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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report: January 27, 2010
Date of earliest event reported: January 26, 2010

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

Delaware	1-31219	23-3096839
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification number)

1818 Market Street, Suite 1500, Philadelphia, PA	19103
(Address of principal executive offices)	(Zip Code)

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

1735 Market Street, Suite LL, Philadelphia, PA 19103
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**

☐ **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**

☐ **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**

☐ **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

Item 2.02. Results of Operations and Financial Condition.

On January 26, 2010, Sunoco Logistics Partners L.P. (the "Partnership") issued press releases announcing its financial results for the fourth quarter of 2009 and announcing the completion of the incentive distribution rights repurchase and exchange with its general partner, Sunoco Partners LLC. Copies of these press releases are attached as Exhibits 99.1 and 99.2 and are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On January 26, 2010, the Partnership issued press releases announcing its financial results for the fourth quarter of 2009 and announcing the completion of the incentive distribution rights repurchase and exchange with its general partner, Sunoco Partners LLC. Additional information concerning the Partnership's fourth quarter earnings was presented in a slide presentation to investors during a teleconference on January 27, 2010. A copy of the slide presentation is attached as Exhibit 99.3 and is incorporated herein by reference.

Item 8.01 Other Events.

On January 1, 2009, the Partnership adopted the provisions of Emerging Issues Task Force No. 07-4 *Application of the Two-Class Method under FASB Statement No. 128, Earnings per Share, to Master Limited Partnerships* ("EITF 07-4"). EITF 07-4 requires incentive distribution rights ("IDRs") in a master limited partnership to be treated as participating securities for the purpose of computing earnings per unit. EITF 07-4 also requires that when earnings differ from cash distributions, undistributed or over distributed earnings are to be allocated to the IDR holders, the general partner, and limited partners based on the contractual terms of the partnership agreement. Previously, earnings per unit was calculated as if all earnings for the period had been distributed, which resulted in an additional allocation of income to the general partner (the IDR holder) in quarterly periods where earnings exceeded the actual distribution and a lesser allocation of income to the general partner in quarterly periods where distributions exceeded earnings.

The Partnership has retrospectively applied EITF 07-4 to all periods presented. The Partnership's adoption of this guidance only impacts the allocation of earnings for purposes of calculating earnings per limited partner unit and has no impact on results of operations or distributions of available cash to unitholders and the general partner.

On January 1, 2009 the Partnership re-aligned its reporting segments. Prior to this date, the reporting segments were designated by geographic region. The Partnership has determined it more meaningful to functionally align its reporting segments. As such, the updated reporting segments as of January 1, 2009 are *Refined Products Pipeline System, Terminal Facilities*, and *Crude Oil Pipeline System.* The primary difference in the new reporting is the inclusion of approximately 120 miles of crude oil pipeline originating in Marysville Michigan, formerly included in the eastern area crude oil pipeline, with the Crude Oil Pipeline System (formerly the western area crude oil pipeline). For comparative purposes all prior period financial statement amounts have been recast to reflect the new segment reporting and do not impact consolidated net income.

The following table provides identifiable assets, capital expenditures and a condensed statement of income for the Marysville operation for the years ended December 31, 2006, 2007 and 2008 (in thousands):

	2006	2007	2008
Sales and other operating revenue:			
Affiliates	$ 7,989	$10,030	$11,809
Unaffiliated customers	$ 6,380	$ 9,088	$10,519
Operating income	$13,613	$17,256	$23,745
Depreciation and amortization	$ 496	$ 829	$ 896
Capital expenditures	$13,924	$ 2,264	$ 364
Identifiable assets	$16,609	$32,608	$32,241

The following items from the Partnership's Form 10-K for the year ended December 31, 2008, have been revised for the items described in this Item 8.01, to the extent applicable, and are filed as exhibits to this Current Report on Form 8-K as indicated below and are incorporated herein by reference:

- Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP (filed as Exhibit 23.1 hereto)
- Item 6. Selected Financial Data (filed in Exhibit 99.4 hereto)
- Item 8. Financial Statements and Supplementary Data (filed in Exhibit 99.4 hereto)

The Partnership has not otherwise updated for activities or events occurring after the date these items were originally presented.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
Exhibit 23.1	**Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.**
Exhibit 99.1	**Fourth Quarter Earnings Press Release dated January 26, 2010.**
Exhibit 99.2	**IDR Transaction Press Release dated January 26, 2010.**
Exhibit 99.3	**Slide presentation given January 27, 2010 during investor conference.**
Exhibit 99.4	**Selected Financial Data, Financial Statements and Supplementary Data (revising Part II, Items 6 and 8 of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2008).**

The information in this report, being furnished pursuant to Items 2.02, 7.01, and 9.01 related thereto, of Form 8-K, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SUNOCO LOGISTICS PARTNERS LP.

By: Sunoco Partners LLC,
its General Partner

By: /S/ NEAL E. MURPHY
Neal E. Murphy
Chief Financial Officer

January 27, 2010
Philadelphia, PA

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-155644) and related Prospectus of Sunoco Logistics Partners L.P. pertaining to equity securities of Sunoco Logistics Partners L.P. (as issuer of common units representing limited partnership interests) and debt of Sunoco Logistics Partners Operations L.P. (as issuer of debt securities), and in the Registration Statement (Form S-8 No. 333-96897) pertaining to the Sunoco Partners LLC Long-Term Incentive Plan of Sunoco Logistics Partners L.P., of our report dated February 24, 2009, except as it pertains to the retrospective adjustment of earnings per unit discussed in Note 1 and the business segment information discussed in Note 14, as to which the date is January 27, 2010, with respect to the financial statements of Sunoco Logistics Partners L.P. included in this Current Report on Form 8-K, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
January 27, 2010

News Release
Sunoco Logistics Partners L.P.
1818 Market Street
Philadelphia, Pa. 19103-3615

For further information contact:
Thomas Golembeski (media) 215-977-6298
Neal Murphy (investors) 215-977-6322

For Immediate Release January 26, 2010

No. 2

SUNOCO LOGISTICS PARTNERS L.P. REPORTS RECORD EARNINGS FOR 2009 AND DECLARES FOURTH QUARTER DISTRIBUTION

PHILADELPHIA, January 26, 2010 – Sunoco Logistics Partners L.P. (NYSE: SXL) (the "Partnership") today announced record net income of $250.4 million, or $6.48 per limited partner unit on a diluted basis, for the year ended December 31, 2009. Operating income for the year increased $49.5 million, or 20.1 percent, to $295.0 million with record results being achieved in all of the Partnership's business segments. Distributable cash flow ("DCF"), which represents the cash generated during the year which is available to pay distributions, increased $29.2 million to $266.2 million compared to the prior year.

For the fourth quarter of 2009, net income of $54.4 million was in line with our previous guidance but decreased $21.0 million compared to the same period in 2008. Improved performance within the Refined Products Pipeline System and Terminal Facilities segments were more than offset by decreased earnings in the Crude Oil Pipeline System which were attributable to the timing of income recognition associated with crude oil inventory activities and crude oil market volatility which allowed for extraordinary earnings in the prior year's fourth quarter. Operating income for the quarter decreased $16.8 million when compared to the prior year period. DCF for the three months ended December 2009 decreased to $50.2 million compared to $75.9 million in the prior quarter.

Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., declared a cash distribution for the fourth quarter of 2009 of $1.09 per common partnership unit ($4.36 annualized), which is a 10.1 percent increase over the fourth quarter of 2008 and a 2.3 percent increase over the prior quarter. The distribution is payable February 12, 2010 to unit holders of record on February 8, 2010.

The Partnership, in a joint announcement with Sunoco, Inc., also announced today the completion of a repurchase of the incentive distribution rights (IDRs) held by its general partner, Sunoco Partners LLC, a subsidiary of Sunoco, Inc., in exchange for the issuance of a new class of IDRs and $201.2 million, secured by a promissory note.

"2009 was another record year for Sunoco Logistics," said Deborah M. Fretz, President and CEO of Sunoco Logistics. "We focused on maximizing utilization of our asset base, continuing organic growth programs throughout our system and strengthening our Lease Acquisition business. We did see some impact with reduced volumes due to a weak demand environment; however, we were able to take advantage of several market opportunities such as contango by utilizing our storage capacity and pipeline flexibility. In addition, the acquisition of the MagTex system in late 2008 has provided us with expanded opportunities.

"We entered 2010 with a strong balance sheet and excellent distribution coverage. We will continue to implement our organic growth opportunities and we also expect that there will be numerous potential acquisition opportunities that could fit well with our current asset base. The IDR repurchase transaction which

we completed today is expected to be immediately accretive to our limited partnership unitholders and will serve to improve our competitive position for growth opportunities by lowering our cost of capital."

Segmented Fourth Quarter Results

Refined Products Pipeline System

Operating income for the Refined Products Pipeline System increased $0.6 million to $10.2 million for the fourth quarter 2009 compared to the prior year's fourth quarter. Sales and other operating revenue increased by $3.2 million to $33.1 million due primarily to results from the Partnership's acquisition of the MagTex refined products pipeline and terminals system in November 2008 and increased pipeline fees. These increases were partially offset by decreased volumes on the Partnership's northeastern pipelines. Other income increased $1.4 million due primarily to increased income associated with the Partnership's joint venture interests. Operating expenses, along with depreciation and amortization expense, increased compared to the prior year's fourth quarter primarily as a result of the MagTex acquisition.

Terminal Facilities

Operating income for the Terminal Facilities segment increased by $4.9 million to $20.5 million for the fourth quarter ended December 31, 2009 compared to the prior year's fourth quarter. Sales and other operating revenue increased by $8.8 million to $51.9 million despite the reduced volumes experienced in the Partnership's refinery terminals which resulted from the idling of the Eagle Point refinery. Revenue increases for the quarter were due primarily to increased throughput, higher fees and additional tankage at the Nederland terminal facility and results from the MagTex acquisition. Revenues and cost of goods sold also increased during the quarter with the commencement of terminal optimization projects at the Partnership's refined products terminal facilities.

Crude Oil Pipeline System

Operating income for the Crude Oil Pipeline System decreased $22.2 million to $35.6 million for the fourth quarter of 2009 compared to the prior year's fourth quarter due to lower lease acquisition results. Lease acquisition results in the fourth quarter 2008 were positively impacted by extreme crude oil market volatility and timing of income recognition which was not repeated in the fourth quarter of 2009.

Higher crude oil prices were a key driver of the overall increase in total revenue, cost of products sold and operating expenses from the prior year's quarter. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma increased to $76.17 per barrel for the fourth quarter of 2009 from $58.75 per barrel for the fourth quarter of 2008.

Segmented Twelve Month Results

Refined Products Pipeline System

Operating income for the Refined Products Pipeline System increased $10.3 million to a record high of $44.7 million for the twelve months ended December 31, 2009 compared to the prior year period. Sales and other operating revenue increased by $24.3 million to $127.7 million due primarily to results from the MagTex acquisition described above, along with increased pipeline fees. Other income increased $4.1 million compared to the prior year period as a result of an increase in equity income associated with the Partnership's joint venture interests. Operating expenses increased by $11.7 million to $60.2 million due primarily to the MagTex acquisition, a reduction in pipeline operating gains and increased environmental remediation expenses. Depreciation and amortization expense increased $4.4 million during 2009 due primarily to the MagTex acquisition. Selling, general and administrative expense increased $2.0 million compared to the prior year due primarily to increased employee benefits costs.

Terminal Facilities

Operating income for the Terminal Facilities segment increased by $25.2 million to a record high of $83.7 million for the twelve months ended December 31, 2009 compared to the prior year period. Sales and other operating revenue increased by $28.9 million to $191.3 million due primarily to increased terminal fees, additional tankage at the Nederland terminal facility, results from the MagTex acquisition and the addition of refined product sales. Partially offsetting these increases were reduced volumes at the Partnership's refinery terminals. Other income increased $1.0 million in 2009 as a result of an insurance recovery associated with the Partnership's refinery terminals. Cost of goods sold and operating expenses increased by $6.9 million to $71.1 million for the period ended December 31, 2009 due primarily to the commencement of terminal optimization projects, increased terminal operating losses and the addition of the MagTex acquisition. These increases were partially offset by reduced utility expenses and the absence of hurricane damages incurred during 2008. Depreciation and amortization expense increased to $18.9 million for the twelve months of 2009 due to the MagTex acquisition and increased tankage at the Nederland facility. During 2008, a $5.7 million non-cash impairment charge was recognized related to the Partnership's decision to discontinue efforts to expand LPG storage capacity at its Inkster, Michigan facility. Selling, general and administrative expense increased $1.0 million compared to the prior year due primarily to increased employee benefits costs.

Crude Oil Pipeline System

Operating income for the Crude Oil Pipeline system increased $14.0 million to a record high of $166.7 million for the year ended December 31, 2009 compared to the prior year period due primarily to increased pipeline fees and higher lease acquisition earnings which benefited from the contango market structure. These increases were partially offset by a reduction in pipeline operating gains. Other income decreased $1.5 million compared to the prior year due primarily to decreased equity income associated with the Partnership's joint venture interests and the absence of an insurance gain recognized in 2008.

Lower crude oil prices were a key driver of the overall decrease in total revenue, cost of products sold and operating expenses from the prior year. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma decreased to $61.93 per barrel for 2009 from $99.65 per barrel for 2008.

Other Analysis

Financing Costs

Net interest expense increased $13.6 million to $44.7 million for the twelve months ended December 31, 2009, compared to the prior year period. The increase was due primarily to higher borrowings associated with the $185.4 million MagTex acquisition, increased contango inventory positions and organic growth projects.

At December 31, 2009, the Partnership had total debt outstanding of $868.4 million, which consisted of $599.4 million of Senior Notes and $269.0 million of borrowings under the Partnership's credit facilities as compared to $747.6 million of total debt outstanding at December 31, 2008. The Partnership had available borrowing capacity of $188.5 million under its credit facilities as of December 31, 2009 and a Debt to EBITDA ratio of 2.5 for the twelve months ended December 31, 2009.

Capital Expenditures

Maintenance capital expenditures for 2009 were $32.2 million. The Partnership expects that maintenance capital spending will be approximately $32.0 million for 2010.

Expansion capital expenditures for 2009 were $193.6 million compared to $305.6 million in 2008. Expansion capital for 2009 includes the acquisitions of a refined products terminal in Romulus, MI and Excel Pipeline LLC, the owner of a crude oil pipeline which services Gary Williams' Wynnewood, OK refinery. Expansion capital also includes construction costs associated with the completed project to connect the Nederland terminal to Motiva's Port Arthur, Texas refinery, construction of additional storage tanks at Nederland and refined products terminal optimization projects. Expansion capital expenditures for 2008 include the $185.4 million MagTex acquisition.

Sunoco Logistics Partners L.P.
Financial Highlights
(in thousands, except units and per unit amounts)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Income Statement				
Sales and other operating revenue	$ 1,661,010	$ 1,573,003	$ 5,401,804	$ 10,112,320
Other income	6,575	4,444	27,873	24,298
Total Revenues	1,667,585	1,577,447	5,429,677	10,136,618
Cost of products sold and operating expenses	1,572,817	1,469,294	5,023,307	9,786,014
Depreciation and amortization	12,692	10,555	48,020	40,054
Selling, general and administrative expenses	15,690	14,457	63,306	59,284
Impairment Charge	—	—	—	5,674
Total costs and expenses	1,601,199	1,494,306	5,134,633	9,891,026
Operating income	66,386	83,141	295,044	245,592
Interest cost and debt expense, net	12,729	9,063	49,007	34,967
Capitalized interest	(696)	(1,242)	(4,325)	(3,855)
Net Income	$ 54,353	$ 75,320	$ 250,362	$ 214,480
Calculation of Limited Partners' interest:				
Net Income	$ 54,353	$ 75,320	$ 250,362	$ 214,480
Less: General Partner's interest (1)	(13,780)	(10,912)	(52,665)	(37,097)
Limited Partners' interest in Net Income	$ 40,573	$ 64,408	$ 197,697	$ 177.383
Net Income per Limited Partner unit (1)				
Basic	$ 1.31	$ 2.25	$ 6.52	$ 6.19
Diluted	$ 1.30	$ 2.23	$ 6.48	$ 6.15
Weighted average Limited Partners' units outstanding:				
Basic	30,981,265	28,657,485	30,310,618	28,650,069
Diluted	31,199,159	28,854,397	30,517,891	28,836,603
Capital Expenditure Data:				
Maintenance capital expenditures	$ 16,846	$ 9,997	$ 32,172	$ 25,652
Expansion capital expenditures	50,179	232,203	193,656	305,592
Total	$ 67,025	$ 242,200	$ 225,828	$ 331,244

	December 31, 2009	December 31, 2008
Balance Sheet Data (at period end):		
Cash and cash equivalents	$ 2,000	$ 2,000
Total Debt	868,424	747,631
Total Partners' Capital	861,614	669,900

(1) Effective January 1, 2009, the Partnership changed its calculation of earnings per unit to conform to updated accounting guidance that requires undistributed earnings to be allocated to the limited partner and general partner interests in accordance with the Partnership agreement. Prior period amounts have been restated for comparative purposes. This change resulted in an increase in net income per diluted LP unit of $0.61 and $1.17 for the three and twelve months ended December 31, 2008 respectively.

Sunoco Logistics Partners L.P.
Earnings Contribution by Business Segment
(in thousands, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Refined Products Pipeline System:				
Sales and other operating revenue	33,081	$ 29,879	127,729	$ 103,457
Other income	3,438	2,014	12,629	8,535
Total Revenues	36,519	31,893	140,358	111,992
Operating expenses	16,405	14,825	60,152	48,433
Depreciation and amortization	4,118	2,702	13,711	9,351
Selling, general and administrative expenses	5,750	4,684	21,807	19,776
Operating Income	10,246	$ 9,682	44,688	$ 34,432
Terminal Facilities:				
Sales and other operating revenues	51,895	$ 43,134	191,284	$ 162,424
Other Income	456	8	1,860	833
Total Revenues	52,351	$ 43,142	193,144	163,257
Cost of products sold and operating expenses	22,699	18,744	71,137	64,283
Depreciation and amortization	4,448	4,255	18,937	16,446
Selling, general and administrative expenses	4,685	4,525	19,406	18,378
Impairment Charge	—	—	—	5,674
Operating Income	20,519	$ 15,618	83,664	$ 58,476
Crude Oil Pipeline System:				
Sales and other operating revenue	1,576,034	$ 1,499,990	5,082,791	$ 9,846,439
Other income	2,681	2,422	13,384	14,930
Total Revenues	1,578,715	1,502,412	5,096,175	9,861,369
Cost of products sold and operating expenses	1,533,713	1,435,725	4,892,018	9,673,298
Depreciation and amortization	4,126	3,598	15,372	14,257
Selling, general and administrative expenses	5,255	5,248	22,093	21,130
Operating Income	35,621	$ 57,841	166,692	$ 152,684

Sunoco Logistics Partners L.P.
Operating Highlights
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Refined Products Pipeline System: (1)(2)(3)				
Total shipments (barrel miles per day) (4)	56,540,785	55,025,429	57,741,323	46,867,934
Revenue per barrel mile (cents)	0.636	0.590	0.606	0.603
Terminal Facilities:				
Terminal throughput (bpd):				
Refined product terminals (3)	466,167	460,239	462,219	436,213
Nederland terminal	531,405	479,609	597,144	525,954
Refinery terminals (5)	573,344	669,478	591,180	653,326
Crude Oil Pipeline System: (1)(2)(6)				
Crude oil pipeline throughput (bpd)	687,095	711,620	657,991	682,616
Crude oil purchases at wellhead (bpd)	177,164	184,965	181,564	177,662
Gross margin per barrel of pipeline throughput (cents) (7)	60.4	93.4	73.0	63.0

(1) Excludes amounts attributable to equity ownership interests in corporate joint ventures.
(2) Effective January 1, 2009, the Partnership realigned its operating segments as discussed above. Prior period amounts have been recast to reflect the current operating segments.
(3) Includes results from the Partnership's purchase of the Romulus, MI terminal and the MagTex refined products pipeline and terminals system from the acquisition date.
(4) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.
(5) Consists of the Partnership's Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.
(6) Includes results from the Partnership's purchase of the Excel pipeline from the acquisition date.
(7) Represents total segment sales minus cost of products sold and operating expenses and depreciation and amortization divided by crude oil pipeline throughput.

Sunoco Logistics Partners L.P.
Non-GAAP Financial Measures
(in thousands, unaudited)

Distributable Cash Flow (“DCF”)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Twelve Months Ended December 31, 2009	Twelve Months Ended December 31, 2008
Net Income	54,353	75,320	250,362	214,480
Add: Interest cost and debt expense	12,729	9,063	49,007	34,967
Less: Capitalized Interest	(696)	(1,242)	(4,325)	(3,855)
Add. Depreciation and amortization	12,692	10,555	48,020	40,054
Add: Impairment charge	—	—	—	5,674
EBITDA	79,078	93,696	343,064	291,320
Less: Interest cost and debt expense; net	12,033	7,821	44,682	31,112
Less: Maintenance Capital	16,846	9,997	32,172	25,652
Add: Sunoco reimbursements	—	—	—	2,426
Distributable Cash Flow (“DCF”)	50,199	75,878	266,210	236,982

Earnings before interest, taxes, depreciation and amortization (“EBITDA”)

	Twelve Months Ended December 31, 2009
Net Income	250,362
Add: Interest cost and debt expense, net	49,007
Less: Capitalized interest	(4,325)
Add: Depreciation and amortization	48,020
EBITDA	**343,064**
Total Debt as of December 31, 2009	**868,424**
Total Debt to EBITDA Ratio	**2.5**

An investor call with management regarding the fourth-quarter results is scheduled for Wednesday morning, January 27 at 9:00 am EST. Those wishing to listen can access the call by dialing (USA toll free) 1-877-297-3442; International (USA toll) 1-706-643-1335 and request "Sunoco Logistics Partners Earnings Call, Conference Code 49826444". This event may also be accessed by a webcast, which will be available at www.sunocologistics.com. A number of presentation slides will accompany the audio portion of the call and will be available to be viewed and printed shortly before the call begins. Individuals wishing to listen to the call on the Partnership's web site will need Windows Media Player, which can be downloaded free of charge from Microsoft or from Sunoco Logistics Partners' conference call page. Please allow at least fifteen minutes to complete the download.

Audio replays of the conference call will be available for two weeks after the conference call beginning approximately two hours following the completion of the call. To access the replay, dial 1-800-642-1687. International callers should dial 1-706-645-9291. Please enter Conference ID #49826444.

Sunoco Logistics Partners L.P. (NYSE: SXL), headquartered in Philadelphia, is a master limited partnership formed to acquire, own and operate refined product and crude oil pipelines and terminal facilities. The Refined Products Pipeline System consists of approximately 2,200 miles of refined product pipelines located in the Northeastern and Midwestern United States, the recently acquired MagTex Pipeline System, and interests in four refined products pipelines, consisting of a 9.4 percent interest in Explorer Pipeline Company, a 31.5 percent interest in Wolverine Pipe Line Company, a 12.3 percent interest in West Shore Pipe Line Company and a 14.0 percent interest in Yellowstone Pipe Line Company. The Terminal Facilities consist of approximately 10.1 million shell barrels of refined products terminal capacity and approximately 23.0 million shell barrels of crude oil terminal capacity (including approximately 19.6 million shell barrels of capacity at the Texas Gulf Coast Nederland Terminal). The Crude Oil Pipeline System consists of approximately 3,850 miles of crude oil pipelines, located principally in Oklahoma and Texas, a 55.3 percent interest in Mid-Valley Pipeline Company, a 43.8 percent interest in the West Texas Gulf Pipe Line Company and a 37.0 percent interest in the Mesa Pipe Line System. For additional information visit Sunoco Logistics' web site at www.sunocologistics.com.

Portions of this document constitute forward-looking statements as defined by federal law. Although Sunoco Logistics Partners L.P. believes that the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements are inherently uncertain and necessarily involve risks that may affect the Partnership's business prospects and performance causing actual results to differ from those discussed in the foregoing release. Such risks and uncertainties include, by way of example and not of limitation: whether or not the transactions described in the foregoing news release will be cash flow accretive; increased competition; changes in demand for crude oil and refined products that we store and distribute; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction; potential labor issues; the legislative or regulatory environment; plant construction/repair delays; nonperformance by major customers or suppliers; and political and economic conditions, including the impact of potential terrorist acts and international hostilities. These and other applicable risks and uncertainties have been described more fully in the Partnership's Form 10-Q filed with the Securities and Exchange Commission on November 4, 2009. The Partnership undertakes no obligation to update any forward-looking statements in this release, whether as a result of new information or future events.

- END -

News Release
Sunoco Logistics Partners L.P.
1818 Market Street
Philadelphia, Pa. 19103-3615

For further information contact:
Thomas Golembeski (media) 215-977-6298
Neal Murphy (investors) 215-977-6322

For Immediate Release January 26, 2010

No. 3

SUNOCO LOGISTICS PARTNERS L.P. AND SUNOCO, INC. ANNOUNCE INCENTIVE DISTRIBUTION RIGHTS REPURCHASE AND EXCHANGE WITH GENERAL PARTNER

PHILADELPHIA, January 26, 2010 – Sunoco Logistics Partners L.P. (NYSE: SXL) (the “Partnership”) and Sunoco, Inc. (NYSE: SUN) today announced the completion of a repurchase of the incentive distribution rights (IDRs) held by the Partnership’s general partner, Sunoco Partners LLC, a subsidiary of Sunoco, Inc., in exchange for the issuance to the general partner of a new class of IDRs and $201.2 million, secured by a promissory note. The terms of the new IDRs are effective for the first quarter 2010 distribution, payable in May 2010. The general partner’s new IDRs provide for target distribution levels and distribution “splits” between the general partner and the holders of the Partnership’s common units equal to those applicable to the cancelled incentive distribution rights, except that (1) the general partner’s split for distributions, inclusive of its IDRs, above the current second target distribution level of $0.575 per common unit per quarter (or $2.30 per common unit on an annualized basis) will increase to 37% from 25%; and (2) the third target distribution threshold, which is the 50% level, will be increased from $0.70 to $1.5825 per common unit per quarter (or from $2.80 to $6.33 per common unit on an annualized basis). The transaction was approved by the Board of Directors of the general partner upon the recommendation of the Conflicts Committee of the Board comprised of the independent outside directors, who had independent legal and financial advisors.

“This transaction is expected to be immediately accretive to our limited partnership unitholders and will serve to improve our competitive position for growth opportunities by lowering our cost of capital,” said Deborah M. Fretz, President and Chief Executive Officer of Sunoco Logistics.

Commenting on the transaction, Lynn L. Elsenhans, Chairman and Chief Executive Officer of Sunoco, Inc. said, “Sunoco Logistics is one of Sunoco’s most valuable assets and remains an important part of our long term strategy. This transaction will help Sunoco Logistics continue its proven record of profitable growth.”

The following table compares the target distribution levels and distribution splits between the general partner and the holders of the Partnership's common units under the cancelled IDRs and under the new IDRs:

	Cancelled IDRs			New IDRs		
	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions		Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner	Unitholders		General Partner	Unitholders
Minimum Quarterly Distribution	$ 0.450	2%	98%			
First Target Distribution	up to $0.500	2%	98%		No change	
Second Target Distribution	above $0.500 up to $0.575	15%*	85%			
Third Target Distribution	above $0.575 up to $0.700	25%*	75%	above $0.575 up to $1.5825	37%*	63%
Thereafter	above $0.700	50%*	50%	above $1.5825	50%*	50%

* Marginal IDR percentage interest is inclusive of Sunoco Partners LLC's 2% general partner interest

Sunoco Logistics Partners L.P. (NYSE: SXL), headquartered in Philadelphia, is a master limited partnership formed to acquire, own and operate refined product and crude oil pipelines and terminal facilities. The Refined Products Pipeline System consists of approximately 2,200 miles of refined product pipelines located in the Northeastern and Midwestern United States, the recently acquired MagTex Pipeline System, and interests in four refined products pipelines, consisting of a 9.4 percent interest in Explorer Pipeline Company, a 31.5 percent interest in Wolverine Pipe Line Company, a 12.3 percent interest in West Shore Pipe Line Company and a 14.0 percent interest in Yellowstone Pipe Line Company. The Terminal Facilities consist of approximately 10.1 million shell barrels of refined products terminal capacity and approximately 23.0 million shell barrels of crude oil terminal capacity (including approximately 19.6 million shell barrels of capacity at the Texas Gulf Coast Nederland Terminal). The Crude Oil Pipeline System consists of approximately 3,850 miles of crude oil pipelines, located principally in Oklahoma, Michigan and Texas, a 55.3 percent interest in Mid-Valley Pipeline Company, a 43.8 percent interest in the West Texas Gulf Pipe Line Company and a 37.0 percent interest in the Mesa Pipe Line System. For additional information visit Sunoco Logistics' web site at www.sunocologistics.com.

Sunoco, Inc. (NYSE: SUN), headquartered in Philadelphia, PA, is a leading manufacturer and marketer of petroleum and petrochemical products. With 825,000 barrels per day of refining capacity, approximately 4,700 retail sites selling gasoline and

convenience items, and an ownership interest in approximately 6,000 miles of crude oil and refined product owned and operated pipelines and 43 product terminals, Sunoco is one of the largest independent refiner-marketers in the United States. Sunoco is a significant manufacturer of petrochemicals with an annual production capacity of approximately five billion pounds, largely chemical intermediates used to make fibers, plastics, film and resins. Utilizing a unique, patented technology, Sunoco's cokemaking facilities in the United States have the capacity to manufacture approximately 3.0 million tons annually of high-quality metallurgical-grade coke for use in the steel industry. Sunoco also is the operator of, and has an equity interest in, a 1.7 million tons-per-year cokemaking facility in Vitoria, Brazil.

Portions of this document constitute forward-looking statements as defined by federal law. Although Sunoco Logistics Partners L.P. believes that the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements are inherently uncertain and necessarily involve risks that may affect the Partnership's business prospects and performance causing actual results to differ from those discussed in the foregoing release. Such risks and uncertainties include, by way of example and not of limitation: whether or not the transactions described in the foregoing news release will be cash flow accretive; increased competition; changes in demand for crude oil and refined products that we store and distribute; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction; potential labor issues; the legislative or regulatory environment; plant construction/repair delays; nonperformance by major customers or suppliers; and political and economic conditions, including the impact of potential terrorist acts and international hostilities. These and other applicable risks and uncertainties have been described more fully in the Partnership's Form 10-Q filed with the Securities and Exchange Commission on November 4, 2009. The Partnership undertakes no obligation to update any forward-looking statements in this release, whether as a result of new information or future events.

- END -

Exhibit 99.3

Sunoco Logistics Partners L.P.

Fourth Quarter 2009

Earnings Conference Call

January 27, 2010

Forward-Looking Statement

You should review this slide presentation in conjunction with the fourth quarter 2009 earnings conference call for Sunoco Logistics Partners L.P., held on January 27 at 9:00 a.m. EDT. You may listen to the audio portion of the conference call on our website at www.sunocologistics.com **or by dialing (USA toll-free) 1-877-297-3442. International callers should dial 1-706-643-1335. Please enter Conference ID #49826444.**

Audio replays of the conference call will be available for two weeks after the conference call beginning approximately two hours following the completion of the call. To access the replay, dial 1-800-642-1687. International callers should dial 1-706-645-9291. Please enter Conference ID # 49826444.

During the call, those statements we make that are not historical facts are forward-looking statements. Although we believe the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements involve risks that may affect our business prospects and performance, causing actual results to differ from those discussed during the conference call. Such risks and uncertainties include, among other things: our ability to successfully consummate announced acquisitions and organic growth projects and integrate them into existing business operations; the ability of announced acquisitions to be cash-flow accretive; increased competition; changes in the demand both for crude oil that we buy and sell, as well as for crude oil and refined products that we store and distribute; the loss of a major customer; changes in our tariff rates; changes in throughput of third-party pipelines that connect to our pipelines and terminals; changes in operating conditions and costs; changes in the level of environmental remediation spending; potential equipment malfunction; potential labor relations problems; the legislative or regulatory environment; plant construction/repair delays; and political and economic conditions, including the impact of potential terrorist acts and international hostilities.

These and other applicable risks and uncertainties are described more fully in our Form 10-Q, filed with the Securities and Exchange Commission on November 4, 2009. We undertake no obligation to update publicly any forward-looking statements whether as a result of new information or future events.

Q4 2009 Assessment

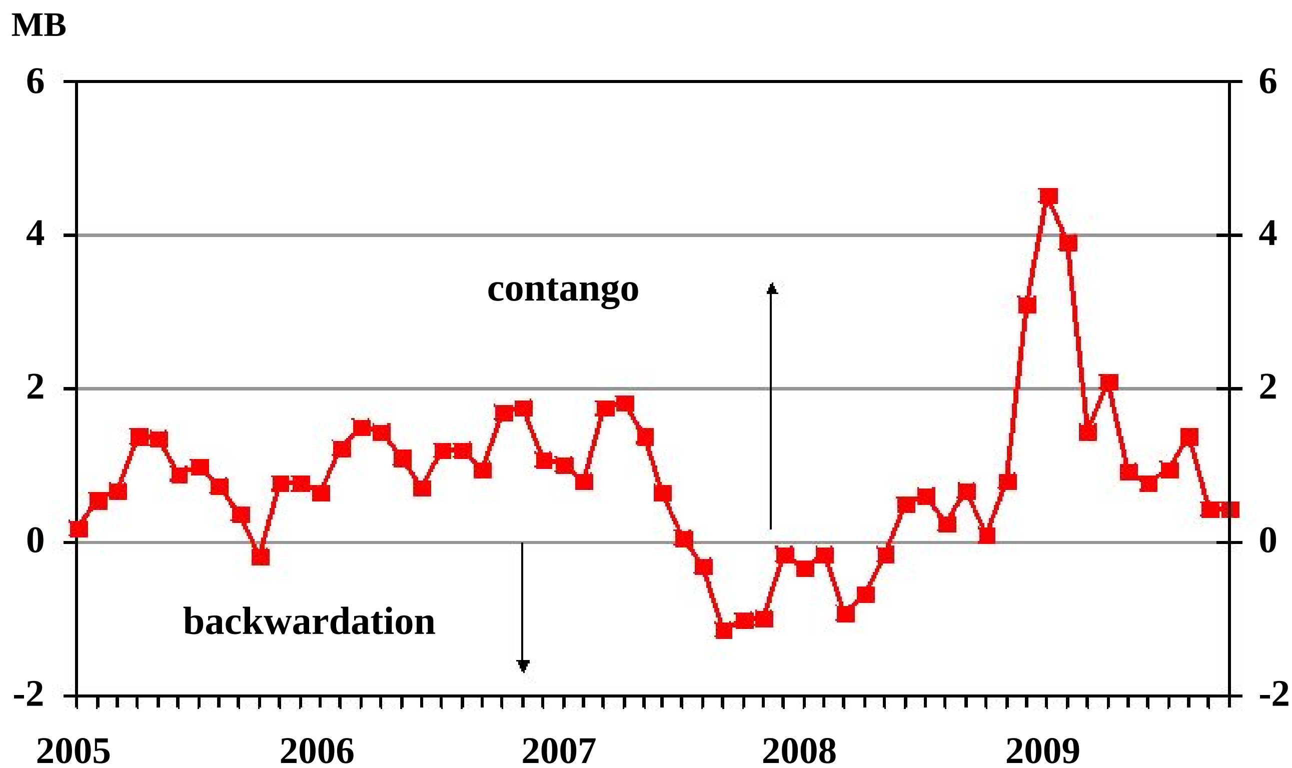
- Record net income for 2009 of $250.4 million compared to $214.5 million in the prior year; Record performance in all three business segments for 2009
- Record performance in all three business segments for 2009
- Quarterly net income of $54.4 million or $1.30 per diluted LP unit
- Distributable cash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

Incentive Distribution Repurchase

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

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

WTI NYMEX Month 2 vs Month 1



Q4 2009 Financial Highlights

($ in millions, unaudited)

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

Q4 2009 Financial Highlights

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

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

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

Q4 2009 Financial Highlights

($ in millions, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	**2008**	**2009**	**2008**
Capital Expenditure Data:				
Maintenance capital expenditures	$ 16.8	$ 10.0	$ 32.2	$ 25.7
Expansion capital expenditures	49.0	232.2	193.6	305.6
Total	$ 65.8	$ 242.2	$ 225.8	$ 331.3

	December 31, 2009	**December 31, 2008**
Balance Sheet Data (at period end):		
Cash and cash equivalents	$ 2.0	$ 2.0
Total debt	868.4	747.6
Total Partners' Capital	861.6	669.9

Q4 2009 Financing Update

($ in millions, unaudited)

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

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

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

Refined Products Pipeline System

(amounts in millions, unless otherwise noted, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009 [4]	**2008** [3]	**2009** [4]	**2008** [3]
Financial Highlights				
Sales and operating revenue	$ 33.1	$ 29.9	$ 127.7	$ 103.5
Other income	3.4	2.0	12.6	8.5
Total revenues	36.5	31.9	140.3	112.0
Operating expenses	16.4	14.8	60.1	48.4
Depreciation and amortization	4.1	2.7	13.7	9.4
Selling, general and administrative expenses	5.8	4.7	21.8	19.8
Operating income	$ 10.2	$ 9.7	$ 44.7	$ 34.4
Operating Highlights [1]				
Total shipments (mm barrel miles per day) [2]	56.5	55.0	57.7	46.9
Revenue per barrel mile (cents)	0.636	0.590	0.606	0.603

(1) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.
(2) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.
(3) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.
(4) Includes results from the Partnership's purchase of the MagTex refined products terminals from the date of acquisition.

Terminal Facilities

(amounts in millions, unless otherwise noted, unaudited)

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

(1) Consists of the Partnership Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.
(2) Includes results from the Partnership's purchase of the MagTex refined products terminals from the date of acquisition.
(3) Includes results from the Partnership's purchase of a refined products terminal in Romulus, MI from the acquisition date.

Crude Oil Pipeline System

(amounts in millions, unless otherwise noted, unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008 [3]	2009	2008 [3]
Financial Highlights				
Sales and operating revenue	$ 1,576.0	$ 1,500.0	$ 5,082.8	$ 9,846.4
Other income	2.7	2.4	13.4	14.9
Total revenues	1,578.7	1,502.4	5,096.2	9,861.3
Cost of products sold and other operating expenses	1,533.7	1,435.7	4,892.0	9,673.2
Depreciation and amortization	4.1	3.6	15.4	14.3
Selling, general and administrative expenses	5.2	5.3	22.1	21.1
Operating income	$ 35.7	$ 57.8	$ 166.7	$ 152.7
Operating Highlights [1]				
Terminal throughput (000's bpd)				
Crude oil pipeline throughput (000's bpd)	687.1	711.6	658.0	682.6
Crude oil purchases at wellhead (000's bpd)	177.2	185.0	181.6	177.7
Gross margin per barrel of pipeline throughput (cents) [2]	60.4	93.4	73.0	63.0

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

(2) Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by crude oil pipeline throughput.

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

Sunoco Logistics Partners L.P.

Appendix

Non-GAAP Financial Measures

($ in thousands, unaudited)

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

Non-GAAP Financial Measures

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

Non-GAAP Financial Measures

($ in thousands, unaudited)

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

Non-GAAP Financial Measures

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

Refined Products Pipeline System Recast

(amounts in millions, unless otherwise noted, unaudited)

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

(1) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.
(2) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.
(3) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.

Crude Oil Pipeline System Recast

(amounts in millions, unless otherwise noted, unaudited)

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

(1) On January 1, 2009 the reporting segments were realigned. All prior period reporting segment results were recast for comparative purposes.
(2) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.
(3) Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by crude oil pipeline throughput.

ITEM 6. SELECTED FINANCIAL DATA

The following financial data for each of the five years in the period ended December 31, 2008, should be read in conjunction with the other financial information included in this Exhibit 99.1 of this Form 8-K and the other information included in our Item 6. Selected Financial Data in our Annual Report on Form 10-K for the year ended December 31, 2008. All other financial data has been prepared from our accounting records.

	Year Ended December 31,				
	2004[1]	2005[2]	2006[3]	2007[4]	2008[5]
	(in thousands, except per unit and operating data)				
Net Income per limited partner unit: [1]					
Basic	$ 2.28	$ 2.28	$ 2.68	$ 3.39	$ 6.19
Diluted	$ 2.26	$ 2.26	$ 2.67	$ 3.37	$ 6.15

(1) As described in Item 8.01 of this Form 8-K, our historical periods' earnings per unit have been revised as a result of our January 2009 adoption of new guidance regarding the application of the two-class method to calculate earnings per unit for Master Limited Partnerships. There were no changes to the other information included in our Item 6. Selected Financial Data in our Annual Report on Form 10-K for the year ended December 31, 2008.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Sunoco Partners LLC

We have audited the accompanying balance sheets of Sunoco Logistics Partners L.P. as of December 31, 2008 and 2007, and the related statements of income, partners' capital, and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunoco Logistics Partners L.P. at December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sunoco Logistics Partners L.P.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2008 expressed an unqualified opinion thereon.

As discussed in Note 1 to the consolidated financial statements, the financial statements have been retrospectively revised for the adoption of Emerging Issues Task Force Issue No. 07-4, *Application of the Two-Class Method under FASB Statement No. 128 to Master Limited Partnerships*.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
February 24, 2009
except as it pertains to the retrospective adjustment
of earnings per unit discussed in Note 1 and the business
segment information discussed in Note 14, as to
which the date is January 27, 2010

SUNOCO LOGISTICS PARTNERS L.P.

STATEMENTS OF INCOME
(in thousands, except units and per unit amounts)

	Year Ended December 31,		
	2006	2007	2008
Revenues			
Sales and other operating revenue:			
Affiliates	$ 1,842,634	$ 1,682,042	$ 2,571,947
Unaffiliated customers	3,994,601	5,695,413	7,540,373
Other income	17,315	28,381	24,298
Total Revenues	5,854,550	7,405,836	10,136,618
Costs and Expenses			
Cost of products sold and operating expenses	5,644,021	7,156,142	9,786,014
Depreciation and amortization	36,649	37,341	40,054
Selling, general and administrative expenses	55,686	56,198	59,284
Impairment charge	—	—	5,674
Total Costs and Expenses	5,736,356	7,249,681	9,891,026
Operating Income	118,194	156,155	245,592
Net interest cost paid to affiliates	1,411	2,287	558
Other interest cost and debt expense, net	29,447	36,412	34,409
Capitalized interest	(3,005)	(3,419)	(3,855)
Net Income	$ 90,341	$ 120,875	$ 214,480
Calculation of Limited Partners' interest in Net Income:			
Net Income	$ 90,341	$ 120,875	$ 214,480
Less: General Partner's interest in Net Income [1]	(16,395)	(24,098)	(37,097)
Limited Partners' interest in Net Income [1]	$ 73,946	$ 96,777	$ 177,383
Net Income per Limited Partner unit: [1]			
Basic	$ 2.68	$ 3.39	$ 6.19
Diluted	$ 2.67	$ 3.37	$ 6.15
Weighted average Limited Partners' units outstanding:			
Basic	27,608,565	28,581,032	28,650,069
Diluted	27,738,016	28,729,153	28,836,603

(1) Retrospective adjustment as described in Note 1.

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

BALANCE SHEETS
(in thousands)

	December 31,	
	2007	2008
Assets		
Current Assets		
Cash and cash equivalents	$ 2,000	$ 2,000
Advances to affiliates	8,060	2,549
Accounts receivable, affiliated companies	62,167	77,692
Accounts receivable, net	1,200,782	652,840
Inventories	30,669	90,156
Total Current Assets	1,303,678	825,237
Properties, plants and equipment, net	1,089,262	1,375,429
Investment in affiliates	84,985	82,882
Deferred charges and other assets	26,717	24,701
Total Assets	$ 2,504,642	$ 2,308,249
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	$ 1,289,402	$ 792,674
Accrued liabilities	45,159	45,648
Accrued taxes	34,277	20,738
Total Current Liabilities	1,368,838	859,060
Long-term debt	515,104	747,631
Other deferred credits and liabilities	29,655	31,658
Commitments and contingent liabilities		
Total Liabilities	1,913,597	1,638,349
Partners' Capital:		
Limited partners' interest	582,357	653,283
General partner's interest	8,688	19,747
Accumulated other comprehensive loss	—	(3,130)
Total Partners' Capital	591,045	669,900
Total Liabilities and Partners' Capital	$ 2,504,642	$ 2,308,249

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2006	2007	2008
Cash Flows from Operating Activities:			
Net Income	$ 90,341	$ 120,875	$ 214,480
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36,649	37,341	40,054
Impairment charge	—	—	5,674
Amortization of financing fees and bond discount	508	666	633
Restricted unit incentive plan expense	3,686	5,310	4,277
Changes in working capital pertaining to operating activities:			
Accounts receivable, affiliated companies	37,584	36,785	(15,525)
Accounts receivable, net	(191,996)	(424,277)	547,942
Inventories	(39,834)	39,615	(59,487)
Accounts payable and accrued liabilities	203,819	376,690	(497,772)
Accrued taxes	1,883	11,408	(13,539)
Proceeds from insurance recovery	—	4,389	—
Other	(1,160)	(1,303)	1,850
Net cash provided by operating activities	141,480	207,499	228,587
Cash Flows from Investing Activities:			
Capital expenditures	(119,838)	(105,862)	(145,834)
Acquisitions	(121,382)	(13,489)	(185,410)
Net cash used in investing activities	(241,220)	(119,351)	(331,244)
Cash Flows from Financing Activities:			
Distributions paid to Limited Partners and General Partner	(97,987)	(117,451)	(137,203)
Net proceeds from issuance of Limited Partner units	110,338	—	—
Contribution from General Partner for Limited Partner unit transactions	2,427	58	76
Repayments from (advances to) affiliates, net	(13,181)	(629)	5,511
Borrowings under credit facility	177,500	279,900	343,385
Repayments under credit facility	(216,100)	(256,900)	(111,000)
Net proceeds from issuance of Senior Notes	173,307	—	—
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	(1,443)	(1,479)	(538)
Contributions from / (Distributions to) affiliate	(47,354)	941	2,426
Net cash provided by/(used in) financing activities	87,507	(95,560)	102,657
Net change in cash and cash equivalents	(12,233)	(7,412)	—
Cash and cash equivalents at beginning of year	21,645	9,412	2,000
Cash and cash equivalents at end of year	$ 9,412	$ 2,000	$ 2,000

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

	Limited Partners				General Partner	Accumulated Other Comprehensive Loss	Total Partners' Capital
	Common		Subordinated				
	Units	$	Units	$	$	$	$
Balance at December 31, 2005	17,231	$ 358,954	8,538	$156,558	$ 7,899	—	$ 523,411
Net income	—	63,029	—	16,146	11,166	—	90,341
Issuance of Limited Partner units to the public	2,680	110,338	—	—	2,353	—	112,691
Conversion of Subordinated units to Common units held by affiliate (Note 12)	2,846	52,185	(2,846)	(52,185)	—	—	—
Contribution from affiliate	—	2,964	—	2,647	115	—	5,726
Distribution to affiliate	—	(27,475)	—	(24,543)	(1,062)	—	(53,080)
Unissued units under incentive plans	—	3,686	—	—	—	—	3,686
Distribution equivalent rights	—	(508)	—	—	—	—	(508)
Units issued under incentive plans	87	—	—	—	74	—	74
Tax withholding under incentive plans	—	(1,443)	—	—	—	—	(1,443)
Cash distributions	—	(65,104)	—	(19,245)	(13,638)	—	(97,987)
Balance at December 31, 2006	22,844	$ 496,626	5,692	$ 79,378	$ 6,907	—	$ 582,911
Net income	—	96,736	—	—	24,139	—	120,875
Cumulative effect of adoption of FIN No. 48	—	405	—	—	8	—	413
Conversion of Subordinated units to Common units held by affiliate (Note 12)	5,692	79,378	(5,692)	(79,378)	—	—	—
Contribution from affiliate	—	1,173	—	—	24	—	1,197
Distribution to affiliate	—	(251)	—	—	(5)	—	(256)
Unissued units under incentive plans	—	5,310	—	—	—	—	5,310
Distribution equivalent rights	—	(533)	—	—	—	—	(533)
Units issued under incentive plans	50	—	—	—	58	—	58
Tax withholding under incentive plans	—	(1,479)	—	—	—	—	(1,479)
Cash distributions	—	(95,008)	—	—	(22,443)	—	(117,451)
Balance at December 31, 2007	28,586	$ 582,357	—	—	$ 8,688	—	$ 591,045
Comprehensive Income:							
Net income	—	171,311	—	—	43,169	—	214,480
Unrealized loss on cash flow hedges	—	—	—	—	—	(1,130)	(1,130)
Total comprehensive income							213,350
Adjustment to recognize the funded status of our affiliates' postretirement plans	—	—	—	—	—	(2,000)	(2,000)
Contribution from affiliate	—	2,377	—	—	49	—	2,426
Unissued units under incentive plans	—	4,277	—	—	—	—	4,277
Distribution equivalent rights	—	(1,533)	—	—	—	—	(1,533)
Units issued under incentive plans	71	—	—	—	76	—	76
Tax withholding under incentive plans	—	(504)	—	—	—	—	(504)
Cash distributions	—	(104,968)	—	—	(32,235)	—	(137,203)
Other	—	(34)	—	—		—	(34)
Balance at December 31, 2008	28,657	$ 653,283	—	—	$ 19,747	$ (3,130)	$ 669,900

(See Accompanying Notes)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation

Sunoco Logistics Partners L.P. (the “Partnership”) is a Delaware limited partnership formed by Sunoco, Inc. (“Sunoco”) in October 2001 to acquire, own and operate a substantial portion of Sunoco’s logistics business, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets located in the northeast, midwest and soutwest United States. Sunoco, Inc. and its wholly-owned subsidiaries including Sunoco, Inc. (R&M) are collectively referred to as “Sunoco”. The consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned partnerships, including Sunoco Logistics Partners Operations L.P. (the “Operating Partnership”). We eliminate all significant intercompany accounts and transactions. Equity ownership interests in corporate joint ventures, which are not consolidated, are accounted for under the equity method. In management’s opinion, the consolidated financial statements reflect all normal and recurring adjustments needed to fairly present the Partnership’s financial position and operating results at the dates and for the periods presented.

Use of Estimates

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

Revenue Recognition

Terminalling and storage revenues are recognized at the time the services are provided. Pipeline revenues are recognized upon delivery of the barrels to the location designated by the shipper. Crude oil gathering and marketing revenues are recognized when title to the crude oil is transferred to the customer. Revenues are not recognized for crude oil exchange transactions, which are entered into primarily to acquire crude oil of a desired quality or to reduce transportation costs by taking delivery closer to the Partnership’s end markets. Any net differential for exchange transactions is recorded as an adjustment of inventory costs in the purchases component of cost of products sold and operating expenses in the statements of income based upon the concepts set forth in APB Opinion No. 29, “Accounting for Nonmonetary Transactions” as amended by Emerging Issues Task Force Issue 04-13, “Accounting for Purchases and Sales of Inventory with the Same Counterparty”.

Affiliated revenues consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco. Sales of crude oil to affiliates are priced using market based rates. Sunoco pays fees for transportation or terminalling services based on the terms and conditions of an established agreement or utilizing published tariffs. Sunoco’s remaining minimum throughput obligations for refined products, intermediates, liquefied petroleum gas and crude oil in the Partnership’s Inkster Terminal, Fort Mifflin Terminal Complex, Eagle Point dock and terminal and certain crude oil pipelines expire in the first quarter of 2009.

Cash Equivalents

The Partnership considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. At December 31, 2007 and 2008, these cash equivalents consist principally of money market accounts.

Accounts Receivable, net

Accounts receivable represent valid claims against non-affiliated customers (see Note 3 for affiliated receivables) for products sold or services rendered. The Partnership extends credit terms to certain customers after review of various credit indicators, including the customer's credit rating. Outstanding customer receivable balances are regularly reviewed for possible non-payment indicators and reserves are recorded for doubtful accounts based upon management's estimate of collectibility at the time of review. Actual balances are charged against the reserve when all collection efforts have been exhausted.

Inventories

Inventories are valued at the lower of cost or market. Crude oil inventory cost has been determined using the last-in, first-out method ("LIFO"). Under this methodology, the cost of products sold consists of the actual crude oil acquisition costs of the Partnership, which includes transportation and storage costs. Such costs are adjusted to reflect increases or decreases in crude oil inventory quantities, which are valued based on the changes in the LIFO inventory layers. The cost of materials, supplies and other inventories is principally determined using the average cost method. Crude inventory balances declined in the Partnership's Western Pipeline business segment during 2007, which resulted in liquidating a portion of the prior year layer carried at lower costs prevailing in 2006. The reduction resulted predominately from the elimination of contango inventory positions, and had the effect of increasing results of operations by $11.0 million in 2007.

Properties, Plants and Equipment

Properties, plants and equipment are stated at cost. Additions to properties, plants and equipment, including replacements and improvements, are recorded at cost. Repair and maintenance expenditures are charged to expense as incurred. Depreciation is provided principally using the straight-line method based on the estimated useful lives of the related assets. For certain interstate pipelines, the depreciation rate is applied to the net asset value based on FERC requirements.

Capitalized Interest

The Partnership capitalizes interest on borrowed funds related to capital projects only for periods that activities are in progress to bring these projects to their intended use. During the years ended December 31, 2006, 2007 and 2008, the amount of interest capitalized was $3.0 million, $3.4 million and $3.9 million, respectively. The weighted average rate used to capitalize interest on borrowed funds was 6.6 percent, 6.5 percent and 5.9 percent for 2006, 2007 and 2008, respectively.

Investment in Affiliates

Investments in affiliates, which consist of corporate joint ventures, are accounted for under the equity method of accounting as required by Accounting Principles Board Opinion 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB 18"). Under this method, an investment is carried at acquisition cost, increased for the equity in income or decreased for the equity in loss from the date of acquisition, reduced for dividends received and increased or decreased for adjustments in other comprehensive income. Income recognized from our corporate joint venture interests is presented within other income on our statements of income. The Partnership had $3.9 million of undistributed earnings from its investments in corporate joint ventures within Partners' Capital at December 31, 2008. During the years ended December 31, 2006, 2007 and 2008 the Partnership received dividends of $15.9 million, $23.9 million and $22.2 million respectively, from its investments in corporate joint ventures.

The Partnership allocates its excess investment cost over its equity in the net assets of affiliates to the underlying tangible and intangible assets of the corporate joint ventures. Other than land and indefinite-lived intangible assets, all amounts allocated, principally to pipeline and related assets, are amortized using the straight-line method over their estimated useful life of 40 years. The amortization of these amounts is included within depreciation and amortization in the statements of income.

Impairment of Long-Lived Assets

Long-lived assets other than those held for sale are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows expected to be generated by the asset are less than its carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the estimated fair value of the impaired asset. Long-lived assets held for sale are recorded at the lower of their carrying amount or estimated fair value less cost to sell the assets. During 2008, the Partnership recognized an impairment of $5.7 million related to Management's decision to discontinue efforts to expand liquefied petroleum gas storage capacity at its Inkster, Michigan facility. The impairment charge reflects the entire cost associated with the project.

Goodwill and Other Intangible Assets

Goodwill, which represents the excess of the purchase price over fair value of net assets acquired, is presented net of accumulated amortization within deferred charges and other assets on the balance sheets. As of December 31, 2007 and 2008, the Partnership had $16.2 million of goodwill and accumulated amortization of $1.3 million related to goodwill. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite-lived intangible assets are tested for impairment at least annually. The Partnership determined during 2006, 2007 and 2008 that such assets were not impaired.

Deferred financing fees of $3.1 million and $2.5 million, net of accumulated amortization of $1.9 million and $2.6 million have been included within deferred charges and other assets on the balance sheets as of December 31, 2007 and 2008, respectively. The Partnership deferred total fees of $0.3 million paid in 2007 related to the $400 million Credit Facility entered into in August 2007 (see Note 9). Amortization expense of $0.5 million, $0.7 million and $0.6 million for the years ended December 31, 2006, 2007 and 2008, respectively, has been included within other interest cost and debt expense on the statements of income. The Partnership amortizes deferred financing fees over the life of the respective debt agreement.

Environmental Remediation

The Partnership accrues environmental remediation costs for work at identified sites where an assessment has indicated that cleanup costs are probable and reasonably estimable. Such accruals are undiscounted and are based on currently available information, estimated timing of remedial actions and related inflation assumptions, existing technology and presently enacted laws and regulations. If a range of probable environmental cleanup costs exists for an identified site, the minimum of the range is accrued unless some other point or points in the range are more likely, in which case the most likely amount in this range is accrued.

Income Taxes

No provision for U.S. federal income taxes is included in the accompanying financial statements. As a partnership we are not a taxable entity for U.S. federal income tax purposes, or for the majority of states that

impose income taxes. Our taxable income, which may vary substantially from the net income reported for financial reporting purposes, is includable in the federal and state income tax returns of our unitholders. There are some states, however, in which the Partnership operates where we are subject to state and local income taxes.

We adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS 109, Accounting for Income Taxes ("FIN 48"), as of January 1, 2007. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS 109 by prescribing the minimum recognition threshold and measurement attribute a tax position taken or expected to be taken on a tax return is required to meet before being recognized in the financial statements. The adoption of FIN 48 had no material impact on our financial statements.

Long-Term Incentive Plan

On January 1, 2006, the Partnership adopted SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R"), using the modified-prospective method. Among other things, SFAS No. 123R requires a fair-value-based method of accounting for share-based payment transactions. SFAS No. 123R also requires the use of a non-substantive vesting period approach for share-based payment transactions that vest when an employee becomes retirement eligible as is the case under the Partnership's Long-Term Incentive Plan (i.e., the vesting period cannot exceed the date an employee becomes retirement eligible). The effect is to accelerate expense recognition for units awarded to retirement-eligible participants or those participants who will become retirement-eligible during the vesting period. Expense related to this plan is included in selling general and administrative expenses on the income statement.

Asset Retirement Obligations

Asset retirement obligations (ARO's) represent the fair value of a liability related to the retirement of long-lived assets and are recorded at the time a legal obligation is incurred. A corresponding asset is also recorded at that time and is depreciated over the remaining useful life of the related asset. The fair value of any ARO is determined based on estimates and assumptions related to retirement costs, future inflation rates and credit-adjusted risk-free interest rates. Changes in the liability are recorded for the passage of time (accretion) or for revisions to cash flows originally estimated to settle the ARO.

The Partnership's balance sheet includes liabilities for asset retirement obligations, as a component of other deferred credits and liabilities, of $22.5 million at December 31, 2007 and 2008. During 2006, the Partnership increased the liability for asset retirement obligations and properties, plant and equipment by $1.1 million related to the obligations associated with two crude oil pipelines acquired in March 2006. This change did not have a significant impact on the Partnership's statement of income for the year ended December 31, 2006. During 2007 and 2008, the Partnership had no changes to the liability for asset retirement obligations and properties, plant and equipment. The Partnership believes it may have additional asset retirement obligations related to its pipeline assets and storage tanks, for which it is not possible to estimate when the retirement obligations will be settled. Consequently, these retirement obligations cannot be measured at this time.

Fair Value Measurements

Effective January 1, 2008, the Partnership adopted the provisions of Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157") which pertain to certain balance sheet items measured at fair value on a recurring basis. SFAS No. 157 defines fair value, establishes a framework for

measuring fair value and expands disclosures about such measurements that are permitted or required under other accounting pronouncements. While SFAS No. 157 may change the method of calculating fair value, it does not require any new fair value measurements.

In accordance with SFAS No. 157, 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. As required, 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 SFAS No. 157. The Partnership generally applies the “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 Partnership’s financial instruments recorded at fair value were not material at December 31, 2008.

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”) was issued and became effective January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other eligible items at fair value that were not previously required to be measured at fair value, with unrealized gains and losses on such items reported in earnings. The Partnership did not adopt the use of fair value measurements for any new items as of the January 1, 2008 effective date of this new standard.

Lease Accounting

The Partnership applies the provisions of Emerging Issues Task Force Issue 01-8, “Determining Whether an Arrangement Contains a Lease” (“EITF 01-8”). EITF 01-8 provides guidance in determining whether an arrangement meets the definition of a lease under the provisions of SFAS No. 13, “Accounting for Leases” (“SFAS No. 13”). SFAS No. 13 defines a lease as an agreement conveying the right to use property, plant or equipment for a stated period of time. EITF 01-8 provides criteria to determine whether an arrangement conveys the right to use property, plant and equipment under SFAS No. 13. The accounting requirements under EITF 01-8 could affect an arrangement’s timing of revenue and expense recognition, and revenues previously reported as transportation and storage services might have to be reported as rental or leasing income. However, the timing of the cash receipts associated with these agreements would not be impacted by the accounting requirements under EITF 01-8. The provisions of EITF 01-8 are to be applied prospectively to arrangements agreed to, modified, or acquired in business combinations after July 1, 2003. During 2006, 2007 and 2008 previous arrangements that would be leases or would contain a lease according to this pronouncement were recorded in accordance with their prior accounting treatment. The Partnership is continually analyzing its agreements that were in existence prior to July 1, 2003 to determine if the accounting for these agreements would be impacted upon renewal or amendment. The provisions of EITF 01-8 had no material impact on the Partnership’s financial statements for the years ended December 31, 2006, 2007 and 2008.

Earnings Per Unit

We use the two-class method to determine basic and diluted earnings per unit. Basic and diluted net income per limited partner unit is calculated by dividing net income, after deducting the amount allocated to the general partner's interest and incentive distribution rights, by the weighted-average number of limited partner common and subordinated units outstanding during the period.

On January 1, 2009 the Partnership adopted the provisions of Emerging Issues Task Force No. 07-4 *Application of the Two-Class Method under FASB Statement No. 128, Earnings per Share, to Master Limited Partnerships* ("EITF 07-4"). EITF 07-4 requires incentive distribution rights ("IDRs") in a master limited partnership to be treated as participating securities for the purpose of computing earnings per unit. EITF 07-4 also requires that when earnings differ from cash distributions, undistributed or over distributed earnings are to be allocated to the IDR holders, the general partner, and limited partners based on the contractual terms of the partnership agreement. Previously, earnings per unit was calculated as if all earnings for the period had been distributed, which resulted in an additional allocation of income to the general partner (the IDR holder) in quarterly periods where earnings exceeded the actual distribution and a lesser allocation of income to the general partner in quarterly periods where distributions exceeded earnings.

We have retrospectively applied EITF 07-4 to all periods presented. Our adoption of this guidance only impacts the allocation of earnings for purposes of calculating our earnings per limited partner unit and has no impact on our results of operations, or distributions of available cash to unitholders and our general partner. The following table illustrates the impact of this change in accounting principle on the basic and diluted earnings per unit for the years ended December 31,:

	Basic		Diluted	
	As Reported	Restated	As Reported	Restated
2008	$ 5.01	$ 6.19	$ 4.98	$ 6.15
2007	3.38	3.39	3.37	3.37
2006	2.87	2.68	2.85	2.67

2. Equity Offerings

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale. The purchase price for the over allotment was equal to the offering price in the May 2006 sale. The sale of units resulted in total gross proceeds of $115.2 million, and net proceeds of $110.3 million, after the underwriters' commission and legal, accounting and other transaction expenses. Net proceeds of the offering, together with the $173.3 million in net proceeds from the concurrent offering of Senior Notes (see Note 9), were used to repay $216.1 million of the debt incurred under the previous credit facility, to fund the Partnership's 2006 organic growth program, and for general partnership purposes. Also as a result of the issuance of these units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. At December 31, 2008, Sunoco's ownership in the Partnership, including its 2.0 percent general partner interest, was 43.3 percent.

3. Related Party Transactions

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 intercompany account. The intercompany 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 $400 million Credit Facility.

Administrative Services

Under the Omnibus Agreement, the Partnership pays Sunoco or the general partner an annual administrative fee that includes expenses incurred by Sunoco and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. This fee was $7.7 million, $6.5 million and $6.0 million for the years ended December 31, 2006, 2007, and 2008, respectively. This fee does not include the costs 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 (including senior

executives), or the cost of their employee benefits. The Partnership has no employees, and reimburses Sunoco and its affiliates for these costs and other direct expenses incurred on the Partnership's behalf. In addition, the Partnership has incurred additional general and administrative costs which it pays directly.

The term of Section 4.1 of the Omnibus Agreement (which concerns the Partnership's obligation to pay the annual fee for provision of certain general and administrative services) was extended by one year in January 2009. The 2009 annual fee remains at $6.0 million. These costs may be increased if the acquisition or construction of new assets or businesses require an increase in the level of general and administrative services

received by the Partnership. There can be no assurance that Section 4.1 of the Omnibus Agreement will be extended beyond 2009, or that, if extended, the administrative fee charged by Sunoco will be at or below the current administrative fee. In the event that the Partnership is unable to obtain such services from Sunoco or other third parties at or below the current cost, the Partnership's financial condition and results of operations may be adversely impacted.

In addition to the fees for the centralized corporate functions, selling, general and administrative expenses in the statements of income include the allocation of shared insurance costs of $3.2 million, $3.9 million and $3.2 million for the years ended December 31, 2006, 2007 and 2008 respectively. The Partnership's share of allocated Sunoco employee benefit plan expenses, including non-contributory 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 was $22.5 million, $23.0 million and $22.8 million for the years ended December 31, 2006, 2007 and 2008 respectively. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the statements of income.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

Affiliated revenues in the statements of income consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco. Sales of crude oil are priced using market based rates. Pipeline revenues are generally determined using posted tariffs. In 2002, the Partnership entered into a pipelines and terminals storage and throughput agreement and various other agreements with Sunoco under which the Partnership is charging Sunoco fees for services provided under these agreements that, in management's opinion, are comparable to those charged in arm's-length, third-party transactions. Under the pipelines and terminals storage and throughput agreement, Sunoco has agreed to pay the Partnership a minimum level of revenues for transporting refined products. Sunoco also has agreed to minimum throughputs of crude oil and liquefied petroleum gas in the Partnership's Inkster Terminal, Fort Mifflin Terminal Complex and certain crude oil pipelines. During the first quarter of 2007, the agreement to throughput at the Partnership's refined product terminals and to receive and deliver refined product into the Partnership's Marcus Hook Tank Farm expired. On March 1, 2007 the Partnership entered into new five year agreements with Sunoco to provide these services. These new agreements contain no minimum throughput obligations for Sunoco.

Under various other agreements entered into in 2002, Sunoco is, among other things, purchasing from the Partnership, at market-based rates, particular grades of crude oil that the Partnership's crude oil acquisition and marketing business purchases for delivery to certain pipelines. These agreements automatically renew on a monthly basis unless terminated by either party on 30 days' written notice. During the years ended December 31, 2005 and 2006 two of these agreements were terminated by Sunoco, however the cancellations have not had a material impact on the Partnership's results of operations. Sunoco also leases the Partnership's 58 miles of interrefinery pipelines between Sunoco's Philadelphia and Marcus Hook refineries for a term of 20 years.

Capital Contributions

The Omnibus Agreement requires Sunoco to: reimburse the Partnership for any operating expenses and capital expenditures in excess of $8.0 million per year in each calendar year through 2006 that are made to comply with the U.S. Department of Transportation's ("DOT") pipeline integrity management rule, subject to a maximum aggregate reimbursement of $15.0 million over the five-year period ending December 31, 2006; complete, at its expense, certain tank maintenance and inspection projects at the Darby Creek Tank Farm; and reimburse the Partnership for up to $10.0 million of expenditures required at the Marcus Hook Tank Farm and

the Darby Creek Tank Farm to maintain compliance with existing industry standards and regulatory requirements. As of December 31, 2008, the Partnership has received the cumulative reimbursement under these agreements and does not expect to be reimbursed by Sunoco for these expenditures going forward.

Under the terms of the Interrefinery Lease Agreement, Sunoco is required to reimburse the Partnership for any non-routine maintenance expenditures, as defined, incurred during the term of the agreement. The Eagle Point purchase agreement requires Sunoco to reimburse the Partnership for certain maintenance capital and expense expenditures incurred regarding the assets acquired, as defined, up to $5.0 million within the first 10 years of closing of the transaction. The Partnership also entered into other various agreements with Sunoco following the Eagle Point agreement for additional reimbursements. For the years ended December 31, 2006, 2007 and 2008 the Partnership incurred maintenance capital expenditures of $2.3 million, $1.2 million, and $1.9 million, respectively, under the provisions within these agreements and was reimbursed by Sunoco. The reimbursements were recorded as capital contributions to Partners' Capital within the Partnership's balance sheet.

In February 2008, 2007 and 2006 the Partnership issued 0.1 million common units, in each year, to participants in the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") upon completion of award vesting requirements. As a result of these issuances of common units, the general partner contributed $0.1 million in each period to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded these amounts as capital contributions to Partners' Capital within its consolidated balance sheets.

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale (see Note 2). As a result of this issuance of 2.68 million common units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its consolidated balance sheet.

Asset Acquisitions

On August 18, 2006, the Partnership purchased from Sunoco a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest (50 percent voting rights) in Mid-Valley Pipeline Company ("Mid-Valley") for approximately $65 million, subject to certain adjustments five years following the date of closing, based on throughput of Sunoco (see Note 4). Since the acquisition was from a related party, the interest in the entity was recorded by the Partnership at Sunoco's historical cost of approximately $12.5 million, and the $52.5 million difference between the purchase price and the cost basis of the assets was recorded by the Partnership as a capital distribution.

4. Acquisitions

On November 18, 2008, the Partnership purchased a refined products pipeline system from affiliates of Exxon Mobil Corporation. The system consists of approximately 280 miles of refined products pipeline originating in Beaumont and Port Arthur and terminating in Hearne, Texas; another 200 miles of refined products pipeline originating in Beaumont and terminating in Waskom, Texas; and refined product facilities located in Hearne, Hebert, Waco, Center and Waskom, Texas and Arcadia, Louisiana with active storage capacity of 0.5 million shell barrels. The purchase price of the acquisition was initially funded with borrowings under the Operating Partnership's $400 million Credit Facility. The purchase price has been preliminarily allocated to the

assets and liabilities acquired based on their relative fair values on the acquisition date. The following is a summary of the effects of the transaction on the Partnership's consolidated financial position (in thousands of dollars):

Increase in:	
Inventories	$ 553
Environmental liabilities	(2,093)
Properties, plants and equipment, net	187,503
Cash paid for acquisition	$185,963

The results of the acquisition are included in the financial statements within the Eastern Pipeline System and Terminal Facilities business segments from the date of acquisition.

On June 1, 2007, the Partnership purchased a 50 percent undivided interest in a refined products terminal located in Syracuse, New York from Mobil Pipe Line Company, an affiliate of Exxon Mobil Corporation for approximately $13.4 million. Total terminal storage capacity is approximately 550,000 barrels. The purchase price of the acquisition was funded with borrowings under the Operating Partnership's previous credit facility, and has been allocated to property, plants and equipment based on the relative fair value of the assets acquired on the acquisition date. The results of the acquisition are included in the financial statements within the Terminal Facilities business segment from the date of acquisition.

On August 18, 2006, the Partnership purchased from Sunoco a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest (50 percent voting rights) in Mid-Valley Pipeline Company ("Mid-Valley") for approximately $65.0 million, subject to certain adjustments five years following the date of closing, based on the throughput of Sunoco. Mid-Valley owns a 994-mile pipeline, which originates in Longview, Texas and terminates in Samaria, Michigan, and has operating capacity of approximately 238,000 bpd and 4.2 million shell barrels of storage capacity. Mid-Valley provides crude oil to a number of refineries, primarily in the Midwest United States. The purchase price of the acquisition was initially funded with $46.0 million in borrowings under the Operating Partnership's previous credit facility and with cash on hand. Since the acquisition was from a related party, the interest in the entity was recorded by the Partnership at Sunoco's historical cost of approximately $12.5 million and the $52.5 million difference between the purchase price and the cost basis of the assets was recorded by the Partnership as a capital distribution. The results of the acquisition are included in the financial statements within the Western Pipeline System business segment from the date of acquisition.

On March 1, 2006, the Partnership purchased a Texas crude oil pipeline system from affiliates of Black Hills Energy, Inc. for approximately $40.9 million. The system consists of (a) the Millennium Pipeline, a 200-mile, 12-inch crude oil pipeline with approximately 65,000 bpd operating capacity, originating near the Partnership's Nederland Terminal, and terminating at Longview Texas; (b) the Kilgore Pipeline, a 190-mile, 10-inch crude oil pipeline with approximately 35,000 barrel per day capacity originating in Kilgore, Texas and terminating at refineries in the Houston, Texas region; (c) approximately 900,000 shell barrels of active storage capacity at Kilgore, and Longview, Texas, approximately 550,000 of which are inactive; (d) a crude oil sales and marketing business; and (e) crude oil line fill and working inventory. The purchase price of the acquisition was initially funded with borrowings under the Operating Partnership's previous credit facility. The purchase price

has been allocated to the assets acquired based on their relative fair values at the acquisition date. The following is a summary of the effects of the transaction on the Partnership's consolidated financial position (in thousands of dollars):

Increase in:	
Inventories	$ 2,189
Properties, plants and equipment, net	38,711
Cash paid for acquisition	$40,900

The results of the acquisition are included in the financial statements within the Western Pipeline System business segment from the date of acquisition.

On March 1, 2006, the Partnership acquired a Texas crude oil pipeline system from Alon USA Energy, Inc. for approximately $68.0 million. The system consists of (a) the Amdel Pipeline, a 503-mile, 10-inch common carrier crude oil pipeline with approximately 27,000 bpd operating capacity, originating at the Nederland Terminal, and terminating at Midland, Texas, and (b) the White Oil Pipeline, a 25-mile, 10-inch crude oil pipeline with approximately 40,000 bpd operating capacity, originating at the Amdel Pipeline and terminating at Alon's Big Spring, Texas refinery. The pipelines were idle at the time of purchase, were re-commissioned by the Partnership during the second quarter 2006 and began making deliveries during the fourth quarter 2006. During the first quarter of 2007, the Partnership completed a project to expand the capacity on the Amdel Pipeline from approximately 27,000 to 40,000 bpd. Construction on new tankage at the Nederland Terminal to service these new volumes more efficiently was completed during 2008. The purchase price of the acquisition was initially funded with borrowings under the Operating Partnership's previous credit facility, and has been allocated to property, plants and equipment based on the relative fair value of the assets acquired on the acquisition date. The results of the acquisition are included in the financial statements within the Western Pipeline System business segment from the date of acquisition.

5. Net Income Per Unit Data

The general partner's interest in net income consists of its 2.0 percent general partner interest and "incentive distributions", which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.50 per limited partner unit (see Note 12). For the purpose of calculating the net income per limited partner unit, the general partner was allocated net income $16.4 million (representing 18.1 percent of total net income for the period) for the year ended December 31, 2006, $24.1 million (representing 19.9 percent of total net income for the period) for the year ended December 31, 2007, and $37.1million

(representing 17.3 percent of total net income for the period) for the year ended December 31, 2008. Diluted net income per limited partner unit is calculated by dividing net income applicable to limited partners' by the sum of the weighted-average number of common and subordinated units outstanding and the dilutive effect of incentive unit awards (see Note 11), as calculated by the treasury stock method.

The following table sets forth the reconciliation of the weighted average number of limited partner units used to compute basic net income per limited partner unit to those used to compute diluted net income per limited partner unit for the years ended December 31, 2006, 2007 and 2008:

	2006	2007	2008
Weighted average number of limited partner units outstanding—basic	27,608,565	28,581,032	28,650,069
Add effect of dilutive unit incentive awards	129,451	148,121	186,534
Weighted average number of limited partner units—diluted	27,738,016	28,729,153	28,836,603

6. Inventories

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

	December 31,	
	2007	2008
Crude oil	$29,145	$87,645
Refined product	682	1,670
Materials, supplies and other	842	841
	$30,669	$90,156

The current replacement cost of crude oil inventory exceeded its carrying value by $165.2 million and $44.7 million at December 31, 2007 and 2008, respectively.

7. Properties, Plants and Equipment

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

	Estimated Useful Lives	December 31,	
		2007	2008
Land and land improvements (including rights of way)	—	$ 80,832	$ 89,457
Pipeline and related assets	38 - 60	779,058	967,469
Terminals and storage facilities	5 - 44	475,717	537,702
Other	5 - 48	210,517	225,827
Construction-in-progress	—	79,658	125,362
		1,625,782	1,945,817
Less: Accumulated depreciation and amortization		(536,520)	(570,388)
		$1,089,262	$1,375,429

8. Investment in Affiliates

The Partnership's ownership percentages in corporate joint ventures as of December 31, 2007 and 2008 are as follows:

	Partnership Ownership Percentage
Explorer Pipeline Company	9.4%
Wolverine Pipe Line Company	31.5%
West Shore Pipe Line Company	12.3%
Yellowstone Pipe Line Company	14.0%
West Texas Gulf Pipe Line Company	43.8%
Mid-Valley Pipeline Company[1]	55.3%

(1) Mid-Valley Pipeline Company was acquired in August 2006 and includes 50 percent voting rights.

The following table provides summarized unaudited financial information on a 100 percent basis for the Partnership's equity ownership interests. (in thousands of dollars):

	2006	2007	2008
Income Statement Data:			
Total revenues	$454,258	$513,302	$470,146
Income before income taxes	$177,876	$208,067	$151,446
Net income	$111,521	$132,654	$ 95,700
Balance Sheet Data (as of year-end):			
Current assets	$104,276	$181,683	$115,097
Non-current assets	$489,514	$692,331	$682,453
Current liabilities	$111,476	$122,229	$123,423
Non-current liabilities	$399,826	$661,777	$591,101
Net equity	$ 83,028	$ 90,008	$ 83,026

The Partnership's investments in Wolverine, West Shore, Yellowstone, and West Texas Gulf at December 31, 2008 include an excess investment amount of approximately $53.7 million, net of accumulated amortization of $3.9 million. The excess investment is the difference between the investment balance and the Partnership's proportionate share of the net assets of the entities.

9. Long-Term Debt & Revolving Credit Facilities

The components of long-term debt and revolving credit facilities are as follows (in thousands of dollars):

	December 31,	
	2007	2008
$400 million Credit Facility – due November 2012	$ 91,000	$323,385
$100 million Credit Facility – due May 2009	—	—
Senior Notes—7.25%, due February 15, 2012	250,000	250,000
Senior Notes—6.125%, due May 15, 2016	175,000	175,000
Less unamortized bond discount	(896)	(754)
	$515,104	$747,631

$400 Million Credit Facility

Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"), a wholly-owned entity of the Partnership, has a five-year $400 million revolving credit facility ("$400 million Credit Facility") with a syndicate of 10 participating financial institutions. The $400 million Credit Facility is available to fund the Operating Partnership's working capital requirements, to finance future acquisitions, to finance future capital projects and for general partnership purposes. The $400 million Credit Facility matures in November 2012 and may be prepaid at any time. It bears interest at the Operating Partnership's option, at either (i) LIBOR plus an applicable margin, (ii) the higher of the federal funds rate plus 0.50 percent or the Citibank prime rate (each plus the applicable margin) or (iii) the federal funds rate plus an applicable margin. The $400 million Credit Facility contains various covenants limiting the Operating 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; acquire another company; or enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. The $400 million Credit Facility also limits the Operating Partnership, on a rolling four-quarter basis, to a maximum total debt to EBITDA ratio of 4.75 to 1, which can generally be increased to 5.25 to 1 during an acquisition period. The Operating Partnership is in compliance with this requirement as of December 31, 2008.

In September 2008, Lehman Brothers, one of the participating banks with a commitment under the facility amounting to $5 million, declared bankruptcy and then failed to fund its share of the Partnership's borrowings under this facility.

$100 Million Credit Facility

In anticipation of the MagTex Acquisition, the Operating Partnership, entered into a $100 million 364 day revolving credit facility ("$100 million Credit Facility") on May 28, 2008. The $100 million Credit Facility is available to fund the same activities as the $400 million Credit Facility described above. The $100 million Credit Facility matures in May 2009 and can be prepaid at any time. Interest on outstanding borrowings is calculated, at the Operating Partnership's option, using either (i) LIBOR plus an applicable margin or (ii) the higher of (a) the Federal funds rates plus 0.50 percent plus an applicable margin, and (b) the Citibank prime rate plus an applicable margin. The $100 million Credit Facility contains the same covenant requirements as the $400 million Credit Facility described above. As of December 31, 2008 there were no borrowings outstanding under the $100 million Credit Facility.

Interest Rate Swap

The Partnership uses interest rate swaps, a type of derivative financial instrument, to manage interest costs and minimize the effects of interest rate fluctuations on cash flows associated with its credit facilities. The Partnership does not use derivatives for trading or speculative purposes. While interest rate swaps are subject to fluctuations in value, these fluctuations are generally offset by the value of the underlying exposures being hedged. The Partnership minimizes the risk of credit loss by entering into these agreements with financial institutions that have high credit ratings. The Partnership accounts for its interest rate swaps in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which requires that all derivatives be recorded on the balance sheet at fair value. SFAS 133 also requires that changes in the fair value be recorded each period in current earnings or other comprehensive income, depending on whether a derivative has been designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. Interest rate swaps are designated as cash flow hedges. Changes in the fair value of a cash flow hedge, to the extent the hedge is effective, are recorded, net of tax, in other comprehensive income (loss), a component of Partners' capital, until earnings are affected by the variability of the hedged cash flows. Cash flow

hedge ineffectiveness, defined as the extent that the changes in the fair value of the derivative exceed the variability of cash flows of the forecasted transaction, is recorded currently in earnings.

In January 2008, the Partnership entered into a $50.0 million floating to fixed interest rate swap agreement (the "Swap"), maturing January 2010. Under the Swap, the Partnership receives interest equivalent to the three-month LIBOR and pays a fixed rate of interest of 3.489 percent, with settlements occurring quarterly. The objective of the hedge is to eliminate the variability of cash flows in interest payments for $50.0 million of floating rate debt. To maintain hedge accounting for the Swap, the Partnership is committed to maintaining at least $50.0 million in borrowings at an interest rate based on the three-month LIBOR, plus an applicable margin, through January 2010. The Swap's fair value of ($1.1) million as of December 31, 2008, is included in accrued liabilities on the balance sheet and the corresponding change in fair value is included in other comprehensive income, a component of Partners' equity. There was no cash flow hedge ineffectiveness recorded during 2008.

Senior Notes

In 2002, the Operating Partnership issued $250 million of 7.25 percent Senior Notes, due February 15, 2012 (the "2012 Senior Notes") at 99.325 percent of the principal amount, for net proceeds of $244.8 million after the underwriter's commission and legal, accounting and other transaction expenses. The 2012 Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The 2012 Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The Operating Partnership is in compliance with these covenants as of December 31, 2008. In addition, the 2012 Senior Notes are also subject to repurchase by the Operating Partnership at a price equal to 100 percent of their principal amount, plus accrued and unpaid interest upon a change of control to a non-investment grade entity.

On May 2, 2006, the Operating Partnership issued $175 million of 6.125 percent Senior Notes, due May 15, 2016 (the "2016 Senior Notes") at 99.858 percent of the principal amount, for net proceeds of $173.3 million after the underwriter's commission and legal, accounting and other transaction expenses. The 2016 Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The 2016 Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The Operating Partnership is in compliance with these covenants as of December 31, 2008.

The Partnership has no operations and its only assets are its investments in its wholly-owned partnerships and subsidiaries. The Operating Partnership also has no operations and its assets are limited primarily to its investments in its wholly-owned operating partnerships, deferred charges, and cash and cash equivalents of $2.0 million. Except for amounts associated with the 2012 Senior Notes and 2016 Senior Notes, the $400 million and $100 million Credit Facilities, cash and cash equivalents and advances to affiliate, the assets and liabilities in the balance sheets and the revenues and costs and expenses in the statements of income are primarily attributable to the operating partnerships. See Note 17 for supplemental condensed consolidating financial information.

The Partnership and the operating partnerships of the Operating Partnership served as joint and several guarantors of the 2012 Senior Notes and 2016 Senior Notes and of any obligations under the previous credit facility. The Partnership continues to serve as guarantor of the 2012 Senior Notes and 2016 Senior Notes and of any obligations under the $400 million and $100 million Credit Facilities. These guarantees are full and unconditional. In connection with the Partnership's $400 million credit facility the Subsidiary Guarantors (as defined in Note 17) were released from their obligations under the previous credit facility, and the 2012 and 2016 Senior Notes. See Note 17 for supplemental condensed consolidating financial information.

The aggregate amount of long-term debt maturities is as follows (in thousands of dollars):

Year Ended December 31:	
2012	$ 573,385
Thereafter	175,000
	$ 748,385

Cash payments for interest related to long-term debt, net of capitalized interest (see Note 1), were, $24.7 million, $32.0 million and $32.4 million in 2006, 2007 and 2008, respectively.

10. Commitments and Contingent Liabilities

Total rental expense for 2006, 2007 and 2008 amounted to $5.8 million, $6.6 million and $6.1 million, respectively. The Partnership, as lessee, has noncancelable operating leases for land, office space and equipment for which the aggregate amount of future minimum annual rentals as of December 31, 2008 is as follows (in thousands of dollars):

Year Ended December 31:	
2009	$ 3,079
2010	2,625
2011	2,477
2012	2,418
2013	599
Thereafter	1,985
Total	$13,183

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 result in liabilities and loss contingencies for remediation at the Partnership's facilities and at third-party or formerly owned sites. At December 31, 2007 and 2008, there were accrued liabilities for environmental remediation in the balance sheets of $1.1 million and $3.6 million, respectively. The accrued liabilities for environmental remediation do not include any amounts attributable to unasserted claims, nor have any recoveries from insurance been assumed. Charges against income for environmental remediation totaled $1.3 million, $4.8 million and $2.1 million for the years ended December 31, 2006, 2007 and 2008, respectively.

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

The Partnership is a party to certain pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of them could be resolved unfavorably to the Partnership and its predecessor. Management does not believe that any liabilities which may

arise from such claims and the environmental matters discussed above would be material in relation to the financial position of the Partnership at December 31, 2008. Furthermore, management does not believe that the overall costs for such matters will have a material impact, over an extended period of time, on the Partnership's operations, cash flows or liquidity.

Sunoco has indemnified the Partnership for 30 years from environmental and toxic tort liabilities related to the assets contributed to the Partnership that arise from the operation of such assets prior to the closing of the February 2002 IPO. Sunoco has indemnified the Partnership for 100 percent of all losses asserted within the first 21 years of closing of the February 2002 IPO. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent a year. For example, for a claim asserted during the twenty-third year after closing of the February 2002 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 February 2002 IPO and for environmental and toxic tort liabilities to the extent Sunoco is not required to indemnify the Partnership.

Sunoco also has indemnified the Partnership for liabilities, other than environmental and toxic tort liabilities related to the assets contributed to the Partnership, that arise out of Sunoco's ownership and operation of the assets prior to the closing of the February 2002 IPO and that are asserted within 10 years after closing of the February 2002 IPO. In addition, Sunoco has indemnified the Partnership from liabilities relating to certain defects in title to the assets contributed to the Partnership and associated with failure to obtain certain consents and permits necessary to conduct its business that arise within 10 years after closing of the February 2002 IPO as well as from liabilities relating to legal actions currently pending against Sunoco or its affiliates and events and conditions associated with any assets retained by Sunoco or its affiliates.

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 financial position of the Partnership at December 31, 2008. There are certain other pending legal proceedings related to matters arising after the February 2002 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 financial position of the Partnership at December 31, 2008.

Sunoco Partners Marketing & Terminals L.P. ("SPMT"), which is wholly owned by the Partnership, has received a proposed penalty assessment from the Internal Revenue Service ("IRS") in the aggregate amount of $5.1 million based on a failure to timely file excise tax information returns relating to its terminal operations during the calendar years 2004 and 2005. SPMT became current on its information return filings with the IRS in July of 2006. SPMT believes it had reasonable cause for the failure to not file the information returns on a timely basis, and provided this information to the IRS on October 19, 2007 in a formal filing. SPMT is currently awaiting a response from the IRS. The proposed penalties are for the failure to file information returns rather than any failure to pay taxes due, as no taxes were owed by SPMT in connection with such information. The timing or outcome of this claim, and the total costs to be incurred by SPMT in connection therewith, cannot be reasonably estimated at this time.

11. Management Incentive Plan

Sunoco Partners LLC, the general partner of the Partnership, has adopted the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") for employees and directors 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 non-independent members of

the general partners' 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 aggregate of 1,250,000 common units.

Restricted Units

A restricted unit entitles the grantee to receive a common unit or, at the discretion of the Compensation Committee, an amount of cash equivalent to the value of a common unit upon the vesting of the unit, which may include the attainment of predetermined performance targets. The Compensation Committee may make additional grants under the LTIP to employees and directors containing such terms as the Compensation Committee shall determine. Common units to be delivered to the grantee upon vesting may be common units acquired by the general partner in the open market, common units already owned by the general partner, common units acquired by the general partner directly from the Partnership or any other person, or any combination of the foregoing. The general partner will be entitled to reimbursement by the Partnership for the cost incurred in acquiring common units. If the Partnership issues new common units upon vesting of the restricted units, the total number of common units outstanding will increase. The Compensation Committee, in its discretion, may grant tandem distribution equivalent rights ("DERs") with respect to the restricted units. Subject to applicable vesting criteria, DERs entitle the grantee to receive an amount of cash equal to the per unit cash distributions made by the Partnership during the period the restricted unit is outstanding. During the years ended December 31, 2006, 2007 and 2008, the Partnership granted 59,930, 79,190 and 62,048 restricted units, respectively. Although some of these awards are time-vested only, most are subject to the Partnership achieving certain market-based and cash distribution performance targets as compared to a peer group average, which can cause the actual amount of units that ultimately vest to range from between 0% to 200% of the original units granted. These restricted unit awards generally vest over a three-year period,.

The following table summarizes information regarding restricted unit award activity during the year ended December 31, 2008:

Restricted Unit Award Activity

	Number of Units [(1)]	Weighted Average Grant-Date Fair Value
Non-vested and outstanding, beginning of year	129,342	$ 51.72
Granted	62,048	$ 52.92
Performance Factor Adjustment	52,726	$ 44.32
Vested	(108,523)	$ 44.75
Cancelled/forfeited	(1,457)	$ 52.53
Non-vested and outstanding, end of year	134,136	$ 55.00

(1) The number of restricted units issued related to performance shares may range from 0 to 200 percent of the number of units shown in the table above based on our achievement of performance goals for total shareholder return and cash distributions relative to a selected peer group of competitors.

The total intrinsic value of restricted unit awards vested during the years ended December 31, 2006, 2007 and 2008 was $3.6 million, $4.3 million, and $4.9 million, respectively. Non-vested and outstanding restricted unit awards at December 31, 2008 had a contractual life of one to five years.

The estimated fair value of restricted units under the LTIP is determined based upon the nature of the award. For performance-based awards, the fair value is determined using the grant date market price of the Partnership's Common units. For market-based awards, the fair value is determined using a Monte Carlo simulation. In

accordance with SFAS No. 123R, the Partnership is recognizing compensation expense on a straight-line basis over the requisite service period as well as estimating forfeitures over the requisite service period when recognizing compensation expense.

Fair Value Assumptions

Year Ended December 31,	2006	2007	2008
Expected unit-price volatility	19.2%	17.2%	18.7%
Dividend Yield	7.0%	6.1%	7.1%
Risk-free interest rate	4.9%	4.9%	2.3%
Weighted average fair value of performance units granted during the year	$44.31	$56.27	$52.96

Expected unit-price volatility is based on the daily historical volatility of our common units, generally for the past three years. The distribution yield represents our annualized distribution yield on the average closing price of our common units 30 days prior to the date of grant. The risk-free interest rate is based on the zero-coupon U.S. Treasury bond, with a term equal to the remaining contractual term of the restricted unit awards.

As of December 31, 2008, total compensation cost related to non-vested awards not yet recognized was $1.9 million, and the weighted-average period over which this cost is expected to be recognized in expense is 1.6 years. The number of restricted stock units outstanding and the total compensation cost related to non-vested awards not yet recognized reflects the Partnership’s estimates of performance factors for certain restricted unit awards.

The Partnership recognized share-based compensation expense related to the LTIP of $3.7 million, $5.3 million, and $4.3 million in the years ended December 31, 2006, 2007 and 2008 respectively under SFAS No. 123R related to the unit grants and performance factor adjustments noted in the table above. Each of the restricted unit grants also have tandem DERs which are recognized as a reduction of Partners’ Capital when earned.

Unit Options

A unit option entitles the grantee to purchase a common unit at a price determined at the date of grant by the Compensation Committee. There have been no grants of unit options for the years ended December 31, 2006, 2007 and 2008, and there are no unit options outstanding as of December 31, 2008. However, the Compensation Committee may, in the future, make grants under the LTIP to employees and directors containing such terms as the Compensation Committee shall determine, provided that unit options have an exercise price no less than the fair market value of the units on the date of grant.

12. 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 in 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 establishment of cash reserves and payment of fees and expenses, including payments to the general partner.

The Partnership issued 11,383,639 subordinated units to its general partner in connection with the initial public offering in February 2002. These subordinated units were convertible to common units on a one-for-one

basis provided the Partnership met applicable financial tests set forth in the Partnership Agreement. Once converted, subordinated units are no longer subordinated to the rights of the holders of common units. The Partnership met the minimum quarterly distribution requirements on all outstanding units for each of the four- quarter periods ended December 31, 2005 and 2006. As a result, the subordinated units converted to common units during 2005 through 2007.

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

Quarterly Cash Distribution Amount per Unit	Percentage of Distributions	
	Unitholders	General Partner
Up to minimum quarterly distribution ($0.45 per Unit)	98%	2%
Above $0.45 per Unit up to $0.50 per Unit	98%	2%
Above $0.50 per Unit up to $0.575 per Unit	85%	15%
Above $0.575 per Unit up to $0.70 per Unit	75%	25%
Above $0.70 per Unit	50%	50%

If cash distributions exceed $0.50 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 amounts shown in the table under “Percentage of Distributions” are the percentage interests of the general partner and the unitholders in any available cash from operating surplus that is distributed up to and including the corresponding amount in the column “Quarterly Cash Distribution Amount per Unit,” until the available cash that is distributed reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

Distributions paid by the Partnership during the years ended December 31, 2006, 2007 and 2008 were as follows:

Date Cash Distribution Paid	Cash Distribution per Limited Partner Unit	Annualized Cash Distribution per Limited Partner Unit	Total Cash Distribution to the Limited Partners ($ in millions)	Total Cash Distribution to the General Partner ($ in millions)
February 14, 2006	$ 0.7125	$ 2.85	$ 18.4	$ 2.0
May 15, 2006	$ 0.7500	$ 3.00	$ 21.4	$ 3.3
August 14, 2006	$ 0.7750	$ 3.10	$ 22.1	$ 4.0
November 14, 2006	$ 0.7875	$ 3.15	$ 22.4	$ 4.4
February 14, 2007	$ 0.8125	$ 3.25	$ 23.2	$ 5.1
May 15, 2007	$ 0.8250	$ 3.30	$ 23.6	$ 5.4
August 14, 2007	$ 0.8375	$ 3.35	$ 23.9	$ 5.8
November 14, 2007	$ 0.8500	$ 3.40	$ 24.3	$ 6.1
February 14, 2008	$ 0.8700	$ 3.48	$ 24.9	$ 6.7
May 15, 2008	$ 0.8950	$ 3.58	$ 25.6	$ 7.5
August 14, 2008	$ 0.9350	$ 3.74	$ 26.8	$ 8.6
November 14, 2008	$ 0.9650	$ 3.86	$ 27.6	$ 9.5

On January 28, 2009, the Partnership declared a cash distribution of $0.990 per unit ($3.96 per unit annualized) on its outstanding common and subordinated units, representing the distribution for the quarter ended December 31, 2008. The $38.6 million distribution, including $10.2 million to the general partner, was paid on February 13, 2009 to unitholders of record at the close of business on February 9, 2009.

13. Financial Instruments and Concentration of Credit Risk

The estimated fair value of financial instruments has been determined based on the Partnership's assessment of available market information and appropriate valuation methodologies. The Partnership's current assets (other than inventories) and current liabilities are financial instruments. The estimated fair value of these financial instruments approximates their carrying amounts. The estimated fair value of the $91.0 million and $323.4 million of borrowings under the $400 million Credit Facility at December 31, 2007 and 2008 approximate their carrying amounts as these borrowings bear interest based upon short-term interest rates. The estimated fair value of the 2012 and 2016 Senior Notes at December 31, 2007 and 2008 was $449.3 million and $416.2 million, respectively, compared to the carrying amount of $425.0 million at December 31, 2007 and 2008. The 2012 and 2016 Senior Notes, which are publicly traded, were valued based upon quoted market prices.

Approximately 25 percent of total revenues recognized by the Partnership during 2008 was derived from Sunoco. The Partnership sells crude oil to Sunoco, transports crude oil and refined products to/from Sunoco's refineries and provides terminalling and storage services for Sunoco. Sunoco has been issued an investment grade credit rating by three recognized agencies and, accordingly, management of the Partnership does not believe that the transactions with Sunoco expose it to significant credit risk.

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

14. Business Segment Information

On January 1, 2009 the Partnership re-aligned its reporting segments. Prior to this date, the reporting segments were designated by geographic region. The Partnership has determined it more meaningful to functionally align its reporting segments. As such, the updated reporting segments as of January 1, 2009 are *Refined Products Pipeline System*, *Terminal Facilities*, and *Crude Oil Pipeline System.* The primary difference in the new reporting is the consolidation of a formerly eastern area crude oil pipeline with the formerly western area crude oil pipelines. For comparative purposes all prior period amounts have been recast to reflect the new segment reporting and do not impact consolidated net income.

The Partnership operates in three principal business segments: Refined Products Pipeline System, Terminal Facilities and Crude Oil Pipeline System.

- The *Refined Products Pipeline System* serves the northeast and midwest United States operations of Sunoco and includes: approximately 1,650 miles of refined product pipelines, including a two-thirds undivided interest in the 80-mile refined product Harbor pipeline, and 58 miles of interrefinery pipelines between two of Sunoco's refineries; a 9.4 percent interest in Explorer Pipeline Company, a joint venture that owns a 1,881-mile refined product pipeline; a 31.5 percent interest in Wolverine Pipe Line Company, a joint venture that owns a 721-mile refined product pipeline; a 12.3 percent interest in West Shore Pipe Line Company, a joint venture that owns a 652-mile refined product pipeline; and a 14.0 percent interest in Yellowstone Pipe Line Company, a joint venture that owns a 750-mile refined product pipeline.

  The Refined Products Pipeline System also includes the MagTex refined product pipeline system which was acquired from Mobil Pipeline Company, an affiliate of Exxon Mobil Corporation, in November 2008. The system consists of approximately 500 miles of refined product pipelines located in Texas.

- The *Terminal Facilities* consist of 41 refined product terminals with an aggregate storage capacity of 6.7 million barrels, primarily serving the Partnership's Refined Products Pipeline System; the Nederland Terminal, a 17.1 million barrel marine crude oil terminal on the Texas Gulf Coast; a 2.0 million barrel refined product terminal serving Sunoco's Marcus Hook refinery near Philadelphia, Pennsylvania; one inland and two marine crude oil terminals with a combined capacity of 3.4 million barrels, and related pipelines, which serve Sunoco's Philadelphia refinery; a ship and barge dock which serves Sunoco's Eagle Point refinery; and a 1.0 million barrel liquefied petroleum gas ("LPG") terminal near Detroit, Michigan.
- The *Crude Oil Pipeline System* gathers, purchases, sells, and transports crude oil principally in Oklahoma and Texas and consists of approximately 3,200 miles of crude oil trunk pipelines, including a 37.0 percent undivided interest in the 80-mile Mesa Pipe Line system, and approximately 500 miles of crude oil gathering lines that supply the trunk pipelines; approximately 115 crude oil transport trucks; approximately 100 crude oil truck unloading facilities; a 55.3 percent interest in the Mid-Valley Pipeline Company, a joint venture that owns a 994-mile crude oil pipeline and a 43.8 percent interest in West Texas Gulf Pipe Line Company, a joint venture that owns a 579-mile crude oil pipeline.

The following tables sets forth condensed statement of income information concerning the Partnership's recast business segments and reconciles total segment operating income to net income for the years ended December 31, 2006, 2007 and 2008, respectively (in thousands of dollars).

	Year Ended December 31, 2006			
	Refined Products Pipeline System	Terminal Facilities	Crude Oil Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 69,239	$ 82,607	$1,690,788	$1,842,634
Unaffiliated customers	$ 22,028	$ 40,635	$3,931,938	$3,994,601
Operating income	$ 30,626[1]	$ 39,140	$ 48,428[2]	$ 118,194
Net interest expense				(27,853)
Net income				$ 90,341
Depreciation and amortization	$ 9,054	$ 15,364	$ 12,231	$ 36,649
Capital expenditures	$ 17,252	$ 61,046	$ 41,540[3]	$ 119,838
Investment in affiliates	$ 58,849	$ —	$ 23,085	$ 81,934
Identifiable assets	$351,109	$341,878	$1,362,841	$2,082,077[4]

(1) Includes equity income of $11,012 attributable to the Partnership's equity ownership interests in Explorer, Wolverine, West Shore and Yellowstone.

(2) Includes equity income of $5,870 attributable to the Partnership's equity ownership interest in West Texas Gulf and Mid-Valley.

(3) Excludes $108,900 for the acquisition of the Amdel and White Oil crude oil pipeline system, and Millennium and Kilgore crude oil pipeline system and, $12,482 related to the acquisition of a 55.3 percent equity interest in Mid-Valley Pipeline Company.

(4) Identifiable assets include the Partnership's unallocated $9,412 cash and cash equivalents, $7,431 advances to affiliates, $7,204 deferred financing costs, $2,198 to properties, plants and equipment, net and $4 attributable to corporate activities.

	Year Ended December 31, 2007			
	Refined Products Pipeline System	Terminal Facilities	Crude Oil Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 71,836	$ 92,156	$1,518,050	$1,682,042
Unaffiliated customers	$ 26,387	$ 49,466	$5,619,560	$5,695,413
Operating income	$ 32,150[1]	$ 52,668	$ 71,337[2]	$ 156,155
Net interest expense				(35,280)
Net income				$ 120,875
Depreciation and amortization	$ 8,336	$ 15,338	$ 13,667	$ 37,341
Capital expenditures	$ 9,652[3]	$ 64,381	$ 27,967	$ 105,862[4]
Investment in affiliates	$ 59,776	$ —	$ 25,209	$ 84,985
Identifiable assets	$ 337,670	$400,509	$1,742,701	$2,504,642[5]

(1) Includes equity income of $13,051 attributable to the Partnership's equity ownership interests in Explorer, Wolverine, West Shore and Yellowstone.

(2) Includes equity income of $14,062 attributable to the Partnership's equity ownership interest in West Texas Gulf and Mid-Valley.

(3) Excludes $13,416 for the acquisition of the Syracuse refined products terminal.

(4) Capital expenditures include the Partnership's $3,862 of capital expenditures attributable to corporate activities.

(5) Identifiable assets include the Partnership's unallocated $2,000 cash and cash equivalents, $8,060 advances to affiliates, $6,038 deferred financing costs, $7,661 to properties, plants and equipment, net and $3 attributable to corporate activities.

	Year Ended December 31, 2008			
	Refined Products Pipeline System	Terminal Facilities	Crude Oil Pipeline System	Total
Sales and other operating revenue:				
Affiliates	$ 76,964	$ 99,976	$2,395,007	$2,571,947
Unaffiliated customers	$ 26,493	$ 62,448	$7,451,432	$7,540,373
Operating income	$ 34,432[1]	$ 58,475	$ 152,685[2]	$ 245,592
Net interest expense				(31,112)
Net income				$ 214,480
Depreciation and amortization	$ 9,351	$ 16,446	$ 14,257	$ 40,054
Impairment charge	—	5,674	—	5,674
Capital expenditures	$ 12,435[3]	$ 74,115	$ 53,362	$ 145,834[4]
Investment in affiliates	$ 56,918	$ —	$ 25,964	$ 82,882
Identifiable assets	$ 497,464	$484,349	$1,302,582	$2,308,249[5]

(1) Includes equity income of $8,463 attributable to the Partnership's equity ownership interests in Explorer, Wolverine, West Shore and Yellowstone.
(2) Includes equity income of $13,953 attributable to the Partnership's equity ownership interest in West Texas Gulf and Mid-Valley.
(3) Excludes $185,410 for the acquisition of the MagTex refined product pipeline system.
(4) Capital expenditures include the Partnership's $5,922 of capital expenditures attributable to corporate activities.
(5) Identifiable assets include the Partnership's unallocated $2,000 cash and cash equivalents, $2,549 advances to affiliates, $3,767 deferred financing costs, $15,536 to properties, plants and equipment, net and $2 attributable to corporate activities.

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

	Year Ended December 31,		
	2006	2007	2008
Affiliates:			
Crude oil sales	$ 1,672,381	$ 1,499,437	$ 2,376,575
Pipeline	87,646	90,449	95,396
Terminalling and other	82,607	92,156	99,976
	$ 1,842,634	$ 1,682,042	$ 2,571,947
Unaffiliated Customers:			
Crude oil sales	$ 3,887,795	$ 5,565,975	$ 7,385,321
Pipeline	66,171	79,972	92,604
Terminalling and other	40,635	49,466	62,448
	$ 3,994,601	$ 5,695,413	$ 7,540,373

15. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data is as follows (in thousands of dollars, except per unit amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2007				
Sales and other operating revenue:				
Affiliates	$ 452,069	$ 391,370	$ 439,776	$ 398,827
Unaffiliated customers	$ 1,097,501	$ 1,238,910	$ 1,496,439	$ 1,862,563
Gross margin[1]	$ 41,408	$ 40,543	$ 50,945	$ 51,076
Operating income	$ 30,928	$ 34,754	$ 45,922	$ 44,551
Net income	$ 22,307	$ 25,254	$ 37,514	$ 35,800
Net income per Limited Partner unit—basic[2] [3]	$ 0.59	$ 0.68	$ 1.09	$ 1.01
Net income per Limited Partner unit—diluted[2] [3]	$ 0.59	$ 0.68	$ 1.09	$ 1.01

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Sales and other operating revenue:				
Affiliates	$ 636,386	$ 756,718	$ 760,551	$ 418,292
Unaffiliated customers	$ 1,758,003	$ 2,558,703	$ 2,068,956	$ 1,154,711
Gross margin[1]	$ 55,806	$ 64,730	$ 66,888	$ 93,154
Operating income	$ 45,201	$ 59,387	$ 57,863	$ 83,141
Net income	$ 37,503	$ 51,323	$ 50,334	$ 75,320
Net income per Limited Partner unit—basic[2] [3]	$ 1.05	$ 1.48	$ 1.42	$ 2.25
Net income per Limited Partner unit—diluted[2] [3]	$ 1.04	$ 1.47	$ 1.41	$ 2.23

(1) Gross margin equals sales and other operating revenue less cost of products sold and operating expenses and depreciation and amortization.
(2) Net income included within this calculation excludes amounts attributable to the general partner’s interest in net income.
(3) Retrospective adjustment for our adoption of EITF 07-4 as described in Note 1.

16. Subsequent Event

In February 2009, the Operating Partnership issued $175 million of 8.75 percent Senior Notes, due February 15, 2014 (“2014 Senior Notes”). The 2014 Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The 2014 Senior Notes contain various covenants limiting the Operating Partnership’s ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The net proceeds from the 2014 Senior Notes, were used to repay outstanding borrowings under the $400 million Credit Facility.

17. Supplemental Condensed Consolidating Financial Information

The Partnership and the operating partnerships of the Operating Partnership served as joint and several guarantors of the Senior Notes and of any obligations under the previous credit facility. The Partnership continues to serve as guarantor of the Senior Notes and of any obligations under the $400 million and $100 million Credit Facilities. These guarantees are full and unconditional. In connection with the Partnership's $400 million Credit Facility the Subsidiary Guarantors were released from their obligations both under the previous credit facility, and the 2012 and 2016 Senior Notes. Given that certain, but not all subsidiaries of the Partnership

were guarantors, the Partnership was required to present the following supplemental condensed consolidating financial information. For purposes of the following footnote, Sunoco Logistics Partners L.P. is referred to as "Parent" and Sunoco Logistics Partners Operations L.P. is referred to as "Subsidiary Issuer." In the 2007 and 2008 schedules Sunoco Partners Marketing and Terminals L.P., Sunoco Pipeline L.P., Sun Pipeline Company of Delaware LLC, Sunoco Pipeline Acquisition LLC, Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations GP LLC and Sunoco Partners Lease Acquisition & Marketing LLC, are collectively referred to as "Non-Guarantor Subsidiaries." In the 2006 schedules Sunoco Partners Marketing and Terminals L.P., Sunoco Pipeline L.P., Sun Pipeline Company of Delaware LLC and Sunoco Pipeline Acquisition LLC are collectively referred to as the "Subsidiary Guarantors", and Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations GP LLC and Sunoco Partners Lease Acquisition & Marketing LLC, are referred to as "Non-Guarantor Subsidiaries."

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

Balance Sheet
December 31, 2007

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 2,000	$ —	$ —	$ 2,000
Advances to affiliates	4,348	46,000	(42,288)	—	8,060
Accounts receivable, affiliated companies	—	—	62,167	—	62,167
Accounts receivable, net	—	—	1,200,782	—	1,200,782
Inventories					
Crude oil	—	—	29,145	—	29,145
Refined product	—	—	682	—	682
Materials, supplies and other	—	—	842	—	842
Total Current Assets	4,348	48,000	1,251,330	—	1,303,678
Properties, plants and equipment, net	—	—	1,089,262	—	1,089,262
Investment in affiliates	584,060	1,101,139	85,084	(1,685,298)	84,985
Deferred charges and other assets	—	3,278	23,439	—	26,717
Total Assets	$ 588,408	$ 1,152,417	$ 2,449,115	$ (1,685,298)	$ 2,504,642
Liabilities and Partners' Capital					
Current Liabilities					
Accounts payable	$ —	$ —	$ 1,289,402	$ —	$ 1,289,402
Accrued liabilities	980	3,863	40,316	—	45,159
Accrued taxes	—	—	34,277	—	34,277
Total Current Liabilities	980	3,863	1,363,995	—	1,368,838
Long-term debt	—	515,104	—	—	515,104
Other deferred credits and liabilities	—	—	29,655	—	29,655
Total Liabilities	980	518,967	1,393,650	—	1,913,597
Total Partners' Capital	587,428	633,450	1,055,465	(1,685,298)	591,045
Total Liabilities and Partners' Capital	$ 588,408	$ 1,152,417	$ 2,449,115	$ (1,685,298)	$ 2,504,642

Balance Sheet
December 31, 2008

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 2,000	$ —	$ —	$ 2,000
Advances to affiliates	(161)	48,000	(45,290)	—	2,549
Accounts receivable, affiliated companies	—	—	77,692	—	77,692
Accounts receivable, net	—	—	652,840	—	652,840
Inventories					
Crude oil	—	—	87,645	—	87,645
Refined product	—	—	1,670	—	1,670
Materials, supplies and other	—	—	841	—	841
Total Current Assets	(161)	50,000	775,398	—	825,237
Properties, plants and equipment, net	—	—	1,375,429	—	1,375,429
Investment in affiliates	670,672	1,415,691	83,012	(2,086,493)	82,882
Deferred charges and other assets	—	2,566	22,135	—	24,701
Total Assets	$ 670,511	$ 1,468,257	$ 2,255,974	$ (2,086,493)	$ 2,308,249
Liabilities and Partners' Capital					
Current Liabilities					
Accounts payable	$ —	$ —	$ 792,674	$ —	$ 792,674
Accrued liabilities	980	2,034	42,634	—	45,648
Accrued taxes	—	—	20,738	—	20,738
Total Current Liabilities	980	2,034	856,046	—	859,060
Long-term debt	—	747,631	—	—	747,631
Other deferred credits and liabilities	—	—	31,658	—	31,658
Total Liabilities	980	749,665	887,704	—	1,638,349
Total Partners' Capital	669,531	718,592	1,368,270	(2,086,493)	669,900
Total Liabilities and Partners' Capital	$ 670,511	$ 1,468,257	$ 2,255,974	$ (2,086,493)	$ 2,308,249

Statement of Income
Year Ended December 31, 2006

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 1,842,634	$ —	$ —	$ 1,842,634
Unaffiliated customers	—	—	3,994,601	—	—	3,994,601
Equity in earnings of subsidiaries	90,331	116,967	—	12	(207,310)	—
Other income	—	—	17,315	—	—	17,315
Total Revenues	90,331	116,967	5,854,550	12	(207,310)	5,854,550
Costs and Expenses						
Cost of products sold and operating expenses	—	—	5,644,021	—	—	5,644,021
Depreciation and amortization	—	—	36,649	—	—	36,649
Selling, general and administrative expenses	—	—	55,686	—	—	55,686
Total Costs and Expenses	—	—	5,736,356	—	—	5,736,356
Operating Income	90,331	116,967	118,194	12	(207,310)	118,194
Net interest cost paid to affiliates	—	194	1,215	2	—	1,411
Other interest cost and debt expenses, net	—	29,447	—	—	—	29,447
Capitalized interest	—	(3,005)	—	—	—	(3,005)
Net Income	$ 90,331	$ 90,331	$ 116,979	$ 10	$ (207,310)	$ 90,341

Statement of Income
Year Ended December 31, 2007

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$1,682,042	$ —	$1,682,042
Unaffiliated customers	—	—	5,695,413	—	5,695,413
Equity in earnings of subsidiaries	120,866	152,846	15	(273,727)	—
Other income	—	—	28,381	—	28,381
Total Revenues	120,866	152,846	7,405,851	(273,727)	7,405,836
Costs and Expenses					
Cost of products sold and operating expenses	—	—	7,156,142	—	7,156,142
Depreciation and amortization	—	—	37,341	—	37,341
Selling, general and administrative expenses	—	—	56,198	—	56,198
Total Costs and Expenses	—	—	7,249,681	—	7,249,681
Operating Income	120,866	152,846	156,170	(273,727)	156,155
Net interest cost (received from) / paid to affiliates	—	(1,013)	3,300	—	2,287
Other interest cost and debt expenses, net	—	36,412	—	—	36,412
Capitalized interest	—	(3,419)	—	—	(3,419)
Net Income	$120,866	$120,866	$ 152,870	$ (273,727)	$ 120,875

Statement of Income
Year Ended December 31, 2008

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$ 2,571,947	$ —	$ 2,571,947
Unaffiliated customers	—	—	7,540,373	—	7,540,373
Equity in earnings of subsidiaries	214,474	242,277	24	(456,775)	—
Other income	—	—	24,298	—	24,298
Total Revenues	214,474	242,277	10,136,642	(456,775)	10,136,618
Costs and Expenses					
Cost of products sold and operating expenses	—	—	9,786,014	—	9,786,014
Depreciation and amortization	—	—	40,054	—	40,054
Selling, general and administrative expenses	—	—	59,284	—	59,284
Impairment Charge	—	—	5,674	—	5,674
Total Costs and Expenses	—	—	9,891,026	—	9,891,026
Operating Income	214,474	242,277	245,616	(456,775)	245,592
Net interest cost (received from) / paid to affiliates	—	(2,751)	3,309	—	558
Other interest cost and debt expenses, net	—	34,409	—	—	34,409
Capitalized interest	—	(3,855)	—	—	(3,855)
Net Income	$214,474	$214,474	$ 242,307	$ (456,775)	$ 214,480

Statement of Cash Flows
Year Ended December 31, 2006

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 90,501	$ 91,142	$ 167,137	$ 10	$ (207,310)	$ 141,480
Cash Flows from Investing Activities:						
Capital expenditures	—	—	(119,838)	—	—	(119,838)
Acquisitions	—	—	(121,382)	—	—	(121,382)
Intercompany	(42,703)	(190,082)	25,485	(10)	207,310	—
	(42,703)	(190,082)	(215,735)	(10)	207,310	(241,220)
Cash Flows from Financing Activities:						
Distribution paid to Limited Partners and General Partner	(97,987)	—	—	—	—	(97,987)
Net proceeds from issuance of Limited Partner units	110,338	—	—	—	—	110,338
Contribution from General Partner for Limited Partner unit transactions	2,427	—	—	—	—	2,427
Net proceeds from issuance of Senior Notes	—	173,307	—	—	—	173,307
Repayments from (advances to) affiliates, net	(9,496)	(48,000)	44,315	—	—	(13,181)
Borrowings under credit facility	—	177,500				177,500
Repayments under credit facility	—	(216,100)				(216,100)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(1,443)	—	—	(1,443)
Contributions from (distributions to) affiliate	(53,080)	—	5,726	—	—	(47,354)
	(47,798)	86,707	48,598	—	—	87,507
Net change in cash and cash equivalents	—	(12,233)	—	—	—	(12,233)
Cash and cash equivalents at beginning of year	—	21,645	—	—	—	21,645
Cash and cash equivalents at end of year	$ —	$ 9,412	$ —	$ —	$ —	$ 9,412

Statement of Cash Flows
Year Ended December 31, 2007

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 120,737	$ 117,812	$ 242,677	$ (273,727)	$ 207,499
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(105,862)	—	(105,862)
Acquisitions	—	—	(13,489)	—	(13,489)
Intercompany	(2,545)	(150,224)	(120,958)	273,727	—
	(2,545)	(150,224)	(240,309)	273,727	(119,351)
Cash Flows from Financing Activities:					
Distribution paid to Limited Partners and General Partner	(117,451)	—	—	—	(117,451)
Contribution from General Partner for Limited Partner unit transactions	58	—	—	—	58
Repayments from (advances to) affiliates, net	(799)	2,000	(1,830)	—	(629)
Borrowings under credit facility	—	279,900			279,900
Repayments under credit facility	—	(256,900)			(256,900)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(1,479)	—	(1,479)
Contributions from affiliate	—	—	941	—	941
	(118,192)	25,000	(2,368)	—	(95,560)
Net change in cash and cash equivalents	—	(7,412)	—	—	(7,412)
Cash and cash equivalents at beginning of year	—	9,412	—	—	9,412
Cash and cash equivalents at end of year	$ —	$ 2,000	$ —	$ —	$ 2,000

Statement of Cash Flows
Year Ended December 31, 2008

	Parent	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 214,474	$ 213,357	$ 257,531	$ (456,775)	$ 228,587
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(145,834)	—	(145,834)
Acquisitions	—	—	(185,410)	—	(185,410)
Intercompany	(81,856)	(443,742)	68,823	456,775	—
	(81,856)	(443,742)	(262,421)	456,775	(331,244)
Cash Flows from Financing Activities:					
Distribution paid to Limited Partners and General Partner	(137,203)	—	—	—	(137,203)
Contribution from General Partner for Limited Partner unit transactions	76	—	—	—	76
Repayments from (advances to) affiliates, net	4,509	(2,000)	3,002	—	5,511
Borrowings under credit facility	—	343,385	—	—	343,385
Repayments under credit facility	—	(111,000)	—		(111,000)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(538)	—	(538)
Contributions from affiliate	—	—	2,426	—	2,426
	(132,618)	230,385	4,890	—	102,657
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of year	—	2,000	—	—	2,000
Cash and cash equivalents at end of year	$ —	$ 2,000	$ —	$ —	$ 2,000