

2.6 Contribution and Conveyance by Services LP to Services Out LLC of the Services Out LLC Assets. Services LP hereby grants, contributes, transfers, assigns and conveys to Services Out LLC, its successors and assigns, for its and their own use forever, all right, title and interest of Services LP in and to all of the assets described on Schedule 2.6 (the "Services Out LLC Assets"), and Services Out LLC hereby accepts the Services Out LLC Assets, as a contribution to the capital of Services Out LLC, 99.99% on behalf of Services LP and 0.01% on behalf of GP LLC, subject to all matters to be contained in the instruments of conveyance covering the Services Out LLC Assets to evidence such contribution and conveyance.

TO HAVE AND TO HOLD the Services Out LLC Assets unto Services Out LLC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, and in such instruments of conveyance forever.

2.7 Distribution by Services LP to Sun Delaware of Membership Interest in Services Out LLC. Services LP hereby grants, distributes, transfers, assigns and conveys to Sun Delaware, its successors and assigns, for its and their own use forever, all of Services LP's membership interest in Services Out LLC, being a 99.99% membership interest hereby conveyed (the "Services LP/Sun Delaware Interest in Services Out LLC"), and Sun Delaware hereby accepts the Services LP/Sun Delaware Interest in Services Out LLC.

TO HAVE AND TO HOLD the Services LP/Sun Delaware Interest in Services Out LLC unto Sun Delaware, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.8 Distribution by Services LP to GP LLC of Membership Interest in Services Out LLC. Services LP hereby grants, distributes, transfers, assigns and conveys to GP LLC, its successors and assigns, for its and their own use forever, all of Services LP's membership interest in Services Out LLC, being a .01% membership interest hereby conveyed (the "Services LP/GP LLC Interest in Services Out LLC"), and GP LLC hereby accepts the Services LP/GP LLC Interest in Services Out LLC.

TO HAVE AND TO HOLD the Services LP/GP LLC Interest in Services Out LLC unto GP LLC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.9 Distribution by GP LLC to Sun Delaware of Membership Interest in Services Out LLC. GP LLC hereby grants, distributes, transfers, assigns and conveys to Sun Delaware, its successors and assigns, for its and their own use forever, all of its interest in Services Out LLC, being a .01% membership interest hereby conveyed (the "GP LLC Interest in Services Out LLC"), and Sun Delaware hereby accepts the GP LLC Interest in Services Out LLC.

TO HAVE AND TO HOLD the GP LLC Interest in Services Out LLC unto Sun Delaware, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.10 Merger of Michigan into Michigan Texas. Michigan has merged into Michigan Texas.

2.11 Allocation of Assets pursuant to Multiple Survivor Merger of Michigan Texas and Michigan In LLC. Michigan Texas and Michigan In LLC have merged under Article 10.01 of the Texas LLC Act, and the assets of Michigan Texas prior to such merger have been allocated to Michigan Texas and Michigan In LLC in accordance with the Texas LLC Act in the following manner:

(a) All of the assets described on Schedule 2.11(a) (the "Michigan In LLC Assets") are owned by Michigan In LLC.

(b) All of the assets owned by Michigan Texas prior to such merger that do not constitute part of the Michigan In LLC Assets (the "Michigan Texas Assets") continue to be owned by Michigan Texas.

2.12 Merger of Mid-Con into Mid-Con Texas. Mid-Con has merged into Mid-Con Texas.

2.13 Allocation of Assets pursuant to Multiple Survivor Merger of Mid-Con Texas and Mid-Con In LLC. Mid-Con Texas and Mid-Con In LLC have merged under Article 10.01 of the Texas LLC Act, and the assets of Mid-Con Texas prior to such merger have been allocated to Mid-Con Texas and Mid-Con In LLC in accordance with the Texas LLC Act in the following manner:

(a) All of the assets described on Schedule 2.13(a) (the "Mid-Con In LLC Assets") are owned by Mid-Con In LLC.

(b) All of the assets owned by Mid-Con Texas prior to such merger that do not constitute part of the Mid-Con In LLC Assets (the "Mid-Con Texas Assets") continue to be owned by Mid-Con Texas.

2.14 Merger of Atlantic into Atlantic Out LP. Atlantic has merged into Atlantic Out LP.

2.15 Allocation of Assets pursuant to Multiple Survivor Merger of Atlantic Out LP and Atlantic In LP. Atlantic Out LP and Atlantic In LP have merged under Article 6132a, Section 2.11 of the Texas Limited Partnership Act, and the assets of Atlantic Out LP prior to such merger have been allocated to Atlantic Out LP and Atlantic In LP in accordance with the Texas Limited Partnership Act in the following manner:

(a) All of the assets described on Schedule 2.15(a) (the "Atlantic In LP Assets") are owned by Atlantic In LP.

(b) All of the assets owned by Atlantic Out LP prior to such merger that do not constitute part of the Atlantic In LP Assets (the "Atlantic Out LP Assets") continue to be owned by Atlantic Out LP.

2.16 Contribution and Conveyance by Atlantic Refining to Atlantic R&M In LP of the Atlantic R&M In LP Assets and Issuance of Membership Interest in Atlantic In LLC to Atlantic Refining.

(a) Atlantic Refining hereby grants, contributes, transfers, assigns and conveys to Atlantic R&M In LP, its successors and assigns, for its and their own use forever, all right, title and interest of Atlantic Refining in and to all of the assets described on Schedule 2.16 (the "Atlantic R&M In LP Assets"), 99.99% on behalf of Atlantic Refining and 0.01% on behalf of Atlantic In LLC, and Atlantic R&M In LP hereby accepts the Atlantic R&M In LP Assets, as a contribution to the capital of Atlantic R&M In LP in exchange for a limited partner interest in Atlantic R&M In LP, subject to all matters to be contained in the instruments of conveyance covering the Atlantic R&M In LP Assets to evidence such contribution and conveyance.

TO HAVE AND TO HOLD the Atlantic R&M In LP Assets unto Atlantic R&M In LP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement and in such instruments of conveyance, forever.

(b) In consideration for the contribution made on behalf of Atlantic In LLC as set forth in subsection (a) immediately above, Atlantic Refining has received from Atlantic In LLC a membership interest in Atlantic In LLC.

(c) The percentage ownership interests of Atlantic Refining in Atlantic In LLC will be determined after the Effective Date by the members thereof in accordance with the terms of the limited liability company agreement of Atlantic In LLC.

2.17 Contribution and Conveyance by R&M to R&M In LP of the R&M In LP Assets. R&M hereby grants, contributes, transfers, assigns and conveys to R&M In LP, its successors and assigns, for its and their own use forever, all right, title and interest of R&M in and to all of the assets described on Schedule 2.17 (the "R&M In LP Assets"), 99.99% on behalf of R&M and 0.01% on behalf of R&M In LLC, and R&M In LP hereby accepts the R&M In LP Assets, as a contribution to the capital of R&M In LP, subject to all matters to be contained in the

instruments of conveyance covering the R&M In LP Assets to evidence such contribution and conveyance.

TO HAVE AND TO HOLD the R&M In LP Assets unto R&M In LP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement and in such instruments of conveyance, forever.

2.18 Contribution by Sun Delaware to Sunoco GP of Interests in GP LLC, Services LP, Michigan In LLC, Explorer Pipeline Company, and Mid-Con In LLC. Sun Delaware hereby grants, contributes, transfers, assigns and conveys to Sunoco GP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to (a) its 100% membership interest in GP LLC , (b) its 99.99% limited partner interest in Services LP, (c) its 100% membership interest in Michigan In LLC, (d) its 9.4% capital stock interest in Explorer Pipeline Company, and (e) its 100% membership interest in Mid-Con In LLC (herein collectively called the "Sun Delaware Aggregate Interests"), and Sunoco GP hereby accepts the Sun Delaware Aggregate Interests as an additional contribution to the capital of Sunoco GP in exchange for the continuation of its 13% membership interest in Sunoco GP. The 13% membership interest in Sunoco GP is subject to further adjustment after the Effective Date in accordance with the terms and provisions of the limited liability company agreement of Sunoco GP.

TO HAVE AND TO HOLD the Sun Delaware Aggregate Interests unto Sunoco GP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.19 Contribution by Sun Texas to Sunoco GP of Interests in Pipeline GP LLC and Sun Pipeline LP. Sun Texas hereby grants, contributes, transfers, assigns and conveys to Sunoco GP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to (a) its 100% membership interest in Pipe Line GP LLC and (b) its 99.99% limited partner interest in Sun Pipeline LP (herein collectively called the "Sun Texas Aggregate Interests"), and Sunoco GP hereby accepts the Sun Texas Aggregate Interests as a contribution to the capital of Sunoco GP in exchange for a 45% membership interest. The 45% membership interest in Sunoco GP is subject to further adjustment after the Effective Date in accordance with the terms and provisions of the limited liability company agreement of Sunoco GP.

TO HAVE AND TO HOLD the Sun Texas Aggregate Interests unto Sunoco GP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.20 Contribution by R&M to Sunoco GP of Interests in R&M In LLC and R&M In LP. R&M hereby grants, contributes, transfers, assigns and conveys to Sunoco GP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to (a) its 100% membership interest in R&M In LLC and (b) its 99.99% limited partner interest in R&M In LP (herein collectively called the "R&M Aggregate Interests"), and Sunoco GP hereby accepts the R&M Aggregate Interests as a contribution to the capital of Sunoco GP in exchange

for a 25% membership interest. The 25% membership interest in Sunoco GP is subject to further adjustment after the Effective Date in accordance with the terms and provisions of the limited liability company agreement of Sunoco GP.

TO HAVE AND TO HOLD the R&M Aggregate Interests unto Sunoco GP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.21 Contribution by Petroleum to Sunoco GP of Interests in Atlantic In LLC and Atlantic In LP . Petroleum hereby grants, contributes, transfers, assigns and conveys to Sunoco GP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to (a) its 99.99% membership interest in Atlantic In LLC and (b) its 99.99% limited partner interest in Atlantic In LP (herein collectively called the "Petroleum Aggregate Interests"), and Sunoco GP hereby accepts the Petroleum Aggregate Interests as a contribution to the capital of Sunoco GP in exchange for a 10% membership interest. The 10% membership interest in Sunoco GP is subject to further adjustment after the Effective Date in accordance with the terms and provisions of the limited liability company agreement of Sunoco GP.

TO HAVE AND TO HOLD the Petroleum Aggregate Interests unto Sunoco GP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.22 Contribution by Atlantic Refining to Sunoco GP of Interests in Atlantic In LLC and Atlantic R&M In LP. Atlantic Refining hereby grants, contributes, transfers, assigns and conveys to Sunoco GP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to (a) its .01% membership interest in Atlantic In LLC and (b) its 99.99% limited partner interest in Atlantic R&M In LP (herein collectively called the "Atlantic Refining Aggregate Interests"), and Sunoco GP hereby accepts the Atlantic Refining Aggregate Interests as a contribution to the capital of Sunoco GP in exchange for a 7% membership interest. The 7% membership interest in Sunoco GP is subject to further adjustment after the Effective Date in accordance with the terms and provisions of the limited liability company agreement of Sunoco GP.

TO HAVE AND TO HOLD the Atlantic Refining Aggregate Interests unto Sunoco GP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.23 Contribution by Sunoco GP to the MLP of Limited Liability Company Interests and Limited Partner Interests. Sunoco GP hereby grants, contributes, transfers, assigns and conveys to the MLP, its successors and assigns, for its and their own use forever, all of the Sun Delaware Aggregate Interests, Sun Texas Aggregate Interests, R&M Aggregate Interests, Petroleum Aggregate Interests and Atlantic Refining Aggregate Interests (herein collectively called the "Sunoco GP Aggregate Interests"), and the MLP hereby accepts the Sunoco GP Aggregate Interests as an additional contribution to the capital of the MLP in exchange for (a) a

continuation of Sunoco GP's 2% general partner interest and its Incentive Distribution Rights in the MLP, (b) 5,633,639 Common Units in the MLP, (c) 11,383,639 Subordinated Units in the MLP, and (d) the Sunoco GP Special LP Interest.

TO HAVE AND TO HOLD the Sunoco GP Aggregate Interests unto the MLP its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.24 Public Cash Contribution. The parties to this Agreement acknowledge a cash contribution of $116,437,500 from the public to the MLP in connection with the Offering in exchange for 5,750,000 Common Units in the MLP.

2.25 MLP Receipt of Cash Contribution. The MLP acknowledges receipt of $116,437,500 in cash obtained from the Offering as a capital contribution to the MLP, and the parties to this Agreement acknowledge that the MLP has used all of such capital contribution (a) to pay the Offering Costs that are due and payable or that have been previously paid and (b) to make an additional capital contribution to R&M In LP as described in Section 2.27.

2.26 Merger of R&M In LLC, Pipe Line GP LLC and Atlantic In LLC into GP LLC. R&M In LLC, Pipe Line GP LLC and Atlantic In LLC have merged into GP LLC.

2.27 MLP Cash Contribution to R&M In LP and Stock Contribution to Sun Pipeline LP.

(a) The parties to this Agreement acknowledge the contribution by the MLP to R&M In LP and the receipt by R&M In LP of the Net Equity Proceeds;

(b) The MLP hereby grants, contributes, transfers, assigns and conveys to Sun Pipeline LP, its successors and assigns, for its and their own use forever, all of its 9.4% capital stock interest in Explorer Pipeline Company ("MLP Interest in Explorer"), and Sun Pipeline LP hereby accepts the MLP Interest in Explorer as an additional contribution to Sun Pipeline LP.

The contributions made by the MLP in clause (a) and (b) immediately above have been made by the MLP 99.99% on behalf of the MLP as a limited partner and .01% on behalf of GP LLC as a general partner of R&M In LP and Sun Pipeline LP, respectively.

TO HAVE AND TO HOLD the MLP Interest in Explorer unto Sun Pipeline LP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.28 Contribution of Interests in the Entities by the MLP to the OLP. The MLP hereby grants, contributes, transfers, assigns and conveys to the OLP, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to the Entities (being all of the following respective interests which are herein collectively called the "MLP Aggregate Interests"):

(a) a 99.99% limited partner interest in Sun Pipeline LP;

(b) a 99.99% limited partner interest in Services LP;

(c) a 100% membership interest in Michigan In LLC;

(d) a 100% membership interest in Mid-Con In LLC;

(e) a 99.99% limited partner interest in Atlantic In LP;

(f) a 99.99% limited partner interest in Atlantic R&M In LP; and

(g) a 99.99% limited partner interest in R&M In LP.

The OLP hereby accepts the MLP Aggregate Interests as an additional contribution to the capital of the OLP (99.99% on behalf of the MLP and .01% on behalf of GP LLC with respect to the membership interests in Michigan In LLC and Mid-Con In LLC) in exchange for the issuance of the MLP Special LP Interest to the MLP.

TO HAVE AND TO HOLD the MLP Aggregate Interests unto the OLP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.29 Contribution of Interests in Certain Entities by GP LLC to OLP GP LLC. GP LLC hereby grants, contributes, transfers, assigns and conveys to OLP GP LLC, its successors and assigns, for its and their own use forever, all of its right, title and interest in and to the following Entities (being all of the following respective interests which are herein collectively called the "GP LLC Aggregate Interests"):

(a) a .01% general partner interest in R&M In LP;

(b) a .01% general partner interest in Sun Pipeline LP;

(c) a .01% general partner interest in Atlantic In LP;

(d) a .01% general partner interest in Atlantic R&M In LP; and

(e) a .01% general partner interest in Services LP.

OLP GP LLC hereby accepts the GP LLC Aggregate Interests as an additional contribution to the capital of OLP GP LLC.

TO HAVE AND TO HOLD the GP LLC Aggregate Interests unto OLP GP LLC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.30 Contribution of Interest in OLP GP LLC by GP LLC to the OLP. GP LLC hereby grants, contributes, transfers, assigns and conveys to the OLP, its successors and assigns, all of

its membership interest in OLP GP LLC ("GP LLC's Interest in OLP GP LLC"), and
the OLP hereby accepts GP LLC's Interest in OLP GP LLC as an additional contribution to the capital of the OLP.

TO HAVE AND TO HOLD GP LLC's Interest in OLP GP LLC unto the OLP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.31 Distribution of Net Proceeds of Indebtedness from the OLP to the MLP. The parties to this Agreement acknowledge that the OLP has sold $250 million in aggregate principal amount of its 7.25% Senior Notes due February 15, 2012, on a recourse basis and has distributed to the MLP the Net Debt Proceeds in redemption of the MLP Special LP Interest. The MLP hereby acknowledges receipt of the Net Debt Proceeds from the OLP in redemption of the MLP Special LP Interest.

2.32 Distribution of Net Proceeds of Indebtedness from the MLP to Sunoco GP. The parties to this Agreement acknowledge that the MLP has distributed the Net Debt Proceeds to Sunoco GP in redemption of the Sunoco GP Special LP Interest. Sunoco GP hereby acknowledges receipt of the Net Debt Proceeds from the MLP in redemption of the Sunoco GP Special LP Interest.

2.33 Loan from Sunoco GP to R&M. The parties to this Agreement acknowledge that Sunoco GP has made a loan to R&M of the Net Debt Proceeds.

2.34 Redemption of Sun Delaware's Interest in the MLP by the MLP. For and in consideration of the payment by the MLP of $980, the MLP hereby redeems all of Sun Delaware's limited partner interest in the MLP.

2.35 (Intentionally Omitted)Contribution of Stock by Sun Delaware to Sun Texas. Sun Delaware hereby grants, contributes, transfers and conveys to Sun Texas, its successors and assigns, for its and their use forever, all right, title and interest in and to (a) 7,108 shares of the issued and outstanding common stock of West Texas Gulf Pipe Line Company, being all of Sun Delaware's interest in West Texas Gulf Pipe Line Company, and (b) 777 shares of the issued and outstanding common stock of Inland Corporation, being all of Sun Delaware's interest in Inland Corporation (herein collectively called the "Sun Delaware Stock"), and Sun Texas hereby accepts the Sun Delaware Stock as a contribution to the capital of Sun Texas.

TO HAVE AND TO HOLD the Sun Delaware Stock unto Sun Texas, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

2.37 Contribution of Note Receivable by Petroleum to Delaware. Delaware and the other parties to this Agreement acknowledge that Petroleum has made an additional contribution to Delaware of its note receivable in the principal amount of $250 million

2.38 Merger of Services LP, Atlantic In LP, Michigan In LLC, and Mid-Con In LLC into Sun Pipeline LP. Services LP, Atlantic In LP, Michigan In LLC, and Mid-Con In LLC have merged into Sun Pipeline LP.

2.39 Merger of Atlantic R&M In LP into R&M In LP. Atlantic R&M In LP has merged into R&M In LP.

2.40 Allocation of Assets pursuant to Multiple Survivor Merger of Sun Pipeline LP and R&M In LP. Sun Pipeline LP and R&M In LP merged under Article 6132a, Section 2.11 of the Texas Limited Partnership Act, and the following allocations have been made in accordance with the Texas Limited Partnership Act:

(a) The assets of Sun Pipeline LP prior to such merger have been allocated to Sun Pipeline LP and R&M In LP in the following manner:

(i) All of the assets described on Schedule 2.40(a) (the "R&M In LP Additional Assets") are owned by R&M In LP.

(ii) All of the assets owned by Sun Pipeline LP prior to such merger that do not constitute part of the R&M In LP Additional Assets (the "Sun Pipeline LP Additional Assets") continue to be owned by Sun Pipeline LP.

(b) The assets of R&M In LP prior to such merger have been allocated to R&M In LP and Sun Pipeline LP in the following manner:

(i) All of the assets described on Schedule 2.40(b) (the "Sun Pipeline LP Conrail Easement and Intellectual Property Assets") are owned by Sun Pipeline

LP.

(ii) All of the assets owned by R&M In LP prior to such merger that do not constitute part of the Sun Pipeline LP Conrail Easement and Intellectual Property Assets (the "R&M In LP Non-Conrail Easement and Non-Intellectual Property Assets") continue to be owned by Sun Pipeline LP.

2.41 Change of Name of Sun Texas. Sun Texas will change its name to Sun Pipe Line Company after the Effective Date.

2.42 Contribution of Additional Assets. Reference is herein made to the Sunoco Logistics Partners L.P. Pro Forma Balance Sheet (Unaudited) and the Accompanying Notes dated September 30, 2001, contained in the Registration Statement (the "Pro Forma Balance Sheet"). In addition to the Assets contributed by the applicable parties to this Agreement (the "Contributing Parties") to the MLP and its subsidiaries (by operation of law or otherwise) as reflected in this Agreement, the Contributing Parties shall also contribute as of the Effective Time an amount of (i) working capital (current assets and current liabilities), (ii) deferred charges and other assets and (iii) other deferred credits and liabilities associated with the business of the MLP consistent with the Pro Forma Balance Sheet. As soon as practical after the Effective Date, Sunoco shall determine, or cause to be determined, the actual amount of such contributed working capital, deferred charges and other assets referred to in this Section 2.42,

provided that the determination shall be made in a manner consistent with the Pro Forma Balance Sheet.

2.43 Specific Conveyances. To further evidence the contributions of the Assets reflected in this Agreement, each party making such contribution may have executed and delivered to the party receiving such contribution certain conveyance, assignment and bill of sale instruments (the "Specific Conveyances"). The Specific Conveyances shall evidence and perfect such sale and contribution made by this Agreement and shall not constitute a second conveyance of any assets or interests therein and shall be subject to the terms of this Agreement.

ARTICLE III
Assumption of Certain Liabilities

3.1 Assumption of Sun Pipeline LP Liabilities and Sun Texas Liabilities. In connection with the merger of Sun Texas and Sun Pipeline LP and the allocation of assets as set forth in Section 2.2 above, the following shall be applicable:

(a) Sun Pipeline LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Pipeline LP Liabilities, to the full extent that Sun Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Pipeline LP Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Pipeline LP Liabilities shall not (i) increase the obligation of Sun Pipeline LP with respect to the Sun Pipeline LP Liabilities beyond that of Sun Texas, (ii) waive any valid defense that was available to Sun Texas with respect to the Sun Pipeline LP Liabilities, or (iii) enlarge any rights or remedies of any third party under any of the Sun Pipeline LP Liabilities.

(b) Sun Texas hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Texas Liabilities, to the full extent that Sun Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Texas Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Texas Liabilities shall not (i) increase the obligation of Sun Texas with respect to the Sun Texas Liabilities beyond that of Sun Texas before such merger, (ii) waive any valid defense that was available to Sun Texas before such merger with respect to the Sun Texas Liabilities, or (iii) enlarge any rights or remedies of any third party under any of the Sun Texas Liabilities.

3.2 Assumption of Services Out LLC Liabilities by Services Out LLC. In connection with the contribution by Services LP of the Services Out LLC Assets to Services Out LLC, as set forth in Section 2.6 above, Services Out LLC hereby assumes and agrees to duly and timely pay, perform and discharge all of the Services Out LLC Liabilities, to the full extent that Services LP has been heretofore or would have been in the future obligated to pay, perform and discharge the Services Out LLC Liabilities were it not for such contribution and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Services Out LLC Liabilities shall not (i) increase the obligation of Services Out LLC with respect to the Services Out LLC Liabilities beyond that of Services LP,

(ii) waive any valid defense that was available to Services LP with respect to the Services Out LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Services Out LLC Liabilities.

3.3 Assumption of Services LP/Sun Delaware Interest in Services Out LLC Liabilities by Sun Delaware. In connection with the distribution by Services LP of the Services LP/Sun Delaware Interest in Services Out LLC to Sun Delaware, as set forth in Section 2.7 above, Sun Delaware, according to such membership percentage interest in Services Out LLC, hereby assumes and agrees to duly and timely pay, perform and discharge all of the Services LP/Sun Delaware Interest in Services Out LLC Liabilities, to the full extent that Services LP has been heretofore or would have been in the future obligated to pay, perform and discharge such obligations and liabilities, were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Services LP/Sun Delaware Interest in Services Out LLC Liabilities shall not (i) increase the obligation of Sun Delaware with respect to the Services LP/Sun Delaware Interest in Services Out LLC Liabilities beyond that of Services LP, (ii) waive any valid defense that was available to Services LP with respect to the Services LP/Sun Delaware Interest In Services Out LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Services LP/Sun Delaware Interest In Services Out LLC Liabilities.

3.4 Assumption of Services LP/GP LLC Interest in Services Out LLC Liabilities by GP LLC. In connection with the distribution by Services LP of the Services LP/GP LLC Interest in Services Out LLC to GP LLC, as set forth in Section 2.8 above, GP LLC, according to such membership percentage interest in Services Out LLC, hereby assumes and agrees to duly and timely pay, perform and discharge all of the Services LP/GP LLC Interest in Services Out LLC Liabilities, to the full extent that Services LP has been heretofore or would have been in the future obligated to pay, perform and discharge such obligations and liabilities, were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Services LP/GP LLC Interest in Services Out LLC Liabilities shall not (i) increase the obligation of GP LLC with respect to the Services LP/GP LLC Interest in Services Out LLC Liabilities beyond that of Services LP, (ii) waive any valid defense that was available to Services LP with respect to the Services LP/GP LLC Interest in Services Out LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Services LP/GP LLC Interest in Services Out LLC Liabilities.

3.5 Assumption of GP LLC Interest in Services Out LLC Liabilities by Sun Delaware. In connection with the distribution by GP LLC of the GP LLC Interest in Services Out LLC to Sun Delaware, as set forth in Section 2.9 above, Sun Delaware, according to such membership percentage interest in Services Out LLC hereby assumes and agrees to duly and timely pay, perform and discharge all of the GP LLC Interest in Services Out LLC Liabilities, to the full extent that GP LLC has been heretofore or would have been in the future obligated to pay, perform and discharge such obligations and liabilities, were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the GP LLC Interest in Services Out LLC Liabilities shall not (i) increase the obligation of Sun Delaware with respect to the GP LLC Interest in Services Out LLC Liabilities beyond that of GP LLC to the extent of such interest contributed by GP LLC, (ii) waive any valid defense that was available to GP LLC with respect to the GP LLC Interest in

Services Out LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the GP LLC Interest in Services Out LLC Liabilities.

3.6 Assumption of Michigan In LLC Liabilities and Michigan Texas Liabilities. In connection with the merger of Michigan Texas and Michigan In LLC and the allocation of assets as set forth in Section 2.11 above, the following shall be applicable:

(a) Michigan In LLC hereby assumes and agrees to duly and timely pay, perform and discharge all of the Michigan In LLC Liabilities, to the full extent that Michigan Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Michigan In LLC Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Michigan In LLC Liabilities shall not (i) increase the obligation of Michigan In LLC with respect to the Michigan In LLC Liabilities beyond that of Michigan Texas, (ii) waive any valid defense that was available to Michigan Texas with respect to the Michigan In LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Michigan In LLC Liabilities.

(b) Michigan Texas hereby assumes and agrees to duly and timely pay, perform and discharge all of the Michigan Texas Liabilities, to the full extent that Michigan Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Michigan Texas Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Michigan Texas Liabilities shall not (i) increase the obligation of Michigan Texas with respect to the Michigan Texas Liabilities beyond that of Michigan Texas before such merger, (ii) waive any valid defense that was available to Michigan Texas with respect to the Michigan Texas Liabilities before such merger or (iii) enlarge any rights or remedies of any third party under any of the Michigan Texas Liabilities.

3.7 Assumption of Mid-Con In Liabilities and Mid-Con Texas Liabilities. In connection with the merger of Mid-Con Texas and Mid-Con In LLC and the allocation of assets as set forth in Section 2.13 above, the following shall be applicable:

(a) Mid-Con In LLC hereby assumes and agrees to duly and timely pay, perform and discharge all of the Mid-Con In LLC Liabilities, to the full extent that Mid-Con Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Mid-Con In LLC Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Mid-Con In LLC Liabilities shall not (i) increase the obligation of Mid-Con In LLC with respect to the Mid-Con In LLC Liabilities beyond that of Mid-Con Texas, (ii) waive any valid defense that was available to Mid-Con Texas with respect to the Mid-Con In LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Mid-Con In LLC Liabilities.

(b) Mid-Con Texas hereby assumes and agrees to duly and timely pay, perform and discharge all of the Mid-Con Texas Liabilities, to the full extent that Mid-Con Texas has been heretofore or would have been in the future obligated to pay, perform and

discharge the Mid-Con Texas Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Mid-Con Texas Liabilities shall not (i) increase the obligation of Mid-Con Texas with respect to the Mid-Con Texas Liabilities beyond that of Mid-Con Texas before such merger, (ii) waive any valid defense that was available to Mid-Con Texas with respect to the Mid-Con Texas Liabilities before such merger or (iii) enlarge any rights or remedies of any third party under any of the Mid-Con Texas Liabilities.

3.8 Assumption of Atlantic In LP Liabilities and Atlantic Out LP Liabilities. In connection with the merger of Atlantic Out LP and Atlantic In LP and the allocation of assets as set forth in Section 2.15 above, the following shall be applicable:

(a) Atlantic In LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Atlantic In LP Liabilities, to the full extent that Atlantic Out LP has been heretofore or would have been in the future obligated to pay, perform and discharge the Atlantic In LP Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Atlantic In LP Liabilities shall not (i) increase the obligation of Atlantic In LP with respect to the Atlantic In LP Liabilities beyond that of Atlantic Out LP, (ii) waive any valid defense that was available to Atlantic Out LP with respect to the Atlantic In LP Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Atlantic In LP Liabilities.

(b) Atlantic Out LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Atlantic Out LP Liabilities, to the full extent that Atlantic Out LP has been heretofore or would have been in the future obligated to pay, perform and discharge the Atlantic Out LP Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Atlantic Out LP Liabilities shall not (i) increase the obligation of Atlantic Out LP with respect to the Atlantic Out LP Liabilities beyond that of Atlantic Out LP before such merger, (ii) waive any valid defense that was available to Atlantic Out LP with respect to the Atlantic Out LP Liabilities before such merger or (iii) enlarge any rights or remedies of any third party under any of the Atlantic Out LP Liabilities.

3.9 Assumption of Atlantic R&M In LP Liabilities by Atlantic R&M In LP. In connection with the contribution by Atlantic Refining of the Atlantic R&M In LP Assets to Atlantic R&M In LP, as set forth in Section 2.16 above, Atlantic R&M In LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Atlantic R&M In LP Liabilities, to the full extent that Atlantic Refining has been heretofore or would have been in the future obligated to pay, perform and discharge the Atlantic R&M In LP Liabilities were it not for such contribution and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Atlantic R&M In LP Liabilities shall not (i) increase the obligation of Atlantic R&M In LP with respect to the Atlantic R&M In LP Liabilities beyond that of Atlantic Refining, (ii) waive any valid defense that was available to Atlantic Refining with respect to the Atlantic R&M In LP Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Atlantic R&M In LP Liabilities.

3.10 Assumption of R&M In LP Liabilities by R&M In LP. In connection with the contribution by R&M of the R&M In LP Assets to R&M In LP, as set forth in Section 2.17 above, R&M In LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the R&M In LP Liabilities, to the full extent that R&M has been heretofore or would have been in the future obligated to pay, perform and discharge the R&M In LP Liabilities were it not for such contribution and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the R&M In LP Liabilities shall not (i) increase the obligation of R&M In LP with respect to the R&M In LP Liabilities beyond that of R&M, (ii) waive any valid defense that was available to R&M with respect to the R&M In LP Liabilities or (iii) enlarge any rights or remedies of any third party under any of the R&M In LP Liabilities.

3.11 Assumption of Sun Delaware Liabilities by Sunoco GP. In connection with the contributions by Sun Delaware of the Sun Delaware Aggregate Interests to Sunoco GP, as set forth in Section 2.18 above, Sunoco GP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Delaware Liabilities, to the full extent that Sun Delaware has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Delaware Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Delaware Liabilities shall not (i) increase the obligation of Sunoco GP with respect to the Sun Delaware Liabilities beyond that of Sun Delaware, (ii) waive any valid defense that was available to Sun Delaware with respect to the Sun Delaware Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sun Delaware Liabilities.

3.12 Assumption of Sun Texas Aggregate Liabilities by Sunoco GP. In connection with the contributions by Sun Texas of the Sun Texas Aggregate Interests to Sunoco GP, as set forth in Section 2.19 above, Sunoco GP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Texas Aggregate Liabilities, to the full extent that Sun Texas has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Texas Aggregate Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Texas Aggregate Liabilities shall not (i) increase the obligation of Sunoco GP with respect to the Sun Texas Aggregate Liabilities beyond that of Sun Texas, (ii) waive any valid defense that was available to Sun Texas with respect to the Sun Texas Aggregate Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sun Texas Aggregate Liabilities.

3.13 Assumption of R&M Aggregate Interests Liabilities by Sunoco GP. In connection with the contributions by R&M of the R&M Aggregate Interests to Sunoco GP, as set forth in Section 2.20 above, Sunoco GP hereby assumes and agrees to duly and timely pay, perform and discharge all of the R&M Aggregate Interests Liabilities, to the full extent that R&M has been heretofore or would have been in the future obligated to pay, perform and discharge the R&M Aggregate Interests Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the R&M Aggregate Interests Liabilities shall not (i) increase the obligation of Sunoco GP with respect to the R&M Aggregate Interests Liabilities beyond that of R&M, (ii) waive any valid defense that was available to R&M with respect to the R&M

Aggregate Interests Liabilities or (iii) enlarge any rights or remedies of any third party under any of the R&M Aggregate Interests Liabilities.

3.14 Assumption of Petroleum Aggregate Interests Liabilities by Sunoco GP. In connection with the contributions by Petroleum of the Petroleum Aggregate Interests to Sunoco GP, as set forth in Section 2.21 above, Sunoco GP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Petroleum Aggregate Interests Liabilities, to the full extent that Petroleum has been heretofore or would have been in the future obligated to pay, perform and discharge the Petroleum Aggregate Interests Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Petroleum Aggregate Interests Liabilities shall not (i) increase the obligation of Sunoco GP with respect to the Petroleum Aggregate Interests Liabilities beyond that of Petroleum, (ii) waive any valid defense that was available to Petroleum with respect to the Petroleum Aggregate Interests Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Petroleum Aggregate Interests Liabilities.

3.15 Assumption of Atlantic Refining Aggregate Liabilities by Sunoco GP. In connection with the contributions by Atlantic Refining of the Atlantic Refining Aggregate Interests to Sunoco GP, as set forth in Section 2.22 above, Sunoco GP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Atlantic Refining Aggregate Liabilities, to the full extent that Atlantic Refining has been heretofore or would have been in the future obligated to pay, perform and discharge the Atlantic Refining Aggregate Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Atlantic Refining Aggregate Liabilities shall not (i) increase the obligation of Sunoco GP with respect to the Atlantic Refining Aggregate Liabilities beyond that of Atlantic Refining, (ii) waive any valid defense that was available to Atlantic Refining with respect to the Atlantic Refining Aggregate Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Atlantic Refining Aggregate Liabilities.

3.16 Assumption of Sunoco GP Aggregate Liabilities by the MLP. In connection with the contributions by Sunoco GP to the MLP of the Sunoco GP Aggregate Interests as set forth in Section 2.23 above, the MLP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sunoco GP Aggregate Liabilities, to the full extent that Sunoco GP has been heretofore or would have been in the future obligated to pay, perform and discharge such obligations and liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sunoco GP Aggregate Liabilities shall not (i) increase the obligation of the MLP with respect to the Sunoco GP Aggregate Liabilities beyond that of Sunoco GP, (ii) waive any valid defense that was available to Sunoco GP with respect to the Sunoco GP Aggregate Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sunoco GP Aggregate Liabilities.

3.17 Assumption of MLP Interest in Explorer Liabilities by Sun Pipeline LP. In connection with the contribution by the MLP to Sun Pipeline LP of the MLP Interest in Explorer as set forth in Section 2.27 above, Sun Pipeline LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the MLP Interest in Explorer Liabilities, to the full extent that the MLP has been heretofore or would have been in the future obligated to pay, perform and

discharge the MLP Interest in Explorer Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the MLP Interest in Explorer Liabilities and to be bound by all such agreements shall not (i) increase the obligation of Sun Pipeline LP with respect to the MLP Interest in Explorer Liabilities beyond that of the MLP, (ii) waive any valid defense that was available to the MLP with respect to the MLP Interest in Explorer Liabilities or (iii) enlarge any rights or remedies of any third party under any of the MLP Interest in Explorer Liabilities.

3.18 Assumption of MLP Aggregate Liabilities by the OLP. In connection with the contribution by the MLP to the OLP of the MLP Aggregate Interests as set forth in Section 2.28 above, the OLP hereby assumes and agrees to duly and timely pay, perform and discharge all of the MLP Aggregate Liabilities, to the full extent that the MLP has been heretofore or would have been in the future obligated to pay, perform and discharge the MLP Aggregate Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the MLP Aggregate Liabilities and to be bound by all such agreements shall not (i) increase the obligation of the OLP with respect to the MLP Aggregate Liabilities beyond that of the MLP, (ii) waive any valid defense that was available to the MLP with respect to the MLP Aggregate Liabilities or (iii) enlarge any rights or remedies of any third party under any of the MLP Aggregate Liabilities.

3.19 Assumption of GP LLC Aggregate Liabilities by OLP GP LLC. In connection with the contribution by GP LLC to OLP GP LLC of the GP LLC Aggregate Interests as set forth in Section 2.29 above, OLP GP LLC hereby assumes and agrees to duly and timely pay, perform and discharge all of the GP LLC Aggregate Liabilities, to the full extent that GP LLC has been heretofore or would have been in the future obligated to pay, perform and discharge the GP LLC Aggregate Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the GP LLC Aggregate Liabilities and to be bound by all such agreements shall not (i) increase the obligation of OLP GP LLC with respect to the GP LLC Aggregate Liabilities beyond that of GP LLC, (ii) waive any valid defense that was available to GP LLC with respect to the GP LLC Aggregate Liabilities or (iii) enlarge any rights or remedies of any third party under any of the GP LLC Aggregate Liabilities.

3.20 Assumption of GP LLC's Interest in OLP GP LLC Liabilities by the OLP. In connection with the contribution by GP LLC to the OLP of GP LLC's Interest in OLP GP LLC as set forth in Section 2.30 above, the OLP hereby assumes and agrees to duly and timely pay, perform and discharge all of GP LLC's Interest in OLP GP LLC Liabilities, to the full extent that GP LLC has been heretofore or would have been in the future obligated to pay, perform and discharge GP LLC's Interest in OLP GP LLC Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge GP LLC's Interest in OLP GP LLC Liabilities shall not (i) increase the obligation of the OLP with respect to GP LLC's Interests in OLP GP LLC Liabilities beyond that of GP LLC, (ii) waive any valid defense that was available to GP LLC with respect to GP LLC's Interest in OLP GP LLC Liabilities or (iii) enlarge any rights or remedies of any third party under any of GP LLC's Interest in OLP GP LLC Liabilities.

3.21 Assumption of Sun Delaware Stock Liabilities by Sun Texas. In connection with the conveyance by Sun Delaware to Sun Texas of the Sun Delaware Stock as set forth in Section 2.36 above, Sun Texas hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Delaware Stock Liabilities, to the full extent that Sun Delaware has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Delaware Stock Liabilities were it not for the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Delaware Stock Liabilities shall not (i) increase the obligation of Sun Texas with respect to the Sun Delaware Stock Liabilities beyond that of Sun Delaware, (ii) waive any valid defense that was available to Sun Delaware with respect to the Sun Delaware Stock Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sun Delaware Stock Liabilities.

3.22 Assumption of R&M In LP Additional Liabilities and Sun Pipeline LP Additional Liabilities. In connection with the merger of Sun Pipeline LP and R&M In LP and the allocation of assets as set forth in Section 2.40 above, the following shall be applicable:

(a) R&M In LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the R&M In LP Additional Liabilities, to the full extent that Sun Pipeline LP has been heretofore or would have been in the future obligated to pay, perform and discharge the R&M In LP Additional Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the R&M In LP Additional Liabilities shall not (i) increase the obligation of R&M In LP with respect to the R&M In LP Additional Liabilities beyond that of Sun Pipeline LP, (ii) waive any valid defense that was available to Sun Pipeline LP with respect to the R&M In LP Additional Liabilities or (iii) enlarge any rights or remedies of any third party under any of the R&M In LP Additional Liabilities.

(b) Sun Pipeline LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Pipeline LP Additional Liabilities, to the full extent that Sun Pipeline LP has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Pipeline LP Additional Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Pipeline LP Additional Liabilities shall not (i) increase the obligation of Sun Pipeline LP with respect to the Sun Pipeline LP Additional Liabilities beyond that of Sun Pipeline LP before such merger, (ii) waive any valid defense that was available to Sun Pipeline LP with respect to the Sun Pipeline LP Additional Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sun Pipeline LP Additional Liabilities.

3.23 Assumption of R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities and Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities. In connection with the merger of Sun Pipeline LP and R&M In LP and the allocation of assets as set forth in Section 2.40 above, the following shall be applicable:

(a) Sun Pipeline LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the Sun Pipeline LP Conrail Easement and Intellectual Property

Liabilities, to the full extent that R&M In LP has been heretofore or would have been in the future obligated to pay, perform and discharge the Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities shall not (i) increase the obligation of Sun Pipeline LP with respect to the Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities beyond that of R&M In LP, (ii) waive any valid defense that was available to R&M In LP with respect to the Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities or (iii) enlarge any rights or remedies of any third party under any of the Sun Pipeline LP Conrail Easement and Intellectual Property Liabilities.

(b) R&M In LP hereby assumes and agrees to duly and timely pay, perform and discharge all of the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities, to the full extent that R&M In LP has been heretofore or would have been in the future obligated to pay, perform and discharge the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities were it not for such merger and the execution and delivery of this Agreement; provided, however, that said assumption and agreement to duly and timely pay, perform and discharge the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities shall not (i) increase the obligation of R&M In LP with respect to the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities beyond that of R&M In LP before such merger, (ii) waive any valid defense that was available to R&M In LP with respect to the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities or (iii) enlarge any rights or remedies of any third party under any of the R&M In LP Non-Conrail Easement and Non-Intellectual Property Liabilities.

3.24 General Provisions Relating to Assumption of Liabilities.

Notwithstanding anything to the contrary contained in this Agreement including, without limitation, the terms and provisions of this Article III, none of the parties to this Agreement shall be deemed to have assumed, and none of the Assets have been or are being contributed subject to, (i) any liens or security interests securing consensual indebtedness covering any of the Assets, except to the extent set forth on a schedule to this Agreement, and all such liens and security interests shall be deemed to be excluded from the assumptions of liabilities made under this Article III or (ii) any of the liabilities covered by the indemnities set forth in the Omnibus Agreement to the extent such liabilities are covered by such indemnities, and all such liabilities shall be deemed to be excluded from the assumptions of liabilities made under this Article III to the extent that such liabilities are covered by such indemnities.

ARTICLE IV
Indemnification

4.1 Indemnification Relating to Excessive Tariff Rate.

(a) Sunoco GP shall indemnify, defend and hold harmless the MLP, its partners, its Affiliates and their respective members, directors, officers, employees and their respective successors and assigns from and against any and all claims, demands, costs, liabilities and expenses (including court costs and reasonable attorneys' fees), arising from or relating to a decision by the FERC that any tariff rate published by the MLP or any of its Affiliates

(including, without limitation, Pipeline LP) is not just and reasonable, provided that the tariff rate found to be just and reasonable by the FERC is less than (except for increases permitted under the FERC's indexed rate methodology) the applicable tariff rate published by Sunoco or its applicable Affiliates in effect at the Effective Time and which relates to the same movement of crude oil or refined products. Notwithstanding the foregoing, the total amounts required to be paid by Sunoco GP under this Section 4.1 shall not exceed the difference between (i) the amount that the MLP and any of its Affiliates may lawfully collect from Sunoco or any of its Affiliates pursuant to any such decision of the FERC and (ii) the amount that, absent such a decision, would have been collected from Sunoco or any of its Affiliates at the applicable tariff rate published by Sunoco or its applicable Affiliates in effect at the Effective Time (except for increases permitted under the FERC's indexed rate methodology). In the event that Sunoco GP is required to make any payments under this Section 4.1, such payment shall be made to the MLP or the applicable Affiliate promptly after Sunoco GP has been notified by the MLP of such determination by FERC.

(b) The obligation of Sunoco GP to make the payments required to be made under the terms of Section 4.1(a) is guaranteed by Sunoco in the Omnibus Agreement.

ARTICLE V
Title Matters

5.1 Encumbrances.

(a) Except to the extent provided in Section 3.24 or any other document executed in connection with this Agreement or the Offering including, without limitation, the Omnibus Agreement, the contribution and conveyance (by operation of law or otherwise) of the various physical assets as reflected in this Agreement (collectively, the "Assets") are made expressly subject to all recorded encumbrances, agreements, defects, restrictions, and adverse claims covering the respective Assets (other than liens not shown on any of the schedules to this Agreement) and all laws, rules, regulations, ordinances, judgments and orders of governmental authorities or tribunals having or asserting jurisdiction over the Assets and operations conducted thereon or therewith, in each case to the extent the same are valid and enforceable and affect the Assets, including, without limitation, (a) all matters that a current on the ground survey, title insurance commitment or policy, or visual inspection of the Assets would reflect, (b) the applicable liabilities assumed in Article III, and (c) all matters contained in the Specific Conveyances.

(b) To the extent that certain jurisdictions in which the Assets are located may require that documents be recorded in order to evidence the transfers of title reflected in this Agreement, then the provisions set forth in Section 5.1(a) immediately above shall also be applicable to the conveyances under such documents.

5.2 Disclaimer of Warranties; Subrogation; Waiver of Bulk Sales Laws.

(a) EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE OFFERING INCLUDING, WITHOUT LIMITATION THE OMNIBUS

AGREEMENT, THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE AND AGREE THAT NONE OF THE PARTIES TO THIS AGREEMENT HAS MADE, DOES NOT MAKE, AND EACH SUCH PARTY SPECIFICALLY NEGATES AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR WRITTEN, PAST OR PRESENT, REGARDING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE ASSETS INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL, GEOLOGY OR ENVIRONMENTAL CONDITION OF THE ASSETS GENERALLY, INCLUDING THE PRESENCE OR LACK OF HAZARDOUS SUBSTANCES OR OTHER MATTERS ON THE ASSETS, (B) THE INCOME TO BE DERIVED FROM THE ASSETS, (C) THE SUITABILITY OF THE ASSETS FOR ANY AND ALL ACTIVITIES AND USES THAT MAY BE CONDUCTED THEREON, (D) THE COMPLIANCE OF OR BY THE ASSETS OR THEIR OPERATION WITH ANY LAWS (INCLUDING WITHOUT LIMITATION ANY ZONING, ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS), OR (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE ASSETS. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE OFFERING INCLUDING, WITHOUT LIMITATION, THE OMNIBUS AGREEMENT, THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE AND AGREE THAT EACH HAS HAD THE OPPORTUNITY TO INSPECT THE RESPECTIVE ASSETS, AND EACH IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE RESPECTIVE ASSETS AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY ANY OF THE PARTIES TO THIS AGREEMENT. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE OFFERING INCLUDING, WITHOUT LIMITATION, THE OMNIBUS AGREEMENT, NONE OF THE PARTIES TO THIS AGREEMENT IS LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE ASSETS FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR THIRD PARTY. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE OFFERING INCLUDING, WITHOUT LIMITATION, THE OMNIBUS AGREEMENT, EACH OF THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE CONTRIBUTION OF THE ASSETS AS PROVIDED FOR HEREIN IS MADE IN AN "AS IS", "WHERE IS" CONDITION WITH ALL FAULTS, AND THE ASSETS ARE CONTRIBUTED AND CONVEYED SUBJECT TO ALL OF THE MATTERS CONTAINED IN THIS SECTION. THIS SECTION SHALL SURVIVE SUCH CONTRIBUTION AND CONVEYANCE OR THE TERMINATION OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY THE PARTIES TO THIS AGREEMENT AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE ASSETS THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE, EXCEPT AS SET FORTH IN THIS AGREEMENT OR ANY OTHER

DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR THE OFFERING, INCLUDING, WITHOUT LIMITATION, THE OMNIBUS AGREEMENT.

(b) To the extent that certain jurisdictions in which the Assets are located may require that documents be recorded in order to evidence the transfers of title reflected in this Agreement, then the disclaimers set forth in Section 5.2(a) immediately above shall also be applicable to the conveyances under such documents.

(c) The contributions of the Assets made under this Agreement are made with full rights of substitution and subrogation of the respective parties receiving such contributions, and all persons claiming by, through and under such parties, to the extent assignable, in and to all covenants and warranties by the predecessors-in-title of the parties contributing the Assets, and with full subrogation of all rights accruing under applicable statutes of limitation and all rights of action of warranty against all former owners of the Assets.

(d) Each of the parties to this Agreement agrees that the disclaimers contained in this Section 5.2 are "conspicuous" disclaimers. Any covenants implied by statute or law by the use of the words "grant," "convey," "bargain," "sell," "assign," "transfer," "deliver," or "set over" or any of them or any other words used in this Agreement or any exhibits hereto are hereby expressly disclaimed, waived or negated.

Each of the parties to this Agreement hereby waives compliance with any applicable bulk sales law or any similar law in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

5.3 Reservation of Right of Use and Access. (a) Various real property assets have been conveyed by operation of law or otherwise as reflected in this Agreement (collectively, the "Real Property"). In connection therewith (i) certain fixtures, equipment and other personal property which are listed on the applicable schedules to this Agreement, and (ii) any other fixtures, equipment and other personal property located on the Real Property which are necessary for the operation of the property listed in clause (i) of this sentence (the property described in clauses (i) and (ii) of this sentence being called the "Conveyed Assets") have been conveyed and transferred by operation of law or otherwise to the applicable entity, as set forth in this Agreement. Each of the parties owning any portion of the Real Property immediately prior to the applicable transfer (by operation of law or otherwise) under this Agreement intended to and has pursuant to this Agreement reserved unto itself and its successors and assigns, respectively, any fixtures, equipment, and other personal property owned by such parties immediately prior to the Effective Time and located on the Real Property, except for the Conveyed Assets (the "Reserved Assets").

(b) All parties to this Agreement acknowledge and agree that the applicable owners of the Reserved Assets will require reasonable access to the Reserved Assets in connection with the operation, maintenance, repair, removal and replacement of the Reserved Assets, and in order to facilitate such access, each of the applicable owners of the Reserved Assets intended to reserve and has, by the execution of this Agreement, reserved unto itself, for itself and its respective successors and assigns, the right to reasonable access to the Reserved

Assets over, across and under the Real Property for the operation, maintenance, repair, removal and replacement of the Reserved Assets provided that such access does not unreasonably interfere with the use of the Conveyed Assets by the applicable owner thereof.

(c) The parties to this Agreement further acknowledge and agree that in order to give proper notice to third parties or to comply with applicable law, it may be necessary to record certain documents in order to evidence the rights of the applicable owners of the Reserved Assets, and the parties to this Agreement agree to execute and cause to be recorded all such documents as may be required.

ARTICLE VI
Further Assurances

6.1 Further Assurances. From time to time after the date hereof, and without any further consideration, the parties to this Agreement agree to execute, acknowledge and deliver all such additional deeds, assignments, bills of sale, conveyances, instruments, notices, releases, acquittances and other documents, and will do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate (i) more fully to assure that the applicable parties to this Agreement own all of the properties, rights, titles, interests, estates, remedies, powers and privileges granted by this Agreement, or which are intended to be so granted (ii) more fully and effectively to vest in the applicable parties to this Agreement and their respective successors and assigns beneficial and record title to the interests contributed and assigned by this Agreement or intended so to be and to more fully and effectively carry out the purposes and intent of this Agreement.

6.2 Other Assurances. From time to time after the date hereof, and without any further consideration, each of the parties to this Agreement shall execute, acknowledge and deliver all such additional instruments, notices and other documents, and will do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to more fully and effectively carry out the purposes and intent of this Agreement. Without limiting the generality of the foregoing, the parties to this Agreement acknowledge that the parties have used their good faith efforts to attempt to identify all of the assets being contributed to the MLP or its subsidiaries as required in connection with the Offering. However, due to the age of some of those assets and the difficulties in locating appropriate data with respect to some of the assets it is possible that assets intended to be contributed to the MLP or its subsidiaries were not identified and therefore are not included in the assets contributed to the MLP or its subsidiaries. It is the express intent of the parties to this Agreement that the MLP or its subsidiaries own all assets necessary to operate the assets that are identified in this Agreement and in the Registration Statement. To the extent any assets were not identified but are necessary to the operation of assets that were identified, then the intent of the parties to this Agreement is that all such unidentified assets are intended to be conveyed to the appropriate members of the Partnership Group. To the extent such assets are identified at a later date, the parties to this Agreement shall take the appropriate actions required in order to convey all such assets to the appropriate members of the Partnership Group. Likewise, to the extent that assets are identified at a later date that were not intended by the parties to be conveyed as reflected in the Registration Statement, the parties to this Agreement shall take the appropriate actions required in order to convey all such assets to the appropriate party.

ARTICLE VII
Powers of Attorney

7.1 Services LP. Services LP hereby constitutes and appoints Services Out LLC and its successors and assigns, its true and lawful attorney-in-fact with full power of substitution for it and in its name, place and stead or otherwise on behalf of Services LP and its successors and assigns, and for the benefit of Services Out LLC and its successors and assigns, to demand and receive from time to time the Services Out LLC Assets and to execute in the name of Services LP and its successors and assigns, instruments of conveyance, instruments of further assurance and to give receipts and releases in respect of the same, and from time to time to institute and prosecute in the name of Services LP for the benefit of Services Out LLC as may be appropriate, any and all proceedings at law, in equity or otherwise which Services Out LLC and its successors and assigns, may deem proper in order (i) to collect, assert or enforce any claims, rights or titles of any kind in and to the Services Out LLC Assets, (ii) to defend and compromise any and all actions, suits or proceedings in respect of any of the Services Out LLC Assets, and (iii) to do any and all such acts and things in furtherance of this Agreement as Services Out LLC or its successors or assigns shall deem advisable. Services LP hereby declares that the appointments hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable and perpetual and shall not be terminated by any act of Services LP or its successors or assigns or by operation of law.

7.2 R&M. R&M hereby constitutes and appoints R&M In LP and its successors and assigns, its true and lawful attorney-in-fact with full power of substitution for it and in its name, place and stead or otherwise on behalf of R&M and its successors and assigns, and for the benefit of R&M In LP and its successors and assigns, to demand and receive from time to time the R&M In LP Assets and to execute in the name of R&M and its successors and assigns instruments of conveyance, instruments of further assurance and to give receipts and releases in respect of the same, and from time to time to institute and prosecute in the name of R&M for the benefit of R&M In LP as may be appropriate, any and all proceedings at law, in equity or otherwise which R&M In LP and its successors and assigns, may deem proper in order (i) to collect, assert or enforce any claims, rights or titles of any kind in and to the R&M In LP Assets, (ii) to defend and compromise any and all actions, suits or proceedings in respect of any of the R&M In LP Assets, and (iii) to do any and all such acts and things in furtherance of this Agreement as R&M In LP or its successors or assigns shall deem advisable. R&M hereby declares that the appointments hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable and perpetual and shall not be terminated by any act of R&M or its successors or assigns or by operation of law.

7.3 Atlantic Refining. Atlantic Refining hereby constitutes and appoints Atlantic R&M In LP and its successors and assigns, its true and lawful attorney-in-fact with full power of substitution for it and in its name, place and stead or otherwise on behalf of Atlantic Refining and its successors and assigns, and for the benefit of Atlantic R&M In LP and its successors and assigns, to demand and receive from time to time the Atlantic R&M In LP Assets and to execute in the name of Atlantic Refining and its successors and assigns instruments of conveyance, instruments of further assurance and to give receipts and releases in respect of the same, and from time to time to institute and prosecute in the name of Atlantic Refining for the benefit of Atlantic R&M In LP as may be appropriate, any and all proceedings at law, in equity or

otherwise which Atlantic R&M In LP and its successors and assigns, may deem proper in order to (i) collect, assert or enforce any claims, rights or titles of any kind in and to the Atlantic R&M In LP Assets, (ii) defend and compromise any and all actions, suits or proceedings in respect of any of the Atlantic R&M In LP Assets, and (iii) do any and all such acts and things in furtherance of this Agreement as Atlantic R&M In LP or its successors or assigns shall deem advisable. Atlantic Refining hereby declares that the appointments hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable and perpetual and shall not be terminated by any act of Atlantic Refining or its successors or assigns or by operation of law.

7.4 Contributing Parties. In addition to the specific powers of attorney granted in the other sections of this Article VII, each of the Contributing Parties that have contributed the Assets as reflected by this Agreement hereby constitutes and appoints the party to whom the respective Assets were contributed and its successors and assigns (the "Receiving Party"), its true and lawful attorney-in-fact with full power of substitution for it and in its name, place and stead or otherwise on behalf of the applicable Contributing Party and its successors and assigns, and for the benefit of the applicable Receiving Party and its successors and assigns, to demand and receive from time to time the applicable Assets contributed and to execute in the name of the applicable Contributing Party and its successors and assigns instruments of conveyance, instruments of further assurance and to give receipts and releases in respect of the same, and from time to time to institute and prosecute in the name of the applicable Contributing Party for the benefit of the applicable Receiving Party as may be appropriate, any and all proceedings at law, in equity or otherwise which the applicable Receiving Party and its successors and assigns, may deem proper in order to (i) collect, assert or enforce any claims, rights or titles of any kind in and to the applicable Assets, (ii) defend and compromise any and all actions, suits or proceedings in respect of any of the applicable Assets, and (iii) do any and all such acts and things in furtherance of this Agreement as the applicable Receiving Party or its successors or assigns shall deem advisable. Each Contributing Party hereby declares that the appointments hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable and perpetual and shall not be terminated by any act of any Contributing Party or its successors or assigns or by operation of law.

ARTICLE VIII
Miscellaneous

8.1 Order of Completion of Transactions. The transactions provided for in Articles II (except as otherwise noted) and III of this Agreement shall be completed on the Effective Date in the following order:

First, the transactions provided for in Article II shall be completed in the order set forth therein; and

Second, the transactions provided for in Article III shall be completed in the order set forth therein.

8.2 Consents; Restriction on Assignment. If there are prohibitions against or conditions to the contribution and conveyance of one or more of the Assets without the prior

written consent of third parties, including, without limitation, governmental agencies (other than consents of a ministerial nature which are normally granted in the ordinary course of business), which if not satisfied would result in a breach of such prohibitions or conditions or would give an outside party the right to terminate rights of the party to whom the applicable Assets were intended to be conveyed (the "Beneficial Owner") with respect to such portion of the Assets (herein called a "Restriction"), then any provision contained in this Agreement to the contrary notwithstanding, the transfer of title to or interest in each such portion of the Assets (herein called the "Restriction Asset") pursuant to this Agreement shall not become effective unless and until such Restriction is satisfied, waived or no longer applies. When and if such a Restriction is so satisfied, waived or no longer applies, to the extent permitted by applicable law and any applicable contractual provisions, the assignment of the Restriction Asset subject thereto shall become effective automatically as of the Effective Time, without further action on the part of any party to this Agreement. Each of the applicable parties to this Agreement that were involved with the conveyance of a Restriction Asset agree to use their reasonable best efforts to obtain on a timely basis satisfaction of any Restriction applicable to any Restriction Asset conveyed by or acquired by any of them. The description of any portion of the Assets as a "Restriction Asset" shall not be construed as an admission that any Restriction exists with respect to the transfer of such portion of the Assets. In the event that any Restriction Asset exists, the applicable party agrees to continue to hold such Restriction Asset in trust for the exclusive benefit of the applicable party to whom such Restriction Asset was intended to be conveyed and to otherwise use its reasonable best efforts to provide such other party with the benefits thereof, and the party holding such Restriction Asset will enter into other agreements, or take such other action as it may deem necessary, in order to ensure that the applicable party to whom such Restriction Asset was intended to be conveyed has the assets and concomitant rights necessary to enable the applicable party to operate such Restriction Asset in all material respects as it was operated prior to the Effective Time.

8.3 Costs. The OLP shall pay all sales, use and similar taxes arising out of the contributions, conveyances and deliveries to be made hereunder, and shall pay all documentary, filing, recording, transfer, deed, and conveyance taxes and fees required in connection therewith. In addition, the OLP shall be responsible for all costs, liabilities and expenses (including court costs and reasonable attorneys' fees) incurred in connection with the satisfaction or waiver of any Restriction pursuant to Section 8.2.

8.4 Headings; References; Interpretation. All Article and Section headings in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any of the provisions hereof. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including without limitation, all Schedules attached hereto, and not to any particular provision of this Agreement. All references herein to Articles, Sections, and Schedules shall, unless the context requires a different construction, be deemed to be references to the Articles, Sections and Schedules of this Agreement, respectively, and all such Schedules attached hereto are hereby incorporated herein and made a part hereof for all purposes. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such

word or to similar items or matters, whether or not non-limiting language (such as "without limitation," "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

8.5 Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the parties signatory hereto and their respective successors and assigns.

8.6 No Third Party Rights. The provisions of this Agreement are intended to bind the parties signatory hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

8.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute one agreement binding on the parties hereto.

8.8 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Pennsylvania applicable to contracts made and to be performed wholly within such state without giving effect to conflict of law principles thereof, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the Assets are located, shall apply.

8.9 Severability. If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the parties as expressed in this Agreement at the time of execution of this Agreement.

8.10 Deed; Bill of Sale; Assignment. To the extent required and permitted by applicable law, this Agreement shall also constitute a "deed," "bill of sale" or "assignment" of the Assets.

8.11 Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the parties hereto and affected thereby.

8.12 Integration. This Agreement and the instruments referenced herein supersede all previous understandings or agreements between the parties, whether oral or written, with respect to its subject matter. This Agreement and such instruments contain the entire understanding of the parties with respect to the subject matter hereof and thereof. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the parties hereto after the date of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

SUNOCO, INC., a Pennsylvania corporation

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President and Chief Financial Officer

"Sunoco"

SUN PIPE LINE COMPANY OF DELAWARE, a Delaware corporation

By: /s/ David A. Justin

Name: David A. Justin

Title: President

"Sun Delaware"

SUNOCO, INC. (R&M), a Pennsylvania corporation

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President and Chief Financial Officer

"R&M"

ATLANTIC PETROLEUM CORPORATION, a Delaware corporation,a Delaware corporation

By: /s/ Barry H. Rosenberg

Name: Barry H. Rosenberg

Title: President

"Petroleum"

SUNOCO TEXAS PIPE LINE COMPANY, a Texas corporation

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"Sun Texas"

SUN OIL LINE OF MICHIGAN (OUT) LLC, a Texas limited liability company

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"Michigan Texas"

MID-CONTINENT PIPE LINE (OUT) LLC, a Texas limited liability company

By: /s/ Deborah M. Fretz

Name: Deborah M. Fretz

Title: President

"Mid-Con Texas"

SUN PIPE LINE SERVICES (OUT) LLC, a Delaware limited liability company

By: /s/ Deborah M. Fretz

Name: Deborah M. Fretz

Title: President

"Services Out LLC"

ATLANTIC PETROLEUM DELAWARE CORPORATION, a Delaware corporation

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"Delaware"

ATLANTIC PIPELINE (OUT) L.P., a Texas limited partnership

By: Atlantic Petroleum Corporation, a Delaware corporation,as general partner

By:/s/ Barry H. Rosenberg
Name: Barry H. Rosenberg
Title: President
"Atlantic Out LP"

SUNOCO PARTNERS LLC, a Pennsylvania limited liability company

By: /s/ David A. Justin
Name: David A. Justin
Title: Vice President
"Sunoco GP"

SUNOCO PARTNERS LEASE ACQUISITION & MARKETING LLC, a Delaware limited liability company

By: /s/ Deborah M. Fretz
Name: Deborah M. Fretz
Title: President
"LA LLC"

SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership

By: Sunoco Partners LLC, a Pennsylvania limited liability company, as general partner

By: /s/ David A. Justin
Name: David A. Justin
Title: Vice President
"MLP"

SUNOCO LOGISTICS PARTNERS GP LLC, a Delaware limited liability company

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"GP LLC"

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., a Delaware limited partnership

By: Sunoco Logistics Partners GP LLC, a Delaware limited liability company, as general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"OLP"

SUNOCO LOGISTICS PARTNERS OPERATIONS GP LLC, a Delaware limited liability company

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"OLP GP LLC"

SUNOCO PIPELINE L.P., a Texas limited partnership

By: Sun Pipe Line GP LLC, a Delaware limited liability company, as general partner

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Sun Pipeline LP"

SUNOCO PARTNERS MARKETING & TERMINALS L.P., a Texas limited partnership

By: Sunoco R&M (In) LLC, a Delaware limited liability company, as general partner

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"R&M In LP"

SUNOCO MID-CON (IN) LLC, a Texas limited liability company

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Mid-Con In LLC"

ATLANTIC (IN) L.P., a Texas limited partnership

By: Atlantic (In) LLC, a Delaware limited liability company, as general partner

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Atlantic In LP"

ATLANTIC R&M (IN) L.P., a Texas limited partnership

By: Atlantic (In) LLC, a Delaware limited liability company, as general partner

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Atlantic R&M In LP"

SUN PIPE LINE SERVICES (IN) L.P., a Delaware limited partnership

By: Sunoco Logistics Partners GP LLC, a Delaware limited liability company, as general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

"Services LP"

SUNOCO MICHIGAN (IN) LLC, a Texas limited liability company

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Michigan In LLC"

ATLANTIC (IN) LLC, a Delaware limited liability company

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Atlantic In LLC"

SUN PIPE LINE GP LLC, a Delaware limited liability company

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"Pipe Line GP LLC"

SUNOCO R&M (IN) LLC, a Delaware limited liability company

By: /s/ James L. Fidler

Name: James L. Fidler

Title: President

"R&M In LLC"

ATLANTIC REFINING & MARKETING CORP., a Delaware corporation

By: /s/ S. Blake Heinemann

Name: S. Blake Heinemann

Title: Vice President

"Atlantic Refining"

Exhibit 10.5

==========

OMNIBUS AGREEMENT

among

SUNOCO, INC.

SUNOCO, INC.(R&M)

SUN PIPE LINE COMPANY OF DELAWARE

ATLANTIC PETROLEUM CORPORATION

SUNOCO TEXAS PIPE LINE COMPANY

SUN PIPE LINE SERVICES (OUT) LLC

SUNOCO LOGISTICS PARTNERS L.P.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

and

SUNOCO PARTNERS LLC

==========

OMNIBUS AGREEMENT

THIS OMNIBUS AGREEMENT ("Agreement") is entered into on, and effective as of, the Closing Date (as defined herein) among Sunoco, Inc., a Pennsylvania corporation ("Sunoco"), on behalf of itself and the other Sunoco Entities (as defined herein), Sunoco, Inc. (R&M), a Pennsylvania corporation ("Sunoco R&M"), Sun Pipe Line Company of Delaware, a Delaware corporation ("Sun Delaware"), Atlantic Petroleum Corporation, a Delaware corporation ("Atlantic Petroleum"), Sunoco Texas Pipe Line Company, a Texas corporation ("Sun Texas"), Sun Pipe Line Services (Out) LLC, a Delaware limited liability company ("Services Out LLC"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Partnership"), Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Operating Partnership"), and Sunoco Partners LLC, a Pennsylvania limited liability company ("Sunoco Partners LLC"). The above-named entities are sometimes referred to in this Agreement each as a "Party" and collectively as the "Parties."

R E C I T A L S:

1. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article II, with respect to those business opportunities that the Sunoco Entities will not engage in for so long as the Partnership is an Affiliate of Sunoco unless the Partnership has declined to engage in any such business opportunity for its own account.

2. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article III, with respect to certain indemnification obligations of the Parties to each other.

3. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article IV, with respect to the amount to be paid by the Partnership for the general and administrative services to be performed by the General Partner (as defined herein) and its Affiliates (as defined herein) for and on behalf of the Partnership Group (as defined herein).

4. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article V, with respect to certain capital and other expenditures to be reimbursed by Sunoco to the Partnership Group and the completion by Sunoco R&M of certain tank maintenance and inspection projects.

5. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article VI, with respect to the Partnership Group's option to purchase the Option Assets (as defined herein).

6. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article VII, with respect to the development and construction or acquisition of certain assets by the Partnership Group.

In consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

ARTICLE I
Definitions

1.1 Definitions.

(a) As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Administrative Fee" is defined in Section 4.1.

"Affiliate" is defined in the Partnership Agreement.

"Assets" means all assets conveyed, contributed, or otherwise transferred by the Sunoco Entities to the Partnership Group prior to or on the Closing Date and any assets acquired by the Partnership Group pursuant to the exercise of the purchase options granted under Article VI.

"Change of Control" means, with respect to Sunoco, any of the following events: (a) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of Sunoco's assets to any other Person unless immediately following such sale, lease, exchange, or other transfer such assets are owned, directly or indirectly, by Sunoco; (b) the consolidation or merger of Sunoco with or into another Person pursuant to a transaction in which the outstanding Voting Stock of Sunoco is changed into or exchanged for cash, securities, or other property, other than any such transaction where (i) the outstanding Voting Stock of Sunoco is changed into or exchanged for Voting Stock of the surviving corporation or its parent and (ii) the holders of the Voting Stock of Sunoco immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the surviving Person or its parent immediately after such transaction; and (c) a "person" or "group" (within the meaning of Sections 13(d) or 14(d)(2) of the Exchange Act) being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of all of the then outstanding Voting Stock of Sunoco, except in a merger or consolidation that would not constitute a Change of Control under clause (b) above.

"Closing Date" means the date of the closing of the Partnership's initial public offering of Common Units.

"Common Units" is defined in the Partnership Agreement.

"Conflicts Committee" is defined in the Partnership Agreement.

"Contribution Agreement" means that certain Contribution, Conveyance and Assumption Agreement, dated as of the Closing Date, among the General Partner, the Partnership, the Operating Partnership and certain other parties, together with the

additional conveyance documents and instruments contemplated or referenced thereunder.

"control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise.

"Covered Environmental Losses" is defined in Section 3.1.

"Darby Creek Tank Farm" means the tanks and pipelines located near Philadelphia, Pennsylvania as described on Schedule I to this Agreement.

"Environmental Laws" means all federal, state, and local laws, statutes, rules, regulations, orders, and ordinances, now or hereafter in effect, relating to protection of human health and the environment including, without limitation, the federal Comprehensive Environmental Response, Compensation, and Liability Act, the Superfund Amendments Reauthorization Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Toxic Substances Control Act, the Oil Pollution Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, and other environmental conservation and protection laws, each as amended from time to time.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exton Facility" means the service station facility located at 645 E. Lincoln Highway, Exton, Pennsylvania 19341 upon the land described in Schedule VII to this Agreement.

"Guaranty" is defined in Section 3.7.

"General Partner" is defined in the Partnership Agreement.

"Hazardous Substance" means (a) any substance that is designated, defined, or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance, or that is otherwise regulated under any Environmental Law, including, without limitation, any hazardous substance as defined under the Comprehensive Environmental Response, Compensation, and Liability Act, and (b) petroleum, oil, gasoline, natural gas, fuel oil, motor oil, waste oil, diesel fuel, jet fuel, and other refined petroleum hydrocarbons.

"Indemnified Party" means the Partnership Group or the Sunoco Entities, as the case may be, in its capacity as the party entitled to indemnification in accordance with Article III.

"Indemnifying Party" means either the Partnership Group or Sunoco, as the case may be, in its capacity as the party from whom indemnification may be sought in accordance with Article III.

"Limited Partner" is defined in the Partnership Agreement.

"Marcus Hook Tank Farm" means the tanks and pipelines located near Marcus Hook, Pennsylvania as described on Schedule I to this Agreement.

"Mesa Pipeline" means an 80-mile crude oil pipeline from Midland, Texas to Colorado City, Texas.

"Offer" is defined in Section 2.3.

"Other Equipment" is defined in Section 5.4.

"Option Assets" means the assets listed on Schedule II to this Agreement.

"Option Asset Owner" means, with respect to an Option Asset, the applicable Sunoco Entity set forth opposite such Option Asset on Schedule II to this Agreement.

"Paribas Mortgage" means that certain mortgage from Atlantic Refining & Marketing Corp. in favor of Banque Paribas and Banque Indosuez, dated March 10, 1998, as recorded in Book 1077, Page 5, Chester County, Pennsylvania.

"Partnership Agreement" means the First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., dated as of the Closing Date, as such agreement is in effect on the Closing Date, to which reference is hereby made for all purposes of this Agreement. No amendment or modification to the Partnership Agreement subsequent to the Closing Date shall be given effect for the purposes of this Agreement unless consented to by each of the Parties to this Agreement.

"Party" and "Parties" are defined in the introduction to this Agreement.

"Partnership Group" means the Partnership, the Operating Partnership and any Subsidiary of any such Person, treated as a single consolidated entity.

"Partnership Group Member" means any member of the Partnership Group.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization association, government agency or political subdivision thereof or other entity.

"Prudent Industry Practice" means such practices, methods, acts, techniques, and standards as are in effect at the time in question that are consistent with (a) the standards generally followed by the United States pipeline and terminalling industries or (b) such higher standards as may be applied or followed by Sunoco or its Affiliates in the performance of similar tasks or projects, or by the Partnership Group or its Affiliates in the performance of similar tasks or projects.

"Restricted Activities" is defined in Section 2.1.

"Retained Assets" means the pipelines, terminals and other assets and investments owned by any of the Sunoco Entities that were not conveyed, contributed or otherwise transferred to the Partnership Group pursuant to the Contribution Agreement and other documents relating to the transactions referred to in the Contribution Agreement, including, without limitation, the applicable ownership interests in Mid-Valley Pipeline Company, West Texas Gulf Pipeline Company, the Mesa Pipeline, Inland Corporation, and the Tank System and the Other Equipment.

"Subject Assets" is defined in Section 2.2.

"Sunoco Entities" means Sunoco and any Person controlled, directly or indirectly, by Sunoco other than the Partnership Group or the General Partner; and "Sunoco Entity" means any of the Sunoco Entities.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Tank System" is defined in Section 5.4.

"Units" is defined in the Partnership Agreement.

"Voting Stock" means securities of any class of a Person entitling the holders thereof to vote on a regular basis in the election of members of the board of directors or other governing body of such Person.

"Work" is defined in Section 5.4.

ARTICLE II
Business Opportunities

2.1 Restricted Activities. For so long as the Partnership is an Affiliate of Sunoco, and except as permitted by Section 2.2, each of the Sunoco Entities shall be prohibited from engaging in or acquiring any business having assets engaged in the following activities (the "Restricted Activities"):

(a) the purchase of crude oil at the wellhead; or

(b) the ownership and/or operation of crude oil pipelines or terminals, refined products pipelines or terminals, or liquefied petroleum gas (LPG) terminals in the continental United States.

2.2 Permitted Exceptions.

(a) Notwithstanding any provision of Section 2.1 to the contrary, the Sunoco Entities may engage in the following activities under the following circumstances:

(i) the ownership and/or operation of any of the Retained Assets (including replacements of the Retained Assets);

(ii) the ownership and/or operation of any logistics asset, including, without limitation, any pipeline or terminal, constructed by a Sunoco Entity within a manufacturing or refining facility (including, without limitation, any chemical plant or coke plant) of a Sunoco Entity in connection with the operation of that facility;

(iii) the ownership and/or operation of any asset or group of related assets used in the activities described in (a) or (b) of Section 2.1 that are acquired or constructed by a Sunoco Entity after the date of this Agreement (the "Subject Assets") if:

(A) the fair market value of the Subject Assets (as determined in good faith by the Board of Directors, or other governing body, of the Sunoco Entity that will own the Subject Assets) is less than $5 million at the time of such acquisition by the Sunoco Entity or completion of construction, as the case may be;

(B) in the case of an acquisition of Subject Assets with a fair market value (as determined in good faith by the Board of Directors, or other governing body, of the Sunoco Entity that will own the Subject Assets) equal to or greater than $5 million at the time of such acquisition by a Sunoco Entity, the Partnership has been offered the opportunity to purchase the Subject Assets in accordance with Section 2.3 and the Partnership (with the concurrence of the Conflicts Committee) has elected not to purchase the Subject Assets; or

(C) in the case of the construction of Subject Assets with a fair market value (as determined in good faith by the Board of Directors, or other governing body, of the Sunoco Entity that will own the Subject Assets) equal to or greater than $5 million at the time of completion of construction, the Partnership has been offered the opportunity to purchase the Subject Assets in accordance with Section 2.3 and the Partnership (with the concurrence of the Conflicts Committee) has elected not to purchase the Subject Assets.

2.3 Procedures.

(a) If a Sunoco Entity acquires or constructs Subject Assets described in Section 2.2(a)(iii)(B) or (C), then not later than six months after the consummation of the acquisition or the completion of construction by such Sunoco Entity of the Subject Assets, as the case may be, the Sunoco Entity shall notify the General Partner in writing of such acquisition or construction and offer the Partnership Group the opportunity to purchase such Subject Assets in accordance with this Section 2.3 (the "Offer"). The Offer shall set forth the terms relating to the purchase of the Subject Assets and, if any Sunoco Entity desires to utilize the Subject Assets, the Offer will also include the commercially reasonable terms on which the Partnership Group will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Subject Assets. As soon as practicable, but in any event within 60 days after receipt of such written notification, the General Partner shall notify the Sunoco Entity in writing that either (i) the General Partner has elected, with the approval of the Conflicts Committee, not to cause a Partnership Group Member to purchase the Subject Assets, in which event the Sunoco Entity shall be forever free to continue to own or operate such Subject Assets, or (ii) the General Partner has elected to cause a Partnership Group Member to purchase the Subject Assets, in which event the procedures outlined in this Section 2.3 shall apply.

(b) If the Sunoco Entity and the General Partner (with the concurrence of the Conflicts Committee) are able to agree on the fair market value of the Subject Assets that are subject to the Offer and the other terms of the Offer including, without limitation, the terms, if any, on which the Partnership Group will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Subject Assets, within 60 days after receipt by the General Partner of the Offer, a Partnership Group Member shall purchase the Subject Assets for the agreed upon fair market value as soon as commercially practicable after such agreement has been reached and, if applicable, enter into an agreement with the Sunoco Entity to provide services in a manner consistent with the Offer. The purchase agreement for the Subject Assets will provide for the purchase price to be paid, at the option of the Sunoco Entity, in cash, Units, or an interest-bearing promissory note (the interest rate and other terms of which shall be mutually agreed upon by the Sunoco Entity and the General Partner).

(c) If the Sunoco Entity and the General Partner are unable to agree on the fair market value of the Subject Assets that are subject to the Offer or the other terms of the Offer including, if applicable, the terms on which the Partnership Group will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Subject Assets within 60 days after receipt by the General Partner of the Offer, the Sunoco Entity and the General Partner will engage a mutually agreed upon, nationally recognized investment banking firm to determine the fair market value of the Subject Assets and/or the other terms on which the Partnership Group and the Sunoco Entity are unable to agree. Such investment banking firm will determine the fair market value of the Subject Assets and/or the other terms on which the Partnership Group and the Sunoco Entity are unable to agree within 30 days of its engagement and furnish the Sunoco Entity and the General Partner its determination. The fees of the investment banking firm will be split equally between the Sunoco Entity and the Partnership Group. Once the investment

banking firm has submitted its determination of the fair market value of the Subject Assets and/or the other terms on which the Partnership Group and the Sunoco Entity are unable to agree, the General Partner will have the right, but not the obligation, subject to the approval of the Conflicts Committee, to cause a Partnership Group Member to purchase the Subject Assets pursuant to the Offer as modified by the determination of the investment banking firm. If the General Partner elects to cause a Partnership Group Member to purchase the Subject Assets, then the Partnership Group Member shall purchase the Subject Assets pursuant to the Offer as modified by the determination of the investment banking firm as soon as commercially practicable after such determination and, if applicable, enter into an agreement with the Sunoco Entity to provide services in a manner consistent with the Offer, as modified by the determination of the investment banking firm, if applicable. The purchase agreement for the Subject Assets will provide for the purchase price to be paid, at the option of the Sunoco Entity, in cash, Units, or an interest-bearing promissory note (the interest rate and other terms of which shall be mutually agreed upon by the Sunoco Entity and the General Partner).

2.4 Scope of Prohibition. Except as provided in this Article II and the Partnership Agreement, each Sunoco Entity shall be free to engage in any business activity, including those that may be in direct competition with any Partnership Group Member.

2.5 Enforcement. The Sunoco Entities agree and acknowledge that the Partnership Group does not have an adequate remedy at law for the breach by the Sunoco Entities of the covenants and agreements set forth in this Article II, and that any breach by the Sunoco Entities of the covenants and agreements set forth in this Article II would result in irreparable injury to the Partnership Group. The Sunoco Entities further agree and acknowledge that any Partnership Group Member may, in addition to the other remedies which may be available to the Partnership Group, file a suit in equity to enjoin the Sunoco Entities from such breach, and consent to the issuance of injunctive relief under this Agreement.

ARTICLE III
Indemnification

3.1 Environmental Indemnification.

(a) Subject to Section 3.2, Sunoco shall indemnify, defend and hold harmless the Partnership Group for a period of 30 years after the Closing Date from and against environmental and toxic tort losses (including, without limitation, economic losses, diminution in value suffered by third parties, and lost profits), damages, injuries (including, without limitation, personal injury and death), liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorney's and expert's fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by the Partnership Group or any third party by reason of or arising out of:

(i) any violation or correction of violation of Environmental Laws, or

(ii) any event or condition associated with ownership or operation of the Assets (including, without limitation, the presence of Hazardous Substances on, under, about or migrating to or from the Assets or the disposal or release of Hazardous Substances generated by operation of the Assets at non-Asset locations) including, without limitation, (A) the cost and expense of any investigation, assessment, evaluation, monitoring, containment, cleanup, repair, restoration, remediation, or other corrective action required or necessary under Environmental Laws, (B) the cost or expense of the preparation and implementation of any closure, remedial, corrective action, or other plans required or necessary under Environmental Laws, and (C) the cost and expense for any environmental or toxic tort pre-trial, trial, or appellate legal or litigation support work;

but only to the extent that such violation complained of under Section 3.1(a)(i) or such events or conditions included under Section 3.1(a)(ii) occurred before the Closing Date (collectively, "Covered Environmental Losses").

(b) The Partnership Group shall indemnify, defend and hold harmless the Sunoco Entities from and against environmental and toxic tort losses (including, without limitation, economic losses, diminution in value suffered by third parties, and lost profits), damages, injuries (including, without limitation, personal injury and death), liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorney's and expert's fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by the Sunoco Entities or any third party by reason of or arising out of:

(i) any violation or correction of violation of Environmental Laws, or

(ii) any event or condition associated with ownership or operation of the Assets (including, but not limited to, the presence of Hazardous Substances on, under, about or migrating to or from the Assets or the disposal or release of Hazardous Substances generated by operation of the Assets at non-Asset locations) including, without limitation, (A) the cost and expense of any investigation, assessment, evaluation, monitoring, containment, cleanup, repair, restoration, remediation, or other corrective action required or necessary under Environmental Laws, (B) the cost or expense of the preparation and implementation of any closure, remedial, corrective action, or other plans required or necessary under Environmental Laws, and (C) the cost and expense for any environmental or toxic tort pre-trial, trial, or appellate legal or litigation support work;

and regardless of whether such violation complained of under Section 3.1(b)(i) or such events or conditions included under Section 3.1(b)(ii) occurred before or after the Closing Date, except to the extent that any of the foregoing are Covered Environmental Losses for which the Partnership Group is entitled to indemnification from Sunoco under this Article III.

3.2 Limitations Regarding Environmental Indemnification. Sunoco shall be obligated to indemnify, defend and hold harmless the Partnership Group for 100% of all Covered Environmental Losses asserted within the first 21 years after the Closing Date. Sunoco's obligation to indemnify, defend and hold harmless the Partnership Group for Covered Environmental Losses asserted in any given year thereafter shall decrease by 10% a year in accordance with Schedule III attached hereto. There is no monetary cap on the amount of indemnity coverage provided by Sunoco under Section 3.1(a) or by the Partnership Group under Section 3.1(b).

3.3 Right of Way Indemnification. Sunoco shall indemnify, defend and hold harmless the Partnership Group from and against any losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorney's and expert's fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by the Partnership Group by reason of or arising out of (a) the failure of the applicable Partnership Group Member to be the owner of such valid and indefeasible easement rights or fee ownership interests in and to the lands on which any crude oil or refined products pipeline or related pump station, tank farm or equipment conveyed or contributed to the applicable Partnership Group Member on the Closing Date is located as of the Closing Date; (b) the failure of the applicable Partnership Group Member to have the consents, licenses and permits necessary to allow any such pipeline referred to in clause (a) of this Section 3.3 to cross the roads, waterways, railroads and other areas upon which any such pipeline is located as of the Closing Date; and (c) the cost of curing any condition set forth in clause (a) or (b) above that does not allow any Asset to be operated in accordance with Prudent Industry Practice, to the extent that Sunoco is notified in writing of any of the foregoing within 10 years after the Closing Date.

3.4 Additional Indemnification.

(a) In addition to and not in limitation of the indemnification rovided under Sections 3.1(a) and 3.3, Sunoco shall indemnify, defend, and old harmless the Partnership Group from and against any losses, damages, iabilities, claims, demands, causes of action, judgments, settlements, ines, penalties, costs, and expenses (including, without limitation, court osts and reasonable attorney's and expert's fees) of any and every kind or haracter, known or unknown, fixed or contingent, suffered or incurred by he Partnership Group by reason of or arising out of (i) events and onditions associated with the operation of the Assets and occurring before he Closing Date (other than Covered Environmental Losses which are rovided for under Sections 3.1 and 3.2) to the extent that Sunoco is otified in writing of any of the foregoing within 10 years after the losing Date, (ii) the currently pending legal actions against the Sunoco ntities set forth on Schedule IV attached hereto, (iii) events and onditions associated with the Retained Assets and whether occurring before r after the Closing Date, (iv) the completion of the tank maintenance and nspection projects for the Darby Creek Tank Farm that are listed on chedule I to this Agreement, (v) the failure to obtain any necessary onsent from the Public Utilities Commission of Ohio for the conveyance to he Partnership Group of the crude oil pipeline located in Ohio, (vi) the ailure to cause the Paribas Mortgage to be released of record in Chester ounty, Pennsylvania to the extent it covers the property in Exton, ennsylvania more particularly described on Schedule VIII to this greement, and

(vii) all federal, state and local income tax liabilities attributable to the operation of the Assets prior to the Closing Date, including any such income tax liabilities of the Sunoco Entities that may result from the consummation of the formation transactions for the Partnership Group and the General Partner.

(b) In addition to and not in limitation of the indemnification provided under Section 3.1(b) or the Partnership Agreement, the Partnership Group shall indemnify, defend, and hold harmless the Sunoco Entities from and against any losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorney's and expert's fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by the Sunoco Entities by reason of or arising out of events and conditions associated with the operation of the Assets and occurring on or after the Closing Date (other than Covered Environmental Losses which are provided for under Section 3.1), unless such indemnification would not be permitted under the Partnership Agreement by reason of one of the provisos contained in Section 7.7(a) of the Partnership Agreement.

3.5 Indemnification Procedures.

(a) The Indemnified Party agrees that within a reasonable period of time after it becomes aware of facts giving rise to a claim for indemnification under this Article III, it will provide notice thereof in writing to the Indemnifying Party, specifying the nature of and specific basis for such claim.

(b) The Indemnifying Party shall have the right to control all aspects of the defense of (and any counterclaims with respect to) any claims brought against the Indemnified Party that are covered by the indemnification under this Article III, including, without limitation, the selection of counsel, determination of whether to appeal any decision of any court and the settling of any such matter or any issues relating thereto; provided, however, that no such settlement shall be entered into without the consent of the Indemnified Party unless it includes a full release of the Indemnified Party from such matter or issues, as the case may be.

(c) The Indemnified Party agrees to cooperate fully with the Indemnifying Party, with respect to all aspects of the defense of any claims covered by the indemnification under this Article III, including, without limitation, the prompt furnishing to the Indemnifying Party of any correspondence or other notice relating thereto that the Indemnified Party may receive, permitting the name of the Indemnified Party to be utilized in connection with such defense, the making available to the Indemnifying Party of any files, records or other information of the Indemnified Party that the Indemnifying Party considers relevant to such defense and the making available to the Indemnifying Party of any employees of the Indemnified Party; provided, however, that in connection therewith the Indemnifying Party agrees to use reasonable efforts to minimize the impact thereof on the operations of the Indemnified Party and further agrees to maintain the confidentiality of all files, records, and other information furnished by the Indemnified Party pursuant to this Section 3.5. In no event shall the obligation of the

Indemnified Party to cooperate with the Indemnifying Party as set forth in the immediately preceding sentence be construed as imposing upon the Indemnified Party an obligation to hire and pay for counsel in connection with the defense of any claims covered by the indemnification set forth in this Article III; provided, however, that the Indemnified Party may, at its own option, cost and expense, hire and pay for counsel in connection with any such defense. The Indemnifying Party agrees to keep any such counsel hired by the Indemnified Party informed as to the status of any such defense, but the Indemnifying Party shall have the right to retain sole control over such defense.

(d) In determining the amount of any loss, cost, damage or expense for which the Indemnified Party is entitled to indemnification under this Agreement, the gross amount of the indemnification will be reduced by (i) any insurance proceeds realized by the Indemnified Party, and such correlative insurance benefit shall be net of any incremental insurance premium that becomes due and payable by the Indemnified Party as a result of such claim and (ii) all amounts recovered by the Indemnified Party under contractual indemnities from third Persons.

(e) The date on which notification of a claim for indemnification is received by the Indemnifying Party shall determine whether such claim is timely made and the percentage of the indemnification obligation that applies under Section 3.2, if applicable.

3.6 Sunoco Guarantee of the General Partner's Indemnification Relating to Section 4.1 of the Contribution Agreement. Sunoco agrees to guarantee the obligations of the General Partner to make any payments required under the terms of Section 4.1 of the Contribution Agreement (the "Guaranty"). The Guaranty is an absolute, irrevocable, and continuing guaranty of payment, not collection, and the fact that at any time, or from time to time, the General Partner's obligations under Section 4.1 of the Contribution Agreement may be paid in full does not affect Sunoco's obligation with respect to any future liability of the General Partner under Section 4.1 of the Contribution Agreement. Sunoco may not rescind or revoke its obligations with respect to the Guaranty.

ARTICLE IV
General and Administrative Expenses

4.1 General.

(a) The Partnership will pay the General Partner an administrative fee (the "Administrative Fee") of $8.0 million per year for the provision by the General Partner and its Affiliates for the Partnership Group's benefit of all the general and administrative services that Sunoco and its Affiliates have traditionally provided in connection with the Assets including, without limitation, the general and administrative services listed on Schedule V to this Agreement. Sunoco may increase the Administrative Fee on the second and third anniversary date of this Agreement by an amount up to the lesser of (i) 2.5% or (ii) the Consumer Price Index-- All Urban Consumers, U.S. City Average, Not Seasonally Adjusted for the applicable year. The General Partner, with the approval and consent of its Conflicts Committee, may agree on behalf of the Partnership to further increases in the Administrative Fee in connection with expansions of the operations of the Partnership Group through the acquisition or construction of new assets or businesses. After this three-year period, the General Partner will determine the amount of general and administrative expenses that will be properly allocated to the Partnership in accordance with the terms of the Partnership Agreement.

(b) At the end of each year, the Partnership will have the right to submit to the General Partner a proposal to reduce the amount of the Administrative Fee for that year if the Partnership believes, in good faith, that the general and administrative services performed by the General Partner and its Affiliates for the benefit of the Partnership Group for the year in question do not justify payment of the full Administrative Fee for that year. If the Partnership submits such a proposal to the General Partner, the General Partner agrees that it will negotiate in good faith with the Partnership to determine if the Administrative Fee for that year should be reduced and, if so, by how much.

(c) The Administrative Fee shall not include and the Partnership Group shall reimburse the General Partner for:

(i) salaries of employees of the General Partner, to the extent, but only to the extent, such employees perform services for the Partnership Group; and

(ii) the cost of employee benefits relating to employees of the General Partner, such as 401(k), pension, and health insurance benefits, to the extent, but only to the extent, such employees perform services for the Partnership Group.

ARTICLE V
Capital and Other Expenditures

5.1 Reimbursement of Maintenance Capital and Other Expenditures for Pipeline Integrity Management. Sunoco will reimburse the Partnership Group for maintenance capital and any other expenditures incurred by the Partnership Group during the

five-year period commencing on January 1, 2002 in order to comply with the U.S. Department of Transportation's Pipeline Integrity Management Rule 49CFR195.452 to the extent such expenditures exceed $8.0 million in any calendar year and subject to a maximum aggregate reimbursement by Sunoco under this Section 5.1 of $15.0 million over this five-year period.

5.2 Completion of Tank Maintenance and Inspection Projects. Sunoco R&M will, at its sole cost and expense, complete the tank maintenance and inspection projects for the Darby Creek Tank Farm that are listed on Schedule VI to this Agreement. Sunoco will dedicate the necessary resources in order to complete the tank and maintenance projects under this Section 5.2 in accordance with Prudent Industry Practice, in a manner consistent with the observance of all safety and environmental qualities, and in compliance with the terms of all agreements between Sunoco and the Partnership Group with regard to such duties. Sunoco R&M will coordinate such tank maintenance and inspection projects with the Partnership Group and use its best efforts to minimize any inconvenience to or interruption of the conduct of business by the Partnership Group and its tenants and invitees.

5.3 Reimbursement For Expenditures For Darby Creek Tank Farm And Marcus Hook Tank Farm. In addition to its obligations under Sections 5.1 and 5.2, Sunoco R&M will reimburse the Partnership Group for maintenance capital and any other expenditures incurred by the Partnership Group that are required to conform the Darby Creek Tank Farm and the Marcus Hook Tank Farm to applicable industry standards and regulatory requirements as of the Closing Date, subject to a maximum aggregate reimbursement by Sunoco under this Section 5.3 of $10.0 million. The maintenance capital and other expenditures required to be reimbursed under this Section 5.3 shall include the following: (i) cathodic protection upgrades in existence on the date of this Agreement; (ii) raising tank farm pipelines above ground; (iii) repair or demolition of the two riveted tanks at the Marcus Hook Tank Farm; and (iv) any other upgrades or maintenance required to put the Darby Creek Tank Farm and the Marcus Hook Tank Farm in compliance with all applicable industry standards and regulatory requirements as of the Closing Date.

5.4 Completion of Removal Services at Exton Facility. Sunoco will cause a Sunoco Entity to complete, at its sole cost and expense, the following activities at the Exton Facility as soon as practicable, but, in the case of clauses (a), (b), (c) and (d) of this Section 5.4, in no event later than 120 days after the Closing Date:

(a) the removal of the underground storage tank system and ancillary equipment located at the Exton Facility including, without limitation, the three 10,000 gallon tanks (no.'s 005, 006 and 007), all dispensers, piping, underground tank anchors, and other related pipes and equipment (collectively, the "Tank System");

(b) the removal of the 250 gallon above-ground bulk storage tank used for motor oil storage and all related pipes and other equipment;

(c) the removal of all fuel pumps;

(d) the removal of the canopy located above the fuel pumps (hereinafter, the equipment as identified in clauses (b), (c) and (d) of this Section 5.4 that is destined for removal are collectively referred to as the "Other Equipment");

(e) the performance of investigatory, remedial, and monitoring activities required under applicable Environmental Laws to address any petroleum hydrocarbons or other substances that have emanated from operation of the Tank System or the Other Equipment (the "Work"); and

(f) the securing of a "no further action" or similar closure letter from the governmental entity with regulatory oversight of the Tank System, the Other Equipment and the Work that is reasonably acceptable to the Partnership Group indicating that no further investigatory, remedial or monitoring activities are required to be taken with respect to the conditions on the Exton Facility site for which the applicable Sunoco Entity is pursuing removal of the Tank System and the Other Equipment and performance of any Work. In pursuing removal of the Tank System and the Other Equipment and performance of the Work, the applicable Sunoco Entity shall timely, at its sole cost and expense: (i) coordinate such activities with the Partnership Group and use its best efforts to minimize any inconvenience to or interruption of the conduct of business by the Partnership Group and its tenants and invitees; (ii) perform such activities in compliance with all applicable Environmental Laws; (iii) obtain all permits, registrations, licenses or authorizations that may be required to perform such activities; (iv) deliver to the Partnership Group copies of all data, reports, and correspondence either submitted to or received from the applicable governmental entity with regulatory oversight of such activities with respect to conditions at the Exton Facility site; and (v) repair any and all damages to the Exton Facility site (or, if repair is not possible, replace the damaged property) caused by removal of the Tank System or the Other Equipment and performance of the Work, and leave the Exton Facility site in the approximate same or better condition than it was prior to commencement of removal of the Tank System and the Other Equipment and performance of the Work. In granting access to the Exton Facility site to the applicable Sunoco Entity for removal of the Tank System and the Other Equipment and performance of any Work, the Partnership Group does not consent in any way to the imposition of any use restrictions, deed certification requirements, or any other form of restriction on the current or future use of the Exton Facility site.

Sunoco and the applicable Sunoco Entity will not be responsible for the removal of the building or the above-ground heating oil tank located at the Exton Facility.

5.5 Release of Paribas Mortgage. Sunoco will ensure that the applicable Sunoco Entity will, at its sole cost and expense, cause the Paribas Mortgage (to the extent it covers the property in Exton, Pennsylvania more particularly described on Schedule VIII to this Agreement) to be released of record in Chester County, Pennsylvania as soon as practicable after the Closing Date.

ARTICLE VI
Purchase Options

6.1 Option to Purchase Certain Assets retained by Sunoco Entities.

(a) Each Option Asset Owner hereby grants to the Partnership Group the unconditional right and option for a period of 10 years from the Closing Date to purchase for fair market value at the time of purchase all of such Option Asset Owner's right title and interest in, to and under the Option Asset(s) set forth next to its name on Schedule II. The Partnership Group may exercise this purchase option from time to time for all, part or none of the Option Assets.

(b) Sunoco will take all action required to cause the Option Asset Owners to comply with the terms of this Article VI.

(c) The Parties acknowledge that all potential transfers of Option Assets pursuant to this Article VI are subject to obtaining any and all written consents of governmental authorities and other third parties and to the terms of all existing agreements in respect of the Option Assets including, without limitation, any rights of first refusal of the parties to such agreements to purchase the Option Assets.

6.2 Procedures.

(a) If a Partnership Group Member decides to exercise the option to purchase an Option Asset, it will provide written notice to the applicable Option Asset Owner of such exercise, the fair market value it proposes to pay for the Option Asset, and the other terms of the purchase including, if requested by a Sunoco Entity, the terms on which the Partnership Group Member will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Option Asset. The decision to purchase an Option Asset, the fair market value to be paid for the Option Asset, and the other terms of the purchase including, if applicable, the terms on which the Partnership Group Member will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Option Asset shall be approved by the Conflicts Committee. If the Partnership Group Member and the applicable Option Asset Owner are unable to agree on the fair market value of the Option Asset or the other terms of the purchase including, if applicable, the terms on which the Partnership Group Member will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Option Asset, the Partnership Group Member and the applicable Option Asset Owner will engage a mutually-agreed-upon, nationally recognized investment banking firm to determine the fair market value of the Option Asset and/or the other terms on which the Partnership Group Member and the Sunoco Entity are unable to agree. The fees of the investment banking firm will be split equally between the applicable Option Asset Owner and the Partnership Group. Once the investment banking firm submits its determination of the fair market value of the Option Asset and/or the other terms on which the applicable Option Asset Owner and the Partnership Group Member are unable to agree, the Partnership Group Member will have the right, but not the obligation, to purchase the Option Asset on the terms as modified by the determination of the investment banking firm. The Partnership Group Member will

provide written notice of its decision to the applicable Option Asset Owner within 15 days after the investment banking firm has submitted its determination. Failure to provide such notice within such 15-day period shall be deemed to constitute a decision not to purchase the Option Asset.

(b) If a Partnership Group Member chooses to exercise its option to purchase an Option Asset under Section 6.2(a), this Agreement shall become a contract of sale and purchase for the Option Asset pursuant to which the applicable Option Asset Owner shall be obligated to sell the Option Asset to the Partnership Group Member and the Partnership Group Member shall be obligated to purchase the Option Asset from the applicable Option Asset Owner and, if applicable, the Partnership Group Member will enter into an agreement with the Sunoco Entity setting forth the terms on which the Partnership Group Member will provide services to the Sunoco Entity to enable the Sunoco Entity to utilize the Option Asset. The terms of the purchase and sale agreement will include the following:

(i) the Partnership Group Member will deliver a cash purchase price (unless the Partnership Group Member and the applicable Option Asset Owner agree that the consideration will be paid by means of Units or an interest-bearing promissory note);

(ii) the Partnership Group will be entitled to the benefit of the indemnification contained in Article III of this Agreement for the remaining term of such indemnification with respect to events or conditions associated with the operation of the Option Asset and occurring before the date of acquisition of the Option Asset by the Partnership Group Member;

(iii) the applicable Option Asset Owner will represent that it has good and indefeasible title to the Option Asset, subject to all recorded and unrecorded matters and all physical conditions and other matters in existence on the closing date for the purchase of the applicable Option Asset, plus any other such matters as the Partnership Group Member may approve, which approval will not be unreasonably withheld. If the Partnership Group Member desires to obtain any title insurance with respect to the Option Asset, the full cost and expense of obtaining the same (including but not limited to the cost of title examination, document duplication and policy premium) shall be borne by the Partnership Group Member;

(iv) the applicable Option Asset Owner will grant to the Partnership Group Member the right, exercisable at the Partnership Group Member's risk and expense, to make such surveys, tests and inspections of the Option Asset as the Partnership Group Member may deem desirable, so long as such surveys, tests or inspections do not damage the Option Asset or interfere with the activities of the applicable Option Asset Owner thereon and so long as the Partnership Group Member has furnished the applicable Option Asset Owner with evidence that adequate liability insurance is in full force and effect;

(v) the Partnership Group Member will have the right to terminate its obligation to purchase the Option Asset under this Article VI if the results of any searches, surveys, tests or inspections conducted pursuant to Section 6.2(b)(iii) or (iv) above are, in the reasonable opinion of the Partnership Group, unsatisfactory;

(vi) the closing date for the purchase of the Option Asset shall occur no later than 180 days following receipt by Sunoco of written notice by the Partnership Group Member of its intention to exercise its option to purchase the Option Asset pursuant to Section 6.2(a);

(vii) the applicable Option Asset Owner shall execute, have acknowledged and deliver to the Partnership Group Member a special warranty deed, assignment of easement, or comparable document, as appropriate, in the applicable jurisdiction, on the closing date for the purchase of the Option Asset constituting a real property interest conveying the Option Asset unto the Partnership Group Member free and clear of all encumbrances other than those set forth in Section 6.2(b)(iii) above;

(viii) the sale of any Option Asset constituting a real property interest shall be made on an "as is," "where is" and "with all faults" basis, and the instruments conveying such Option Asset shall contain appropriate disclaimers; and

(ix) neither the applicable Option Asset Owner nor the applicable Partnership Group Member shall have any obligation to sell or buy the applicable Option Asset if any of the consents referred to in Section 6.1(c) has not been obtained.

(c) If a Partnership Group Member chooses or is deemed to have chosen not to exercise its option to purchase an Option Asset at the price determined by the investment banking firm under Section 6.2(a), all future rights to purchase such Option Asset by the Partnership Group will be extinguished.

ARTICLE VII
Development and Purchase of Assets

7.1 Development and Purchase of Assets. For so long as the Partnership is an Affiliate of Sunoco, Sunoco may at any time propose to the General Partner that the Partnership Group develop and construct, or acquire an asset, and if the General Partner determines in its good faith judgment, with the concurrence of its Conflicts Committee, that the development and construction, or acquisition of the asset, including the terms on which a Sunoco Entity would agree to use the asset, will be beneficial on the whole to the Partnership Group and that proceeding with the development and construction, or acquisition of the asset will not effectively preclude the Partnership Group from undertaking another project that will be more beneficial to the Partnership Group, the Partnership Group will use its commercially reasonable efforts to finance, develop and construct, or acquire the asset, as the case may be.

ARTICLE VIII
Miscellaneous

8.1 Choice of Law; Submission to Jurisdiction. This Agreement shall be subject to and governed by the laws of the Commonwealth of Pennsylvania, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state. Each Party hereby submits to the jurisdiction of the state and federal courts in the Commonwealth of Pennsylvania and to venue in Philadelphia, Pennsylvania.

8.2 Notice. All notices or requests or consents provided for by, or permitted to be given pursuant to, this Agreement must be in writing and must be given by depositing same in the United States mail, addressed to the Person to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by telecopier or telegram to such Party. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices to be sent to a Party pursuant to this Agreement shall be sent to or made at the address set forth below such Party's signature to this Agreement or at such other address as such Party may stipulate to the other Parties in the manner provided in this Section 8.2.

if to the Sunoco Entities:

Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: Senior Vice President - Refining
Telecopy: 215-977-3902

with a copy to:

Mike Kuritzkes
Vice President and General Counsel
Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-3559

if to the Partnership Group

Sunoco Logistics Partners L.P.
c/o Sunoco Partners LLC, its general partner
1801 Market Street
Philadelphia, Pennsylvania 19103

Attn: President and Chief Executive Officer
Telecopy: (215) 977-3902

with a copy to:

Jeffrey W. Wagner
General Counsel and Secretary
Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-6878

8.3 Entire Agreement. This Agreement constitutes the entire agreement of the Parties relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein.

8.4 Termination of Article II. The provisions of Article II of this Agreement may be terminated by Sunoco upon a Change of Control of Sunoco.

8.5 Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the Parties hereto; provided, however, that the Partnership may not, without the prior approval of the Conflicts Committee, agree to any amendment or modification of this Agreement that, in the reasonable discretion of the General Partner, will adversely affect the holders of Common Units. Each such instrument shall be reduced to writing and shall be designated on its face an "Amendment" or an "Addendum" to this Agreement.

8.6 Assignment. No Party shall have the right to assign its rights or obligations under this Agreement without the consent of the other Parties hereto.

8.7 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

8.8 Severability. If any provision of this Agreement shall be held invalid or unenforceable by a court or regulatory body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

8.9 Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

8.10 Rights of Limited Partners. The provisions of this Agreement are enforceable solely by the Parties to this Agreement, and no Limited Partner of the Partnership shall have the right, separate and apart from the Partnership, to enforce any provision of this

Agreement or to compel any Party to this Agreement to comply with the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on, and effective as of, the Closing Date.

SUNOCO, INC.

By: /s/ Thomas W. Hofmann
Name: Thomas W. Hofmann
Title: Senior Vice President And Chief Financial Officer

SUNOCO, INC. (R&M)

By: /S/ Thomas W. Hofmann
Name: Thomas W. Hofmann
Title: Senior Vice President and Chief Financial Officer

SUN PIPE LINE COMPANY OF DELAWARE

By: /s/ David A. Justin
Name: David A. Justin
Title: President

ATLANTIC PETROLEUM CORPORATION

By: /s/ Barry H. Roseberg
Name: Barry H. Roseberg
Title: President

SUNOCO TEXAS PIPE LINE COMPANY

By: /s/ David A. Justin
Name: David A. Justin
Title: Vice President

SUN PIPE LINE SERVICES (OUT) LLC

By: /s/ Deborah M. Fretz

Name: Deborah M. Fretz

Title: President

SUNOCO LOGISTICS PARTNERS L.P.

By: Sunoco Partners LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS
OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PARTNERS LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SCHEDULE I

Tanks and Pipelines located at Darby Creek Tank Farm and Marcus Hook Tank Farm:

Darby Creek Tank Farm:

1. Twenty-one active tanks and seven out of service tanks with a total capacity of 3.050 million barrels.

Marcus Hook Tank Farm:

1. Seventeen tanks with a total capacity of 2,057,722 barrels.

2. The following pipeline connections:

   a. Twin Oaks refined product terminal.

   b. Twin Oaks to Newark 14" pipeline.

   c. Twin Oaks to Montello 8" pipeline.

   d. Twin Oaks to Buckeye's Laurel pipeline.

SCHEDULE II

Option Assets		Option Asset Owner
(i)	Mid-Valley Pipeline. A 55% interest in Mid-Valley Pipeline Company (50% voting interest). Mid-Valley Pipeline Company owns and operates a 994-mile crude oil pipeline from Longview, Texas to Samaria, Michigan.	Sun Delaware
(ii)	West Texas Gulf Pipeline. A 17% interest in West Texas Gulf Pipeline Company. West Texas Gulf Pipeline Company owns and operates a 581-mile crude oil pipeline from Colorado City, Texas and Nederland, Texas to Longview, Texas.	Sun Texas
(iii)	Mesa Pipeline. An undivided 6% interest in the Mesa pipeline, an 80-mile crude oil pipeline from Midland, Texas to Colorado City, Texas.	Services Out LLC
(iv)	Inland Pipeline. A 10% interest in Inland. Inland Corporation owns and operates a 611-mile refined products pipeline from Lima and Toledo, Ohio to Canton, Cleveland, Columbus and Dayton, Ohio.	Sun Texas
(v)	Icedale Pipeline. The idled 370-mile, 6-inch refined product pipeline from Icedale, Pennsylvania to Cleveland, Ohio.	Sun Texas

SCHEDULE III

Sunoco's and Partnership's Respective Share of Liability under Section 3.2 for Covered Environmental Losses Arising more than 21 Years after the Closing Date

Year Following the Closing Date during which Covered Environmental Loss is First Asserted	Sunoco's Respective Share of Liability under Section 3.2	Partnership's Respective Share of Liability under Section 3.2
During years 1 through and including year 21	100%	0%
During year 22	90%	10%
During year 23	80%	20%
During year 24	70%	30%
During year 25	60%	40%
During year 26	50%	50%
During year 27	40%	60%
During year 28	30%	70%
During year 29	20%	80%
During year 30	10%	90%
After year 30	0%	100%

SCHEDULE IV

Pending Litigation

PIPELINE AND CRUDE TRUCKING LITIGATION
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1. USA v. NCH Corporation, et. al. v. Sunoco, et al.

2. Creek County Oil (JADCO) v. Mid-Continent Pipe Line Company

3. Margolis, David v. Sun Pipe Line Company

4. In Re: Explorer Pipeline Company

5. Bono v. Sun Pipe Line Company

6. PECO v. Sun Pipe Line Company

7. Tina Wall and Christopher DeLeur v. Sunoco, Inc. and Sun Pipe Line Company

8. Badertscher v. Mid-Continent Pipe Line Company

9. Collins v. Mid-Continent Pipe Line Company

10. Denman v. Sun Oil Company

11. Harkless v. Atlantic Pipeline

12. Sun Pipe Line Company v. Bavarian Pretzel

13. Lowe v. Sun Pipe Line Company

14. Pasch, Sharon v. Sun Pipe Line Company

15. Wileman Farms v. Mid-Continent Pipe Line Company

16. Sun Pipe Line Company v. Gary Slagel, et al.

17. Sun Pipe Line Company v. Hagaman

18. Mid-Continent Pipe Line Company and Total Petroleum v. Duncan Petroleum

19. Township of Washington v. Sun Pipe Line Company

20. Delacruz v. Sun Pipe Line Company

21. SPL v. Theta Land Corp.

22. City of Troy v. Theurer and SPL

23. American Asphalt Paving Co. v. SPL

24. Pezda v. Sullivan

25. Butler V. Explorer Pipeline, et al. (Explorer) (District Court, Hunt County, Texas)

26. Steuben Contracting v. Griffith Oil, Gulf and Sun

27. Sun Pipeline Company v. Transco Damage Claim (Harbor)

28. Deaton v. Sun Pipe Line Company

29. Carter v. Sun Pipe Line Company

30. Howard v. Sunoco (Crude Trucking)

31. Sun Pipe Line Company v. M/T Wapello and Mobil Shipping

32. Sun Pipe Line Company v. M/T Wenatchi and Mobil Shipping

33. Sun Pipe Line Company v. Ligouri

34. Cudd Pressure Controls v. Sun Pipe Line Company

35. Macomb County Road Commission v. Sun Pipe Line Company

36. Moss v. Sun Pipe Line Company

37. Sun Pipe Line Company v. Hicks

38. Matherly v. City of Cushing

39. McMullen v. Lehigh Gas

40. Sun Pipe Line Company v. Wal-Mart

41. General Technology Applications, Inc. v. ARCO, et al.

42. State of Oklahoma v. Mid-Continent Pipeline Company

TOXIC TORT LITIGATION
- ----------

1. Aguirre, Arturo, et al. v. Air Liquide America Corporation, et al.

2. Aguillard, Paul, et al. v. Owens-Corning

3. Babbs, Kenneth - Tolling

4. Barker, Terry - Tolling
5. Bellow, Avie D. Jr., et al. v. Owens-Corning
6. Bentley, Joseph L., et al. v. A.M.F., Inc.
7. Bible, James Roy, et al. v. Armstrong
8. Biziak, Joseph - Tolling
9. Bouley, Daniel, et al. v. Owens-Corning
10. Brignac, Eva, et al. v. AcandS, Inc.
11. Brown, Ernest - Tolling
12. Brunley, Walter v. A.M.F., Inc., et al.
13. Cason, Nadine, et al. v. AC&S, Inc.
14. Cassell, Donald B., et al. v. A.M.F., Inc.
15. Chandler, Lee - Tolling
16. Clamon, Jerry Lynn, et al. v. Owens-Corning, et al.
17. Collings, William, et al. v. B. F. Goodrich, et al.
18. Conway, Robert, et al. v. Owens-Corning
19. Cotton, William L., et al. v. A. P. Green
20. Credeur, Elwood J., et al. v. AC&S
21. Dailey, Earl - Tolling
22. Deforest, Albert A. Tolling
23. Devine, Isaac N., et al. v. O.C.
24. Dixon, Robert E. and Lanora - Tolling
25. Dunham, Dennis C., et al. v. A.M.F., Inc.
26. Elzy, Ralph Murriel, et al. v. A.M.F.
27. Faulk, Larry, et al. v. Owens-Corning, et al.
28. Ford, Abram - Tolling

29. Green, Clyde A. - Tolling
30. Gustafson, John Goran, et al. v. A.M.F.
31. Hemmenway, Travis, et al. v. PC, et al.
32. Hunter, Edgar Thomas, et al. v. Owens-Corning
33. Jones, Hillery, et al. v. Owens-Corning, et al.
34. Katz, Stanley v. Owens-Corning, et al.
35. Kennerson, Charles Henry, et al. v. Brown & Root
36. Kindred, Roy Glen, et al. v. A.M.F., Inc.
37. King, Douglas, et al. v. E. I. Dupont, et al.
38. Koonce, Joel D. - Tolling
39. Lotfis, Nathan - Tolling
40. Longoria, David L. - Tolling
41. Madden, Danny, et al. v. A.M.F.
42. Marks, Elsie F., et al. v. Atofina, et al.
43. McAnally, Jerry, et al. v. O.C.
44. Music, Frankie - Tolling
45. Otto, David J. - Tolling
46. Peek, Johnny G. - Tolling
47. Perkins, Russell J. v. Able Supply
48. Richardson, Leeanna Ind. as Rep. of Estate of Calvin Dwayne Richard
49. Scarborough, Walter Ray, et al. v. AC&S
50. Shankle, Eugene, et al. v. AC&S
51. Shomo, Millard Fillmore v. AC&S
52. Simieou, Raymond, et al. v. Owens-Corning
53. Spruiell, Dewey Lee, et al. v. AC&S, et al.

54. Twist, Glenn E. - Tolling

55. Vallee, Herschel, et al. v. A.M.F., Inc., et al.

56. Vanouwerkerk, Anita v. Owens-Corning

57. Woodcock v. Sun Pipe Line

LEASE CRUDE OIL ACQUISITION
- ---------------------------

1. McMahon v. Amerada Hess et al MDL 1206 (U.S. District Court, Southern District of Texas)

2. Rushing v. Yandell

3. Grunewald v. Sunoco, Inc.

4. Sheppard v. Bancorpsouth, et al.

5. Patricia Love Stevens v. Frank Cass d/b/a Cass Oil Company

EEO AND LABOR PROCEEDINGS AND CASES
- ----------------------------------

1. Allen Zimmerman

2. Arlene Lee

3. James Carmichael

4. DeWayne Ketchum

5. Marlyn Hoops and Joseph Stewart

SCHEDULE V

General and Administrative Services

General and Administrative Services provided by the following divisions of the General Partner and its Affiliates:

(1) systems administration,

(2) administrative division (which includes human resources, safety and environmental),

(3) finance division (which includes planning, accounts payable, and accounting),

(4) credit division,

(5) legal division,

(6) insurance division (which includes insurance administration and insurance claims investigation, but does not include payment of premiums or the allocated cost thereof),

(7) engineering division (which includes engineering design and purchasing),

(8) payroll division,

(9) tax division, and

(10) internal audit division.

SCHEDULE VI

Tanks Maintenance and Inspection Projects to be completed by Sunoco R&M at Darby Creek Tank Farm.

Darby Creek Tank Farm:

Sunoco R&M will perform all inspection, maintenance and repair services necessary to return the seven out of service tanks at Darby Creek Tank Farm to service.

SCHEDULE VII

Exton Facility Property Discription.

A parcel of property containing 1.38 acres, being described as all that certain parcel of ground on the north side of U.S. Route 30, west of Old Ship Road, situate in West Whiteland Township, Chester County, Pennsylvania, being shown on a boundary survey plan prepared by Ludgate Engineering Corporation, Plan No. D-7703001, and being more fully bounded and described as follows TO WIT:

BEGINNING at a point in the center of U.S. Route 30 and a corner of Atlantic Richfield Company; thence in the center line of U.S. Route 30 North 87 degrees 45 minutes 35 seconds West 494.33 feet to a point; thence leaving the center line of U.S. Route 30 North 02 degrees 14 minutes 25 seconds East 55.16 feet to a point being a corner of a fence within the property of Sunoco Exton Terminal; thence along the existing fence and within property of Sunoco Exton Terminal the five following courses and distances:

(1) North 63 degrees 22 minutes 09 seconds East 123.42 feet to a point.
(2) North 02 degrees 30 minutes 56 seconds East 62.25 feet to a point.
(3) South 87 degrees 42 minutes 07 seconds East 200.11 feet to a point.
(4) South 02 degrees 21 minutes 29 seconds West 62.99 feet to a point.
(5) South 69 degrees 49 minutes 21 seconds East 194.28 feet to a point in the line of lands of Atlantic Richfield Company.

thence along Atlantic Richfield Company and in the pavement of U.S. Route 30 South 01 degree 01 minute 58 seconds West 54.00 feet to a point, the Place of Beginning.

SCHEDULE VIII

Exton Terminal Site Property Description.

ALL THAT CERTAIN tract or piece of land with the buildings and improvements thereon erected, situate in the Township of West Whiteland, County of Chester, State of Pennsylvania, bounded and described in accordance with the survey and plan thereof made by Ludgate Engineering Corporation Plan Number D-7703001 dated 11-06-01 being more fully bounded and described as follows to WIT:

BEGINNING at a point in the center of U.S.Route 30 and in line of lands of MARIS Inc. C/O REILLY OIL, North 17 degrees 42 minutes 01 seconds West 458.96 feet to a point in the centerline of the Philadelphia and Reading Railway, Chester Valley Branch; thence along center of said Railway North 72 degrees 27 minutes 02 seconds East 1119.03 feet to a point in the centerline of Old Ship Road thence in and along the centerline of Old Ship Road South 19 degrees 49 minutes 58 seconds East 580.32 feet to a point a corner of lands of Atlantic Richfield Company thence along lands of Atlantic Richfield Company the two following courses and distances:

1. South 75 degrees 01 minutes 28 seconds West 217.61 feet to a point
2. South 01 degrees 01 minutes 58 seconds West 208.16 feet to a point in the pavement of U.S. Route 30.

thence in and along the centerline of U.S. Route 30 North 87 degrees 45 minutes 35 seconds West 911.03 feet to a point the Place Of Beginning Containing 15.82 Acres

Being the same property conveyed in Deed dated September 6, 1985 from Atlantic Richfield Company to Atlantic Refining & Marketing Corp., and recorded in Deed Book 100, page 462.

EXHIBIT 10.6

Execution Copy

PIPELINES AND TERMINALS STORAGE AND THROUGHPUT AGREEMENT

This Pipelines and Terminals Storage and Throughput Agreement (this "Agreement") is dated as of February 8, 2002, by and among Sunoco, Inc. (R&M), a Pennsylvania corporation ("Sunoco R&M"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Partnership"), Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Operating Partnership"), Sunoco Partners LLC, a Pennsylvania limited liability company (the "General Partner"), Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("Sunoco Marketing"), Sunoco Pipeline L.P., a Texas limited partnership ("Sunoco Pipeline"), Sunoco Logistics Partners GP LLC, a Delaware limited liability company ("Sunoco LLC"), and Sunoco Logistics Partners Operations GP LLC, a Delaware limited liability company ("Sunoco Operations LLC" and, together with the Partnership, the Operating Partnership, the General Partner, Sunoco Marketing, Sunoco Pipeline and Sunoco LLC, the "Partnership Entities").

RECITALS:

WHEREAS, as of the date hereof, by virtue of its indirect ownership interests in the Partnership Group (as defined below), Sunoco R&M has an economic interest in the financial and commercial success of the Partnership Group;

WHEREAS, the Partnership Group is substantially dependent upon Sunoco R&M for the volumes of Crude Oil (as defined below) and Refined Products (as defined below) transported through the Partnership Group's pipelines and handled at the Partnership Group's terminals such that a significant reduction in Sunoco R&M's use of the Partnership Group's services to transport and handle the Crude Oil and Refined Products would likely result in a correspondingly significant reduction in the financial and commercial success of the Partnership Group; and

WHEREAS, Sunoco R&M and the Partnership Entities desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the covenants and obligations contained herein, the parties to this Agreement hereby agree as follows:

Section 1. Definitions

Capitalized terms used throughout this Agreement and not otherwise defined herein shall have the meanings set forth below.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question, excluding, in the case of Sunoco R&M, the Partnership Group Members.

"Applicable Law" means any applicable statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, permit, approval, concession, grant, franchise, license, agreement, requirement, or other governmental restriction or any similar form of decision of, or any provision or condition of any permit, license or other operating authorization issued under any of the foregoing by, or any determination by any Governmental Authority having or asserting jurisdiction over the matter or matters in question, whether now or hereafter in effect

and in each case as amended (including, without limitation, all of the terms and provisions of the common law of such Governmental Authority), as interpreted and enforced at the time in question.

"Arbitrable Dispute" means any and all disputes, Claims, counterclaims, demands, causes of action, controversies and other matters in question between any of the Partnership Entities, on the one hand, and Sunoco R&M, on the other hand, arising out of or relating to this Agreement or the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between any of the Partnership Entities, on the one hand, and Sunoco R&M, on the other hand, created by this Agreement regardless of whether (a) allegedly extra-contractual in nature, (b) sounding in contract, tort or otherwise, (c) provided for by Applicable Law or otherwise or (d) seeking damages or any other relief, whether at law, in equity or otherwise.

"bpd" means barrels per day.

"Claim" means any existing or threatened future claim, demand, suit, action, investigation, proceeding, governmental action or cause of action of any kind or character (in each case, whether civil, criminal, investigative or administrative), known or unknown, under any theory, including those based on theories of contract, tort, statutory liability, strict liability, employer liability, premises liability, products liability, breach of warranty or malpractice.

"Closing Date" means the date of the closing of the Partnership's initial public offering of Common Units.

"Common Units" has the meaning set forth in the Partnership Agreement.

"Contract Year" means a year that commences on March 1 and ends on the last day of February, except that for purposes of Section 2(a)(iii), "Contract Year" means a year that commences on April 1 and ends on March 31.

"Control" (including with correlative meaning, the term "controlled by") means, as used with respect to any Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Controlled Affiliates" means with respect to any Person, any other Person that directly or indirectly through one or more intermediaries is controlled by such Person, excluding, in the case of Sunoco R&M, the Partnership Group Members.

"Crude Oil" means crude oil and other refinery feedstocks.

"Crude Oil Pipelines" means the pipelines described on Exhibit A attached hereto.

"Deficiency Notice" has the meaning set forth in Section 8(a).

"Deficiency Payment" has the meaning set forth in Section 8(a).

"FERC" means the United States Federal Energy Regulatory Commission.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, storms, floods, washouts, arrests, the order of any court or Governmental Authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accident to machinery, storage tanks or lines of pipe, inability to obtain or unavoidable delay in obtaining material, equipment, right of way easements, franchises, or permits, and any other causes whether of the kind herein enumerated or otherwise not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

"Fort Mifflin Terminal Complex" means the storage tanks, ship docks and pipelines located near Philadelphia, Pennsylvania as described on Exhibit B attached hereto.

"Governmental Authority" means any federal, state, local or foreign government or any provincial, departmental or other political subdivision thereof, or any entity, body or authority exercising executive, legislative, judicial, regulatory, administrative or other governmental functions or any court, department, commission, board, bureau, agency, instrumentality or administrative body of any of the foregoing.

"Inkster Terminal" means the storage facility near Detroit, Michigan as described on Exhibit C attached hereto.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's Investors Service, Inc. or BBB- (or the equivalent) by Standard & Poor's Ratings Services or Fitch, Inc.

"Limited Partner" has the meaning set forth in the Partnership Agreement.

"Marcus Hook Refinery" means the refinery owned by Sunoco R&M or its Controlled Affiliates in Marcus Hook, Pennsylvania.

"Marcus Hook Tank Farm" means the tanks and pipelines located near Marcus Hook, Pennsylvania as described on Exhibit D attached hereto.

"Partnership Agreement" means the First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., as it may be amended from time to time.

"Partnership Group" means the Partnership, the Operating Partnership and any Subsidiary of any such Person, treated as a single consolidated entity.

"Partnership Group Member" means any member of the Partnership Group.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"Philadelphia Refinery" means the refinery owned by Sunoco R&M or its Controlled Affiliates in Philadelphia, Pennsylvania.

"Prime Rate" means the prime rate per annum established by Bank of America, N.A., or if Bank of America, N.A. no longer establishes a prime rate for any reason, the prime rate per annum established by the largest U.S. bank measured by deposits from time to time as its base rate on corporate loans, automatically fluctuating upward or downward with each announcement of such prime rate.

"Refined Products" means gasoline, diesel fuel, jet fuel, kerosene, heating oil, distillates, transmix, liquefied petroleum gas, natural gas liquids, blend stocks, ethanol, xylene, toluene and petrochemical feedstocks.

"Refined Product Pipelines" means the pipelines described on Exhibit E attached hereto.

"Refined Product Terminals" means the terminals described on Exhibit F attached hereto.

"Refineries" means, collectively, the Marcus Hook Refinery, the Philadelphia Refinery, the Toledo Refinery and the Tulsa Refinery.

"Refund" has the meaning set forth in Section 8(c).

"Subsidiary" means with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Toledo Refinery" means the refinery owned by Sunoco R&M or its Controlled Affiliates in Toledo, Ohio.

"Tulsa Refinery" means the refinery owned by Sunoco R&M or its Controlled Affiliates in Tulsa, Oklahoma.

"VLCC" means a vessel that is in the class of Very Large Crude Carrier, as that term is used in the shipping industry.

Section 2. Agreement to Use Services Relating to Pipelines and Terminals.

The parties are entering into this Agreement that sets forth a commercial arrangement consistent with historical business transactions between Sunoco R&M and the predecessor to the Partnership Group as well as the objectives of the parties. The parties intend to be strictly bound

by the commercial terms set forth in this Agreement, which set forth certain minimum throughput and revenue commitments on the part of Sunoco R&M and require the Partnership Group to provide certain services to Sunoco R&M. The principal objective of the Partnership Group is for Sunoco to meet or exceed its minimum commitments. The principal objective of Sunoco R&M is for the Partnership Group to provide services to Sunoco R&M in a manner that enables Sunoco R&M to operate its assets in a manner consistent with the historical course of dealing between the parties in which Sunoco R&M has been the principal user of the Crude Oil Pipelines, the Refined Product Pipelines, the Fort Mifflin Terminal Complex, the Inkster Terminal, the Marcus Hook Tank Farm and the Refined Product Terminals. This Agreement does not set forth every aspect of the commercial relationship between the parties, and the Agreement is not intended to anticipate all changes in business conditions or other circumstances that may occur during the term. Where precise terms are not included, where there are ambiguities, where circumstances have changed, or in circumstances that the parties did not anticipate, this Agreement should be interpreted in a manner that achieves the principal objectives of both parties. Where it is not possible to completely achieve the principal objectives of both parties, this Agreement should be interpreted in a manner that as closely as reasonably possible achieves the principal objectives of both parties.

(a) Storage and Throughput Commitment. During the term of this Agreement and subject to the terms and conditions of this Agreement, Sunoco R&M agrees as follows:

(i) Refined Product Pipelines and Refined Product Terminals.

(A) Subject to Section 3, for a term of five Contract Years commencing on March 1, 2002, Sunoco R&M will, and will cause its Controlled Affiliates to, transport on the Refined Product Pipelines and throughput in the Refined Product Terminals an amount of Refined Products that will produce revenue to the Partnership Group in an amount at least equal to the amount set forth below next to each Contract Year.

Contract Year Commencing	Amount
March 1, 2002	$75,000,000
March 1, 2003	76,252,500
March 1, 2004	77,525,917
March 1, 2005	78,820,600
March 1, 2006	80,136,904

(B) Subject to Section 3, Sunoco R&M will, and will cause its Controlled Affiliates to, transport on the Refined Product Pipelines an amount of Refined Products that will produce at least $54,316,793 million of revenue to the

Partnership Group during the Contract Year commencing on March 1, 2007, and at least $55,223,884 million of revenue to the Partnership Group during the Contract Year commencing on March 1, 2008.

(C) The applicable tariffs and charges for transporting and throughputting the Refined Products under this Section 2(a)(i) are set forth on the throughput fee schedule attached hereto as Exhibit G.

(D) If Sunoco R&M is unable for a period of time to transport on the Refined Product Pipelines the volumes of Refined Products required to meet its revenue obligations under Section 2(a)(i)(A) and Section 2(a)(i)(B) as a result of the Partnership Group's operational difficulties, prorationing or difficulties with pipeline connections, then upon written notice by Sunoco R&M to the Partnership Group, Sunoco R&M's obligations under this Section 2(a)(i) will be reduced for such period of time by the volumes of Refined Products that Sunoco R&M and its Controlled Affiliates are unable to transport on the Refined Product Pipelines as a result of the Partnership Group's operational difficulties, prorationing or difficulties with pipeline connections.

(ii) Marcus Hook Tank Farm.

(A) Subject to Section 3, for a term of five Contract Years commencing on March 1, 2002, Sunoco R&M will, and will cause its Controlled Affiliates to, deliver an average of at least 130,000 bpd of Refined Products to the Marcus Hook Tank Farm per Contract Year.

(B) Sunoco R&M and its Controlled Affiliates will pay the Partnership Group a fee of $0.1627 per barrel for the first 130,000 bpd received at the Marcus Hook Tank Farm and $0.0813 per barrel for volumes in excess of 130,000 bpd received at the Marcus Hook Tank Farm. These per barrel fees will escalate at the rate of 1.67% (rounded to the nearest one-hundredth of one cent) on January 1 of each year commencing January 1, 2003.

(C) The per barrel fees payable under Section 2(a)(ii)(B) for a given month shall be based on an average of the number of barrels received during the entire month from Sunoco R&M and its Controlled Affiliates. Sunoco R&M and its Controlled Affiliates shall not be entitled to pay the lower per barrel fee under Section 2(a)(ii)(B) in any month in a given Contract Year until Sunoco R&M and its Controlled Affiliates have paid the higher per barrel fee under Section 2(a)(ii)(B) for an average of 130,000 bpd for each prior month in that Contract Year. Examples of this monthly calculation are set forth on Exhibit H attached hereto.

(D) The Partnership Group may have one tank at the Marcus Hook Tank Farm out of service at a time for maintenance purposes.

(iii) Inkster Terminal.

(A) Subject to Section 3, for a term of seven Contract Years commencing April 1, 2002, the Partnership Group will provide storage services to Sunoco R&M to store up to 975,734 barrels of liquefied petroleum gas at the Inkster Terminal.

(B) Sunoco R&M will pay the Partnership Group an annual fee of $2.04 per barrel of storage capacity made available to Sunoco R&M at the Inkster Terminal, a fee of $0.204 per barrel for receipts at the Inkster Terminal greater than 975,734 barrels per Contract Year and a fee of $0.204 per barrel for deliveries from the Inkster Terminal greater than 975,734 barrels per Contract Year. The annual and per barrel fees will escalate at the rate of 1.875% (rounded to the nearest one-tenth of one cent) on January 1 of each year commencing January 1, 2003. Mercaptan and Mercaptan injection at the transport loading facility are included in these fees. The fees payable under this Section 2(a)(iii) will be paid in monthly installments in accordance with Section 2(i) of this Agreement.

(C) The Partnership Group may have one storage cavern at the Inkster Terminal out of service for up to 60 days in each Contract Year.

(iv) Fort Mifflin Terminal Complex.

(A) Subject to Section 3, for a term of seven Contract Years commencing on March 1, 2002, Sunoco R&M will, and will cause its Controlled Affiliates to, deliver an average of at least 290,000 bpd of Crude Oil or Refined Products to the Fort Mifflin Terminal Complex per Contract Year.

(B) Sunoco R&M and its Controlled Affiliates will pay the Partnership Group a fee of $0.1627 per barrel for the first 180,000 bpd received at the Fort Mifflin Terminal Complex and $0.0813 per barrel for volumes in excess of 180,000 bpd received at the Fort Mifflin Terminal Complex. These per barrel fees will escalate at the rate of 1.67% (rounded to the nearest one-hundredth of one cent) on January 1 of each year commencing January 1, 2003.

(C) The per barrel fees payable under Section 2(a)(iv)(B) for a given month shall be based on an average of the number of barrels received during the entire month from Sunoco R&M and its Controlled Affiliates. Sunoco R&M and its Controlled Affiliates shall not be entitled to pay the lower per barrel fee under Section 2(a)(iv)(B) for any month in a given Contract Year until Sunoco R&M and its Controlled Affiliates have paid the higher per barrel fee under Section 2(a)(iv)(B) for an average of 180,000 bpd for each prior month in that Contract Year. Examples of this monthly calculation are set forth on Exhibit H attached hereto.

(D) For a term of seven Contract Years commencing on March 1, 2002, the Partnership Group will pay to Sunoco R&M, on a monthly basis, $1.00

for each barrel of Crude Oil offloaded from a VLCC at the Fort Mifflin Terminal Complex that is not delivered to, or for the benefit of, any refinery owned by Sunoco R&M and its Affiliates.

(E) The Partnership Group may have one tank out of service at the Fort Mifflin Terminal Complex at a time for maintenance purposes.

(v) Crude Oil Pipelines.

(A) Subject to Section 3, for a term of seven Contract Years commencing on March 1, 2002, Sunoco R&M will, and will cause its Controlled Affiliates to, use or cause others to use the services of the Partnership Group to transport on the Crude Oil Pipelines at the published tariffs an average of not less than 140,000 bpd of Crude Oil per Contract Year, consisting of imported Crude Oil or Crude Oil originating in Michigan to be refined by the Toledo Refinery and Crude Oil to be refined by the Tulsa Refinery.

(B) If Sunoco R&M is unable for a period of time to transport the volumes of Crude Oil required under Section 2(a)(v)(A) as a result of the Partnership Group's operational difficulties, prorationing or difficulties with pipeline connections, then upon written notice by Sunoco R&M to the Partnership Group, Sunoco R&M's obligations under this Section 2(a)(v) will be reduced for such period of time by the volumes of Crude Oil that Sunoco R&M and its Controlled Affiliates are unable to transport as a result of the Partnership Group's operational difficulties, prorationing or difficulties with pipeline connections.

(C) The FERC tariff rates charged by the Partnership Group to Sunoco R&M and its Controlled Affiliates for the transportation of Crude Oil under Section 2(a)(v)(A) may not exceed the maximum allowable FERC rate under index pricing.

(b) Rates Effective. Notwithstanding that the annual commitments of Sunoco R&M will be determined on a Contract Year basis, the applicable fees, tariff rates and other charges provided for in this Agreement will become effective as of the date of this Agreement.

(c) Obligations of the Partnership Group. During the term of this Agreement and subject to the terms and conditions of this Agreement, including Section 9(c), the Partnership Group agrees to own, operate and maintain the assets necessary to accept the deliveries from Sunoco R&M and its Controlled Affiliates and to provide the services required under this Agreement. To the extent that Sunoco R&M is entitled to an exception under Section 3 of this Agreement to its obligations under Sections 2(a)(ii), (iii) or (iv) of this Agreement, the corresponding obligations of the Partnership Group under this Section 2(c) will be proportionately reduced.

(d) Ancillary Services. The Partnership Group will provide ancillary services as have been provided historically, such as blending, tank sampling and tank-to-tank transfers, to Sunoco R&M and its Controlled Affiliates. The fees for such ancillary services are included in the fees established under this Agreement for services provided under Section 2(a). If any ancillary

services are requested by Sunoco R&M and its Controlled Affiliates that are different in kind, scope or frequency from the ancillary services that have been historically provided, then the parties shall negotiate in good faith to determine the appropriate rates to be charged for such services.

(e) Jointly Owned Assets. In any instance in which the Partnership Group owns an interest in a pipeline or terminal jointly with other parties, the terms "Crude Oil Pipelines," "Refined Product Pipelines" and "Refined Product Terminals" when used in reference to such pipeline or terminal, as applicable, means only the ownership interest therein held by the Partnership Group. In any such instance, volumes transported or terminalled for Sunoco R&M and its Controlled Affiliates by or for the account of other owners of the pipeline or terminal shall not be considered as volumes transported in a Crude Oil Pipeline or a Refined Product Pipeline or terminalled through a Refined Product Terminal, as applicable, for purposes of determining whether Sunoco R&M's obligations have been met under this Agreement.

(f) Jointly Owned Subsidiaries. In any instance in which a Subsidiary that is not directly or indirectly through one or more intermediaries, a wholly-owned Subsidiary of the Partnership owns a pipeline or terminal, the volumes deemed transported in a Crude Oil Pipeline or a Refined Product Pipeline or terminalled through a Refined Product Terminal, as applicable, by such Subsidiary shall be equal to the total volume transported on such pipeline or terminalled through such terminal multiplied by the direct or indirect ownership interest, on a percentage basis, of the Partnership in such Subsidiary.

(g) Product Losses. With respect to the Marcus Hook Tank Farm, the Inkster Terminal, the Fort Mifflin Terminal Complex and the Refined Product Terminals, the Partnership Group will be responsible for all product losses, as determined on a quarterly basis, that are greater than one fourth of one percent of the product transported or throughput in accordance with this Section 2. The Partnership Group's responsibility for product losses on the Refined Product Pipelines and the Crude Oil Pipelines will be determined by the applicable tariffs.

(h) Taxes. Sunoco R&M will, and will cause its Controlled Affiliates to, pay all taxes, import duties, license fees and other charges by any Governmental Authority levied on the Refined Products or Crude Oil delivered by Sunoco R&M and its Controlled Affiliates for transportation or storage by the Partnership Group in the Refined Product Pipelines, Refined Product Terminals, the Marcus Hook Tank Farm, the Inkster Terminal, the Fort Mifflin Terminal Complex and the Crude Oil Pipelines (including, without limitation, charges by any Governmental Authority imposed on the transfer of Crude Oil from water borne carriers).

(i) Timing of Payments. Sunoco R&M will, and will cause its Controlled Affiliates to, make payments to the Partnership Group on a monthly basis during the term of this Agreement with respect to services rendered by the Partnership Group under this Agreement in the prior month. Payments not received by the Partnership Group on or prior to the applicable payment date will accrue interest at the Prime Rate from the applicable payment date until paid.

(j) Notification of Utilization. When requested by the Partnership Group, Sunoco R&M will provide to the Partnership Group written notification of Sunoco R&M's reasonable good faith estimate of its anticipated future utilization of the assets of the Partnership Group.

(k) Scheduling of Product Movements. The Partnership Group will use its reasonable commercial efforts to schedule Refined Products and Crude Oil movements and accept deliveries of Refined Products and Crude Oil hereunder in a manner that is consistent with the historical dealings between the parties, as such dealings may change from time to time.

(l) Monthly Surcharge. If new laws or regulations are enacted that require the Partnership Group to make substantial and unanticipated capital expenditures with respect to the Refined Products Terminals, the Marcus Hook Tank Farm, the Inkster Terminal or the Fort Mifflin Terminal Complex, the Partnership Group may impose a monthly surcharge to cover the cost of complying with these laws or regulations. Sunoco R&M and the Partnership Group shall use their reasonable commercial efforts to comply with these laws and regulations, and shall negotiate in good faith to mitigate the impact of these laws and regulations and to determine the level of the monthly surcharge. If Sunoco R&M and the Partnership Group are unable to agree on the level of the monthly surcharge, the Partnership Group will have the option to terminate this Agreement with respect to the affected asset.

Section 3. Exceptions to Sunoco R&M's Obligations

(a) Shut Down or Reconfiguration of Refineries. Sunoco R&M must deliver to the Partnership Group at least six months advance written notice of any planned shut down or reconfiguration (excluding planned maintenance turnarounds) of any Refinery or any portion of a Refinery. Sunoco R&M will use its commercially reasonable efforts to mitigate any reduction in revenues or throughput obligations under this Agreement that would result from such a shut down or reconfiguration. If Sunoco R&M shuts down or reconfigures any Refinery or any portion of a Refinery (excluding planned maintenance shutdowns) and Sunoco R&M reasonably believes in good faith that such shut down or reconfiguration will jeopardize its ability to satisfy its minimum revenue or throughput obligations under this Agreement, then within 90 days of the delivery of the written notice of the planned shut down or reconfiguration, Sunoco R&M shall (i) propose a new minimum revenue or throughput obligation, as the case may be, such that the ratio of the new minimum revenue or throughput obligations under this Agreement over the anticipated production level following the shut down or reconfiguration will be approximately equal to the ratio of the original minimum revenue or throughput obligations under this Agreement over the original production level and (ii) propose the date on which the new minimum revenue or throughput obligation shall take effect. Unless objected to by the Partnership Entities within 60 days of receipt by the Partnership Group of such proposal, such new minimum revenue or throughput obligation shall become effective as of the date proposed by Sunoco R&M. To the extent that the Partnership Entities do not agree with Sunoco R&M's proposal, any changes in Sunoco R&M's obligations under this Agreement, or the date on which such changes will take effect, will be determined by binding arbitration in accordance with Section 9(f) of this Agreement.

(b) MTBE Prohibition. Sunoco R&M shall deliver to the Partnership Group written notice of any planned prohibition by a Governmental Authority on the use by Sunoco R&M of

MTBE in the gasoline it produces no later than 90 days prior to the effective date of such prohibition. Sunoco R&M will use its commercially reasonable efforts to mitigate any reduction in revenues or throughput obligations under this Agreement that would result from such a prohibition. If Sunoco R&M is prohibited by a Governmental Authority from using MTBE in the gasoline it produces and Sunoco R&M reasonably believes in good faith that such prohibition will jeopardize its ability to satisfy its minimum revenue or throughput obligations under this Agreement, then within 30 days of the delivery of the written notice of the MTBE prohibition, Sunoco R&M shall (i) propose a new minimum revenue or throughput obligation, as the case may be, such that the ratio of the new minimum revenue or throughput obligations under this Agreement over the anticipated production level following the MTBE prohibition will be approximately equal to the ratio of the original minimum revenue or throughput obligations under this Agreement over the original production level and (ii) propose the date on which the new minimum revenue or throughput obligation shall take effect. Unless objected to by the Partnership Entities within 60 days of receipt by the Partnership Group of such proposal, such new minimum revenue or throughput obligation shall become effective as of the date proposed by Sunoco R&M. To the extent that the Partnership Entities do not agree with Sunoco R&M's proposal, any changes in Sunoco R&M's obligations under this Agreement, or the date on which such changes will take effect, will be determined by binding arbitration in accordance with Section 9(f) of this Agreement.

(c) Force Majeure. In the event that any party is rendered unable, wholly
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or in part, by a Force Majeure event from performing its obligations under this Agreement for a period of more than 30 days, the parties agree that upon the delivery of notice and full particulars of the Force Majeure event in writing within a reasonable time after the occurrence of the Force Majeure event relied on, the obligations of the parties, so far as they are affected by the Force Majeure event, shall be suspended during the continuance of any inability so caused. Any suspension of the obligations of the parties as a result of this Section 3(c) shall not extend the term of this Agreement. Sunoco R&M will be required to pay any amounts accrued and due under this Agreement at the time of the Force Majeure event. The cause of the Force Majeure event shall so far as possible be remedied with all reasonable dispatch, except that no party shall be compelled to resolve any strikes, lockouts or other industrial disputes other than as it shall determine to be in its best interests.

Section 4. Agreement to Remain Shipper

Subject to the availability of adequate supplies of Crude Oil at commercially reasonable prices, Sunoco R&M agrees that it will, and will cause its Controlled Affiliates to, continue their historical commercial practice of purchasing Crude Oil for their own account at Crude Oil receipt points consistent with their past practices and to continue acting in the capacity of the shipper of Crude Oil on the Crude Oil Pipelines. Subject to the availability of adequate supplies of Refined Products at commercially reasonable prices, Sunoco R&M agrees that it will, and will cause its Controlled Affiliates to, continue their historical commercial practice of acting in the capacity of the shipper of Refined Products for their own account to delivery points consistent with their past practices and to continue acting in the capacity of the shipper of Refined Products on the Refined Product Pipelines.

Section 5. Agreement not to Challenge Tariffs or Terminal Charges

Sunoco R&M agrees (a) not to challenge, nor to cause its Controlled Affiliates to challenge, nor to encourage or recommend to any other Person that it challenge, or voluntarily assist in any way any other Person in challenging, in any forum, interstate or intrastate tariffs (including joint tariffs) of the Partnership Group that the Partnership Group has filed or may file containing rates, rules or regulations that are in effect at any time on or before February 28, 2009 and regulate the transportation of Crude Oil or Refined Products, (b) not to protest or file a complaint, nor cause its Controlled Affiliates to protest or file a complaint, nor encourage or recommend to any other Person that it protest or file a complaint, or voluntarily assist in any way any other Person in protesting or filing a complaint, with respect to regulatory filings that the Partnership Group has made or may make at any time on or before February 28, 2009 to change interstate or intrastate tariffs (including joint tariffs) for transportation of Crude Oil or Refined Products and (c) not to seek, nor cause its Controlled Affiliates to seek, nor encourage or recommend to any other Person that it seek, or voluntarily assist in any way any other Person in seeking, regulatory review of, or regulatory jurisdiction over, the contractual rates charged at any time on or before February 28, 2009 by the Partnership Group for terminalling services or to challenge, in any forum, such rates or changes to such rates.

Section 6. Effectiveness and Term

This Agreement shall be effective as of February 8, 2002 and shall terminate at 12:01 a.m. Philadelphia, Pennsylvania, time on March 31, 2009, unless extended by written mutual agreement of the parties hereto; provided, however, that Section 5 shall survive the termination of this Agreement.

Section 7. Notices

All notices or requests or consents provided for by, or permitted to be given pursuant to, this Agreement must be in writing and must be given by depositing same in the United States mail, addressed to the Person to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by telecopier or telegram to such party. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices to be sent to a party pursuant to this Agreement shall be sent to or made at the address set forth below or at such other address as such party may stipulate to the other parties in the manner provided in this Section 7:

if to Sunoco R&M:

Sunoco, Inc. (R&M)
1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: Senior Vice President - Refining
Telecopy: (215) 977-3902

with a copy to:

Mike Kuritzkes
Vice President and General Counsel
Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-3559

if to the Partnership Entities:

Sunoco Logistics Partners L.P.
c/o Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: President and Chief Executive Officer
Telecopy: (215) 977-3902

with a copy to:

Jeffrey W. Wagner
General Counsel and Secretary
Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-6878

Section 8. Deficiency Payments

(a) As soon as practicable following the end of each Contract Year under this Agreement, the Partnership Group shall deliver to Sunoco R&M a written notice (the "Deficiency Notice") detailing any failure of Sunoco R&M to meet any of its obligations under this Agreement. The Deficiency Notice shall (i) specify in reasonable detail the nature of any deficiency (including identifying which provision of Section 2 has not been satisfied) and (ii) specify the approximate dollar amount that the Partnership Group believes would have been paid by Sunoco R&M and its Controlled Affiliates to the Partnership Group if Sunoco R&M had complied with the applicable provision(s) of Section 2 (the "Deficiency Payment"). Sunoco R&M shall pay the Deficiency Payment to the Partnership Group within 10 days of its receipt of the Deficiency Notice.

(b) If Sunoco R&M disagrees with the Deficiency Notice, then following the payment of the Deficiency Payment to the Partnership Group, the chief financial officers of Sunoco R&M and the General Partner (on behalf of the Partnership Group) shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary and shall negotiate in good faith to attempt to resolve any

differences that they may have with respect to matters specified in the Deficiency Notice. During the 30-day period following the payment of the Deficiency Payment, Sunoco R&M shall have access to the working papers of the Partnership Group relating to the Deficiency Notice. If such differences are not resolved within 30 days following the payment of the Deficiency Payment, Sunoco R&M and the Partnership Group shall, within 45 days following the payment of the Deficiency Payment, submit any and all matters which remain in dispute and which were properly included in the Deficiency Notice to arbitration in accordance with Section 9(f).

(c) If it is finally determined pursuant to this Section 8 that Sunoco R&M is not required to make any or all of the Deficiency Payment (the "Refund"), the Partnership Group shall promptly pay to Sunoco R&M the Refund in immediately available funds.

(d) Deficiency Payments will be credited against any payments owed by Sunoco R&M in the following Contract Year of this Agreement (but only in the following Contract Year of this Agreement) in excess of the minimum commitments established by this Agreement; provided, however, that (i) a Deficiency Payment may only be credited against a payment owed by Sunoco R&M in excess of the minimum commitments under the same provision of this Agreement and (ii) Sunoco R&M will not receive credit for any Deficiency Payment until it has met the annual minimum requirements under the applicable provision in the succeeding Contract Year. For example, a Deficiency Payment made with respect to the Marcus Hook Tank Farm may only be credited against payments owed with respect to the Marcus Hook Tank Farm in excess of the minimum commitments under Section 2(a)(ii) in the following Contract Year if Sunoco R&M and its Controlled Affiliates have delivered the annual minimum volume commitment at the Marcus Hook Tank Farm in that Contract Year.

Section 9. Miscellaneous

(a) Sunoco R&M Intention as to Refineries. Sunoco R&M represents to the Partnership Entities that, as of the date of this Agreement, it is not considering a shut down of any of the Refineries or any changes to any of the Refineries that would have a material adverse effect on the operation of any of the Refineries.

(b) Amendments and Waivers. No amendment or modification of this Agreement shall be valid unless it is in writing and signed by the parties hereto and, in the case of any amendment or modification adverse to the Partnership Group, approved by the Conflicts Committee of the General Partner. No waiver of any provision of this Agreement shall be valid unless it is in writing and signed by the party against whom the waiver is sought to be enforced, and, in the case of any waiver by the Partnership Entities, approved by the Conflicts Committee of the General Partner. No failure or delay in exercising any right hereunder, and no course of conduct, shall operate as a waiver of any provision of this Agreement. No single or partial exercise of a right hereunder shall preclude further or complete exercise of that right or any other right hereunder.

(c) Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, Sunoco R&M, the Partnership Entities and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned without the prior written consent of Sunoco R&M (in the case of any assignment by the

Partnership Entities) or the Conflicts Committee of the General Partner (in the case of any assignment by Sunoco R&M); provided, however, that (i) the Partnership Entities may make such an assignment to an Affiliate of the Partnership Entities and (ii) Sunoco R&M may make such an assignment to any Person to which Sunoco R&M has sold any of its assets that relies on the services provided by the Partnership Group under this Agreement if such Person (A) is reasonably capable of performing Sunoco R&M's obligations under this Agreement assigned to such Person, which determination shall be made by Sunoco R&M in its reasonable judgment, (B) has an Investment Grade Rating and (C) has agreed in writing with the Partnership Group to assume the obligations of Sunoco R&M assigned to such Person. Any attempt to make an assignment otherwise than as permitted by the foregoing shall be null and void. The parties hereto agree to require their respective successors, if any, to expressly assume, in a form of agreement acceptable to the other parties, their obligations under this Agreement.

(d) Severability. If any provision of this Agreement shall be held invalid
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or unenforceable by a court or regulatory body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

(e) Choice of Law. This Agreement shall be subject to and governed by the
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laws of the Commonwealth of Pennsylvania, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state. Each Party hereby submits to the jurisdiction of the state and federal courts in the Commonwealth of Pennsylvania and to venue in Philadelphia, Pennsylvania.

(f) Arbitration Provision. Any and all Arbitrable Disputes must be resolved
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through the use of binding arbitration using three arbitrators, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code). If there is any inconsistency between this Section and the Commercial Arbitration Rules or the Federal Arbitration Act, the terms of this Section will control the rights and obligations of the parties. Arbitration must be initiated within the time limits set forth in this Agreement, or if no such limits apply, then within a reasonable time or the time period allowed by the applicable statute of limitations. Arbitration may be initiated by a party ("Claimant") serving written notice on the other party ("Respondent") that the Claimant elects to refer the Arbitrable Dispute to binding arbitration. Claimant's notice initiating binding arbitration must identify the arbitrator Claimant has appointed. The Respondent shall respond to Claimant within 30 days after receipt of Claimant's notice, identifying the arbitrator Respondent has appointed. If the Respondent fails for any reason to name an arbitrator within the 30-day period, Claimant shall petition to the American Arbitration Association for appointment of an arbitrator for Respondent's account. The two arbitrators so chosen shall select a third arbitrator within 30 days after the second arbitrator has been appointed. The Claimant will pay the compensation and expenses of the arbitrator named by or for it, and the Respondent will pay the compensation and expenses of the arbitrator named by or for it. The costs of petitioning for the appointment of an arbitrator, if any, shall be paid by Respondent. The Claimant and Respondent will each pay one-half of the compensation and expenses of the third arbitrator. All arbitrators must (a) be neutral parties who have never been officers, directors or employees of Sunoco R&M, the Partnership Entities or any of their affiliates and (b) have not less than seven years experience in the energy industry. The hearing will be conducted in Philadelphia, Pennsylvania and commence within 30

days after the selection of the third arbitrator. Sunoco R&M, the Partnership Entities and the arbitrators shall proceed diligently and in good faith in order that the award may be made as promptly as possible. Except as provided in the Federal Arbitration Act, the decision of the arbitrators will be binding on and non-appealable by the parties hereto. The arbitrators shall have no right to grant or award indirect, consequential, punitive or exemplary damages of any kind.

(g) Rights of Limited Partners. The provisions of this Agreement are enforceable solely by the parties to this Agreement, and no Limited Partner of the Partnership shall have the right, separate and apart from the Partnership, to enforce any provision of this Agreement or to compel any party to this Agreement to comply with the terms of this Agreement.

(h) Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first written above.

SUNOCO, INC. (R&M)

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President & CFO

SUNOCO LOGISTICS PARTNERS L.P.

By: SUNOCO PARTNERS LLC,
its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: SUNOCO LOGISTICS PARTNERS GP LLC,
its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PARTNERS LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PARTNERS MARKETING &
TERMINALS L.P.

By: SUNOCO LOGISTICS PARTNERS
OPERATIONS GP LLC,
its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PIPELINE L.P.

By: SUNOCO LOGISTICS PARTNERS
OPERATIONS GP LLC,
its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS GP LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS
OPERATIONS GP LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

EXHIBIT A

CRUDE OIL PIPELINES

Origin and Destination	Miles of Pipeline	Diameter in inches
Marysville, MI to Toledo, OH.....	123	16
Nederland, TX to Longview, TX.....	199	10, 12
Cushing, OK to Tulsa, OK.....	45	10, 12
Barnsdall, OK to Tulsa, OK.....	34	8
Bad Creek, OK to Tulsa, OK.....	53	8, 10

EXHIBIT B

FORT MIFFLIN TERMINAL COMPLEX

1. Four 80,000 barrel tanks at the Fort Mifflin Terminal.

2. Twenty-one tanks at the Darby Creek Tank Farm with a total capacity of 2,380,000 barrels.

3. Two ship docks at the Fort Mifflin Terminal and two ship docks at Hog Island Wharf.

4. The following pipelines:

(a) One 30-inch pipeline and one 16-inch pipeline that delivers Crude Oil from the Fort Mifflin Terminal to the Philadelphia Refinery.

(b) Two 24-inch pipelines that deliver Crude Oil from Hog Island Wharf to Darby Creek Tank Farm.

(c) One 16-inch pipeline that delivers Crude Oil from the Darby Creek Tank Farm to the Philadelphia Refinery.

(d) One 30-inch bi-directional pipeline that delivers Crude Oil between the Hog Island Wharf and the Fort Mifflin Terminal.

(e) One 30-inch and one 16-inch pipeline that deliver Refined Products from the Fort Mifflin Terminal to the Philadelphia Refinery.

(f) One dual diameter, 24- and 26-inch pipeline that delivers Refined Products from the Hog Island Wharf to the Philadelphia Refinery.

EXHIBIT C

INKSTER TERMINAL

1. Eight salt caverns with a total capacity of 975,734 barrels as listed below:

   a. 100,443 barrels of LPG mix
   b. 157,136 barrels of Butane
   c. 120,000 barrels of Propane
   d. 135,423 barrels of Propane
   e. 123,138 barrels of Butane
   f. 162,638 barrels of Butane
   g. 117,100 barrels of BB
   h. 59,856 barrels of Iso-butane

2. A propane truck rack.

3. Pipeline connections for movements to or from Toledo, Sarnia, Marysville and Buckeye Pipeline at Joan Junction.

EXHIBIT D

MARCUS HOOK TANK FARM

1. Seventeen tanks with a total capacity of 2,057,722 barrels.

2. The following pipeline connections:

   a. Twin Oaks Refined Product terminal.

   b. Twin Oaks to Newark 14" pipeline.

   c. Twin Oaks to Montello 8" pipeline.

   d. Twin Oaks to Buckeye's Laurel pipeline.

EXHIBIT E

REFINED PRODUCT PIPELINES

Origin and Destination	Miles of Pipeline	Diameter (inches)	Capacity (bpd)
Philadelphia, PA to Montello, PA.....	210	12, 8	164,400
Montello, PA to Buffalo, NY.....	300	14, 8	62,400
Montello, PA to Kingston, PA.....	84	6	8,800
Montello, PA to Syracuse, NY.....	230	8, 6	14,100
Montello, PA to Pittsburgh, PA.....	221	8	35,000
Toledo, OH to Blawnox, PA.....	260	10, 8	32,900
Toldeo, OH to Sarnia, Canada.....	241	8, 6	66,600
Twin Oaks, PA to Newark, NJ.....	118	14	140,000
Philadelphia, PA to Linden, NJ/(1)/.....	88	16, 12	60,000

/(1)/The Partnership Group owns a one-third undivided interest in 80 miles of this pipeline. The capacity represents the proportionate share of capacity attributable to the Partnership Group's ownership interest.

EXHIBIT F

REFINED PRODUCTS TERMINALS

Location	Storage Capacity (barrels)	Number of Tanks
Akron, OH	98,200	8
Altoona, PA	103,400	9
Belmont, PA/(1)/	0	0
Binghamton, NY	60,000	4
Blawnox, PA	72,100	4
Buffalo, NY	358,500	8
Cleveland, OH	255,000	10
Columbus, OH	78,900	6
Dayton, OH	248,700	15
Delmont, PA	233,900	8
Exton, PA	132,200	7
Fullerton, PA	161,700	7
Huntington, IN	207,000	8
Inwood, NY/(2)/	54,200	18
Kingston, PA	148,800	7
Malvern, PA	62,900	5
Mechanicsburg, PA	166,200	9
Montello, PA	67,900	7
Newark, NJ	581,100	16
Northumberland, PA	170,300	6
Owosso, MI	233,300	8
Paulsboro, NJ	81,000	6
Piscataway, NJ	95,000	4
Pittsburgh, PA	205,500	5
River Rouge, MI	178,400	10
Rochester, NY	173,000	7
Tamaqua, PA	113,600	8
Toledo, OH	102,400	10
Twin Oaks, PA	90,000	4
Vanport, PA	179,300	8
Willow Grove, PA	85,000	7
Youngstown, OH	22,700	5
Total	4,820,200	244

- ----------

/(1)/ This terminal receives product from Sunoco's R&M Philadelphia refinery and does not have any tankage.

/(2)/ The Partnership Group owns a 45% undivided interest in this terminal. The capacity represents the proportionate share of capacity attributable to the Partnership Group's ownership interest.

EXHIBIT G

THROUGHPUT FEE SCHEDULE

1. The posted tariff for all pipeline movements.

2. $0.35656 per shell barrel per month for all of the available storage at the Vanport terminal (179,300 barrels) and $0.05094 per barrel for throughput at the Vanport terminal.

3. $0.00611 per delivered net gallon for gasoline plus $0.00051 per delivered net gallon for additive injection equipment and services, provided that Sunoco R&M supplies the additive.

4. $0.00611 per delivered net gallon for diesel fuel and heating oil including red dye and anti-static additive and additive injection equipment. $0.00051 per delivered net gallon for cetane improver additive injection equipment, provided that Sunoco R&M supplies the additive.

5. $0.00611 per delivered net gallon for jet fuel plus $0.00051 per delivered net gallon for filtering.

6. $0.00662 per delivered net gallon for xylene, toluene and mineral spirits at the Toledo terminal.

7. $0.00662 per delivered net gallon for transmix, ethanol and kerosene.

8. Throughput fees at the Inwood terminal will be $0.00204 per delivered net gallon higher.

9. All fees and requirements listed on this Exhibit G relate to the Partnership Group's assets and capabilities as of the date of this Agreement. Any fees or requirements with respect to new or modified assets will be determined at the time of acquisition or modification of that asset.

10. Each of the fees listed on this Exhibit G (except for the posted tariffs for pipeline movements) will escalate at the rate of 1.875% (rounded to the nearest one-thousandth of one cent) on January 1 of each year commencing January 1, 2003.

EXHIBIT H

FEE CALCULATION EXAMPLES

Deliveries through the Marcus Hook Tank Farm (130,000 bpd minimum requirement)
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Example A

(For purposes of this example, we have assumed that each month consists of 30 days)

1. In the first month of a Contract Year, Sunoco R&M and its Controlled Affiliates deliver an average of 120,000 bpd to the Marcus Hook Tank Farm. The rate charged will be $0.1627 per barrel, and the shortfall of 10,000 bpd will be carried over to the next month.

2. In the second month of the Contract Year, Sunoco R&M and its Controlled Affiliates deliver an average of 135,000 bpd to the Marcus Hook Tank Farm. The rate charged will be $0.1627 per barrel, and the shortfall of 5,000 bpd from the first month will be carried over to the next month.

3. In the third month of the Contract Year, Sunoco R&M and its Controlled Affiliates deliver an average of 140,000 bpd to the Marcus Hook Tank Farm. The rate charged will $0.1627 per barrel for the first 135,000 bpd and $0.0813 per barrel for the remaining 5,000 bpd. The shortfall from the first month has been eliminated.

4. In the fourth month of the Contract Year, Sunoco R&M and its Controlled Affiliates deliver an average of 150,000 bpd to the Marcus Hook Tank Farm. The rate charged will be $0.1627 per barrel for the first 130,000 bpd and $0.0813 per barrel for the remaining 20,000 bpd.

Note: The same example is applicable to deliveries through the Fort Mifflin Terminal Complex (with a 180,000 bpd requirement).

Example B

(The Contract Year extends from March 1 to the last day of February)

1. Sunoco R&M and its Controlled Affiliates deliver an average of 130,000 bpd to the Marcus Hook Tank Farm for each of the first nine months (March - November) of the Contract Year. The rate charged will be $0.1627 per barrel for each month.

2. Sunoco R&M and its Controlled Affiliates deliver an average of 160,000 bpd to the Marcus Hook Tank Farm in the tenth month (December) of the Contract Year. The rate charged will be $0.1627 per barrel for the first 130,000 bpd and $0.0813 per barrel for the remaining 30,000 bpd.

3. Sunoco R&M and its Controlled Affiliates deliver an average of 100,000 bpd to the Marcus Hook Farm Tank for each of the remaining two months (January - February) of the Contract Year. In each month, the rate charged will be $0.1654 per barrel1.

4. For the Contract Year, Sunoco R&M and its Controlled Affiliates delivered an average of 30,000 bpd above the minimum requirement in December (31 days), and delivered an average of 30,000 bpd below the minimum requirement in January (31 days) and February (28 days). Thus, there were a net total of 28 days on which Sunoco R&M delivered below the minimum requirement and for which Sunoco R&M and its Controlled Affiliates must pay a fee of $0.1654 per barrel because the shortfall occurred in the new calendar year at the escalated rate. In addition, Sunoco R&M and its Controlled Affiliates must pay the Partnership Group an additional $0.0814 per barrel2 for the 30,000 bpd that were charged the lower fee in December. Sunoco R&M and its Controlled Affiliates will pay a Deficiency Payment equal to:

28 days times (30,000 x $0.1654) + 31 days times (30,000 x $0.0814) = $214,638

- --------

/1/ The rate increases by 1.67% in January of each Contract Year.

/2/ This represents the difference between $0.1627 (the rate in effect for the first 130,000 bpd in December) and $0.0813 (the rate paid on the 30,000 bpd over the minimum requirement in December).

Exhibit 10.7

TREASURY SERVICES AGREEMENT

This Treasury Services Agreement (the "Agreement") is made as of this 8th day of February 2002, by and among SUNOCO, INC., a Pennsylvania corporation ("Sunoco"), SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership (the "Master Partnership"), and SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., a Delaware limited partnership (the "Operating Partnership") (each of the Master Partnership and the Operating Partnership being a "Partnership" and, collectively, the "Partnerships").

W I T N E S S E T H
- - - - - - - - - - -

WHEREAS, Sunoco, through one or more of its subsidiaries, owns the general partner of each Partnership, holds a majority percentage of each Partnership's limited partner interests, and controls each Partnership through such ownership; and

WHEREAS, the Partnerships each desire to engage Sunoco to perform certain financial, administrative, and management services, and Sunoco is willing to perform such services for each Partnership, in accordance with the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and upon the terms and conditions hereinafter set forth, the parties hereby, intending to be legally bound, agree as follows:

ARTICLE I
Services

1.1. Specified Services. Sunoco will perform for each Partnership, the treasury services described in Schedule 1.1 attached hereto and incorporated herein by reference, with such deletions, additions or modifications as the parties may from time to time agree upon (the "Treasury Services"). Sunoco makes no representations or warranties of any kind, express or implied, with respect to the Treasury Services to be provided hereunder, except that the Treasury Services shall be provided in a reasonably timely manner by personnel that Sunoco deems to be competent and qualified to perform such services.

1.2. Additional Services. Subject to Subsection 2.1(b) hereof, Sunoco also may perform such related additional services as either Partnership may request from time to time, as more particularly described in Schedule 1.2 attached hereto and incorporated herein by reference, with such deletions, additions or modifications as the parties may from time to time agree upon (the "Additional Services").

ARTICLE II
Charges and Payment

2.1 Fees and Charges.

(a) Each Partnership promptly shall:

(i) reimburse Sunoco for all reasonable out-of-pocket expenses (other than those associated with Sunoco's normal overhead), which are incurred by Sunoco in connection with the performance of the Treasury Services and the Additional Services, if any, for such Partnership (reimbursable expenses being deemed to include, without limitation, the cost of meals, lodging, travel, entertainment, equipment purchases, external consultants, long distance telephone calls, duplicating costs, and charges of suppliers of special products and services); and

(ii) pay to Sunoco an amount equal to any and all sales, use or other taxes (excluding income taxes) applicable to the Treasury Services or Additional Services, if any, performed for such Partnership hereunder.

(b) For any Additional Services performed hereunder, each Partnership shall pay to Sunoco such fee or fees as from time to time may be agreed upon between such Partnership and Sunoco. Sunoco shall not be required to perform any particular Additional Services unless the fee payable for such services shall have been agreed upon in writing, in advance, by the applicable Partnership and Sunoco.

(c) Sunoco shall invoice each Partnership for all fees, expenses, and taxes which become payable by such Partnership pursuant to this Section 2.1. Payment of the amount reflected on each such invoice shall be paid by the applicable Partnership to Sunoco, without any discount, within fifteen (15) days after such Partnership's receipt of the invoice.

ARTICLE III
Miscellaneous

3.1 Term, Renewal, and Termination. The term of this Agreement shall commence as of the date hereof and shall continue until the close of business on December 31, 2004, unless renewed or sooner terminated pursuant to this Section 3.1. The original term of this Agreement automatically shall be renewed for successive terms of one (1) full calendar year each unless written notice of election not to renew is given by either party to the other at least thirty (30) days prior to the expiration of the original or then current term hereof. The obligations of any party under this Agreement may be terminated by such party upon thirty (30) days written notice to the other party. Such termination shall not relieve a terminating party of its obligations up to and including the date of termination.

3.2 Ownership and Inspection. As between each Partnership and Sunoco, all the applicable Partnership's funds, or portfolio securities, and all books and records of account, checkbooks, bank and brokerage statements, accounting, financial and other records, financial statements, reports, and other documents maintained, received, or prepared for such Partnership pursuant to this Agreement at all times shall constitute the sole and exclusive property of that Partnership and shall not be subject to any lien, encumbrance, or security interest of Sunoco. While in the possession or custody, or under the control, of Sunoco, all of the foregoing at all times shall be available to such

Partnership, and its officers, attorneys, accountants, and other representatives, for inspection, copying, or other purposes and, if so requested by such Partnership, promptly shall be delivered to the Partnership, temporarily or permanently.

3.3 No Consequential Damages. In no event shall a party hereto be liable to any other party hereto for any consequential damages arising from, in connection with, or relating to, any matter provided for in this Agreement.

3.4 Severability. If any provision of this Agreement is prohibited by or held to be invalid under applicable law, such provision will be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement. If necessary to effect the intent of the parties hereto, the parties shall negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that as closely as possible reflects such intent.

3.5 Notices. All notices, consents, request, demands and other communications hereunder shall be in writing and shall be deemed given and effective five (5) business days after being mailed first class, certified or registered mail, postage prepaid, return receipt requested, addressed as set forth below, or two (2) business days after being sent by overnight courier, telex or telecopy (by a machine that indicates the telex or telecopy number of the machine to which such communication is sent and the receipt by such machine of such communication) or by personal delivery to the address set forth below:

If to Sunoco:

SUNOCO, INC.
1801 Market Street -27th Floor
Philadelphia, PA 19103-1699
Attention: Paul A. Mulholland
Treasurer
215-977-3559 FAX
215-246-8810 Confirm

If to the Master Partnership:

SUNOCO LOGISTICS PARTNERS L.P.
1801 Market Street - 27th Floor
Philadelphia, PA 19103-1699
Attention: Deborah M. Fretz
President and Chief Executive Officer
Sunoco Partners LLC
215-977-3902 FAX
215-977-3830 Confirm

If to the Operating Partnership:

SUNOCO LOGISTICS PARTNERS L.P.
1801 Market Street - 27th Floor
Philadelphia, PA 19103-1699
Attention: Deborah M. Fretz
President and Chief Executive Officer
Sunoco Partners LLC
215-977-3902 FAX
215-977-3830 Confirm

or, in each case, at such other address or telecopy number or to such other Person as may be specified in writing by a party to whom notices are to be sent.

3.6 No Agency. In connection with the parties' performance of services hereunder, the relationship of the parties shall be solely that of independent contractors. No party is the agent of the other. This Agreement does not create, and shall not be construed as creating, a partnership or joint venture between the parties hereto. Nothing in this Agreement shall authorize or be construed as authorizing Sunoco to enter into contracts or agreements on behalf of any Partnership or to incur any obligations or create any liabilities which are binding on any Partnership; provided, however, that Sunoco shall act as an agent for each Partnership when performing such Additional Services as to which Sunoco may be authorized in writing by such Partnership to act as agent for the Partnership.

3.7 Modification or Waiver. This Agreement may be modified at any time, but only by written instrument executed by the parties hereto and expressly stating it is an amendment to this Agreement. Any of the terms, covenants and conditions of this Agreement may be waived at any time by the party entitled to the benefit of such term, covenant or condition; provided, however, that such waiver must be in writing and executed by the party against whom such waiver is asserted. No course of dealing will be deemed effective to modify, amend or discharge any part of this Agreement.

3.8 Force Majeure. If either party to this Agreement is rendered unable by force majeure to carry out its obligations under this Agreement, other than each Partnership's obligation to make payments to Sunoco provided for herein, that party shall give the other party prompt written notice of the force majeure with reasonably full particulars concerning it. Thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected party shall use all reasonable diligence to remove or remedy the force majeure situation as quickly as practicable. The requirement that any force majeure situation be removed or remedied with all reasonable diligence shall not require the settlement of strikes, lockouts or other labor difficulty by the party involved, contrary to its wishes. Rather, all such difficulties may be handled entirely within the discretion of the party concerned. The term "force majeure" means any one or more of:

(a) an act of God;
(b) a strike, lockout, labor difficulty or other industrial disturbance;
(c) an act of a public enemy, war, blockade, insurrection or public riot;
(d) lightning, fire, storm, flood or explosion;

(e) governmental action,delay, restraint or inaction;
(f) judicial order or injunction;
(g) material shortage or unavailability of equipment; or
(h) any other cause or event, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

3.9 Headings, Etc. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Treasury Services Agreement and not to any particular Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

3.10 Number and Gender. Words importing the singular number shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

3.11 Third Party Rights. This Agreement shall not provide any third parties with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

3.12 Subsidiaries. The parties hereto acknowledge that they may conduct their business operations through subsidiaries and agree that they will cause their respective direct and indirect subsidiaries to abide by the terms of this Agreement as if they were parties hereto to the extent necessary to carry out the purposes of this Agreement. Further, each party shall be entitled to cause its obligations hereunder to be satisfied, and to cause its benefits hereunder to be received, by its subsidiaries.

3.13 Cooperation. Each party shall from time to time, and at all times, do such further acts and execute and deliver all such further deeds and documents as shall be reasonably requested by the other party in order to fully perform and carry out the terms of this Agreement.

3.14 Governing Law. This Agreement shall be interpreted and construed in accordance with the internal laws (without regard to the principles of conflict of law) of the Commonwealth of Pennsylvania.

3.15 Binding Effect and Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective permitted successors and

assigns, but neither this Agreement nor any of the rights, interest or obligations hereunder may be assigned by the Partnership without the prior written consent of Sunoco.

3.16 Essence of Time. Time is of the essence of this Agreement.

3.17 Counterparts. This Agreement may be executed in several counterparts, no one of which needs to be executed by both of the parties. Each counterpart, including a facsimile transmission of this Agreement, shall be deemed to be an original and shall have the same force and effect as an original. All counterparts together shall constitute but one and the same instrument.

3.18 Entire Agreement. This Agreement embodies the entire agreement and understanding and supersedes all prior agreements, understandings, undertakings, declarations, commitments and representations, verbal or oral, of the parties with respect to the specific matters contemplated hereby.

[COUNTERPART SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on their behalf on the date first above written.

SUNOCO, INC.

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President & CFO

SUNOCO LOGISTICS PARTNERS L.P.

By its General Partner:
SUNOCO PARTNERS LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By its General Partner:
SUNOCO LOGISTICS PARTNERS GP LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

Schedule 1.1
to
Treasury Services Agreement

TREASURY SERVICES

(a) Use of Sunoco's centralized consolidated cash management and financial systems for accounts payable, accounts receivable and payroll processing, tax filing and payment, and pension and benefit plan monitoring and administration. Each Partnership will participate in Sunoco's centralized cash management program, whereby all of such Partnership's cash receipts and cash disbursements will be processed (together with those of Sunoco and its other subsidiaries) through Sunoco's cash accounts with a corresponding credit or charge to an inter-company account. Interest will be applied daily to the net inter-company balance.

Each Partnership's net receivable balances will earn interest at a rate equal to the average rate paid to such Partnership for its money market funds invested. If the Partnership does not have funds invested in money market accounts, the rate will be the average rate paid by the Nations Cash Reserves Money Market Fund (or any successor entity thereto) for the same period.

Each Partnership's net payable balances will pay interest at a rate equal to the interest rate for Eurodollar loans, as provided in that certain $150,000,000 Revolving Credit Facility for Sunoco Logistics Operations L.P., with Bank of America as Administrative Agent (the "Senior Credit Facility"), or applicable replacement facility, as the same may be amended from time to time.

Each Partnership will settle any outstanding inter-company balance on a periodic basis, but not less frequently than at the end of each month. Funds from any net receivable balance from Sunoco may be applied by such Partnership to repay any amount then outstanding under the Senior Credit Facility, or (if no such amounts are outstanding) may be transferred by the Partnership to a third-party money market account. A net payable balance to Sunoco may be repaid by such Partnership with funds drawn from the Senior Credit Facility or with such Partnership's surplus funds, including funds in any money market account for such Partnership.

(b) Short-term funds management, investment and borrowing by Sunoco on behalf of the Partnership. Sunoco, on behalf of each Partnership, will make short-term investments of surplus funds in one or more third party money market accounts. Any short-term borrowings will be executed from the Senior Credit Facility on behalf of the applicable Partnership.

(c) Administration and servicing by Sunoco of Partnership debt obligations. On behalf of each Partnership, Sunoco will administer the compliance certificates for the Senior Credit Facility and for the Partnership's long-term debt issuances, according to applicable covenant requirements.

(d) Participate with the Partnership in arranging financial transactions, and interface with external credit rating agencies.

(e) Advice from Sunoco on corporate finance and cash management issues. As requested by each Partnership, Sunoco may provide advice, from time to time, on the following matters:

- Banking arrangements (compensation, operating lines of credit, letters of credit, etc.), existing public and private debt, and the structure and arrangement of new debt and equity financing as required.

- Credit risk analysis and management, including counter-party credit risk management

- Pension and benefit plan monitoring and administration

- Interest rate hedging

- Project financing

Schedule 1.2
to
Treasury Services Agreement

ADDITIONAL SERVICES

None.

Exhibit 10.8

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INTELLECTUAL PROPERTY AND TRADEMARK
LICENSE AGREEMENT

among

SUNOCO, INC.

SUNOCO, INC. (R&M)

SUNMARKS, INC.

SUNOCO LOGISTICS PARTNERS L.P.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

SUNOCO PARTNERS MARKETING & TERMINALS L.P.

SUNOCO PIPELINE L.P.

and

SUNOCO PARTNERS LLC

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INTELLECTUAL PROPERTY AND TRADEMARK LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY AND TRADEMARK LICENSE AGREEMENT ("Agreement") is entered into on, and effective as of, the Closing Date (as defined herein) among Sunoco, Inc., a Pennsylvania corporation ("Sunoco"), on behalf of itself and the other Sunoco Entities (as defined herein), Sunoco, Inc. (R&M), a Pennsylvania corporation ("Sunoco R&M"), Sunmarks, Inc., a Delaware corporation ("Sunmarks"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Partnership"), Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Operating Partnership"), Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership ("Sunoco Marketing"), Sunoco Pipeline L.P., a Texas limited partnership ("Sunoco Pipeline"), and Sunoco Partners LLC, a Pennsylvania limited liability company ("Sunoco Partners LLC"). The above-named entities are sometimes referred to in this Agreement each as a "Party" and collectively as the "Parties."

R E C I T A L S:

1. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article II, with respect to licenses regarding Existing Intellectual Property (as defined herein);

2. The Parties further desire to set forth their understanding, as more fully set forth in Article II, regarding the ownership rights with respect to the Intellectual Property Rights (as defined herein) invented, created, authored, disclosed, or developed by Sunoco Partners LLC and its Affiliates in connection with the providing of Services to the Partnership Group;

3. Licensors (as defined herein) own all right, title and interest in and to the Marks (as defined herein), and the goodwill associated with the Marks;

4. Licensors and/or their Affiliates (as defined herein) have used the Marks in connection with numerous products and services, including gasoline, kerosene, lubricating oils, greases, storage batteries, antifreeze, brake fluid, automotive service station services, and heating oil; and

5. Licensees (as defined herein) desire to obtain, and Licensors agree to permit, a license to use the Marks, all in accordance with the terms and conditions of this Agreement.

ARTICLE I
Definitions

1.1 Definitions.

(a) As used in this Agreement, the following terms shall have the respective meanings set forth below

"Affiliate" is defined in the Partnership Agreement.

"Applicable Period" means the period commencing on the Closing Date and terminating on the date on which the Partnership ceases to be an Affiliate of Sunoco.

"Approved Uses" is defined in Section 2.4.

"Assets" means all assets conveyed, contributed, or otherwise transferred by the Sunoco Entities to the Partnership Group prior to or on the Closing Date and any assets acquired by the Partnership Group pursuant to the exercise of the purchase options granted under Article VI of the Omnibus Agreement.

"Closing Date" means the date of the closing of the Partnership's initial public offering of Common Units.

"Common Units" is defined in the Partnership Agreement.

"Confidential Information" means all confidential information in tangible or intangible form, including but not limited to, process design, equipment drawings, technical specifications, processes, trade secrets, process measurements, technical reports, analyses, tests, plans, drawings, models, ideas, schemes, correspondence, communications, lists, manuals, computer programs, software, techniques, methods, processes, routines, systems, procedures, practices, operations, modes of operation, apparatus, equipment, business opportunities, know-how, customer and supplier lists, and methods of combining information. Confidential Information shall not include, and all obligations regarding Confidential Information shall not apply to, information that:

(i) was already known by (as established by dated documentation) Recipient at the time of the receipt of the Confidential Information by Recipient from the Disclosing Party;

(ii) is or becomes available to the industry (e.g., available in the technical literature, databases, or the like) or is in, or subsequently enters, the public domain other than as a result of a disclosure by the Recipient in breach of this Agreement;

(iii) is received by the Recipient from a third party unless the Recipient is aware that such third party was subject to a confidentiality obligation to the Disclosing Party with respect to such Confidential Information;

(iv) is independently developed by a Person without access to the Confidential Information provided by the Disclosing Party;

(v) was or is furnished by the Disclosing Party to a third party without confidentiality restrictions; or

(vi) is approved for release by written authorization of the Disclosing Party.

"Conflicts Committee" is defined in the Partnership Agreement.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise.

"Disclosing Party" is defined in Section 2.4.

"Drawings and Records" means all tangible, digital, or electronic records related to the business and operations of Sunoco Pipeline and Sunoco Marketing and their Affiliates, including but not limited to, engineering drawings and files, right of way files, construction records, operating manuals, technical data, process designs, flow diagrams, maps, schematics, databases, operating records, laboratory analysis, engineering studies, flow diagrams, and environmental, health and safety records.

"Existing Intellectual Property" means the Intellectual Property Rights of Sunoco Pipeline and Sunoco Marketing as of the Closing Date as a result of the transactions contemplated by the Partnership Agreement. The "Existing Intellectual Property" shall not include any trademarks, service marks, trade names, domain names, registrations and applications for registrations for the foregoing.

"General Partner" is defined in the Partnership Agreement.

"Intellectual Property Rights" means the following foreign and domestic intellectual property rights, both statutory and common law rights, if applicable: (a) all trademarks, service marks, trade names, domain names, registrations and applications for registrations for the foregoing; (b) patents, pending patent applications, and patents subsequently issuing from patent applications; (c) copyrights and registrations and applications for registrations thereof; and (d) Confidential Information.

"Licensees" means the Partnership Group and the General Partner and its Affiliates.

"Licensor Approval" is defined in Section 3.2.

"Licensors" means Sunoco and Sunmarks.

"Limited Partner" is defined in the Partnership Agreement.

"Marks" means all right, title and interest in and to the trademarks and trade names, or domain names, SUNOCO, and variations thereof, and SUNOCO DIAMOND DESIGN, and variations thereof, as shown on Schedule I to this Agreement.

"New Marketing Intellectual Property" means any Intellectual Property Rights invented, created, authored, disclosed, or developed by Sunoco Partners LLC and its Affiliates in connection with the providing of Services to the Partnership Group regarding the assets of Sunoco Marketing. The "New Marketing Intellectual Property" shall not include Intellectual Property Rights invented, created, authored, disclosed, or developed by Sunoco Partners LLC and its Affiliates in their performance of services for the Sunoco Entities. In addition, the "New Marketing Intellectual Property" shall not include any

trademarks, service marks, trade names, domain names, registrations and applications for registrations for the foregoing. Finally, the parties expressly recognize that certain Intellectual Property Rights may be both New Marketing Intellectual Property and New Pipeline Intellectual Property to the extent that such Intellectual Property Rights are used by both Sunoco Pipeline and Sunoco Marketing; with respect to such Intellectual Property Rights, both Sunoco Pipeline and Sunoco Marketing shall jointly own all right, title, and interest in and to such Intellectual Property Rights.

"New Pipeline Intellectual Property" means any Intellectual Property Rights invented, created, authored, disclosed, or developed by Sunoco Partners LLC and its Affiliates in connection with the providing of Services to the Partnership Group regarding the assets of Sunoco Pipeline. The "New Pipeline Intellectual Property" shall not include Intellectual Property Rights invented, created, authored, disclosed, or developed by Sunoco Partners LLC and its Affiliates in their performance of services for the Sunoco Entities. In addition, The "New Pipeline Intellectual Property" shall not include any trademarks, service marks, trade names, domain names, registrations and applications for registrations for the foregoing. Finally, the parties expressly recognize that certain Intellectual Property Rights may be both New Marketing Intellectual Property and New Pipeline Intellectual Property to the extent that such Intellectual Property Rights are used by both Sunoco Pipeline and Sunoco Marketing; with respect to such Intellectual Property Rights, both Sunoco Pipeline and Sunoco Marketing shall jointly own all right, title, and interest in and to such Intellectual Property Rights.

"Omnibus Agreement" means that certain Omnibus Agreement, dated as of the Closing Date, among Sunoco, the General Partner, the Partnership, the Operating Partnership and certain other parties.

"Partnership Agreement" means the First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., dated as of the Closing Date, as such agreement is in effect on the Closing Date, to which reference is hereby made for all purposes of this Agreement.

"Partnership Group" means the Partnership, the Operating Partnership and any Subsidiary of any such Person, treated as a single consolidated entity.

"Partnership Group Member" means any member of the Partnership Group.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization association, government agency or political subdivision thereof or other entity.

"Recipient" is defined in Section 2.4.

"Representative" is defined in Section 2.4.

"Services" means all services provided by Sunoco Partners LLC and its Affiliates for the benefit of the Partnership Group under the Partnership Agreement, the Omnibus Agreement and otherwise.

"Sunoco Entities" means Sunoco and any Person controlled, directly or indirectly, by Sunoco other than the Partnership Group or the General Partner; and "Sunoco Entity" means any of the Sunoco Entities.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Territory" is defined in Section 3.1.

"Uses" is defined in Section 3.1.

ARTICLE II
Intellectual Property

2.1 Assignments and Grants of Licenses.

(a) Existing Intellectual Property License to Sunoco Partners LLC and its Affiliates. Subject to the terms and conditions herein, Sunoco Pipeline and Sunoco Marketing hereby grant to Sunoco Partners LLC and its Affiliates a license and right to use, display, perform, copy, prepare derivative works, sell, offer for sale, and modify the Existing Intellectual Property in furtherance of Sunoco Partners LLC's and its Affiliates' performance of Services to the Partnership Group.

(b) Assignment of New Pipeline Intellectual Property and New Marketing Intellectual Property. With respect to the New Pipeline Intellectual Property, Sunoco Partners LLC and its Affiliates hereby assign, sell, transfer, and convey to Sunoco Pipeline, and Sunoco Pipeline hereby accepts such assignment, sale, transfer and conveyance of, all of Sunoco Partners LLC's and its Affiliates' right, title and interest in and to all New Pipeline Intellectual Property. With respect to the New Marketing Intellectual Property, Sunoco Partners LLC and its Affiliates hereby assign, sell, transfer, and convey to Sunoco Marketing, and Sunoco Marketing hereby accepts such assignment, sale, transfer and conveyance of, all of Sunoco Partners LLC's and its Affiliates' right, title and interest in and to all New Marketing Intellectual Property.

(c) Third Party Intellectual Property Rights. With respect to any licenses to Intellectual Property Rights of third parties granted after the Closing Date, the Partnership Group

shall undertake to ensure any such licenses include the license and right of Sunoco Partners LLC and its Affiliates to use, display, perform, copy, prepare derivative works, sell, offer for sale, and modify such Intellectual Property Rights to the extent necessary for the purposes of providing Services to the Partnership Group.

(d) Cross-Licenses of other Intellectual Property Rights Used in the Services. With respect to any Intellectual Property Rights (other than any trademarks, service marks, trade names, domain names, registrations and applications for registrations for the foregoing) of Sunoco Partners LLC and its Affiliates that are not Existing Intellectual Property, New Pipeline Intellectual Property or New Marketing Intellectual Property, but are used by Sunoco Partners LLC and its Affiliates in the providing of Services to the Partnership Group or embodied in any Drawings and Records authored or created by Sunoco Partners LLC and its Affiliates in the providing of Services to the Partnership Group, Sunoco Partners LLC and its Affiliates hereby grant to Sunoco Pipeline and Sunoco Marketing a royalty-free, perpetual, irrevocable license and right to use, display, perform, copy, prepare derivative works, sell, offer for sale, and modify such Intellectual Property Rights in connection with the businesses of Sunoco Pipeline and Sunoco Marketing. Similarly, Sunoco Pipeline and Sunoco Marketing grant to Sunoco Partners LLC and its Affiliates a royalty-free, perpetual, irrevocable license and right to use, display, perform, copy, prepare derivative works, sell, offer for sale, and modify the Existing Intellectual Property, New Marketing Intellectual Property, and New Pipeline Intellectual Property Rights, including the right to sublicense, in connection with the providing of services to third parties other than the Partnership Group, including the Sunoco Entities. This license includes the right to use such Intellectual Property Rights in any tangible, digital, or electronic records authored or created by Sunoco Partners LLC and its Affiliates in the providing of services to third parties other than the Partnership Group, including the Sunoco Entities.

2.2 Execution of Documents. Both during the term of this Agreement and thereafter, Sunoco Partners LLC and its Affiliates shall assist Sunoco Pipeline and Sunoco Marketing and each of their nominees at all times in the protection of all New Pipeline Intellectual Property and New Marketing Intellectual Property, both in the United States and all foreign countries, including but not limited to, the execution of all lawful oaths and all assignment documents requested by Sunoco Pipeline or Sunoco Marketing or each of their nominees in connection with: (a) the preparation, prosecution, issuance, and enforcement of any applications for United States or foreign letters patent, including divisions, continuations, continuations-in-part, reissues, and/or extensions thereof, and (b) the preparation, prosecution, issuance, and enforcement of any applications for United States or foreign copyrights in the United States and foreign countries.

2.3 Drawings and Records. Sunoco Pipeline and Sunoco Marketing retain title to all tangible and electronic or digital copies of the Drawings and Records, including all rights of copyright in and to such Drawings and Records. Sunoco Pipeline and Sunoco Marketing grant a royalty-free license to Sunoco Partners LLC and its Affiliates to retain, use, copy, or modify the Drawings and Records in furtherance of Sunoco Partners LLC's and its Affiliates' providing of Services to the Partnership Group. Sunoco Pipeline and Sunoco Marketing acknowledge and agree that Sunoco Partners LLC and its Affiliates must have access to, and must be able to use, the Drawings and Records of Sunoco Pipeline and Sunoco Marketing for the purposes of providing Services to the Partnership Group. Sunoco Pipeline and Sunoco Marketing agree to make available to Sunoco Partners LLC and its Affiliates after the Closing Date current and

complete copies of all Drawings and Records. During the term of this Agreement, Sunoco Pipeline and Sunoco Marketing agree to make available or deliver, or to cause to be made available or delivered, to Sunoco Partners LLC and its Affiliates the Drawings and Records of Sunoco Pipeline and Sunoco Marketing. Sunoco Pipeline and Sunoco Marketing agree that Sunoco Partners LLC and its Affiliates may retain copies of the Drawings and Records during the term of this Agreement and after termination of this Agreement for documentation purposes only and to the extent reasonably necessary for purposes of exploiting any right or license reserved by a Sunoco Entity and the cross license granted in Section 2.1(d); provided, however, that Sunoco Partners LLC and its Affiliates shall not provide a copy of any Drawings and Records to any third party other than a Sunoco Entity, except as expressly allowed by this Agreement, or as expressly allowed in writing by the Partnership Group. Upon termination of this Article II, Sunoco Partners LLC and its Affiliates shall deliver to Sunoco Pipeline and Sunoco Marketing current and complete copies of all Drawings and Records.

2.4 Confidentiality.

(a) The Parties agree that this Agreement shall govern the confidentiality obligations regarding all disclosures of Confidential Information pursuant to which one Party (the "Disclosing Party") has disclosed Confidential Information to another Party (the "Recipient") under this Agreement. The Disclosing Party reserves its ownership rights, and any third party's ownership rights, in and to any Confidential Information disclosed under this Agreement. The Recipient hereby acknowledges and agrees that, except as expressly provided herein, the Recipient acquires no ownership interest in and to the Confidential Information of the Disclosing Party.

(b) The Disclosing Party and the Recipient agree that with respect to all disclosures of Confidential Information by a Disclosing Party to a Recipient, the Recipient agrees that it and its officers, directors, partners, employees, affiliates, agents, representatives, and outside auditors who have had or will have access to the Confidential Information (collectively, "Representatives"):

(i) will keep Confidential Information confidential and will not, without the prior written consent of the Disclosing Party or as allowed by this Agreement, disclose Confidential Information to third parties; and

(ii) will not use Confidential Information other than as licensed or contemplated under this Agreement ("Approved Uses"). Moreover, Recipient agrees to transmit the Confidential Information only to such of its Representatives who need to know the Confidential Information for the sole purpose of assisting Recipient in Approved Uses, who are informed of this Agreement, and who have agreed in writing to obligations of confidentiality with the Recipient.

(c) If any portion of Confidential Information is required to be disclosed by subpoena, law, litigation, or similar legal process, or to a governmental regulatory agency or commission or securities exchange, the Recipient will promptly inform the Disclosing Party immediately of the existence, terms, and circumstances surrounding such request and before any such disclosure is required so as to allow the Disclosing Party to protect the Confidential

Information. The Recipient will consult with the Disclosing Party on the advisability of taking legally-available steps to resist or narrow such request. The Disclosing Party shall thereafter seek to obtain a protective order, and the Recipient shall cooperate with the Disclosing Party in its efforts to obtain a protective order, to restrict access to, and any use or disclosure of, the Confidential Information.

(d) Upon the termination of the obligations of this Agreement with respect to an item of Confidential Information, the Recipient shall be free to use and disclose such item of information freely and without any obligation to the Disclosing Party.

(e) The terms of confidentiality under this Agreement shall not be construed to limit either Party's right to independently develop its own technology, technical solutions, engineering solutions, or know-how without the use of the other Party's Confidential Information. Notwithstanding anything to the contrary in this Agreement, neither Party will be restricted at any time by the other Party from utilizing any knowledge, skills, or experience of a general nature acquired as a result of this Agreement.

2.5 Reservation of Intellectual Property Rights Not Expressly Granted. Nothing in this Agreement shall be construed as conferring by implication, estoppel, or otherwise upon a licensee or assignee any license, assignment, or other right under the Intellectual Property Rights of a Party other than as expressly as set forth expressly herein.

2.6 Warranties; Disclaimers. NOTWITHSTANDING ANYTHING TO THE CONTRARY, SUNOCO PARTNERS LLC AND ITS AFFILIATES PROVIDE THE INTELLECTUAL PROPERTY RIGHTS ASSIGNED OR LICENSED UNDER ARTICLE II HEREIN, AND SUNOCO MARKETING AND SUNOCO PIPELINE PROVIDE THE INTELLECTUAL PROPERTY LICENSED UNDER ARTICLE II HEREIN, AS IS, WITHOUT ANY WARRANTY OF ANY KIND. SUNOCO PARTNERS LLC AND ITS AFFILIATES AND SUNOCO MARKETING AND SUNOCO PIPELINE DISCLAIM ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS (EXPRESS OR IMPLIED, ORAL OR WRITTEN) WITH RESPECT TO THE SUBJECT MATTER HEREOF, OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY PURPOSE (WHETHER THE PARTY KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE) WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE OR BY COURSE OF DEALING.

2.7 Certain Approved Transfers of Intellectual Property Rights. A licensee or sublicensee under this Article II may also transfer, or assign (as the case may be), with prompt notification to the applicable licensor under this Article II, and without such licensor's consent and without payment of additional fees or charges, the license or sublicense granted hereunder with respect to Intellectual Property Rights licensed or sublicensed hereunder to a purchaser of a facility or business in which or for which the Intellectual Property Rights licensed or sublicensed are used; provided, however, that the purchaser agrees in writing to be bound by the terms and conditions of use, termination, liability and non-disclosure contained herein. The right so assigned shall be limited to use of the Intellectual Property Rights licensed or sublicensed at or

for the facility(ies) or business(es) so purchased, with permission to reassign to subsequent purchasers of such facility(ies) or business(es) under the same conditions.

2.8 Infringements of Intellectual Property. All infringement or misappropriation of Intellectual Property Rights shall be the responsibility of the owner of the particular Intellectual Property Right, and nothing in this Agreement shall convey to another party the right to sue on an Intellectual Property Right licensed hereunder. All such rights to sue are expressly reserved and retained by the owner of such Intellectual Property Right. In the event that a licensee hereunder becomes aware of any alleged material infringement or misappropriation of an Intellectual Property Right licensed hereunder, such licensee shall promptly give notice to the licensor of the alleged infringement or misappropriation.

2.9 Termination of Article II. Upon the expiration of the Applicable Period, this Article II shall terminate. Notwithstanding the termination of this Article II for any reason, all assignments, licenses and sublicenses of Intellectual Property Rights, whether Existing Intellectual Property, New Marketing Intellectual Property, New Pipeline Intellectual Property, or any other Intellectual Property Rights, previously granted under this Article II by any Party hereto shall survive in all respects and all Parties and assignees, licensees and sublicensees shall be free to continue to exploit after such termination any assignments, licenses and sublicenses regarding such Intellectual Property Rights granted in this Article II. In addition, after termination, the rights and obligations of the Parties in Sections 2.2 through and including 2.8 shall continue to apply to Intellectual Property Rights assigned, licensed or sublicensed under this Article II prior to such termination.

ARTICLE III
Trademark License

3.1 Grant of License. Subject to the other provisions of this Agreement, Licensors grant to the Licensees a non-exclusive, royalty-free, non-transferable, non-sublicensable license to use the Marks in connection with the Licensees' business and the services performed by the Partnership Group within the United States by using and displaying the Marks on storage facilities, tanks, piping, pipelines, and related signage, and on business cards, advertisements, letterhead, and invoices (collectively the "Uses") in the Territory. The Parties acknowledge that certain of the Licensees are currently using Licensors' Marks pursuant to an unwritten license agreement, and such prior license shall be subject to the terms and conditions of this Agreement. For the purposes of this Agreement, "Territory" shall mean the United States.

3.2 Quality Control.

(a) In order to comply with Licensors' quality control standards, Licensees shall: (i) use their commercially reasonable efforts to maintain the quality of the use of the Marks; (ii) adhere to such other specific reasonable quality control standards that Licensors may from time to time promulgate and communicate to Licensees with respect to the use of the Marks; (iii) comply with all federal, state and local laws and regulations governing the use of the Marks; and (iv) not alter or modify the Marks in any way.

(b) Licensees must receive Licensor Approval for each new use of the Marks prior to each use of the Marks by Licensees. All uses of the Marks prior to the Closing Date in connection with the Assets shall be deemed to have received Licensor Approval. As used herein, "Licensor Approval" shall mean either (i) the receipt by Licensees of written approval from Licensors or (ii) failure on the part of Licensors to respond within thirty (30) days after receipt by Licensors of a written request for approval by Licensees.

(c) In furtherance of the purpose and intent expressed in subparagraphs 3.2(a) and (b) above:

(i) Licensees shall submit to Licensors for Licensor Approval representative samples of each new use and an accurate, written description for each new use that Licensees propose. Any new uses of SUNOCO DIAMOND DESIGN must conform to such design use as reflected in Registration No. 2,504,441 or Application Serial No. 76/195,811.

(ii) Licensees shall submit to Licensors for Licensor Approval samples of all new display plans, signage, invoices, business cards, stationary, labels, packaging (including cartons, containers and wrapping or packing materials) and, if applicable, all new advertising, promotional or display materials and sales documents bearing or using the Marks, all of which shall comply with the requirements set forth herein; and

(iii) Licensees agree that if subsequent to Licensor Approval therefor any usage of the Marks on goods or services shall fail to meet the high standards of quality associated with the goods and services of Licensors, Licensees will, at their own expense, take all necessary measures to improve such usage, as applicable, to meet such standards.

(d) In order to confirm that Licensees' use of the Marks complies with this Section 3.2, Licensors shall have the right, in their sole discretion, (i) to require that Licensees submit to Licensors representative samples of any materials bearing the Marks and (ii) to inspect, without prior advance notice, any of Licensees' facilities, products, records and/or operations in connection with the use of the Marks. Licensees agree to maintain the same quality in the goods and services produced and offered, as reflected in the sample(s) submitted.

(e) Any approval under this Article III shall not constitute a waiver of Licensors' rights or Licensees' duties under any provision of this Agreement. Licensor Approval shall not involve or constitute acceptance by Licensors of any particular use or be deemed approval of the safety of the goods and services of Licensees, or be construed to create, in any way, any guarantee or warranty on the part of Licensors as to the fitness, quality, workmanship, or character of the goods and services of Licensees or to authorize any liability for indebtedness or claims of damage, whatsoever by any third party against Licensors, or to impose any obligation on Licensors to purchase any of the goods and services.

(f) For the purposes of obtaining Licensor Approval under this Article III, Licensors and Licensees designate the following individuals as the persons to communicate with regarding Licensor Approval:

if to Licensors:

Sunmarks, Inc.
P.O. Box 389
Claymont, Delaware 19703
Attn: Joseph D. Zulli, Esq.
Telecopy: (215) 977-6878

with a copy to:

Mike Kuritzkes
Vice President and General Counsel
Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-3559

if to Licensees:

Sunoco Logistics Partners L.P.
c/o Sunoco Partners LLC, its general partner
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: Deborah Fretz
Telecopy: (215) 977-3902

with a copy to:

Jeffrey W. Wagner
General Counsel and Secretary
Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-6878

Licensors and Licensees may change the foregoing by delivery in writing of such change in compliance with Section 4.3 of this Agreement. Communications regarding requests for Licensor Approval shall be communicated in the same manner as delivery of notice under Section 4.3.

3.3 Ownership. Licensees acknowledge that Licensors own all right, title and interest in the Marks and the goodwill associated with the Marks, and that any use of the Marks by Licensees and any goodwill associated with such use shall inure to the benefit of Licensors. Licensees agree that they shall never attack or contest or assist others in attacking or contesting the Marks or Licensors' rights in the Marks. Licensees agree not to register or attempt to register the Marks or any similar trade name, trademark or service mark, or cause the Marks or any similar trade name, trademark or service mark to be registered in any country, state or other jurisdiction whether within or outside the Territory. Licensors hereby reserve the exclusive worldwide right to use and register the Marks for use on, and in connection with, any goods and services. If Licensors require any specimens of use, or any photographic reproductions of other identifying materials of use by Licensees, for any filing for a trademark and service mark, Licensees shall promptly provide Licensors with same at Licensees' expense.

3.4 Estoppel. Nothing in this Agreement shall be construed as conferring by implication, estoppel, or otherwise upon the Partnership Group (a) any license or other right under the trademark rights of Licensors other than the license granted herein to the Marks as set forth expressly herein or (b) any license rights other than those expressly granted herein.

3.5 Warranties; Disclaimers.

(a) Each Licensor represents and warrants that: (i) it owns and has the right to license the Marks licensed under this Agreement; and (ii) the Marks do not infringe upon the rights of any third parties.

(b) EXCEPT FOR THE WARRANTIES AND REPRESENTATIONS DESCRIBED IN SECTION 3.5(a), LICENSORS DISCLAIM ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS (EXPRESS OR IMPLIED, ORAL OR WRITTEN) WITH RESPECT TO THE LICENSE IN THIS ARTICLE III, OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY PURPOSE (WHETHER THE PARTY KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE) WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE OR BY COURSE OF DEALING.

3.6 Indemnification. Licensees acknowledge that they will have no claim against Licensors for any damage to property or injury to persons arising out of or having any connection with Licensees' use of the Marks thereon, and Licensees agree to indemnify, hold harmless and defend Licensors from and against all suits, actions, claims, losses, damages and expenses (including attorneys' fees), of whatsoever kind and character, including but not limited to injury to Licensors' reputation, arising out of Licensees' use of the Marks thereon, or arising out of any allegedly unauthorized use of any trademark, by Licensees in connection with the manufacture, promotion, sale, performance or distribution of their goods and services.

3.7 Infringement Proceedings.

(a) Licensees shall promptly notify Licensors of any known, threatened or suspected infringement, imitation or unauthorized use of the Marks by any third party brought to the attention of Licensees, their officers or employees. Licensors, in their sole discretion, shall determine what action, if any, should be taken in response to any infringement, imitation or unauthorized use of the Marks by a third party. Licensees shall cooperate with Licensors in any action taken by Licensors to enforce Licensors' rights in the Marks. Licensees shall not take any action to prevent any infringement, imitation or unauthorized use of the Marks without the prior written approval of Licensors, which Licensors may withhold in their sole discretion.

(b) Licensors shall have the sole right, at their expense, to defend and settle, for monetary and/or other damages, any claim made against Licensors or Licensees by a third party alleging that the use of the Marks by Licensees infringes upon any rights of others. Licensors expressly reserve the right to terminate this Agreement, pursuant to Section 3.8 below, to settle any such claim; provided, however, such right to settle shall not require any Licensee to pay any amounts in settlement without such Licensee's approval in writing. Licensees shall cooperate with and provide assistance to Licensors, at Licensors' expense.

3.8 Termination of Trademark License.

(a) The license granted by this Article III shall terminate automatically upon the expiration of the Applicable Period.

(b) Licensees may terminate the license granted under Article III without cause during the Term upon ninety (90) days prior written notice to the Licensors.

(c) Licensors may terminate the license granted under Article III of this Agreement if Licensees materially breach any of the provisions of this Article III, provided that Licensees shall have thirty (30) days after receiving written notice from Licensors within which to cure such breach. If Licensees have not cured such breach at the end of said thirty (30) day period, then Licensor may terminate the license granted in Section 3.1 of this Agreement by delivery of written notice terminating the license granted therein effective immediately.

(d) In the event of a termination, Licensees, as promptly as practicable (but in no event more than 180 days) following the termination of the license granted in Article III, shall cease all use of the Marks in any form, including the Sunoco trade name, and including without limitation any advertising and other promotional uses, and any and all other names and marks confusingly similar thereto, and the license granted to Licensees under Article III shall terminate and revert to Licensors. Licensees shall use commercially reasonable efforts to remove the Marks promptly from all property owned or controlled by Licensees, including without limitation any stationery, signs, storage units, facilities, or promotional materials.

ARTICLE IV
Miscellaneous

4.1 Choice of Law; Submission to Jurisdiction. This Agreement shall be subject to and governed by the laws of the Commonwealth of Pennsylvania, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws

of another state. Each Party hereby submits to the jurisdiction of the state and federal courts in the Commonwealth of Pennsylvania and to venue in Philadelphia, Pennsylvania.

4.2 Notice. All notices or requests or consents (other than those requests for Licensor Approval under Section 3.2) provided for by, or permitted to be given pursuant to, this Agreement must be in writing and must be given by depositing same in the United States mail, addressed to the Person to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by telecopier or telegram to such Party. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices to be sent to a Party pursuant to this Agreement shall be sent to or made at the address set forth below or at such other address as such Party may stipulate to the other Parties in the manner provided in this Section 4.2.

if to the Sunoco Entities:

Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: Joseph D. Zulli, Esq.
Telecopy: (215) 977-6878

and

Sunmarks, Inc.
P.O. Box 389
Claymont, Delaware 19703
Attn: Joseph D. Zulli, Esq.
Telecopy: (215) 977-6878

with a copy to:

Mike Kuritzkes
Vice President and General Counsel
Sunoco, Inc.
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-3559

if to the Partnership Group

Sunoco Logistics Partners L.P.
c/o Sunoco Partners LLC, its general partner

1801 Market Street
Philadelphia, Pennsylvania 19103
Attn: Deborah Fretz
Telecopy: (215) 977-3902

with a copy to:

Jeffrey W. Wagner
General Counsel and Secretary
Sunoco Partners LLC
1801 Market Street
Philadelphia, Pennsylvania 19103
Telecopy: (215) 977-6878

4.3 Entire Agreement. This Agreement constitutes the entire agreement of the Parties relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein.

4.4 Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the Parties hereto; provided, however, that the Partnership may not, without the prior approval of the Conflicts Committee, agree to any amendment or modification of this Agreement that, in the reasonable discretion of the General Partner, will adversely affect the holders of Common Units. Each such instrument shall be reduced to writing and shall be designated on its face an "Amendment" or an "Addendum" to this Agreement.

4.5 Effect of Waiver or Consent. No waiver or consent, express or implied, by any Party to this Agreement or of any breach or default by any Person in the performance by such Person of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such Person of the same or any other obligations of such Person hereunder. Failure on the part of a Party to complain of any act of any Person or to declare any Person in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder until the applicable statute of limitations period has run.

4.6 Assignment. No Party shall have the right to assign its rights or obligations under this Agreement without the consent of the other Parties hereto.

4.7 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatory Parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

4.8 Severability. If any provision of this Agreement shall be held invalid or unenforceable by a court or regulatory body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

4.9 Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory Party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions. Sunoco Partners LLC will cause each of its Affiliates to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

4.10 Rights of Limited Partners. The provisions of this Agreement are enforceable solely by the Parties to this Agreement, and no Limited Partner of the Partnership shall have the right, separate and apart from the Partnership, to enforce any provision of this Agreement or to compel any Party to this Agreement to comply with the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on, and effective as of, the Closing Date.

SUNOCO, INC.

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President & CFO

SUNOCO, INC. (R&M)

By: /s/ Thomas W. Hofmann

Name: Thomas W. Hofmann

Title: Senior Vice President & CFO

SUNMARKS, INC.

By: /s/ Barry H. Rosenberg

Name: Barry H. Rosenberg

Title: President

SUNOCO LOGISTICS PARTNERS L.P.

By: Sunoco Partners LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PARTNERS MARKETING &
TERMINALS L.P.

By: Sunoco Logistics Partners Operations GP
LLC, its general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PIPELINE L.P.

By: Sunoco Logistics Partners Operations GP
general partner

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SUNOCO PARTNERS LLC

By: /s/ David A. Justin

Name: David A. Justin

Title: Vice President

SCHEDULE I

Trademarks

1. The trademark and trade name SUNOCO.

2. The design marks reflected in the following pending applications and registrations:

   A. Registration No. 736,268 (1962)

   B. Registration No. 2,504,441 (2001)

   C. Application Serial No. 76/195,811 (2001)

Exhibit 10.9

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INTER-REFINERY PIPELINE LEASE

BETWEEN

SUNOCO PIPELINE L.P.,

AND

SUNOCO, INC. (R&M)

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Table Of Contents

PIPELINE LEASE

This Lease, is made this 8th day of February 2002 by and between Sunoco Pipeline L.P. whose address is 1801 Market Street, Philadelphia, PA 19103 ("LESSOR"), and Sunoco, Inc.(R&M) whose address is 1801 Market Street, Philadelphia, PA 19103 ("LESSEE")

WHEREAS, LESSOR owns three (3) pipelines between LESSEE'S Philadelphia and Marcus Hook Refineries as well as one (1) pipeline between LESSOR'S Paulsboro, NJ Terminal and the Philadelphia International Airport, and

WHEREAS, LESSEE desires to lease all of the aforementioned pipelines, and

WHEREAS, LESSOR is willing to grant this Lease to LESSEE under the terms and conditions of this Lease,

NOW, THEREFORE in consideration of the mutual promises and covenants contained herein, LESSOR and LESSEE agree, with the intent to be legally bound, to the following terms and conditions.

1. DESCRIPTION

LESSOR hereby leases, lets and demises unto LESSEE the following assets: a) three (3) bi-directional 18 (eighteen) mile pipelines between LESSEE'S Philadelphia and Marcus Hook Refineries (the "Inter-refinery Assets") and b) one (1) pipeline between LESSOR'S Paulsboro, NJ Terminal (the "Paulsboro Terminal") and the Philadelphia International Airport, including the delivery facilities into the Paulsboro Terminal and the Philadelphia International Airport (the "Paulsboro Assets"), all of which are more specifically described in Exhibits A and B, which are attached hereto and made a part hereof and which are hereinafter referred to collectively as the "Leased Assets".

2. TERM

The term of this Lease shall commence on the 8th day of February 2002 and shall continue for a period of twenty (20) years thereafter.

3. RENT

During the first calendar year of the term, LESSEE agrees to pay LESSOR an initial annual rent of five-million-eighty-three-thousand-five-hundred dollars ($5,083,500.00) to lease the Leased Assets, prorated for the first calendar year as shown on Exhibit C attached hereto. LESSEE agrees to pay the annual rent on a monthly basis, making payments during the first calendar year of the term of this Lease of four-hundred-twenty-three-thousand-six-hundred-twenty-five dollars ($423,625.00), prorated for the first month as shown on Exhibit C attached hereto, by electronic transfer to an account designated by LESSOR by the tenth of each calendar month. Effective January 1st for each succeeding calendar year of the term thereafter, the annual rent will be increased by

1.67% on a cumulative basis to be paid in equal monthly installments by electronic transfer to an account designated by LESSOR by the tenth of each calendar month. An illustration depicting future lease payments is attached hereto as Exhibit C and made a part hereof.

4. OPERATIONS AND MAINTENANCE

4.1 Restricted Use

The Leased Assets may only be used as a private pipeline system for the sole transportation of jet fuel, liquefied petroleum gases, gasoline, distillates, blending components, and intermediate feed stocks. LESSEE is prohibited from making any connections of the Leased Assets to any third-party facilities. Any other use of the Leased Assets is strictly prohibited without the prior express written permission of LESSOR.

4.2 Operations

LESSEE shall, at its sole cost and expense, operate the Inter-refinery Assets in transportation service. The Inter-refinery Assets shall be operated in a good and workmanlike manner in accordance with usual and customary industry practices and all applicable engineering and safety requirements, and in compliance with all applicable laws, rules and regulations, including, without limitation, the U.S. Department of Transportation Pipeline Safety Regulations. LESSOR shall assume no obligation whatsoever in connection with the LESSEE'S operation of the Inter-refinery Assets. LESSOR shall not be required to furnish workers, equipment, or materials in connection with LESSEE'S operation of the Inter-refinery Assets.

With respect to the Paulsboro Assets, LESSOR shall, at its sole cost and expense, operate the Paulsboro Assets in transportation service as directed by LESSEE. The Paulsboro Assets shall be operated in a good and workmanlike manner in accordance with the usual and customary industry practices and all applicable engineering and safety requirements, and in compliance with all applicable laws, rules and regulations, including, without limitation, the U.S. Department of Transportation Pipeline Safety Regulations. LESSEE shall not be required to furnish workers, equipment or materials in connection with LESSOR'S operation of the Paulsboro Assets as directed by LESSEE.

4.3 Maintenance

LESSOR shall maintain the Leased Assets in accordance with the usual and customary industry practices and all applicable engineering and safety requirements and in compliance with all applicable laws, rules and regulations, including, without limitation, the U.S. Department of Transportation Pipeline Safety Regulations. LESSOR shall, at its sole cost and expense, perform the

following routine maintenance activities on the Leased Assets: line marking, DOT valve and river crossing inspections, main line valve maintenance, right of way surveillance and patrols, painting above-ground facilities, one calls and cathodic protection. LESSOR will also perform all other required maintenance on the Leased Assets ("Non-Routine Maintenance") to include, without limitation, smart pigging, hydrostatic testing, and pipeline repairs, right-of-way clearing and mowing, leak response and environmental cleanup. LESSEE shall reimburse LESSOR for all of its actual costs associated with the performance of any Non-Routine Maintenance activities within ten (10) days from the date of LESSEE'S receipt of written request therefore from LESSOR.

4.4 Right of Way

LESSOR expressly reserves unto itself, its successors, and assigns the rights-of-way, easements, licenses, and permits through the lands where the Leased Assets are located; and LESSOR shall have access to such rights-of-way or easements for any purpose deemed necessary by LESSOR, in LESSOR'S sole discretion, provided that such use by LESSOR does not unreasonably interfere with LESSEE'S use of the Leased Assets.

4.5 Taxes

LESSOR shall be responsible for, and pay when due, all real property taxes levied against the Leased Assets, as well as all personal property taxes related thereto except as otherwise provided herein.

LESSEE shall pay when due any present or future government taxes, fees, duties, or assessments related to operation of the Leased Assets. In the event any such taxes, fees, duties, or assessments referenced herein are levied against LESSOR, LESSEE will promptly reimburse LESSOR therefore within ten (10) days of receipt of documentation evidencing payment thereof by LESSOR.

4.6 Relocations

In the event that LESSOR is required to relocate the Leased Assets, LESSOR will provide LESSEE reasonable notice of such requirement, and LESSEE shall reimburse LESSOR for all costs associated with such relocation.

4.7 Non-Routine Maintenance Expense and Capital Budgets

In order to inform LESSEE as to LESSOR'S projected expenditures for Non-Routine Maintenance activities and capital expenditures contemplated for a forthcoming calendar year, the parties agree as follows:

Not later than October 1, LESSOR shall prepare in reasonably concise form and mail to LESSEE a Non-Routine Maintenance Budget and a

Capital Budget for the Leased Assets for the next calendar year. The Non-Routine Maintenance Budget shall identify planned expenditures by major expense classifications and shall itemize all major Non-Routine Maintenance projects which are estimated to cost more than fifty thousand dollars ($50,000) each. The Capital Budget shall itemize all capital projects which are estimated to cost more than fifty thousand dollars ($50,000) each. LESSOR shall provide budget updates to LESSEE on a periodic basis throughout the year upon request.

4.8 Measurement

LESSOR shall provide custody transfer metering at the Philadelphia International Airport Delivery facility to enable LESSEE to provide billing and accounting services to LESSEE'S customers.

4.9 Expansion and Capital Projects

LESSOR shall perform all expansion and capital projects on behalf of LESSEE relating to the Leased Assets, provided LESSEE guarantees an acceptable return on Lessor's invested capital.

5. INSURANCE

LESSEE, and its authorized agents and contractors, shall furnish evidence that with respect to the use and operations or activities related to the Leased Assets, LESSEE, and its agents or contractor(s) carry insurance coverage or are self insured with the following kinds of coverage and minimum amounts:

(a) Workers' Compensation and Occupational Disease Insurance, including Employer's Liability Insurance, complying with the laws of the Commonwealth of Pennsylvania and the State of New Jersey. Employer's Liability Insurance shall be provided with a limit of not less than $1,000,000.00.

(b) Comprehensive General Liability Insurance, including Contractual Liability, Products, Completed Operations Liability, and Explosion/Fire Legal Liability, Collapse and Underground Damage Liability, as well as coverage on all LESSEE'S and its authorized agents and contractors' equipment (other than motor vehicles licensed for highway use) owned, hired, or used in performance with this Lease with limits not less than: $5,000,000.00 Bodily Injury Property Damage Combined each occurrence & aggregate.

(c) Automobile Liability Insurance covering all motor vehicles owned, hired, or used in connection with this Lease with limits not less than: $1,000,000 Bodily Injury & Property Damage Combined each occurrence & aggregate.

The foregoing Comprehensive General Liability and Automobile Liability Insurance shall name LESSOR, its parent, subsidiaries, and affiliates as additional insureds with respect to LESSEE'S obligations under this Lease; and the policy shall contain the following language "Naming Sunoco Pipeline L.P., its parent, subsidiaries, and affiliates as additional insureds shall not prevent recovery in any situation in which recovery would have been available to Sunoco Pipeline L.P. had it not been named as an additional insured." A certificate of insurance evidencing the aforementioned insurance coverage must be provided to LESSOR prior to entering upon LESSOR'S property. This coverage must remain in full force and effect during the term of this Lease.

The foregoing insurance coverage is not intended to, nor does it limit the liability of LESSEE and its authorized agents or contractors, to hold LESSOR harmless as set forth in Paragraph 9. It is understood and agreed that the procurement of insurance in these amounts does not in any way or manner whatsoever limit LESSEE(S) and its agents' or contractors' liability to LESSOR under this Lease; and in the event the insurance procured by LESSEE and its agents or contractors does not cover a particular loss, LESSEE or its agents or contractors shall be liable to LESSOR for the full amount of any and all loss and damage as provided herein.

The foregoing insurance policies shall include a waiver of subrogation whereby the LESSEE and/or its insurers are prohibited from seeking contribution or reimbursement for any amounts paid by LESSEE or its insurers.

6. COMPLIANCE WITH LAW

LESSEE shall, during the term of the Lease, comply with all federal, state, municipal and other laws, ordinances, rules, and regulations applicable to the operation of the Inter-refinery Assets and use of the Leased Assets. LESSOR shall, during the term of the Lease, comply with all federal, state, municipal and other laws, ordinances, rules, and regulations applicable to the operation of the Paulsboro Assets. LESSOR shall, during the term of this Lease, comply with all federal, state municipal and other laws, ordinances, rules, and regulations applicable to the maintenance of the Leased Assets.

7. OPERATING COMMITTEE

LESSOR and LESSEE shall at all times cooperate with each other and coordinate their respective activities in such manner as to effect the most efficient operation and utilization of the Leased Assets in accordance with accepted pipe line industry practices. To effect this cooperation, the parties agree to establish a Coordinating Committee composed of one representative from the LESSOR and one representative from the LESSEE. The primary functions of this Committee shall be to review any problems which arise as a result of this Lease and to recommend any alterations of or additions to this Lease or operating practices which to them may seem desirable.

8. NO WARRANTY, LIMITATION OF LIABILITY

LESSOR MAKES NO REPRESENTATION OR WARRANTIES WITH RESPECT TO THE LEASED ASSETS. LESSEE ACKNOWLEDGES THAT IT HAS INSPECTED THE LEASED ASSETS AND ACCEPTS THE LEASED ASSETS IN THEIR PRESENT CONDITION, "AS IS WHERE IS", WITHOUT WARRANTY, EXPRESS OR IMPLIED, AS TO CONDITION OR SUITABILITY FOR LESSEE'S PURPOSES.

LESSEE ACKNOWLEDGES AND AGREES THAT THE LEASE PAYMENTS HEREUNDER DO NOT INCLUDE ANY FEES TO LESSOR FOR THE MAINTENANCE AND OPERATION OF THE LEASED ASSETS AS PROVIDED HEREIN. ACCORDINGLY, LESSEE AGREES THAT LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY OF LESSOR'S ACTIONS RELATED TO LESSOR'S OPERATION OF THE PAULSBORO ASSETS AND LESSOR'S MAINTENANCE OF THE LEASED ASSETS AND LESSEE FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE LESSOR PURSUANT TO PARAGRAPH 9 BELOW.

9. INDEMNIFICATION

LESSEE'S OBLIGATION OF INDEMNITY - LESSEE AND ITS AUTHORIZED AGENTS AND CONTRACTORS AGREE TO DEFEND, INDEMNIFY, AND HOLD HARMLESS LESSOR, ITS PARENT, SUBSIDIARIES, AND AFFILIATES, AS WELL AS THE EMPLOYEES AND AGENTS OF LESSOR, ITS OFFICERS, INVITEES, PARTNERS AND THEIR RESPECTIVE PARTNERS, PARENT-AFFILIATED COMPANIES, ASSIGNS, AND SUCCESSORS-IN-INTEREST (HEREINAFTER COLLECTIVELY REFERRED TO AS "LESSOR INDEMNITEE [S]"), FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES AND EXPERT FEES), LOSSES, DAMAGES, DEMANDS, FINES, PENALTIES, AND CAUSES OF ACTION FOR INJURIES TO OR DEATH OF PERSONS (INCLUDING LESSOR'S AND LESSEE'S EMPLOYEES, AGENTS, CONTRACTORS OR SERVANTS) OR DAMAGES TO PROPERTY OR PENALTIES FOR VIOLATIONS OF LAWS, REGULATIONS, OR ORDERS, ANY OF WHICH ARE CAUSED BY, RELATE TO, OR ARISE FROM THE LESSEE'S USE OF THE LEASED ASSETS AND OPERATION OF THE INTER-REFINERY ASSETS, AND LESSOR'S OPERATION OF THE PAULSBORO ASSETS AND MAINTENANCE OF THE LEASED ASSETS. SUCH INDEMNITY SHALL APPLY WHETHER OR NOT A LESSOR INDEMNITEE WAS OR IS CLAIMED TO BE PASSIVELY, CONCURRENTLY, OR ACTIVELY NEGLIGENT; AND REGARDLESS OF WHETHER LIABILITY WITHOUT FAULT IS IMPOSED OR SOUGHT TO BE IMPOSED ON ONE OR MORE OF THE LESSOR INDEMNITIEES. FURTHER, SUCH INDEMNITY SHALL APPLY WHETHER OR NOT SUCH CLAIMS, LIABILITIES, EXPENSES, LOSSES, DAMAGES, DEMANDS, FINES, PENALTIES, OR CAUSES OF ACTION FOR PERSONAL INJURY, DEATH OR PROPERTY DAMAGE ARE CAUSED BY THE LESSOR INDEMNITEES' SOLE NEGLIGENCE, THE JOINT

NEGLIGENCE OF ANY LESSOR INDEMNITEE(S) AND ANY OTHER PERSON OR ENTITY OR STRICT LIABILITY, BREACH OF WARRANTY, BREACH OF ANY STATUTORY DUTY, OR OTHER ACT, ERROR, OR OMMISSION OR COMMISSION ON THE PART OF ANY LESSOR INDEMNITEE GIVING RISE TO ANY OTHER FORM OF LIABILITY OR FAULT. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH LESSEE AND LESSOR, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS AN INDEMNITY BY LESSEE TO INDEMNIFY AND PROTECT THE LESSOR INDEMNITEES FROM THE CONSEQUENCES OF LESSOR INDEMNITEES' OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS SOLE OR CONCURRING, AS WELL AS ANY GROSS NEGLIGENCE, STRICT LIABILITY, BREACH OF WARRANTY, BREACH OF ANY STATUTORY DUTY, OR OTHER ACT, ERROR OR OMISSION, OR COMMISSION ON THE PART OF ANY LESSOR INDEMNITEE GIVING RISE TO ANY FORM OF LIABILITY OR FAULT. THIS INDEMNITY SHALL NOT APPLY TO THE EXTENT THAT IT IS VOID OR OTHERWISE UNENFORCEABLE UNDER APPLICABLE LAW IN EFFECT ON OR VALIDLY RETROACTIVE TO THE DATE OF THIS LEASE. TO THE EXTENT THAT STATE AND/OR FEDERAL LAWS LIMIT THE TERMS OR CONDITIONS OF THS PARAGRAPH, IT SHALL BE DEEMED SO LIMITED TO COMPLY WITH SUCH STATE AND FEDERAL LAWS. IF ANY TERM, PROVISION, COVENANT OR CONDITION OF THIS PARAGRAPH IS HELD BY A COURT OF COMPETENT JURISDICTION TO BE INVALID, VOID, OR UNENFORCEABLE, THE REMAINDER OF THE PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT AND SHALL IN NO WAY BE AFFECTED, IMPAIRED, OR INVALIDATED. THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS LEASE.

10. LIENS

LESSEE shall not suffer or permit any liens or lien claims to be filed against the Leased Assets by reason of any act or omission of LESSEE or by reason of any work, labor, services, or materials supplied or claimed to have been supplied in connection with the Leased Assets during the term of this Lease. If any such lien or lien claim shall be filed against the Leased Assets during the term of this Lease, LESSEE shall cause the same to be removed at its sole cost and expense.

11. CONDEMNATION

If due to any condemnation, or taking by any public or quasi-public authority or other party having the right of eminent domain, any part of the Leased Assets are taken, or access to any material part of the Leased Assets is denied, and as a result of such taking there is a material interference or interruption in LESSEE'S use and operation of the Leased Assets which LESSOR cannot cure within a reasonable period of time, not to exceed 270 days, then and in any of the aforesaid events, the term of this Lease shall, at the option of LESSOR or LESSEE, terminate as to such pipeline facilities so affected, and become null and void from the date when the party exercising the power of eminent

domain actually takes or interferes with the material use of the Leased Asset or denies material access thereto. Annual rent shall be proportionally adjusted to reflect the taking or material interference as of the date of such taking or material interference. In no event shall LESSEE have or make any claim against LESSOR for damages or awards with respect to any condemnation or taking and the entire award in condemnation shall be the absolute property of, and is hereby assigned and shall be paid to LESSOR.

12. DEFAULT, TERMINATION, REMEDIES

If one or more of the following events occurs, LESSOR or LESSEE, as the case may be, will be deemed for all purposes to be in default hereof, and the other party thereupon shall have the right to terminate this Lease and will be afforded the remedies provided under this Lease or under applicable law:

(a) LESSOR or LESSEE violates or otherwise fails to comply substantially with any requirement imposed upon or promise made by it in this Lease, and within ten (10) days after written notice is given by the other party of such violation of or failure to comply substantially with, fails to correct such violation or failure to comply, unless such violation or failure to comply cannot reasonably be corrected within said ten (10) day period, or fails to initiate and diligently pursue such correction to completion;

(b) LESSOR or LESSEE: (i) becomes insolvent (which term is defined for purposes hereof as failure generally to meet its obligations as the same become due); (ii) files a voluntary petition in bankruptcy, reorganization, receivership, or arrangement; (iii) files an answer admitting any material allegation of any insolvency petition filed pursuant to any insolvency act, federal, or state; (iv) makes an assignment for the benefit of creditors; (v) applies for, consents to, or suffers the appointment of a receiver or trustee for any part of its property or assets; or (vi) fails to satisfy or to appeal from any material judgment or attachment within thirty (30) days from the date of entry.

13. NOTICES

All notices will be considered as properly given if in writing and: (a) delivered personally; (b) sent by registered or certified United States Mail, return receipt requested, addressed to the party for whom intended at the following respective address; (c) delivered by express courier; or (d) by any electronic means to the proper fax, telecopy, or other number corresponding to such address:

TO LESSEE:

Sunoco, Inc. (R&M)
1801 Market Street
Philadelphia, PA 19103
Attn: Senior Vice President - Refining

Fax: 215-977-3902
WITH A COPY TO:

Vice President And General Counsel
Sunoco, Inc.
1801 Market Street
Philadelphia, PA 19103
Fax: 215-977-3559

TO LESSOR:

Sunoco Pipeline L.P.
1801 Market Street
Philadelphia, PA 19103
Attn: Vice President - Business Development
Fax: 215-977-3637

WITH A COPY TO:

General Counsel And Secretary
Sunoco Partners LLC
1801 Market Street
Philadelphia, PA 19103
Fax: 215-977-6878

The date of service of the notice shall be: (a) when personally delivered, or by express courier the date of receipt; (b) when served by mail, the date on which said notice is deposited in the United States mail, properly addressed with postage prepaid and duly registered or certified with return receipt requested; or (c) when served by electronic means or facsimile, the date of which said notice is properly electronically transmitted to the correct number.

At any time on similar notice to the other, a party may change the address to which notice to it may be sent.

14. MISCELLANEOUS PROVISIONS

14.1 Governing Law

This Lease is deemed a Pennsylvania contract and shall be construed, governed by, and administered in accordance with the laws of the Commonwealth of Pennsylvania.

14.2 Assignment

The rights herein granted to LESSEE are purely personal to LESSEE, and shall not be sold, assigned, sublet, mortgaged, leased, or otherwise transferred or disposed of without the prior written consent of LESSOR and use of the Leased Assets shall be strictly limited to the purposes for which same are granted herein.

14.3 Modifications

No amendments, modifications, or additions hereto will be binding unless they are executed in writing by all of the parties.

14.4 Enforceability

Each covenant contained in this Lease is intended to be, and shall be construed to be a separate and independent covenant. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease or any other application of such term or provision shall not be affected thereby unless continued operation of this Lease is commercially unreasonable. If this Lease is determined to be unlawful, invalid, or unenforceable as to any pipeline facilities comprising the Leased Assets, this Lease shall forthwith automatically terminate as to such pipeline facilities and any other portion of the Leased Asset affected thereby, and neither party shall be liable to the other as a result thereof except as provided in Paragraphs 8 and 9 hereof.

14.5 Captions

The captions used in this Lease are for reference purposes only and will not effect the interpretation or meaning of this Lease.

14.6 Counterparts

This Lease may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

14.7 Waiver

If either party waives any power, right, or remedy arising hereunder or under any applicable law, such waiver will not be deemed to be a waiver upon the later occurrence or recurrence of any of said events. No reasonable delay by either party in the exercise of any power, right, or remedy will constitute, under any circumstances, a waiver of the party's power, rights, or remedies.

14.8 Quiet Enjoyment

If and so long as LESSEE shall pay the rent payable hereunder and shall perform and observe all of the terms, covenants, and conditions on the part of LESSEE to be performed and observed, LESSOR covenants that LESSOR shall not interfere with LESSEE'S use, operation, and enjoyment of the Leased Assets.

14.9 Dispute Resolution

If a party to this Lease has reasonable grounds to believe that the other party hereto has failed to fulfill any material obligation hereunder, or that its expectation of receiving due performance under this Lease may be impaired, such party will promptly notify the other party in writing of the substance of its belief. The party receiving such notice must respond in writing within thirty (30) days of receipt of such notice by specifying three (3) dates, all of which must be within thirty (30) days from the date of its response for a meeting to resolve the dispute, and by providing either: (a) evidence of cure of the condition specified, or (b) evidence that said party has diligently commenced to cure the condition specified and will diligently continue to prosecute such cure, or (c) an explanation of why it believes that its performance is in accordance with the terms and conditions of this Lease. The claiming party will then select one (1) of the three (3) dates and a dispute resolution meeting will be held. If the parties cannot, in good faith discussions, resolve their dispute they will be free to pursue the remedies allowed under the law without prejudice.

Executed by their duly authorized representatives and witnessed on this 8th day of February 2002.

Witness:		SUNOCO PIPELINE L.P.	
		BY:	SUNOCO LOGISTICS PARTNERS OPERATIONS GP LLC, its general partner
By:	/s/ Linda Nastasiak	By:	/s/ David A. Justin
	Linda Nastasiak		David A. Justin
Title:	_____	Title:	Vice President
Witness:		SUNOCO, INC. (R&M)	
By:	/s/ Linda Usher	By:	/s/ Thomas W. Hofmann
	Linda Usher		Thomas W. Hofmann
Title:	_____	Title:	SVP & CFO

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

Before me, the undersigned, a Notary Public within and for the above named County and State, on this _____ day of _____ 2002, personally appeared _____, to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its _____, and acknowledged to me that he executed the same as his free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Witness my hand and official seal the day and year last above written.

Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

Before me, the undersigned, a Notary Public within and for the above named County and state, on this _____ day of _____ 2002, personally appeared _____, to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument as its _____, and acknowledged to me that he executed the same as his free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Witness my hand and official seal the day and year last above written.

Notary Public

My Commission Expires:

EXHIBIT A

Inter-Refinery Pipelines

[MAP]

EXHIBIT B

3N, 4N and 5N Pipelines

At the Philadelphia Refinery:

Pipeline (and MLP) maintenance responsibilities end at:

3N Line - the inboard flange on Valve 1-5 (including the valve and the pig trap)

4N Line - the inboard flange of Valve 1-9 (including the valve and the pig trap)

5N Line - the inboard flange of Valve 1-13 (including the valve and the pig trap)

At the Marcus Hook Refinery:

Pipeline (and MLP) maintenance responsibilities end at the Delaware River Crossing:

3N Line - the above-grade flange at the pig trap area (including the pig trap)

4N Line - the above-grade flange at the pig trap area (including the pig trap)

5N Line - the above-grade flange at the pig trap area (including the pig trap)

Paulsboro to PHL Airport Jet Fuel Pipeline

At the Paulsboro Terminal:

Pipeline begins at the check valve on the suction side of the pumps and includes the main line pumps

EXHIBIT C

Inter-Refinery Pipeline Lease Payments

Calendar Year	Yearly Rate	Monthly Rate
	$5,000,000	
2002	$5,083,500/1/	$423,625/2/
2003	$5,168,394	$430,700
2004	$5,254,707	$437,892
2005	$5,342,460	$445,205
2006	$5,431,679	$452,640
2007	$5,522,388	$460,199
2008	$5,614,612	$467,884
2009	$5,708,376	$475,698
2010	$5,803,706	$483,642
2011	$5,900,628	$491,719
2012	$5,999,169	$499,931
2013	$6,099,355	$508,280
2014	$6,201,214	$516,768
2015	$6,304,744	$525,398
2016	$6,410,064	$534,172
2017	$6,517,112	$543,093
2018	$6,625,948	$552,162
2019	$6,736,601	$561,383
2020	$6,849,102	$570,759
2021	$6,963,482	$580,290
2022	$7,079,772	$589,981

/1/ Based on the February 8, 2002 execution date of this Lease, the prorated amount of rent payable under Article 3 of this Lease for the calendar year ended December 31, 2002 is $4,553,969.

/2/ Based on the February 8, 2002 execution date of this Lease, the prorated amount of rent payable under Article 3 of this Lease during the month of February 2002 is $317,719.

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Sunoco Logistics Partners L.P., a Delaware limited partnership, the Registrant

Sunoco Logistics Partners GP LLC, a Delaware limited liability company

Sunoco Logistics Partners Operations L.P., a Delaware limited partnership

Sunoco Logistics Partners Operations GP LLC, a Delaware limited liability company

Sunoco Pipeline L.P., a Texas limited partnership

Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership

Exhibit 24.1

SUNOCO PARTNERS LLC

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of SUNOCO PARTNERS LLC, a Pennsylvania limited liability company as the general partner of Sunoco Logistics Partners L.P. ("Sunoco GP"), does hereby constitute and appoint COLIN A. OERTON his or her true and lawful attorneys-in-fact and agent, for him or her and in his or her name, place and stead in his or her capacity as a director or officer, or both, of Sunoco GP, as hereinafter set forth below their signature, to sign and to file the Sunoco Logistics Partners L.P. Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2001, and any and all amendments, with all exhibits, thereto and any and all other documents or instruments necessary or incidental in connection therewith; and

THAT the undersigned Sunoco GP does hereby constitute and appoint COLIN A. OERTON its true and lawful attorney-in-fact and agent for it and in its name and on its behalf to sign and to file said Form 10-K and any and all amendments thereto and any and all instruments necessary or incidental in connection therewith.

Said attorney-in-fact shall have full power of substitution and re-substitution, and said attorney-in-fact or any substitute appointed by him hereunder shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully to all intents and purposes as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys or any of them or of any such substitute pursuant hereto.

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 28th day of March 2002.

/s/ John G. Drosdick

John G. Drosdick
Chairman

/s/ Thomas W. Hofmann

Thomas W. Hofmann
Director

/s/ Deborah M. Fretz

Deborah M. Fretz
President, Chief Executive Officer and
Director

/s/ Joseph P. Krott

Joseph P. Krott
Comptroller

SUNOCO PARTNERS LLC,
as General Partner of
Sunoco Logistics Partners L.P.

/s/ Deborah M. Fretz

Deborah M. Fretz
President, Chief Executive Officer
and Director

ATTEST:

/s/ Martha L. Moore
- ---
Martha L. Moore
Assistant Secretary

Secretary's Certificate
of
SUNOCO PARTNERS LLC

I, the undersigned, Martha L. Moore, Assistant Secretary of Sunoco Partners LLC, a Pennsylvania limited liability company, as general partner of Sunoco Logistics Partners L.P. (the "Company"), DO HEREBY CERTIFY THAT:

1. Pursuant to the Limited Liability Company Act of the Pennsylvania Business Corporation Law, all the members of the board of directors of the Company unanimously consented, as of March 28, 2002, to the following resolutions:

RESOLVED that, the Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2001, for Sunoco Logistics Partners L.P. be, and it hereby is, approved, subject to such changes or amendments as may be approved (as so amended, the "Form 10-K") by any one of the following officers of Sunoco Partners LLC (the "Company") as General Partner of Sunoco Logistics Partners L.P.: the Chief Executive Officer and President, the Vice President and Chief Financial Officer, and the Comptroller (collectively, the "Authorized Officers"); and

FURTHER RESOLVED that, each of the Authorized Officers is authorized to sign and file, or cause to be filed, on behalf of the Company, the Form 10-K, together with any such other certificates, documents, instruments or notices as may be necessary or as any such officer may deem necessary or desirable in order to effectuate or carry out the purposes and intent of the foregoing resolutions, and

FURTHER RESOLVED that each of the Authorized Officers be, and each of them hereby is, authorized and empowered to execute a Power of Attorney for use in connection with the execution and filing of the Form 10-K, for and on behalf of the Company as General Partner of Sunoco Logistics Partners L.P.; and

FURTHER RESOLVED that, all such actions heretofore taken by any one or more of the Authorized Officers in order to effectuate or carry out the purposes and intent of the foregoing resolutions are hereby ratified, adopted and approved

I further certify that that no action has been taken to amend, modify, rescind or revoke the foregoing resolutions, and the same are now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of Sunoco Partners LLC this 28th day of March, 2002.

/s/ Martha L. Moore

Martha L. Moore
Assistant Secretary

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