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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2013

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
(State or other jurisdiction of
incorporation or organization)

23-3096839
(I.R.S. Employer
Identification No.)

**1818 Market Street, Suite 1500,
Philadelphia, PA**
(Address of principal executive offices)

19103
(Zip Code)

Registrant's telephone number, including area code: (866) 248-4344

Former name, former address and formal fiscal year, if changed since last report: Not Applicable

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At March 31, 2013, the number of the registrant's Common Units outstanding were 103,797,637.

SUNOCO LOGISTICS PARTNERS L.P.

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PART I.
FINANCIAL INFORMATION

Item 1. Financial Statements

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(in millions, except per unit amounts)

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u>
Revenues		
Sales and other operating revenue:		
Unaffiliated customers	\$ 3,098	\$ 3,275
Affiliates (Note 3)	414	126
Gain on divestment and related matters (Note 2)	—	11
Total Revenues	<u>3,512</u>	<u>3,412</u>
Costs and Expenses		
Cost of products sold	3,226	3,194
Operating expenses	24	31
Selling, general and administrative expenses	33	26
Depreciation and amortization expense	64	25
Impairment charge and related matters (Note 15)	—	9
Total Costs and Expenses	<u>3,347</u>	<u>3,285</u>
Operating Income	165	127
Interest cost and debt expense, net	24	26
Capitalized interest	(5)	(2)
Other income	(2)	(2)
Income Before Provision for Income Taxes	148	105
Provision for income taxes (Note 7)	6	8
Net Income	142	97
Less: Net income attributable to noncontrolling interests	(2)	(2)
Net Income Attributable to Sunoco Logistics Partners L.P.	140	95
Less: General Partner's interest	(27)	(15)
Limited Partners' interest⁽¹⁾	<u>\$ 113</u>	<u>\$ 80</u>
Net Income Attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 4):		
Basic	\$ 1.09	\$ 0.77
Diluted	\$ 1.09	\$ 0.77
Weighted average Limited Partners' units outstanding (Note 4):		
Basic	103.8	103.5
Diluted	104.1	103.9
Comprehensive Income	\$ 142	\$ 93
Less: Comprehensive income attributable to noncontrolling interests	(2)	(2)
Comprehensive Income Attributable to Sunoco Logistics Partners L.P.	<u>\$ 140</u>	<u>\$ 91</u>

⁽¹⁾ Includes interest in net income attributable to Class A units, which were converted to common units in July 2012.

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in millions)

	Successor	
	March 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 2	\$ 3
Advances to affiliated companies (Note 3)	415	56
Accounts receivable, affiliated companies (Note 3)	35	19
Accounts receivable, net	2,196	1,834
Inventories (Note 5)	709	478
Total Current Assets	<u>3,357</u>	<u>2,390</u>
Properties, plants and equipment	5,842	5,673
Less accumulated depreciation and amortization	(101)	(50)
Properties, plants and equipment, net	5,741	5,623
Investment in affiliates	117	118
Goodwill	1,344	1,368
Intangible assets, net	830	843
Other assets	25	19
Total Assets	<u>\$ 11,414</u>	<u>\$ 10,361</u>
Liabilities and Equity		
Accounts payable	\$ 2,370	\$ 1,932
Accounts payable, affiliated companies (Note 3)	1	12
Accrued liabilities	94	127
Accrued taxes payable (Note 7)	59	60
Total Current Liabilities	<u>2,524</u>	<u>2,131</u>
Long-term debt (Note 8)	2,318	1,732
Other deferred credits and liabilities	67	60
Deferred income taxes (Note 7)	246	243
Commitments and contingent liabilities (Note 9)		
Total Liabilities	<u>5,155</u>	<u>4,166</u>
Total Equity	<u>6,259</u>	<u>6,195</u>
Total Liabilities and Equity	<u>\$ 11,414</u>	<u>\$ 10,361</u>

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in millions)

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u>
Cash Flows from Operating Activities:		
Net Income	\$ 142	\$ 97
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	64	25
Impairment charge	—	9
Claim for recovery of environmental liability	—	(12)
Amortization of bond premium	(6)	—
Restricted unit incentive plan expense	4	3
Changes in working capital pertaining to operating activities:		
Accounts receivable, affiliated companies	(16)	(17)
Accounts receivable, net	(359)	182
Inventories	(231)	(73)
Accounts payable, affiliated companies	(11)	—
Accounts payable and accrued liabilities	412	(68)
Accrued taxes payable	(1)	(3)
Other	(2)	(4)
Net cash provided by (used in) operating activities	<u>(4)</u>	<u>139</u>
Cash Flows from Investing Activities:		
Capital expenditures	(140)	(50)
Proceeds from divestments and related matters	—	11
Net cash used in investing activities	<u>(140)</u>	<u>(39)</u>
Cash Flows from Financing Activities:		
Distributions paid to limited and general partners	(80)	(55)
Distributions paid to noncontrolling interests	(2)	—
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	(1)	(5)
Repayments under credit facilities	(119)	(41)
Borrowings under credit facilities	13	176
Net proceeds from issuance of long-term debt	691	—
Repayments of senior notes	—	(250)
Advances to affiliated companies, net	(359)	72
Net cash provided by (used in) financing activities	<u>143</u>	<u>(103)</u>
Net change in cash and cash equivalents	(1)	(3)
Cash and cash equivalents at beginning of period	3	5
Cash and cash equivalents at end of period	<u>\$ 2</u>	<u>\$ 2</u>

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)
(in millions)

	Limited Partners		General Partner	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Common	Class A				
Predecessor						
Balance at January 1, 2012	\$ 1,039	\$ 22	\$ 34	\$ 1	\$ 98	\$ 1,194
Net Income	78	2	15	—	2	97
Change in cash flow hedges	—	—	—	(4)	—	(4)
Total comprehensive income (loss)	78	2	15	(4)	2	93
Units issued under incentive plans	3	—	—	—	—	3
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	(5)	—	—	—	—	(5)
Distributions	(41)	—	(14)	—	—	(55)
Balance at March 31, 2012	<u>\$ 1,074</u>	<u>\$ 24</u>	<u>\$ 35</u>	<u>\$ (3)</u>	<u>\$ 100</u>	<u>\$ 1,230</u>
Successor						
Balance at January 1, 2013	\$ 5,175	\$ —	\$ 897	\$ —	\$ 123	\$ 6,195
Net Income	113	—	27	—	2	142
Change in cash flow hedges	—	—	—	—	—	—
Total comprehensive income	113	—	27	—	2	142
Units issued under incentive plans	4	—	—	—	—	4
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	(1)	—	—	—	—	(1)
Distributions	(57)	—	(23)	—	(2)	(82)
Other	—	—	—	—	1	1
Balance at March 31, 2013	<u>\$ 5,234</u>	<u>\$ —</u>	<u>\$ 901</u>	<u>\$ —</u>	<u>\$ 124</u>	<u>\$ 6,259</u>

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Basis of Presentation

Sunoco Logistics Partners L.P. (the “Partnership”) is a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of refined products and crude oil pipelines, terminalling and storage assets, and refined products and crude oil acquisition and marketing assets. The Partnership is principally engaged in these activities in 31 states located throughout the United States.

The condensed consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned subsidiaries, including Sunoco Logistics Partners Operations L.P. (the “Operating Partnership”), and include the accounts of entities in which the Partnership has a controlling financial interest. A controlling financial interest is evidenced by either a voting interest greater than 50 percent or a risk and rewards model that identifies the Partnership or one of its subsidiaries as the primary beneficiary of a variable interest entity. The Partnership holds a controlling financial interest in Inland Corporation (“Inland”), Mid-Valley Pipeline Company (“Mid-Valley”) and West Texas Gulf Pipe Line Company (“West Texas Gulf”), and as such, these joint ventures are reflected as consolidated subsidiaries of the Partnership. All significant intercompany accounts and transactions are eliminated in consolidation and noncontrolling interests in equity and net income are shown separately in the condensed consolidated balance sheets and statements of comprehensive income. Equity ownership interests in corporate joint ventures in which the Partnership does not have a controlling financial interest are accounted for under the equity method of accounting.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in financial statements contained in Form 10-K. The accompanying condensed consolidated balance sheet at December 31, 2012 has been derived from the Partnership’s audited financial statements for the year ended December 31, 2012. In management’s opinion, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for the periods shown have been made. All such adjustments are of a normal recurring nature. The Partnership expects the interim increase in quantities of crude oil inventory to decline by year end and therefore has adjusted its interim LIFO calculation to produce a reasonable matching of the most recently incurred costs with current revenues. Results for the three months ended March 31, 2013 are not necessarily indicative of results for the full year 2013.

During the first quarter of 2013, the Partnership conformed its presentation of operating income and the presentation of certain amounts reported in the condensed consolidated statements of comprehensive income. These changes were made to conform to the presentation utilized by its general partner. Other income, which is comprised primarily of equity income from the Partnership’s unconsolidated joint-venture interests, is presented separately and is no longer included as a component of operating income. These changes did not impact the Partnership’s net income. Prior period amounts have been recast to conform to current presentation.

On October 5, 2012, Sunoco, Inc. (“Sunoco”) was acquired by Energy Transfer Partners, L.P. (“ETP”). Prior to this transaction, Sunoco (through its wholly-owned subsidiary Sunoco Partners LLC) served as the Partnership’s general partner and owned a two percent general partner interest, all of the Partnership’s incentive distribution rights and a 32.4 percent limited partner interest in the Partnership. In connection with the acquisition, Sunoco’s interests in the general partner and limited partnership were contributed to ETP, resulting in a change of control of the Partnership’s general partner. As a result of these transactions, the Partnership became a consolidated subsidiary of ETP and elected to apply “push-down” accounting which required its assets and liabilities to be adjusted to fair value on the closing date, October 5, 2012. The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. Due to the application of push-down accounting, the Partnership’s condensed consolidated financial statements and certain footnote disclosures are presented in two distinct periods to indicate the application of two different bases of accounting between the periods presented. The periods prior to the acquisition date, October 5, 2012, are identified as “Predecessor” and the periods from October 5, 2012 forward are identified as “Successor.” The Partnership performed an analysis and determined that the activity from October 1, 2012 through October 4, 2012 was not material in relation to the Partnership’s financial position, results of operations or cash flows. Therefore, operating results between October 1, 2012 and October 4, 2012 were included within the “Successor” period in the Partnership’s 2012 consolidated financial statements.

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The Partnership, along with the assistance of a third-party valuation firm, developed models to estimate the enterprise value of the Partnership on October 5, 2012. These models utilized a combination of observable market inputs and management assumptions, including application of a discounted cash flow approach to projected operating results, growth estimates and projected changes in market conditions. The estimated fair value of the partners' capital balances as of October 5, 2012 was as follows:

	(in millions)
Fair value of Limited Partners' interests	\$ 5,118
Fair value of General Partner's interest	893
Fair value of Noncontrolling interests	123
	<u>\$ 6,134</u>

The Partnership then determined the estimated fair value of its assets and liabilities. The fair values of the Partnership's current assets and current liabilities (with the exception of inventory) were assumed to approximate their carrying values. The estimated fair values of the Partnership's long-lived tangible assets and inventory were determined utilizing observable market inputs where available or estimated replacement cost adjusted for a usage or obsolescence factor. The Partnership's identifiable intangible assets consist of customer relationships and technology patents and were estimated by applying a discounted cash flow approach which was adjusted for customer attrition assumptions and projected market conditions. The estimated fair values of the Partnership's long-term liabilities were determined utilizing observable market inputs where available or estimated based on their current carrying values. The Partnership recorded goodwill as the excess of the estimated enterprise value over the sum of the fair value amounts allocated to the Partnership's assets and liabilities. The following table summarizes the preliminary allocation of the fair value of partners' capital balances to the assets and liabilities of the Partnership on the acquisition date. Certain amounts included in the preliminary purchase price allocation as of March 31, 2013 have been changed from amounts reflected as of October 5, 2012 based on management's review of the valuation. The preliminary allocation to certain assets and/or liabilities may be adjusted by material amounts as the Partnership continues to finalize these fair value estimates.

	(in millions)
Current assets	\$ 2,449
Properties, plants and equipment	5,557
Investment in affiliates	119
Goodwill ⁽¹⁾	1,344
Intangible assets	855
Other assets	25
Current liabilities	(2,132)
Long-term debt	(1,778)
Other deferred credits and liabilities	(61)
Deferred income taxes	(244)
	<u>\$ 6,134</u>

⁽¹⁾ Includes \$200, \$545 and \$599 million allocated to the Crude Oil Pipelines, Crude Oil Acquisition and Marketing and Terminal Facilities segments, respectively.

2. Change in Business and Other Matters

In February 2012, the Partnership sold its refined products terminal and pipeline assets in Big Sandy, Texas for \$11 million. The buyer also assumed a \$1 million environmental liability associated with the assets. The net book value of the assets sold and liability transferred approximated the sale price. In connection with the sale, the Partnership also agreed to cancel existing throughput and deficiency agreements in exchange for cash payments of \$11 million. During the first quarter 2012, the Partnership recognized a total gain of \$11 million, which primarily related to the contract settlements. The gain was recorded as \$5 and \$6 million within the Refined Products Pipelines and Terminal Facilities segments, respectively.

In April 2013, the Partnership acquired the Marcus Hook facility and related assets (the "Marcus Hook Facility") from Sunoco for \$60 million in cash. The acquisition includes terminalling and storage assets located in Pennsylvania and Delaware and commercial agreements which include a reimbursement agreement where Sunoco will reimburse the Partnership for certain legacy operating expenses of the Marcus Hook Facility through March 31, 2017. The Partnership will be indemnified against environmental liabilities resulting from events which occurred at the Marcus Hook Facility prior to the closing of this transaction. The assets acquired will be included within the Terminal Facilities segment at Sunoco's net carrying value in accordance with current accounting guidance on transactions between related parties.

3. Related Party Transactions

Acquisition of Sunoco

The general and limited partner interests that were previously owned by Sunoco were contributed to ETP in connection with the acquisition of Sunoco by ETP (Note 1). As a result of these transactions, both the Partnership and Sunoco became consolidated subsidiaries of ETP. The Partnership has various operating and administrative agreements with Sunoco, including the agreements described below. Sunoco continues to perform the administrative functions defined in such agreements on the Partnership's behalf.

Advances to/from Affiliate

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco'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 and its other subsidiaries, through Sunoco's cash accounts with a corresponding credit or charge to an affiliated account. The affiliated balances are settled periodically, but no less frequently than monthly. 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 Operating Partnership's \$350 million Credit Facility (Note 8).

Administrative Services

The Partnership has no employees, and reimburses the general partner and its affiliates for certain costs and other direct expenses incurred on the Partnership's behalf. These costs may be increased if the acquisition or construction of new assets or businesses requires an increase in the level of general and administrative services received by the Partnership.

Under the Omnibus Agreement, the Partnership pays Sunoco an annual administrative fee that includes expenses incurred by Sunoco and its affiliates to perform certain 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 the cost of shared insurance programs (which are allocated to the Partnership based upon its share of the cash premiums incurred), the salaries of pipeline and terminal personnel or other employees of the general partner or the cost of their employee benefits.

The Partnership's share of allocated Sunoco employee benefit plan expenses, including noncontributory defined benefit retirement plans, defined contribution 401(k) plans, employee and retiree medical, dental and life insurance plans, incentive compensation plans and other such benefits are reflected in cost of products sold, operating expenses and selling, general and administrative expenses in the condensed consolidated statements of comprehensive income.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

The Partnership is party to various agreements with ETP and Sunoco (including their affiliated entities) to supply crude oil and refined products, as well as to provide pipeline and terminalling services. Affiliated revenues in the condensed consolidated statements of comprehensive income consist of sales of crude oil and refined products, as well as the related provision, and services including pipeline transportation, terminalling and storage and blending to ETP and Sunoco (including their affiliated entities).

Capital Contributions

During the first quarter of 2013, the Partnership issued less than 0.1 million limited partnership units to participants in the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") upon completion of award vesting requirements, compared to 0.2 million limited partnership units issued during the first quarter of 2012. As a result of these issuances of limited partnership units, the general partner contributed less than \$1 million in each period to maintain its two percent general partner interest. The Partnership recorded these amounts as capital contributions to Equity within its condensed consolidated balance sheets.

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4. Net Income Attributable to Sunoco Logistics Partners L.P. Per Limited Partner Unit Data

The general partner's interest in net income attributable to Sunoco Logistics Partners L.P. ("net income attributable to Partners") consists of its two percent general partner interest and "incentive distributions," which are increasing percentages, up to 50 percent of quarterly distributions in excess of \$0.1667 per common unit (Note 11). The general partner was allocated net income attributable to Partners of \$27 and \$15 million (representing 19 and 16 percent, respectively, of total net income attributable to Partners) for the three months ended March 31, 2013 and 2012, respectively. Diluted net income attributable to Partners per unit is calculated by dividing net income attributable to Partners by the sum of the weighted average number of common and Class A units outstanding, prior to conversion to common units, and the dilutive effect of incentive unit awards (Note 12).

The following table sets forth the reconciliation of the weighted average number of common and Class A units used to compute basic net income attributable to Partners per unit to those used to compute diluted net income attributable to Partners per unit for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions)</u>
Weighted average number of units outstanding, basic	103.8	103.5
Add effect of dilutive incentive awards	0.3	0.4
Weighted average number of units, diluted	<u>104.1</u>	<u>103.9</u>

5. Inventories

The components of inventories are as follows:

	<u>Successor</u>	
	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<u>(in millions)</u>	
Crude oil	\$ 645	\$ 418
Refined products	51	48
Refined products additives	3	3
Materials, supplies and other	10	9
	<u>\$ 709</u>	<u>\$ 478</u>

The increase in crude oil inventory at March 31, 2013 was attributable to contango positions and increased operating activities.

6. Intangible Assets

The components of intangible assets are as follows:

	<u>Weighted Average</u> <u>Amortization Period</u>	<u>Successor</u>	
		<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
		<u>(in millions)</u>	
Gross			
Customer relationships	19	\$ 808	\$ 808
Technology	10	47	47
Total gross		<u>855</u>	<u>855</u>
Accumulated amortization			
Customer relationships		(23)	(11)
Technology		(2)	(1)
Total accumulated amortization		<u>(25)</u>	<u>(12)</u>
Total Net		<u>\$ 830</u>	<u>\$ 843</u>

Amortization expense amounted to \$13 and \$7 million for the three months ended March 31, 2013 and 2012, respectively. The Partnership forecasts \$49 million of annual amortization expense for each year through the year 2017 for these intangible assets.

Intangible assets attributable to rights of way are included in properties, plants and equipment in the Partnership's condensed consolidated balance sheets.

7. Income Taxes

The Partnership is not a taxable entity for U.S. federal income tax purposes, or for the majority of states that impose income taxes. Rather, income taxes are generally assessed at the partner level. There are some states in which the Partnership operates where it is subject to state and local income taxes. Substantially all of the income tax reflected in the Partnership's condensed consolidated financial statements is derived from the operations of Inland, Mid-Valley and West Texas Gulf, all of which are entities subject to income taxes for federal and state purposes at the corporate level. The effective tax rates for these entities approximate the federal statutory rate of 35 percent.

In taxable jurisdictions, the Partnership records deferred income taxes on all significant temporary differences between the book basis and the tax basis of assets and liabilities. The net deferred tax liabilities reflected on the condensed consolidated balance sheets are derived principally from the difference in the book and tax bases of properties, plants and equipment of Inland, Mid-Valley and West Texas Gulf.

8. Debt

The components of the Partnership's debt balances are as follows:

	Successor	
	March 31, 2013	December 31, 2012
(in millions)		
Credit Facilities		
\$350 million Credit Facility, due August 2016	\$ —	\$ 93
\$200 million Credit Facility, due August 2013	—	26
\$35 million Credit Facility, due April 2015 ⁽¹⁾	33	20
Senior Notes		
Senior Notes - 8.75%, due February 2014	175	175
Senior Notes - 6.125%, due May 2016	175	175
Senior Notes - 5.50%, due February 2020	250	250
Senior Notes - 4.65%, due February 2022	300	300
Senior Notes - 3.45%, due January 2023	350	—
Senior Notes - 6.85%, due February 2040	250	250
Senior Notes - 6.10%, due February 2042	300	300
Senior Notes - 4.95%, due January 2043	350	—
Unamortized fair value adjustments	137	143
Total debt	2,320	1,732
Less:		
Unamortized bond discount	(2)	—
Current portion of long-term debt ⁽²⁾	—	—
Long-term debt, net of current portion	<u>\$ 2,318</u>	<u>\$ 1,732</u>

⁽¹⁾ The \$35 million Credit Facility is held by West Texas Gulf.

⁽²⁾ The 8.75% Senior Notes due February 2014 have been classified as long-term debt as the Partnership has the intent and ability to refinance such notes on a long-term basis under its existing credit facilities.

Credit Facilities

The Partnership maintains two credit facilities totaling \$550 million to fund the Partnership's working capital requirements, finance acquisitions and capital projects and for general partnership purposes. The credit facilities consist of a \$350 million unsecured credit facility which expires in August 2016 (the "\$350 million Credit Facility") and a \$200 million unsecured credit facility which expires in August 2013 (the "\$200 million Credit Facility"). Outstanding borrowings under these credit facilities were \$119 million at December 31, 2012.

The \$350 and \$200 million Credit Facilities contain various covenants limiting the Partnership's ability to incur indebtedness; grant certain liens; make certain loans, acquisitions and investments; make any material change to the nature of its business; or enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. These credit facilities also limit the Partnership, on a rolling four-quarter basis, to a maximum total consolidated debt to consolidated EBITDA ratio, as defined in the underlying credit agreements, of 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. The Partnership's ratio of total debt, excluding net unamortized fair value adjustments, to EBITDA was 2.6 to 1 at March 31, 2013, as calculated in accordance with the credit agreements.

In May 2012, West Texas Gulf entered into a \$35 million revolving credit facility (the "\$35 million Credit Facility") which expires in April 2015. The facility is available to fund West Texas Gulf's general corporate purposes including working capital and capital expenditures. The credit facility also limits West Texas Gulf, on a rolling four-quarter basis, to a minimum fixed charge coverage ratio, as defined in the underlying credit agreement. The ratio for the fiscal quarter ending March 31, 2013 shall not be less than 0.85 to 1. The minimum ratio fluctuates between 0.80 to 1 and 1.00 to 1 throughout the term of the revolver as specified in the credit agreement. In addition, the credit facility limits West Texas Gulf to a maximum leverage ratio of 2.00 to 1. West Texas Gulf's fixed charge coverage ratio and leverage ratio were 1.14 to 1 and 1.00 to 1, respectively, at March 31, 2013. Outstanding borrowings under this credit facility were \$33 and \$20 million at March 31, 2013 and December 31, 2012, respectively.

Senior Notes

The Operating Partnership had \$250 million of 7.25 percent Senior Notes which matured and were repaid in February 2012.

In January 2013, the Operating Partnership issued \$350 million of 3.45 percent Senior Notes and \$350 million of 4.95 percent Senior Notes (the “2023 and 2043 Senior Notes”), due January 2023 and January 2043, respectively. The terms and conditions of the 2023 and 2043 Senior Notes are comparable to those under the Operating Partnership’s other outstanding senior notes. The net proceeds of \$691 million from the 2023 and 2043 Senior Notes were used to pay outstanding borrowings under the \$350 and \$200 million credit facilities and for general partnership purposes.

9. Commitments and Contingent Liabilities

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 and regulations can result in liabilities and loss contingencies for remediation at the Partnership’s facilities and at third-party or formerly owned sites. At March 31, 2013 and December 31, 2012, there were accrued liabilities for environmental remediation in the condensed consolidated balance sheets of \$7 and \$3 million, respectively. The accrued liabilities for environmental remediation do not include any amounts attributable to unasserted claims, since no unasserted claims are probable of settlement or reasonably estimable, nor have any expected recoveries from insurance been recognized in earnings. Charges against income for environmental remediation totaled \$4 million for the three months ended March 31, 2013 and 2012, respectively. The Partnership maintains insurance programs that cover certain of its existing or potential environmental liabilities. Claims for recovery of environmental liabilities and previous expenditures that are probable of realization were not material in relation to the Partnership’s consolidated financial position at March 31, 2013.

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. Management believes it is reasonably possible that additional environmental remediation losses will be incurred. At March 31, 2013, the aggregate of the estimated maximum additional reasonably possible losses, which relate to numerous individual sites, totaled \$4 million.

Sunoco has indemnified the Partnership for 30 years from environmental and toxic tort liabilities related to the assets contributed to the Partnership that arose from the operation of such assets prior to the closing of the February 2002 initial public offering (“IPO”). Sunoco has indemnified the Partnership for 100 percent of all losses asserted within the first 21 years of closing of the IPO. Sunoco’s share of liability for claims asserted thereafter will decrease by 10 percent per year. For example, for a claim asserted during the twenty-third year after closing of the IPO, Sunoco would be required to indemnify the Partnership for 80 percent of its loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco. The Partnership has agreed to indemnify Sunoco for events and conditions associated with the operation of the Partnership’s assets that occur on or after the closing of the IPO and for environmental and toxic tort liabilities to the extent Sunoco is not required to indemnify the Partnership.

Management of the Partnership does not believe that any liabilities which may arise from claims indemnified by Sunoco would be material in relation to the results of operations, financial position or cash flows of the Partnership at March 31, 2013. There are certain other pending legal proceedings related to matters arising after the IPO that are not indemnified by Sunoco. Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the Partnership’s results of operations, financial position or cash flows at March 31, 2013.

10. Equity

The changes in the number of units outstanding from January 1, 2012 through March 31, 2013 are as follows:

	Common Units	Class A Units (in millions)	Total Units
Predecessor			
Balance at January 1, 2012	99.4	3.9	103.3
Units issued under incentive plans	0.3	—	0.3
Conversion of Class A Units	3.9	(3.9)	—
Balance at October 4, 2012	<u>103.6</u>	<u>—</u>	<u>103.6</u>
Successor			
Balance at October 5, 2012	103.6	—	103.6
Units issued under incentive plans	0.2	—	0.2
Balance at December 31, 2012	103.8	—	103.8
Units issued under incentive plans	—	—	—
Balance at March 31, 2013	<u>103.8</u>	<u>—</u>	<u>103.8</u>

The Partnership's 3.9 million Class A deferred distribution units converted to common units in July 2012. The Class A units were issued to Sunoco in connection with the acquisition of the Eagle Point tank farm and related assets in July 2011. Prior to their conversion, the Class A units participated in the allocation of net income on a pro-rata basis with the common units.

11. Cash Distributions

Within 45 days after the end of each quarter, the Partnership distributes all cash on hand at the end of the quarter, less reserves established by the general partner at its discretion. This is defined as "available cash" in the partnership agreement. The general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to properly conduct the Partnership's business. The Partnership will make quarterly distributions to the extent there is sufficient cash from operations after the establishment of cash reserves and the payment of fees and expenses, including payments to the general partner.

If cash distributions exceed \$0.1667 per unit in a quarter, the general partner will receive increasing percentages, up to 50 percent, of the cash distributed in excess of that amount. These distributions are referred to as "incentive distributions." The percentage interests 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.

The following table shows the target distribution levels and distribution "splits" between the general partner and the holders of the Partnership's common units:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner	Unitholders
Minimum Quarterly Distribution	\$0.1500	2%	98%
First Target Distribution	up to \$0.1667	2%	98%
Second Target Distribution	above \$0.1667	15%*	85%
	up to \$0.1917		
Third Target Distribution	above \$0.1917	37%*	63%
	up to \$0.5275		
Thereafter	above \$0.5275	50%*	50%

* Includes two percent general partner interest.

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The distributions paid by the Partnership for the periods presented were as follows:

<u>Date Cash Distribution Paid</u>	<u>Cash Distribution per Limited Partner Unit</u>	<u>Total Cash Distribution to the Limited Partners</u> (in millions)	<u>Total Cash Distribution to the General Partner</u> (in millions)
Successor			
February 14, 2013	\$ 0.5450	\$ 57	\$ 23
November 14, 2012	\$ 0.5175	\$ 54	\$ 20
Predecessor			
August 14, 2012	\$ 0.4700	\$ 49	\$ 17
May 15, 2012	\$ 0.4275	\$ 43	\$ 14
February 14, 2012	\$ 0.4200	\$ 41	\$ 14

On April 23, 2013, Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., declared a cash distribution of \$0.5725 per common unit (\$2.29 annualized), representing the distribution for the first quarter 2013. The \$85 million distribution, including \$26 million to the general partner for its two percent interest and incentive distribution rights, will be paid on May 15, 2013 to common unitholders of record on May 9, 2013.

12. Management Incentive Plan

Sunoco Partners LLC, the general partner of the Partnership, has adopted the Sunoco Partners LLC LTIP for directors, officers and employees of the general partner who perform services for the Partnership. The LTIP is administered by the independent directors of the Compensation Committee of the general partner's board of directors with respect to employee awards, and by the general partner's board of directors with respect to awards granted to the independent members. The LTIP currently permits the grant of restricted units and unit options covering an additional 0.6 million common units. Restricted unit awards may also include tandem distribution equivalent rights ("DERs") at the discretion of the Compensation Committee.

During the three-month period ended March 31, 2013, the Partnership issued less than 0.1 million common units under the LTIP, compared to 0.2 million common units during the three-month period ended March 31, 2012. The Partnership recognized share-based compensation expense of \$4 and \$3 million for the three months ended March 31, 2013 and 2012, respectively. Each of the restricted unit grants also have tandem DERs which are recognized as a reduction of equity when earned.

13. Derivatives and Risk Management

The Partnership is exposed to various market risks, including volatility in crude oil and refined product prices, counterparty credit risk and interest rate risk. In order to manage such exposure, the Partnership's policy is to (i) only purchase crude oil and refined products for which sales contracts have been executed or for which ready markets exist, (ii) structure sales contracts so that price fluctuations do not materially impact the margins earned, and (iii) not acquire and hold physical inventory, futures contracts or other derivative instruments for the purpose of speculating on commodity price changes. Although the Partnership seeks to maintain a balanced inventory position within its commodity inventories, net unbalances may occur for short periods of time due to production, transportation and delivery variances. When temporary physical inventory builds or draws do occur, the Partnership continuously manages the variances to a balanced position over a period of time. Pursuant to the Partnership's approved risk management policy, derivative contracts may be used to hedge or reduce exposure to price risk associated with acquired inventory or forecasted physical transactions.

Price Risk Management

The Partnership is exposed to risks associated with changes in the market price of crude oil and refined products as a result of the forecasted purchase or sale of these products. These risks are primarily associated with price volatility related to pre-existing or anticipated purchases, sales and storage. Price changes are often caused by shifts in the supply and demand for these commodities, as well as their locations. The physical contracts related to the Partnership's crude oil and refined products businesses that qualify as derivatives have been designated as normal purchases and sales and are accounted for using traditional accrual accounting. The Partnership accounts for derivatives that do not qualify as normal purchases and sales at fair value. The Partnership does utilize derivatives such as swaps, futures and other derivative instruments to mitigate the risk associated with market movements in the price of refined products. These derivative contracts act as a hedging mechanism against the volatility of prices by allowing the Partnership to transfer this price risk to counterparties who are able and willing to bear it.

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While all derivative instruments utilized by the Partnership represent economic hedges, certain of these derivatives are not designated as hedges for accounting purposes. Such derivatives include certain contracts that were entered into and closed during the same accounting period and a limited number of contracts for which there is not sufficient correlation to the related items being economically hedged.

For refined product derivative contracts that are not designated as hedges for accounting purposes, all realized and unrealized gains and losses are recognized in the statement of comprehensive income during the current period. For refined product derivative contracts that are designated and qualify as cash flow hedges, the portion of the gain or loss on the derivative contract that is effective in offsetting the variable cash flows associated with the hedged forecasted transaction is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative contract in excess of the cumulative change in the present value of future cash flows of the hedged item, if any (i.e., the ineffective portion), is recognized in earnings during the current period. All realized gains and losses associated with refined product derivative contracts are recorded in earnings in the same line item as the forecasted transaction being hedged, either sales and other operating revenue or cost of products sold.

The Partnership had open derivative positions on approximately 0.1 and 1.5 million barrels of refined products at March 31, 2013 and December 31, 2012, respectively. The derivatives outstanding as of March 31, 2013 vary in duration but do not extend beyond one year. The Partnership records its derivatives at fair value based on observable market prices (levels 1 and 2). At March 31, 2013, the Partnership's gross derivative asset and liability balances were each less than \$1 million, compared to \$4 and \$7 million, respectively, at December 31, 2012.

Derivative asset and liability balances are recorded in accounts receivable and accrued liabilities, respectively, in the condensed consolidated balance sheets.

The Partnership's derivative positions are comprised primarily of commodity contracts. The following table sets forth the impact of derivatives on the Partnership's financial performance for the three months ended March 31, 2013 and 2012:

	Gains (Losses) Recognized in Other Comprehensive Income (Loss)	Gains (Losses) Recognized in Earnings	Location of Gains (Losses) Recognized in Earnings
	(in millions)		
Successor			
Three Months Ended March 31, 2013			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	\$ —	\$ (1)	Sales and other operating revenue
Commodity contracts	—	—	Cost of products sold
	<u>\$ —</u>	<u>\$ (1)</u>	
Derivatives not designated as hedging instruments:			
Commodity contracts		\$ (2)	Sales and other operating revenue
Commodity contracts		(3)	Cost of products sold
		<u>\$ (5)</u>	
Predecessor			
Three Months Ended March 31, 2012			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	\$ (4)	\$ (3)	Sales and other operating revenue
Commodity contracts	—	—	Cost of products sold
	<u>\$ (4)</u>	<u>\$ (3)</u>	
Derivatives not designated as hedging instruments:			
Commodity contracts		\$ (4)	Sales and other operating revenue
Commodity contracts		1	Cost of products sold
		<u>\$ (3)</u>	

Credit Risk Management

The Partnership maintains credit policies with regard to its counterparties that management believes minimize the overall credit risk through credit analysis, credit approvals, credit limits and monitoring procedures. The credit positions of the Partnership's customers are analyzed prior to the extension of credit and periodically after credit has been extended. At March 31, 2013 and December 31, 2012, the Partnership did not hold any over-the-counter derivatives.

Interest Rate Risk Management

The Partnership has interest rate risk exposure for changes in interest rates related to its outstanding borrowings. The Partnership manages its exposure to changes in interest rates through the use of a combination of fixed-rate and variable-rate debt. At March 31, 2013, the Partnership had \$33 million of consolidated variable-rate borrowings under its revolving credit facilities.

14. Fair Value Measurements

The Partnership applies fair value accounting for all financial assets and liabilities that are required to be measured at fair value under current accounting rules. The assets and liabilities that are measured at fair value on a recurring basis are comprised primarily of derivatives.

The Partnership determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnership utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy established by the FASB. The Partnership generally applies a "market approach" to determine fair value. This method uses pricing and other information generated by market transactions for identical or comparable assets and liabilities. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety.

The estimated fair value of the Partnership's financial instruments has been determined based on the assessment of available market information and appropriate valuation methodologies. The Partnership's current assets (other than derivatives and inventories) and current liabilities are financial instruments and most of these items are recorded at cost in the condensed consolidated balance sheets. The estimated fair value of these financial instruments approximates their carrying value due to their short-term nature. The Partnership's derivatives are measured and recorded at fair value based on observable market prices (Note 13). The estimated fair value of the Partnership's senior notes are determined using observable market prices, as these notes are actively traded. The estimated aggregate fair value of the senior notes at March 31, 2013 was \$2.32 billion, compared to the carrying amount of \$2.29 billion. The estimated aggregate fair value of the senior notes at December 31, 2012 was \$1.64 billion, compared to the carrying amount of \$1.59 billion.

15. Business Segment Information

During the fourth quarter of 2012, the Partnership changed its definition of Adjusted EBITDA and distributable cash flow to conform to the presentation utilized by its general partner. The Partnership also changed its measure of segment profit from operating income to the revised presentation of Adjusted EBITDA. This change did not impact the Partnership's reportable segments. Prior period amounts have been recast to conform to current presentation.

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The following tables summarize condensed statement of comprehensive income information concerning the Partnership's business segments and reconcile total segment Adjusted EBITDA to net income attributable to Sunoco Logistics Partners L.P. for the three months ended March 31, 2013 and 2012, respectively:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions)</u>
Sales and other operating revenue ⁽¹⁾		
Crude Oil Pipelines	\$ 95	\$ 80
Crude Oil Acquisition and Marketing	3,259	3,192
Terminal Facilities	183	135
Refined Products Pipelines	30	31
Intersegment eliminations	(55)	(37)
Total sales and other operating revenue	<u>\$ 3,512</u>	<u>\$ 3,401</u>
Depreciation and amortization		
Crude Oil Pipelines	\$ 22	\$ 7
Crude Oil Acquisition and Marketing	12	5
Terminal Facilities	24	9
Refined Products Pipelines	6	4
Total depreciation and amortization	<u>\$ 64</u>	<u>\$ 25</u>
Impairment charge and related matters ⁽²⁾		
Crude Oil Acquisition and Marketing	\$ —	\$ 8
Refined Products Pipelines	—	1
Total impairment charge and related matters	<u>\$ —</u>	<u>\$ 9</u>
Adjusted EBITDA		
Crude Oil Pipelines	\$ 61	\$ 60
Crude Oil Acquisition and Marketing	112	47
Terminal Facilities	54	47
Refined Products Pipelines	9	15
Total Adjusted EBITDA	236	169
Interest expense, net	(19)	(24)
Depreciation and amortization expense	(64)	(25)
Impairment charge and related matters	—	(9)
Provision for income taxes	(6)	(8)
Non-cash compensation expense	(4)	(3)
Unrealized gains (losses) on commodity risk management activities	3	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	(4)	(3)
Net Income	<u>142</u>	<u>97</u>
Net Income attributable to noncontrolling interests	2	2
Net Income Attributable to Sunoco Logistics Partners L.P.	<u>\$ 140</u>	<u>\$ 95</u>

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- (1) Sales and other operating revenue includes the following amounts from ETP and Sunoco (including their affiliated entities) for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions)</u>
Crude Oil Pipelines	\$ —	\$ —
Crude Oil Acquisition and Marketing	368	68
Terminal Facilities	38	45
Refined Products Pipelines	8	13
Total sales and other operating revenue from affiliates	<u>\$ 414</u>	<u>\$ 126</u>

- (2) In the first quarter 2012, the Partnership recognized a non-cash impairment charge related to a cancelled software project for the crude oil acquisition and marketing business and a refined products pipeline project in Texas.

The following table provides the identifiable assets for each segment as of March 31, 2013 and December 31, 2012:

	<u>Successor</u>	
	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<u>(in millions)</u>	
Crude Oil Pipelines	\$ 3,199	\$ 3,197
Crude Oil Acquisition and Marketing	4,105	3,495
Terminal Facilities	2,398	2,402
Refined Products Pipelines	1,191	1,168
Corporate and other ^(a)	521	99
Total identifiable assets	<u>\$ 11,414</u>	<u>\$ 10,361</u>

- (a) Corporate and other assets consist of cash and cash equivalents, advances to affiliates, properties, plants and equipment and other assets.

16. Supplemental Condensed Consolidating Financial Information

The Partnership serves as guarantor of the Senior Notes. These guarantees are full and unconditional. For purposes of the following footnote, Sunoco Logistics Partners L.P. is referred to as "Parent Guarantor" and Sunoco Logistics Partners Operations L.P. is referred to as "Subsidiary Issuer." All other consolidated subsidiaries of the Partnership are collectively referred to as "Non-Guarantor Subsidiaries."

The following supplemental condensed consolidating financial information reflects the Parent Guarantor's separate accounts, the Subsidiary Issuer's separate accounts, the combined accounts of the Non-Guarantor Subsidiaries, the combined consolidating adjustments and eliminations and the Parent Guarantor's consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent Guarantor's investments in its subsidiaries and the Subsidiary Issuer's investments in its subsidiaries are accounted for under the equity method of accounting.

Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2013 (Successor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	\$ —	\$ —	\$ 3,098	\$ —	\$3,098
Affiliates	—	—	414	—	414
Total Revenues	<u>—</u>	<u>—</u>	<u>3,512</u>	<u>—</u>	<u>3,512</u>
Costs and Expenses					
Cost of products sold	—	—	3,226	—	3,226
Operating expenses	—	—	24	—	24
Selling, general and administrative expenses	—	—	33	—	33
Depreciation and amortization expense	—	—	64	—	64
Total Costs and Expenses	<u>—</u>	<u>—</u>	<u>3,347</u>	<u>—</u>	<u>3,347</u>
Operating Income	—	—	165	—	165
Interest cost and debt expense, net	—	23	1	—	24
Capitalized interest	—	(5)	—	—	(5)
Other income	—	(2)	—	—	(2)
Equity in earnings of subsidiaries	(140)	(156)	—	296	—
Income (Loss) Before Provision for Income Taxes	140	140	164	(296)	148
Provision for income taxes	—	—	6	—	6
Net Income (Loss)	140	140	158	(296)	142
Less: Net income attributable to noncontrolling interests	—	—	(2)	—	(2)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ 156</u>	<u>\$ (296)</u>	<u>\$ 140</u>
Comprehensive Income (Loss)	\$ 140	\$ 140	\$ 158	\$ (296)	\$ 142
Less: Comprehensive income attributable to noncontrolling interests	—	—	(2)	—	(2)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ 156</u>	<u>\$ (296)</u>	<u>\$ 140</u>

Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2012 (Predecessor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	\$ —	\$ —	\$ 3,275	\$ —	\$3,275
Affiliates	—	—	126	—	126
Gain on divestment and related matters	—	—	11	—	11
Total Revenues	<u>—</u>	<u>—</u>	<u>3,412</u>	<u>—</u>	<u>3,412</u>
Costs and Expenses					
Cost of products sold	—	—	3,194	—	3,194
Operating expenses	—	—	31	—	31
Selling, general and administrative expenses	—	—	26	—	26
Depreciation and amortization expense	—	—	25	—	25
Impairment charge	—	—	9	—	9
Total Costs and Expenses	<u>—</u>	<u>—</u>	<u>3,285</u>	<u>—</u>	<u>3,285</u>
Operating Income	—	—	127	—	127
Interest cost and debt expense, net	—	25	1	—	26
Capitalized interest	—	(2)	—	—	(2)
Other income	—	—	(2)	—	(2)
Equity in earnings of subsidiaries	(95)	(118)	—	213	—
Income (Loss) Before Provision for Income Taxes	95	95	128	(213)	105
Provision for income taxes	—	—	8	—	8
Net Income (Loss)	95	95	120	(213)	97
Less: Net income attributable to noncontrolling interests	—	—	(2)	—	(2)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	<u>\$ 95</u>	<u>\$ 95</u>	<u>\$ 118</u>	<u>\$ (213)</u>	<u>\$ 95</u>
Comprehensive Income (Loss)	\$ 95	\$ 95	\$ 116	\$ (213)	\$ 93
Less: Comprehensive income attributable to noncontrolling interests	—	—	(2)	—	(2)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	<u>\$ 95</u>	<u>\$ 95</u>	<u>\$ 114</u>	<u>\$ (213)</u>	<u>\$ 91</u>

Condensed Consolidating Balance Sheet
March 31, 2013 (Successor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ —	\$ 2	\$ —	\$ —	\$ 2
Advances to (from) affiliated companies	371	48	(4)	—	415
Accounts receivable, affiliated companies	—	—	35	—	35
Accounts receivable, net	—	—	2,196	—	2,196
Inventories	—	—	709	—	709
Total Current Assets	<u>371</u>	<u>50</u>	<u>2,936</u>	<u>—</u>	<u>3,357</u>
Properties, plants and equipment, net	—	—	5,741	—	5,741
Investment in affiliates	5,765	8,014	117	(13,779)	117
Goodwill	—	—	1,344	—	1,344
Intangible assets, net	—	—	830	—	830
Other assets	—	7	18	—	25
Total Assets	<u>\$ 6,136</u>	<u>\$ 8,071</u>	<u>\$ 10,986</u>	<u>\$ (13,779)</u>	<u>\$11,414</u>
Liabilities and Equity					
Accounts payable	\$ —	\$ —	\$ 2,370	\$ —	\$ 2,370
Accounts payable, affiliated companies	—	—	1	—	1
Accrued liabilities	1	21	72	—	94
Accrued taxes payable	—	—	59	—	59
Total Current Liabilities	<u>1</u>	<u>21</u>	<u>2,502</u>	<u>—</u>	<u>2,524</u>
Long-term debt	—	2,285	33	—	2,318
Other deferred credits and liabilities	—	—	67	—	67
Deferred income taxes	—	—	246	—	246
Total Liabilities	<u>1</u>	<u>2,306</u>	<u>2,848</u>	<u>—</u>	<u>5,155</u>
Total Equity	<u>6,135</u>	<u>5,765</u>	<u>8,138</u>	<u>(13,779)</u>	<u>6,259</u>
Total Liabilities and Equity	<u>\$ 6,136</u>	<u>\$ 8,071</u>	<u>\$ 10,986</u>	<u>\$ (13,779)</u>	<u>\$11,414</u>

Condensed Consolidating Balance Sheet
December 31, 2012 (Successor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ —	\$ 2	\$ 1	\$ —	\$ 3
Advances to (from) affiliated companies	25	48	(17)	—	56
Accounts receivable, affiliated companies	—	—	19	—	19
Accounts receivable, net	—	—	1,834	—	1,834
Inventories	—	—	478	—	478
Total Current Assets	<u>25</u>	<u>50</u>	<u>2,315</u>	<u>—</u>	<u>2,390</u>
Properties, plants and equipment, net	—	—	5,623	—	5,623
Investment in affiliates	6,048	7,714	118	(13,762)	118
Goodwill	—	—	1,368	—	1,368
Intangible assets, net	—	—	843	—	843
Other assets	—	—	19	—	19
Total Assets	<u>\$ 6,073</u>	<u>\$ 7,764</u>	<u>\$ 10,286</u>	<u>\$ (13,762)</u>	<u>\$10,361</u>
Liabilities and Equity					
Accounts payable	\$ —	\$ —	\$ 1,932	\$ —	\$ 1,932
Accounts payable, affiliated companies	—	—	12	—	12
Accrued liabilities	1	30	96	—	127
Accrued taxes payable	—	—	60	—	60
Total Current Liabilities	<u>1</u>	<u>30</u>	<u>2,100</u>	<u>—</u>	<u>2,131</u>
Long-term debt	—	1,686	46	—	1,732
Other deferred credits and liabilities	—	—	60	—	60
Deferred income taxes	—	—	243	—	243
Total Liabilities	<u>1</u>	<u>1,716</u>	<u>2,449</u>	<u>—</u>	<u>4,166</u>
Total Equity	<u>6,072</u>	<u>6,048</u>	<u>7,837</u>	<u>(13,762)</u>	<u>6,195</u>
Total Liabilities and Equity	<u>\$ 6,073</u>	<u>\$ 7,764</u>	<u>\$ 10,286</u>	<u>\$ (13,762)</u>	<u>\$10,361</u>

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2013 (Successor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Net Cash Flows from Operating Activities	\$ 140	\$ 119	\$ 34	\$ (297)	\$ (4)
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(140)	—	(140)
Intercompany	288	(691)	106	297	—
Net cash provided by (used in) investing activities	288	(691)	(34)	297	(140)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(80)	—	—	—	(80)
Distributions paid to noncontrolling interests	(2)	—	—	—	(2)
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	—	—	(1)	—	(1)
Repayments under credit facilities	—	(119)	—	—	(119)
Borrowings under credit facilities	—	—	13	—	13
Net proceeds from issuance of long-term debt	—	691	—	—	691
Advances to affiliated companies, net	(346)	—	(13)	—	(359)
Net cash provided by (used in) financing activities	(428)	572	(1)	—	143
Net change in cash and cash equivalents	—	—	(1)	—	(1)
Cash and cash equivalents at beginning of period	—	2	1	—	3
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2012 (Predecessor)
(in millions, unaudited)

	<u>Parent Guarantor</u>	<u>Subsidiary Issuer</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
Net Cash Flows from Operating Activities	\$ 95	\$ 72	\$ 184	\$ (212)	\$ 139
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(50)	—	(50)
Proceeds from divestments and related matters	—	—	11	—	11
Intercompany	(136)	43	(119)	212	—
Net cash provided by (used in) investing activities	(136)	43	(158)	212	(39)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(55)	—	—	—	(55)
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	—	—	(5)	—	(5)
Repayments under credit facilities	—	(41)	—	—	(41)
Borrowings under credit facilities	—	176	—	—	176
Repayments of senior notes	—	(250)	—	—	(250)
Advances to affiliated companies, net	96	—	(24)	—	72
Net cash provided by (used in) financing activities	41	(115)	(29)	—	(103)
Net change in cash and cash equivalents	—	—	(3)	—	(3)
Cash and cash equivalents at beginning of period	—	2	3	—	5
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
Results of Operations

The following table presents our consolidated operating results for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions)</u>
Revenues		
Sales and other operating revenue:		
Unaffiliated customers	\$ 3,098	\$ 3,275
Affiliates	414	126
Gain on divestment and related matters	—	11
Total Revenues	<u>3,512</u>	<u>3,412</u>
Costs and Expenses		
Cost of products sold	3,226	3,194
Operating expenses	24	31
Selling, general and administrative expenses	33	26
Depreciation and amortization expense	64	25
Impairment charge and related matters	—	9
Total Costs and Expenses	<u>3,347</u>	<u>3,285</u>
Operating Income	165	127
Interest cost and debt expense, net	24	26
Capitalized interest	(5)	(2)
Other income	(2)	(2)
Income Before Provision for Income Taxes	148	105
Provision for income taxes	6	8
Net Income	142	97
Less: Net income attributable to noncontrolling interests	(2)	(2)
Net Income Attributable to Sunoco Logistics Partners L.P.	<u>\$ 140</u>	<u>\$ 95</u>
Net Income Attributable to Sunoco Logistics Partners L.P. per Limited Partner unit:		
Basic	<u>\$ 1.09</u>	<u>\$ 0.77</u>
Diluted	<u>\$ 1.09</u>	<u>\$ 0.77</u>

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with United States generally accepted accounting principles (“GAAP”), management uses additional measures that are known as “non-GAAP financial measures” in its evaluation of past performance and prospects for the future. The primary measures used by management are earnings before interest, taxes, depreciation and amortization expenses and other non-cash items (“Adjusted EBITDA”) and distributable cash flow (“DCF”).

Our management believes Adjusted EBITDA and distributable cash flow information enhances an investor’s understanding of a business’s ability to generate cash for payment of distributions and other purposes. In addition, Adjusted EBITDA calculations are also defined and used as a measure in determining our compliance with certain revolving credit facility covenants. However, there may be contractual, legal, economic or other reasons which may prevent us from satisfying principal and interest obligations with respect to indebtedness and may require us to allocate funds for other purposes. During the first quarter of 2013, the Partnership conformed its presentation of operating income and the presentation of certain amounts reported in the condensed consolidated statements of comprehensive income. Other income, which is comprised primarily of equity income from the Partnership’s unconsolidated joint-venture interests, is presented separately and is no longer included as a component of operating income. During the fourth quarter of 2012, the Partnership changed its definition of Adjusted EBITDA and distributable cash flow, and changed its measure of segment profit from operating income to the revised presentation of Adjusted EBITDA. These changes were made to conform to the presentation utilized by its general partner. These changes did not impact the Partnership’s net income or reportable segments. Prior period amounts have been recast to conform to current presentation. Adjusted EBITDA and distributable cash flow do not represent and should not be considered alternatives to net income or cash flows from operating activities as determined under GAAP and may not be comparable to other similarly titled measures of other businesses.

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The following table reconciles the differences between net income, as determined under GAAP, and Adjusted EBITDA and distributable cash flow.

	<u>Successor</u>	<u>Predecessor</u>
	<u>Three Months Ended</u>	<u>Three Months</u>
	<u>March 31, 2013</u>	<u>Ended</u>
	<u>(in millions)</u>	<u>March 31,</u>
		<u>2012</u>
		<u>(in millions)</u>
Net Income	\$ 142	\$ 97
Interest expense, net	19	24
Depreciation and amortization expense	64	25
Impairment charge and related matters	—	9
Provision for income taxes	6	8
Non-cash compensation expense	4	3
Unrealized (gains) losses on commodity risk management activities	(3)	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	4	3
Adjusted EBITDA	<u>236</u>	<u>169</u>
Interest expense, net	(19)	(24)
Provision for income taxes	(6)	(8)
Amortization of fair value adjustments on long-term debt	(6)	—
Distributions versus Adjusted EBITDA of unconsolidated affiliates	(3)	(3)
Maintenance capital expenditures	(4)	(7)
Distributable cash flow attributable to noncontrolling interests	(3)	(3)
Distributable Cash Flow	<u>\$ 195</u>	<u>\$ 124</u>

Analysis of Consolidated Operating Results

Net income attributable to partners was \$140 and \$95 million for the three months ended March 31, 2013 and 2012, respectively. Results for 2012 included an \$11 million non-recurring gain recognized in connection with the sale of the Big Sandy terminal and pipeline assets. Excluding this item, net income attributable to partners increased \$56 million compared to the prior year period due primarily to improved operating performance which benefited from strong demand for crude oil transportation and terminalling services, expanded volumes and margins related to crude oil acquisition and marketing activities, and higher contributions from refined products acquisition and marketing activities. These positive factors were partially offset by higher depreciation and amortization expense attributable to the Partnership's assets being adjusted to fair value in connection with the acquisition of the general partner by ETP and higher selling, general and administrative expenses. Higher interest expense related to the \$700 million Senior Notes offering in January 2013 was offset by higher capitalized interest associated with the Partnership's expansion capital program and lower interest expense driven by the repayment of the \$250 million Senior Notes in February 2012.

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Analysis of Operating Segments

We manage our operations through four operating segments: Crude Oil Pipelines, Crude Oil Acquisition and Marketing, Terminal Facilities and Refined Products Pipelines.

Crude Oil Pipelines

Our Crude Oil Pipelines segment consists of crude oil trunk and gathering pipelines in the southwest and midwest United States. Revenues are generated from tariffs and the associated fees paid by shippers utilizing our transportation services to deliver crude oil and other feedstocks to refineries within those regions. Rates for shipments on these pipelines are regulated by the Federal Energy Commission (“FERC”), Oklahoma Corporation Commission (“OCC”) and the Railroad Commission of Texas (“Texas R.R.C.”).

The following table presents the operating results and key operating measures for our Crude Oil Pipelines segment for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions, except</u> <u>for barrel amounts)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions, except</u> <u>for barrel amounts)</u>
Sales and other operating revenue:		
Unaffiliated customers	\$ 54	\$ 50
Affiliates	—	—
Intersegment revenue	41	30
Total sales and other operating revenue	\$ 95	\$ 80
Depreciation and amortization expense	\$ 22	\$ 7
Adjusted EBITDA	\$ 61	\$ 60
Pipeline throughput (thousands of barrels per day (“bpd”))	1,582	1,467
Pipeline revenue per barrel (cents)	67.0	59.6

Adjusted EBITDA for the Crude Oil Pipelines segment increased \$1 million to \$61 million for the three months ended March 31, 2013, as compared to \$60 million for the three months ended March 31, 2012. The increase in Adjusted EBITDA was due primarily to higher throughput volumes (\$5 million) and pipeline tariffs (\$11 million) which benefitted from the Partnership’s expansion projects and strong demand for West Texas crude oil. These improvements were largely offset by higher operating expenses (\$12 million) which included lower pipeline operating gains and increased environmental remediation expenses.

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Crude Oil Acquisition and Marketing

Our Crude Oil Acquisition and Marketing segment reflects the sale of gathered and bulk purchased crude oil. The crude oil acquisition and marketing operations generate substantial revenue and cost of products sold as a result of the significant volume of crude oil bought and sold. However, the absolute price levels of crude oil normally do not bear a relationship to gross profit, although the price levels significantly impact revenue and costs of products sold. As a result, period-to-period variations in revenue and cost of products sold are not generally meaningful in analyzing the variation in gross profit for the Crude Oil Acquisition and Marketing segment. The operating results of the Crude Oil Acquisition and Marketing segment are affected by overall levels of supply and demand for crude oil and relative fluctuations in market related indices. Generally, we expect a base level of earnings from our Crude Oil Acquisition and Marketing segment that may be optimized and enhanced when there is a high level of market volatility, favorable basis differentials and/or a steep contango or backwardated structure. Our management believes gross profit, which is equal to sales and other operating revenue less cost of products sold and operating expenses, is a key measure of financial performance for the Crude Oil Acquisition and Marketing segment. Although we employ risk management activities, these margins are not fixed and will vary from period-to-period.

The following table presents the operating results and key operating measures for our Crude Oil Acquisition and Marketing segment for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions, except</u> <u>for barrel amounts)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions, except</u> <u>for barrel amounts)</u>
Sales and other operating revenue:		
Unaffiliated customers	\$ 2,891	\$ 3,124
Affiliates	368	68
Intersegment revenue	—	—
Total sales and other operating revenue	\$ 3,259	\$ 3,192
Depreciation and amortization expense	\$ 12	\$ 5
Impairment charge ⁽¹⁾	\$ —	\$ 8
Adjusted EBITDA	\$ 112	\$ 47
Crude oil purchases (thousands of bpd)	750	631
Gross profit per barrel purchased (cents) ⁽²⁾	172.0	89.5
Average crude oil price (per barrel)	\$ 94.34	\$ 102.94

⁽¹⁾ In the first quarter 2012, the Partnership recognized a non-cash impairment charge related to a cancelled software project.

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

Adjusted EBITDA for the Crude Oil Acquisition and Marketing segment increased \$65 million to \$112 million for the three months ended March 31, 2013, as compared to \$47 million for the three months ended March 31, 2012. The increase in Adjusted EBITDA was driven primarily by expanded crude oil volumes (\$9 million) and margins (\$56 million) which were the result of expansion in our crude oil trucking fleet and market related opportunities in West Texas.

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Terminal Facilities

Our Terminal Facilities segment consists primarily of crude oil and refined product terminals and a refined products acquisition and marketing business. The Terminal Facilities segment earns revenue by providing storage, terminalling, blending and other ancillary services to our customers, as well as through the sale of refined products.

The following table presents the operating results and key operating measures for our Terminal Facilities segment for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions, except</u> <u>for barrel amounts)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions, except</u> <u>for barrel amounts)</u>
Sales and other operating revenue:		
Unaffiliated customers	\$ 132	\$ 84
Affiliates	38	45
Intersegment revenue	13	6
Total sales and other operating revenue	\$ 183	\$ 135
Depreciation and amortization expense	\$ 24	\$ 9
Adjusted EBITDA	\$ 54	\$ 47
Terminal throughput (thousands of bpd):		
Refined products terminals	414	487
Nederland terminal	850	697
Refinery terminals	325	383

Adjusted EBITDA for the Terminal Facilities segment increased \$7 million to \$54 million for the three months ended March 31, 2013, as compared to \$47 million for the three months ended March 31, 2012. Results for the first quarter 2012 included a \$6 million non-recurring gain recognized in connection with the sale of the Big Sandy terminal and pipeline assets. Excluding this item, Adjusted EBITDA increased \$13 million due primarily to increased operating results from the Partnership's refined products acquisition and marketing activities (\$6 million) and improved results from the Partnership's Eagle Point and Nederland terminals (\$13 million). Partially offsetting these improvements were volume reductions at the Partnership's refinery terminals (\$2 million) which were negatively impacted by turnaround activity during the first quarter 2013 and volume reductions at the Partnership's refined products terminals (\$4 million).

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Refined Products Pipelines

Our Refined Products Pipelines segment consists of refined products pipelines, including a two-thirds undivided interest in the Harbor pipeline and joint-venture interests in four refined products pipelines in selected areas of the United States. The Refined Products Pipelines segment earns revenues by transporting refined products from refineries in the northeast, midwest and southwest United States to markets in six states and Canada. Rates for shipments on these pipelines are regulated by the FERC and the Pennsylvania Public Utility Commission (“PA PUC”).

The following table presents the operating results and key operating measures for our Refined Products Pipelines segment for the three months ended March 31, 2013 and 2012:

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions, except</u> <u>for barrel amounts)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions, except</u> <u>for barrel amounts)</u>
Sales and other operating revenue:		
Unaffiliated customers	\$ 21	\$ 17
Affiliates	8	13
Intersegment revenue	1	1
Total sales and other operating revenue	<u>\$ 30</u>	<u>\$ 31</u>
Depreciation and amortization expense	\$ 6	\$ 4
Impairment charge	\$ —	\$ 1
Adjusted EBITDA	\$ 9	\$ 15
Pipeline throughput (thousands of bpd) ⁽¹⁾	522	528
Pipeline revenue per barrel (cents) ⁽¹⁾	62.9	65.1

⁽¹⁾ Excludes amounts attributable to equity interests which are not consolidated.

Adjusted EBITDA for the Refined Products Pipelines segment decreased \$6 million to \$9 million for the three months ended March 31, 2013, as compared to \$15 million for the three months ended March 31, 2012. Results for the first quarter 2012 included a \$5 million non-recurring gain recognized in connection with the sale of the Big Sandy terminal and pipeline assets. Excluding this item, Adjusted EBITDA decreased \$1 million due primarily to lower volumes resulting from turnaround activity at the Philadelphia refinery and capital work in connection with the Mariner West project (\$3 million). These factors were largely offset by higher contributions from the Partnership’s joint-venture interests and the Inland pipeline (\$2 million).

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under the \$585 million of credit facilities are our primary sources of liquidity. At March 31, 2013, we had a net working capital surplus of \$833 million and available borrowing capacity under credit facilities of \$552 million which included \$2 million of available borrowing capacity under West Texas Gulf's revolving credit facility. Our working capital position reflects crude oil and refined products inventories based on historical costs under the last-in, first-out ("LIFO") method of accounting. If the inventories had been valued at their current replacement cost, we would have had a working capital surplus of \$868 million at March 31, 2013. We periodically supplement our cash flows from operations with proceeds from debt and equity financing activities.

Credit Facilities

The Operating Partnership maintains two credit facilities totaling \$550 million to fund the Partnership's working capital requirements, finance acquisitions and capital projects and for general partnership purposes. The credit facilities consist of a \$350 million unsecured credit facility which expires in August 2016 (the "\$350 million Credit Facility") and a \$200 million unsecured credit facility which expires in August 2013 (the "\$200 million Credit Facility"). Outstanding borrowings under these credit facilities were \$119 million at December 31, 2012.

The \$350 million and \$200 million credit facilities contain various covenants limiting the Partnership's ability to incur indebtedness; grant certain liens; make certain loans, acquisitions and investments; make any material change to the nature of its business; or enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. These credit facilities also limit the Partnership, on a rolling four-quarter basis, to a maximum total consolidated debt to consolidated Adjusted EBITDA ratio, as defined in the underlying credit agreements, of 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. The Partnership's ratio of total debt, excluding net unamortized fair value adjustments, to Adjusted EBITDA was 2.6 to 1 at March 31, 2013, as calculated in accordance with the credit agreements.

In May 2012, West Texas Gulf Pipe Line Company, one of the Partnership's consolidated joint ventures, entered into a \$35 million revolving credit facility (the "\$35 million Credit Facility"), which expires in April 2015. The facility is available to fund West Texas Gulf's general corporate purposes including working capital and capital expenditures. The \$35 million Credit Facility contains various covenants limiting West Texas Gulf's ability to grant certain liens; make certain loans, acquisitions and investments; make any material change to the nature of its business; or enter into a merger or sale of assets. The credit facility also limits West Texas Gulf, on a rolling four-quarter basis, to a minimum fixed charge coverage ratio, as defined in the underlying credit agreement. The ratio for the fiscal quarter ending March 31, 2013 shall not be less than 0.85 to 1. The minimum ratio fluctuates between 0.80 to 1 and 1.00 to 1 throughout the term of the revolver as specified in the credit agreement. In addition, the credit facility limits West Texas Gulf to a maximum leverage ratio of 2.00 to 1. West Texas Gulf's fixed charge coverage ratio and leverage ratio were 1.14 to 1 and 1.00 to 1, respectively, at March 31, 2013. Outstanding borrowings under this credit facility were \$33 and \$20 million at March 31, 2013 and December 31, 2012, respectively.

Cash Flows and Capital Expenditures

Net cash used in operating activities for the three months ended March 31, 2013 was \$4 million compared with net cash provided by operating activities of \$139 million for the three months ended March 31, 2012. Net cash used in operating activities in 2013 related primarily to a \$206 million increase in working capital which was largely offset by net income of \$142 million and non-cash charges for depreciation and amortization of \$64 million. The change in working capital was primarily the result of an increase in crude oil inventory related to contango positions and operating activities. Net cash provided by operating activities in 2012 related primarily to net income of \$97 million, non-cash charges for depreciation and amortization of \$25 million and a \$21 million decrease in working capital which was primarily the result of a reduction in accounts receivable from contango inventory sales at year end 2011.

Net cash used in investing activities for the three months ended March 31, 2013 was \$140 million compared with \$39 million for the three months ended March 31, 2012. Net cash used in investing activities in 2013 consisted of expansion capital projects and maintenance capital on the Partnership's existing assets. Net cash used in investing activities in 2012 consisted primarily of expansion capital projects and maintenance capital partially offset by \$11 million of proceeds received for the sale of the Big Sandy terminal and pipeline assets.

Net cash provided by financing activities for the three months ended March 31, 2013 was \$143 million compared with \$103 million of cash used in financing activities for the three months ended March 31, 2012. Net cash provided by financing activities in 2013 resulted primarily from \$691 million of net proceeds related to the January 2013 offering of the 2023 and 2043 Senior Notes. This source of cash was partially offset by a \$359 million increase in advances to affiliates, \$80 million in distributions paid to limited partners and the general partner and \$106 million of net repayments under the Partnership's credit facilities. Net cash used in financing activities in 2012 resulted from the \$250 million repayment of 7.25 percent Senior Notes in February 2012 and \$55 million in distributions paid to limited partners and the general partner. The 2012 cash used in financing activities was partially offset by \$135 million of net credit facility borrowings and a \$72 million decrease in advances to affiliates.

Capital Requirements

Our operations are capital intensive, requiring significant investment to maintain, upgrade and enhance existing assets and to meet environmental and operational regulations. The capital requirements have consisted, and are expected to continue to consist, primarily of:

- Maintenance capital expenditures that extend the usefulness of existing assets, such as those required to maintain equipment reliability, tankage and pipeline integrity and safety, and to address environmental regulations,
- Expansion capital expenditures to acquire and integrate complementary assets to improve operational efficiencies or reduce costs and to expand existing and construct new facilities, such as projects that increase storage or throughput volume, and
- Major acquisitions to acquire and integrate complementary assets to grow the business, to improve operational efficiencies or reduce costs.

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

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2012</u> <u>(in millions)</u>
Maintenance	\$ 4	\$ 7
Expansion	136	43
Total	<u>\$ 140</u>	<u>\$ 50</u>

Maintenance capital expenditures for both periods presented primarily include recurring expenditures such as pipeline integrity costs, pipeline relocations, repair and upgrade of field instrumentation, including measurement devices, repair and replacement of tank floors and roofs, upgrades of cathodic protection systems, crude trucks and related equipment, and the upgrade of pump stations. The Partnership continues to estimate its maintenance capital spending to be approximately \$65 million in 2013.

Expansion capital expenditures for the three months ended March 31, 2013 were \$136 million compared to \$43 million for the three months ended March 31, 2012. Expansion capital in 2013 included projects to invest in the Partnership's crude oil infrastructure by increasing its pipeline capabilities through previously announced organic expansion projects in West Texas, expand upon refined products acquisition and marketing services, upgrade the service capabilities at the Eagle Point and Nederland terminals and

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invest in the previously announced Mariner and Allegheny Access projects. The Partnership expects total expansion capital of approximately \$700 million for 2013, excluding major acquisitions. Expansion capital in 2012 included projects to expand upon the Partnership's butane blending services, upgrade the service capacity at the Eagle Point terminal, invest in the Partnership's crude oil infrastructure by increasing its pipeline capabilities in West Texas and expanding the trucking fleet, and convert certain refined products pipelines as part of the Mariner West project.

There were no major acquisitions during the three months ended March 31, 2013 or 2012.

We expect to fund capital expenditures, including any acquisitions, from cash provided by operations, with proceeds from debt and equity offerings and, to the extent necessary, from the proceeds of borrowings under our credit facilities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including changing interest rates and volatility in crude oil and refined products commodity prices. To manage such exposure, interest rates, inventory levels and expectations of future commodity prices are monitored when making decisions with respect to risk management.

Interest Rate Risk

We have interest-rate risk exposure for changes in interest rates relating to our outstanding borrowings. We manage our exposure to changing interest rates through the use of a combination of fixed-rate and variable-rate debt. At March 31, 2013, we had \$33 million of variable-rate borrowings under the revolving credit facilities. Outstanding borrowings bear interest cost of LIBOR plus an applicable margin. Our weighted average interest rate on our variable-rate borrowings was approximately 2.0 percent at March 31, 2013.

At March 31, 2013, we had \$2.15 billion of fixed-rate borrowings, excluding \$137 million of unamortized premiums, which was comprised of our outstanding senior notes. The estimated fair value of our senior notes was \$2.32 billion at March 31, 2013.

Commodity Market Risk

We are exposed to volatility in crude oil and refined products commodity prices. To manage such exposures, inventory levels and expectations of future commodity prices are monitored when making decisions with respect to risk management and inventory carried. Our policy is to purchase only commodity products for which we have a market and to structure our sales contracts so that price fluctuations for those products do not materially affect the margin we receive. We also seek to maintain a position that is substantially balanced within our various commodity purchase and sales activities. We may experience net unbalanced positions for short periods of time as a result of production, transportation and delivery variances, as well as logistical issues associated with inclement weather conditions. When unscheduled physical inventory builds or draws do occur, they are monitored and managed to a balanced position over a reasonable period of time.

We do not use futures or other derivative instruments to speculate on crude oil or refined products prices, as these activities could expose us to significant losses. We do use derivative contracts as economic hedges against price changes related to our forecasted refined products purchase and sale activities. These derivatives are intended to have equal and opposite effects of the purchase and sale activities. At March 31, 2013, the fair market value of our open derivative positions was a net liability of less than \$0.1 million on 0.1 million barrels of refined products. These derivative positions vary in length but do not extend beyond one year.

For additional information concerning our commodity market risk activities, see Note 13 to the condensed consolidated financial statements.

Forward-Looking Statements

Some of the information included in this quarterly report on Form 10-Q contains “forward-looking” statements and information relating to Sunoco Logistics Partners L.P. that is based on the current beliefs of our management as well as assumptions made by, and information currently available to, our management.

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.

Words such as “may,” “anticipates,” “believes,” “expects,” “estimates,” “planned,” “scheduled” or similar phrases or expressions identify forward-looking statements. Although we believe these forward-looking statements are reasonable, they are based upon a number of assumptions, any or all of which may ultimately prove to be inaccurate. These statements are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results projected, forecasted, estimated or budgeted, including, but not limited to the following:

- *Our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;*
- *Delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;*
- *Changes in demand for, or supply of, crude oil and refined petroleum products that impact demand for our pipeline, terminalling and storage services;*
- *Changes in the short-term and long-term demand for crude oil, refined petroleum products and natural gas liquids we buy and sell;*
- *An increase in the competition encountered by our terminals, pipelines and crude oil and refined products acquisition and marketing operations;*

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- *Changes in the financial condition or operating results of joint ventures or other holdings in which we have an equity ownership interest;*
- *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, safety, environmental and employment laws;*
- *Changes in regulations governing composition of the products that we transport, terminal and store;*
- *Improvements in energy efficiency and technology resulting in reduced demand for refined petroleum products;*
- *Our ability to manage growth and/or control costs;*
- *The ability of Energy Transfer Partners, L.P. to successfully integrate our operations and employees, and realize anticipated synergies;*
- *The effect of changes in accounting principles and tax laws and interpretations of both;*
- *Global and domestic economic repercussions, including disruptions in the crude oil and refined petroleum products markets, from terrorist activities, international hostilities and other events, and the government's response thereto;*
- *Changes in the level of operating expenses and hazards related to operating facilities (including equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);*
- *The occurrence of operational hazards or unforeseen interruptions for which we may not be adequately insured;*
- *The age of, and changes in the reliability and efficiency of our operating facilities;*
- *Changes in the expected level of capital, operating, or remediation spending related to environmental matters;*
- *Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;*
- *Risks related to labor relations and workplace safety;*
- *Non-performance by or disputes with major customers, suppliers or other business partners;*
- *Changes in our tariff rates implemented by federal and/or state government regulators;*
- *The amount of our debt, which could make us vulnerable to adverse general economic and industry conditions, limit our ability to borrow additional funds, place us at competitive disadvantages compared to competitors that have less debt, or have other adverse consequences;*
- *Restrictive covenants in our credit agreements;*
- *Changes in our or our general partner's credit ratings, as assigned by ratings agencies;*
- *The condition of the debt capital markets and equity capital markets in the United States, and our ability to raise capital in a cost-effective way;*
- *Performance of financial institutions impacting our liquidity, including those supporting our credit facilities;*
- *The effectiveness of our risk management activities, including the use of derivative financial instruments to hedge commodity risks;*
- *Changes in interest rates on our outstanding debt, which could increase the costs of borrowing; and*
- *The costs and effects of legal and administrative claims and proceedings against us or any entity in which we have an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which we, or any entity in which we have an ownership interest, are a party.*

Item 4. Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Partnership's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Partnership's reports under the Exchange Act is accumulated and communicated to management, including the President and Chief Executive Officer and Chief Financial Officer of Sunoco Partners LLC (the Partnership's general partner), as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2013, the Partnership carried out an evaluation, under the supervision and with the participation of the management of the general partner (including the President and Chief Executive Officer and the Chief Financial Officer), of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the general partner's President and Chief Executive Officer, and its Chief Financial Officer, concluded that the Partnership's disclosure controls and procedures were effective.

No change in the Partnership's internal control over financial reporting has occurred during the fiscal quarter ended March 31, 2013 that has materially affected, or that is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

There are certain proceedings arising prior to the February 2002 initial public offering (“IPO”) pending against our Sunoco-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 has agreed to indemnify the Partnership for 100 percent of all losses from environmental liabilities related to the transferred assets arising prior to, and asserted within 21 years of February 8, 2002. There is no monetary cap on this indemnification from Sunoco. Sunoco’s share of liability for claims asserted thereafter will decrease by 10 percent each year through the thirtieth year following the February 8, 2002 date. Any remediation liabilities not covered by this indemnity will be our responsibility. In addition, Sunoco is obligated to indemnify us under certain other agreements executed after the IPO.

The Partnership’s Sunoco Pipeline L.P. subsidiary operates the West Texas Gulf Pipeline on behalf of West Texas Gulf Pipe Line Company and its shareholders pursuant to an Operating Agreement. Sunoco Pipeline L.P. also has a 60.3 percent ownership interest in the company. In March 2010, Sunoco Pipeline L.P. received a Notice of Probable Violation, Proposed Civil Penalty and proposed Compliance Order from the Pipeline Hazardous Material Safety Administration (“PHMSA”) with proposed civil penalties in connection with a crude oil release that occurred at the Colorado City, Texas station on the West Texas Gulf Pipeline in June 2009. PHMSA issued a final order in August 2012 finding the Partnership in violation of all items identified in the original notice. The Partnership paid \$0.4 million during the third quarter 2012 but requested a petition for reconsideration on certain of the violations. A settlement on the remaining violations was reached and the Partnership paid less than \$0.1 million during the first quarter of 2013.

There are certain other pending legal proceedings related to matters arising after the IPO that are not indemnified by Sunoco. Our management believes that any liabilities that may arise from these legal proceedings will not be material to our results of operations, cash flows or financial position at March 31, 2013.

Item 1A. Risk Factors

There have been no material changes from the risk factors described previously in Part I, Item 1A. of the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 1, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

- 12.1: Statement of Computation of Ratio of Earnings to Fixed Charges
- 31.1: Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
- 31.2: Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
- 32.1: Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350
- 32.2: Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350
- 101.1: The following consolidated financial information from Sunoco Logistics Partners L.P.'s Quarterly Report on Form 10-Q for the three months ended March 31, 2013 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Comprehensive Income; (ii) the Condensed Consolidated Balance Sheets; (iii) the Condensed Consolidated Statements of Cash Flows; (iv) the Condensed Consolidated Statements of Equity; and (v) the Notes to Condensed Consolidated Financial Statements.

We are pleased to furnish this Form 10-Q to unitholders who request it by writing to:

Sunoco Logistics Partners L.P.
Investor Relations
1818 Market Street
Suite 1500
Philadelphia, PA 19103
or through our website at www.sunocologistics.com.

**STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)**

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2013</u> <u>(in millions)</u>
Fixed Charges:	
Interest cost and debt expense	\$ 24
Interest allocable to rental expense ⁽¹⁾	1
Total	<u>\$ 25</u>
Earnings:	
Income before income tax expense ⁽²⁾	\$ 148
Income before income tax expense attributable to noncontrolling interests	(3)
Equity in income of 50 percent or less owned affiliated companies	(3)
Dividends received from 50 percent or less owned affiliated companies ⁽³⁾	3
Fixed charges	25
Interest capitalized	(5)
Amortization of previously capitalized interest	—
Total	<u>\$ 165</u>
Ratio of Earnings to Fixed Charges	<u>6.6</u>

⁽¹⁾ Represents one-third of the total operating lease rental expense which is that portion deemed to be interest.

⁽²⁾ Represents income before income tax expense for all consolidated entities, including Inland Corporation, Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company.

⁽³⁾ Represents dividends received from equity-method investments, which excludes dividends from Inland Corporation, Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company.

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael J. Hennigan, President and Chief Executive Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2013

/s/ MICHAEL J. HENNIGAN

Name: Michael J. Hennigan

Title: President and Chief Executive Officer

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Martin Salinas, Jr., Chief Financial Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2013

/s/ MARTIN SALINAS, JR.

Name: Martin Salinas, Jr.

Title: Chief Financial Officer

Certification of President and Chief Executive Officer of Sunoco Partners LLC
18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this Quarterly Report on Form 10-Q of Sunoco Logistics Partners L.P. for the quarter ended March 31, 2013, I, Michael J. Hennigan, President and Chief Executive Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: May 9, 2013

/s/ Michael J. Hennigan

Michael J. Hennigan
President and Chief Executive Officer

Certification of Chief Financial Officer of Sunoco Partners LLC
18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this Quarterly Report on Form 10-Q of Sunoco Logistics Partners L.P. for the quarter ended March 31, 2013, I, Martin Salinas, Jr., Chief Financial Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: May 9, 2013

/s/ Martin Salinas, Jr.

Martin Salinas, Jr.
Chief Financial Officer