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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from to

Commission file number 1-31219

SUNOCO LOGISTICS PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware	**23-3096839**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1818 Market Street, Suite 1500, Philadelphia, PA	**19103**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of each class	Name of each exchange on which registered
Common Units representing limited partnership interests	New York Stock Exchange
Senior Notes 8.75%, due February 15, 2014	New York Stock Exchange
Senior Notes 6.125%, due May 15, 2016	New York Stock Exchange
Senior Notes 5.50%, due February 15, 2020	New York Stock Exchange
Senior Notes 4.65%, due February 15, 2022	New York Stock Exchange
Senior Notes 3.45%, due January 15, 2023	New York Stock Exchange
Senior Notes 6.85%, due February 15, 2040	New York Stock Exchange
Senior Notes 6.10%, due February 15, 2042	New York Stock Exchange
Senior Notes 4.95%, due January 15, 2043	New York Stock Exchange

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The aggregate value of the Common Units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant and holders of 10 percent or more of the Common Units outstanding (including the General Partner of the registrant, Sunoco Partners LLC, as if they may be affiliates of the registrant)) was $4.5 billion as of June 28, 2013, based on $63.95 per unit, the closing price of the Common Units as reported on the New York Stock Exchange on that date. At February 26, 2014, the number of the registrant's Common Units outstanding were 103,974,752.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

TABLE OF CONTENTS

Forward-Looking Statements

This annual report on Form 10-K discusses our goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or states other information relating to us, based on the current beliefs of our management as well as assumptions made by, and information currently available to, our management.

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

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

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

PART I

As used in this document, unless the context otherwise indicates, the terms "we," "us," and "our" means Sunoco Logistics Partners L.P. ("SXL" or the "Partnership"), one or more of our operating subsidiaries, or all of them as a whole.

ITEM 1. BUSINESS

(a) General Development of Business

We are a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of a geographically diverse portfolio of complementary pipeline, terminalling, and acquisition and marketing assets which are used to facilitate the purchase and sale of crude oil, refined products, and natural gas liquids ("NGLs"). The principal executive offices of Sunoco Partners LLC, our general partner, are located at 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103 (telephone (866) 248-4344). Our website address is www.sunocologistics.com.

On October 5, 2012, Sunoco, Inc. ("Sunoco") was acquired by Energy Transfer Partners, L.P. ("ETP"). Prior to this transaction, Sunoco (through its wholly-owned subsidiary Sunoco Partners LLC) served as our general partner and owned a two percent general partner interest, all of our incentive distribution rights and a 32.4 percent limited partner interest in the Partnership. In connection with the acquisition, Sunoco's interests in the general partner and limited partnership were contributed to ETP, resulting in a change in control of our general partner. As a result, we became a consolidated subsidiary of ETP on the acquisition date.

(b) Financial Information about Segments

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

(c) Narrative Description of Business

We are a Delaware limited partnership which is principally engaged in the transport, terminalling and storage of crude oil, refined products and NGLs. In addition to logistics services, we also own acquisition and marketing assets which are used to facilitate the purchase and sale of crude oil, refined products and NGLs. Our portfolio of geographically diverse assets earns revenues in more than 30 states located throughout the United States. Our reporting segments are as follows:

- The *Crude Oil Pipelines* transport crude oil principally in Oklahoma and Texas. The segment contains approximately 4,900 miles of crude oil trunk pipelines for high-volume, long-distance transportation, and approximately 500 miles of crude oil gathering lines that supply the trunk pipelines. The segment includes controlling financial interests in the West Texas Gulf Pipe Line Company ("West Texas Gulf") and Mid-Valley Pipeline Company ("Mid-Valley").
- The *Crude Oil Acquisition and Marketing* business gathers, purchases, markets and sells crude oil principally in the mid-continent United States. The segment utilizes our proprietary fleet of approximately 300 crude oil transport trucks and approximately 130 crude oil truck unloading facilities, as well as third-party assets.
- The *Terminal Facilities* operate with an aggregate storage capacity of approximately 46 million barrels. The segment includes the 22 million barrel Nederland, Texas crude oil terminal; the 5 million barrel Eagle Point, New Jersey refined products and crude oil terminal; the 5 million barrel Marcus Hook, Pennsylvania refined products and NGL facility (the "Marcus Hook Facility"); 39 active refined products marketing terminals located in the northeast, midwest and southwest United States; and several refinery terminals located in the northeast United States.
- The *Refined Products Pipelines* consist of approximately 2,500 miles of refined products pipelines, and joint venture interests in four refined products pipelines in the northwest and midwest United States. This segment includes a controlling financial interest in Inland Corporation ("Inland").

In 2013, we continued to expand our operations into pipeline transportation, storage and acquisition and marketing of NGLs in the northeastern United States with the successful launch of our pipeline project to deliver ethane from the Marcellus Shale Basin to Ontario ("Project Mariner West") and the acquisition of the Marcus Hook facility. Operational results from these activities have been included in our Refined Products Pipelines and Terminal Facilities segments, respectively. While these activities have not had a material impact on our operational results to date, we will continue to expand our NGL platform through previously announced growth projects that are expected to commence operations throughout 2014 and 2015.

Our primary business strategies focus on generating stable cash flows, increasing pipeline and terminal throughput, utilizing our crude oil gathering assets to maximize value for producers, pursuing economically accretive organic growth opportunities and improving operating efficiencies. We believe that the effective execution of these strategies will result in continued increases in distributions to our unitholders.

We are subject to competition from third parties in all of our operations. In addition, our businesses make use of a portfolio of complementary crude oil and refined product pipeline, terminalling, and acquisition and marketing assets. While this integration creates opportunities and synergies within our operations, assets are sometimes repurposed among our business lines to maximize their utility and profitability. We will continue to utilize our assets in a manner that favors our consolidated results.

Crude Oil Pipelines

Crude Oil Pipelines

The crude oil pipelines consist of approximately 5,400 miles of crude oil trunk and gathering pipelines in the southwest and midwest United States. These pipelines include controlling financial interests in the Mid-Valley and West Texas Gulf pipelines. Our pipelines access several trading hubs, including the largest trading hub for crude oil in the United States located in Cushing, Oklahoma ("Cushing"), as well as other trading hubs located in Midland, Colorado City and Longview, Texas. Our crude oil pipelines also deliver to and connect with other pipelines that deliver crude oil to a number of refineries.

The table below summarizes the average daily number of barrels of crude oil and other feedstocks transported on our crude oil pipelines in each of the years presented:

	Year Ended December 31,		
	2013	2012	2011
Pipeline throughput (thousands of barrels per day ("bpd"))	1,866	1,556	1,587

Southwest United States

Our pipelines in the southwest United States include approximately 2,950 miles of crude oil trunk pipelines and approximately 300 miles of crude oil gathering pipelines in Texas. Revenues are generated from tariffs paid by shippers utilizing our transportation services. These tariffs are filed with the Railroad Commission of Texas ("Texas R.R.C.") and the Federal Energy Regulatory Commission ("FERC").

We also own and operate a crude oil pipeline and gathering system in Oklahoma. This system contains approximately 850 miles of crude oil trunk pipelines and approximately 200 miles of crude oil gathering pipelines. We have the ability to deliver substantially all of the crude oil gathered on our Oklahoma system to Cushing. Revenues are generated on our Oklahoma system from tariffs paid by shippers utilizing our transportation services. We file these tariffs with the Oklahoma Corporation Commission ("OCC") and the FERC. We are one of the largest purchasers of crude oil from producers in the state, and our crude oil acquisition and marketing business is the primary shipper on our Oklahoma system.

In the third quarter 2013, we entered into an agreement to form SunVit Pipeline LLC ("SunVit"), a joint venture with Vitol, Inc. ("Vitol"), in which each party will maintain a 50 percent ownership interest. SunVit will construct and own a crude oil pipeline, which will originate in Midland, Texas and run to Garden City, Texas. The new pipeline will connect into our Permian Express 2 pipeline project and will provide additional takeaway capacity from the Permian Basin. SunVit is expected to commence operations in 2015.

Midwest United States

We have a controlling financial interest in the Mid-Valley pipeline system which owns approximately 1,000 miles of crude oil pipelines that originate in Longview, Texas and pass through Louisiana, Arkansas, Mississippi, Tennessee, Kentucky and Ohio, and terminate in Samaria, Michigan. This pipeline provides crude oil to a number of refineries, primarily in the midwest United States.

In addition, we own approximately 100 miles of crude oil pipeline that runs from Marysville, Michigan to Toledo, Ohio, and a truck injection point for local production at Marysville. This pipeline receives crude oil from the Enbridge pipeline system for delivery to refineries located in Toledo, Ohio and to Marathon's Samaria, Michigan tank farm, which supplies its refinery in Detroit, Michigan.

Revenues are generated from tariffs paid by shippers utilizing our transportation services. These tariffs are filed with the FERC.

Crude Oil Acquisition and Marketing

Our crude oil acquisition and marketing activities include the acquisition and marketing of crude oil, primarily in the mid-continent United States. The operations are conducted using our assets, which include approximately 300 crude oil transport trucks and approximately 130 crude oil truck unloading facilities, as well as third-party truck, rail and marine assets. Specifically, the crude oil acquisition and marketing activities include:

- purchasing crude oil at both the wellhead from producers, and in bulk from aggregators at major pipeline interconnections and trading locations;
- storing inventory during contango market conditions (when the price of crude oil for future delivery is higher than current prices);
- buying and selling crude oil of different grades, at different locations in order to maximize value;
- transporting crude oil on our pipelines and trucks or, when necessary or cost effective, pipelines or trucks owned and operated by third parties; and
- marketing crude oil to major integrated oil companies, independent refiners and resellers through various types of sale and exchange transactions.

We completed the following acquisition in the crude oil acquisition and marketing business since December 31, 2010:

- *Crude Oil Acquisition and Marketing Business*—In August 2011, we acquired a crude oil acquisition and marketing business from Texon L.P. ("Texon") which consisted of a 75 thousand bpd crude oil purchasing business and gathering assets in 16 states, primarily in the mid-continent United States.

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

We mitigate most of our pricing risk on purchase contracts by selling crude oil for an equal term on a similar pricing basis. We also mitigate most of our volume risk by entering into sales agreements, generally at the same time that purchase agreements are executed, at similar volumes. As a result, volumes sold are generally equal to volumes purchased. We do not acquire and hold futures contracts or other derivative products for the purpose of speculating on crude oil price changes, as these activities could expose us to significant losses.

Crude Oil Purchases and Exchanges

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

Crude oil purchasers who buy from producers compete on the basis of price and the ability to provide highly responsive services. Our management believes that our ability to offer competitive pricing and high-quality field and administrative services to producers is a key factor in our ability to maintain our volume of lease purchased crude oil and to obtain new volume.

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

Generally, we enter into contracts with producers at market prices for a term of one year or less, with a majority of the transactions on a 30-day renewable basis. For the year ended December 31, 2013, we purchased 339 thousand bpd from approximately 3 thousand producers who operate approximately 54 thousand active leases. We also undertook 410 thousand bpd of exchanges and bulk purchases during the same period.

The following table shows our average daily volume for crude oil lease purchases and sales and other exchanges and bulk purchases for the years presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands of bpd)		
Lease purchases:			
Available for sale	332	283	215
Exchanged	7	6	9
Other exchanges and bulk purchases	410	384	439
Total Purchases	749	673	663
Bulk Sales	419	342	281
Exchanges:			
Purchased at the lease	7	6	9
Other	321	321	370
Total Sales	747	669	660

Crude Oil Price Volatility

Crude oil commodity prices have historically been volatile and cyclical. Profitability from our Crude Oil Acquisition and Marketing segment is dependent on our ability to sell crude oil at prices in excess of our aggregate cost. Our operations are not directly affected by the absolute level of crude oil prices, but are affected by overall levels of supply and demand for crude oil and relative fluctuations in market-related indices. Generally, we expect a base level of earnings from our Crude Oil Acquisition and Marketing business, which may be optimized and enhanced when there is a high level of market volatility. Integration between our crude oil acquisition and marketing assets, crude oil pipelines and terminal facilities allows us to further improve upon earnings during periods when there are favorable basis differentials between various types of crude oils. Additionally, we are able to increase our base level of earnings when there is a steep contango or backwardated market structure.

During periods when supply exceeds the demand for crude oil in the near term, the market for crude oil is often in contango, meaning that the price of crude oil for future deliveries is higher than the price for current deliveries. A contango market generally has a negative impact on our lease gathering margins, but is favorable to commercial strategies associated with tankage. Access to our crude oil storage facilities during a contango market allows us to improve our lease gathering margins by simultaneously purchasing crude oil inventories at current prices for storage and selling forward at higher prices for future delivery.

When there is a higher demand than supply of crude oil in the near term, the market is backwardated, meaning that the price of crude oil for future deliveries is lower than the price for current deliveries. A backwardated market has a positive impact on our lease gathering margins because crude oil gatherers can capture a premium for prompt deliveries. In this environment, there is little incentive to store crude oil, as current prices are above delivery prices in the futures markets. In a backwardated market, increased lease gathering margins provide an offset to reduced use of storage capacity.

The periods between a backwardated market and a contango market are referred to as transition periods. Depending on the overall duration of these transition periods, how we have allocated our assets to particular strategies and the time length of our crude oil purchase and sale contracts and storage lease agreements, these transition periods may have either an adverse or beneficial effect on our aggregate segment profit. A prolonged transition from a backwardated market to a contango market, or vice versa (essentially a market that is neither in pronounced backwardation nor contango), represents the most difficult environment for our marketing activities.

Crude Oil Trucking

We own approximately 130 crude oil truck unloading facilities in the mid-continent United States with the majority located on our pipeline system. Approximately 400 crude oil truck drivers are employed by an affiliate of our general partner and we own and operate a proprietary fleet of approximately 300 crude oil transport trucks. The crude oil truck drivers pick up crude oil at producer sites and transport it to both our truck unloading facilities and third-party unloading facilities for shipment on our pipelines and third-party pipelines. Third-party trucking firms are also retained to transport crude oil to certain facilities.

Terminal Facilities

Our terminal facilities operate with an aggregate storage capacity of approximately 46 million barrels. Since December 31, 2010, we completed the following acquisitions in the terminalling business:

- *Marcus Hook Facility*—In the second quarter 2013, we acquired Sunoco's Marcus Hook facility and related assets (the "Marcus Hook Facility"). The acquisition included terminalling and storage assets with a capacity of approximately 5 million barrels located in Pennsylvania and Delaware, including approximately 2 million barrels of NGL storage capacity in underground caverns, as well as commercial agreements.
- *East Boston Terminal*—In September 2011, we acquired a refined products terminal, located in East Boston, Massachusetts, from affiliates of ConocoPhillips. The terminal is the sole service provider to Logan International Airport under a long-term contract to provide jet fuel. The terminal includes a 10-bay truck rack and total active storage capacity for this facility is approximately 1 million barrels.
- *Eagle Point Tank Farm*—In July 2011, we acquired the Eagle Point tank farm and related assets from Sunoco. The tank farm is located in Westville, New Jersey and consists of approximately 5 million barrels of active storage for clean products and dark oils.

Refined Products Terminals

Our 39 active refined products terminals receive refined products from pipelines, barges, railcars, and trucks and distribute them to third parties and certain of our affiliates, who in turn deliver them to end-users and retail outlets. Terminals are facilities where products are transferred to or from storage or transportation systems, such as a pipeline, to other transportation systems, such as trucks or other pipelines. Terminals play a key role in moving product to the end-user markets by providing the following services: storage; distribution; blending to achieve specified grades of gasoline and middle distillates; and other ancillary services that include the injection of additives and the filtering of jet fuel. Typically, our refined products terminal facilities consist of multiple storage tanks and are equipped with automated truck loading equipment that is operational 24 hours a day. This automated system provides controls over allocations, credit, and carrier certification.

Our refined products terminals derive revenues from terminalling fees paid by customers. A fee is charged for receiving products into the terminal and delivering them to trucks, barges, or pipelines. In addition to terminalling fees, we generate revenues by charging customers fees for blending services, including ethanol and biodiesel blending, injecting additives, and filtering jet fuel. Our refined products pipelines supply the majority of our refined products terminals, with third-party pipelines and barges supplying the remainder.

The table below summarizes the total average daily throughput for the refined products terminals in each of the years presented:

	Year Ended December 31,		
	2013	2012	2011
Refined products throughput (thousands of bpd)	431	487	492

The following table outlines the number of active terminals and storage capacity by state:

State	Number of Terminals	Storage Capacity
		(thousands of barrels)
Indiana	1	206
Louisiana	1	161
Maryland	1	710
Massachusetts	1	1,144
Michigan	3	760
New Jersey	3	650
New York [(1)]	4	920
Ohio	7	957
Pennsylvania	13	1,743
Texas	4	548
Virginia	1	403
Total	39	8,202

(1) We have a 45 percent ownership interest in a terminal at Inwood, New York and a 50 percent ownership interest in a terminal that we operate in Syracuse, New York. The storage capacities included in the table represent the proportionate share of capacity attributable to our ownership interests in these terminals.

Refined Products Acquisition and Marketing

Our refined products acquisition and marketing activities include the acquisition, blending, marketing and selling of refined products and NGLs at our various terminals and third-party facilities. Since the acquisition of our butane blending business in 2010, we have continued to expand our butane blending service platform by installing our blending technology at certain of our refined product terminals, as well as at third-party facilities. We have also commenced operations in the NGL market with the acquisition of the Marcus Hook Facility (see below). The operating results of our refined products acquisition and marketing activities are dependent on our ability to execute sales in excess of the aggregate cost, and therefore we structure our acquisition and marketing operations to optimize the sources and timing of purchases and minimize the transportation and storage costs. In order to manage exposure to volatility in refined products prices, our policy is to (i) only purchase refined products for which sales contracts have been executed or for which ready markets exist, (ii) structure sales contracts so that price fluctuations do not materially impact the margins earned, and (iii) not acquire and hold physical inventory, futures contracts or other derivative instruments for the purpose of speculating on commodity price changes. However, we do utilize a seasonal hedge program involving swaps, futures and other derivative instruments to mitigate the risk associated with unfavorable market movements in the price of refined products and NGLs. These derivative contracts act as a hedging mechanism against the volatility of prices.

Nederland Terminal

The Nederland Terminal, which is located on the Sabine-Neches waterway between Beaumont and Port Arthur, Texas, is a large marine terminal providing storage and distribution services for refiners and other large transporters of crude oil. The terminal receives, stores, and distributes crude oil, feedstocks, lubricants, petrochemicals, and bunker oils (used for fueling ships and other marine vessels), and also blends lubricants. The terminal currently has a total storage capacity of approximately 22 million barrels in approximately 130 aboveground storage tanks with individual capacities of up to 660 thousand barrels.

The Nederland Terminal can receive crude oil at each of its five ship docks and three barge berths. The five ship docks are capable of receiving over 2 million bpd of crude oil. In addition to our Crude Oil Pipelines, the terminal can also receive crude oil through a number of other pipelines, including:

- the Cameron Highway pipeline, which is jointly owned by Enterprise Products and Genesis Energy;
- the ExxonMobil Pegasus pipeline;
- the Department of Energy ("DOE") Big Hill pipeline; and
- the DOE West Hackberry pipeline.

The DOE pipelines connect the terminal to the United States Strategic Petroleum Reserve's West Hackberry caverns at Hackberry, Louisiana and Big Hill near Winnie, Texas, which have an aggregate storage capacity of approximately 400 million barrels.

The Nederland Terminal can deliver crude oil and other petroleum products via pipeline, barge, ship, rail, or truck. In total, the terminal is capable of delivering over 2 million bpd of crude oil to our Crude Oil Pipelines or a number of third-party pipelines including:

- the ExxonMobil pipeline to its Beaumont, Texas refinery;
- the DOE pipelines to the Big Hill and West Hackberry Strategic Petroleum Reserve caverns;
- the Valero pipeline to its Port Arthur, Texas refinery; and
- the Total pipelines to its Port Arthur, Texas refinery.

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

	Year Ended December 31,		
	2013	2012	2011
Crude oil and refined products throughput (thousands of bpd)	932	724	757

Revenues are generated at the Nederland Terminal primarily by providing term or spot storage services and throughput capabilities to a number of customers.

Fort Mifflin Terminal Complex

The Fort Mifflin Terminal Complex is located on the Delaware River in Philadelphia and includes the Fort Mifflin Terminal, the Hog Island Wharf, the Darby Creek tank farm and connecting pipelines. Revenues are generated at the Fort Mifflin Terminal Complex by charging fees based on throughput. In connection with Sunoco's decision to exit the refining business, we recognized a charge in the fourth quarter 2011 related to the Fort Mifflin Terminal Complex for asset write-downs and regulatory obligations which would have been incurred if certain terminal assets were permanently idled, as substantially all of the revenues from the Fort Mifflin Terminal Complex are derived from the Philadelphia refinery. In September 2012, Sunoco completed the formation of Philadelphia Energy Solutions ("PES"), a joint venture with The Carlyle Group, which enabled the Philadelphia refinery to continue operating. In connection with this transaction, we entered into a new 10-year agreement to provide terminalling services to PES at the Fort Mifflin Terminal Complex. In addition, we reversed certain regulatory obligations that were no longer expected to be incurred as a result of the formation of PES.

The Fort Mifflin Terminal contains two ship docks with 40-foot freshwater drafts and a total storage capacity of approximately 570 thousand barrels. Crude oil and some refined products enter the Fort Mifflin Terminal primarily from marine vessels on the Delaware River. One Fort Mifflin dock is designed to handle crude oil from very large crude carrier-class ("VLCC") tankers and smaller crude oil vessels. The other dock can accommodate only smaller crude oil vessels.

The Hog Island Wharf is located next to the Fort Mifflin Terminal on the Delaware River and receives crude oil via two ship docks, one of which can accommodate crude oil tankers and smaller crude oil vessels, and the other of which can accommodate some smaller crude oil vessels.

The Darby Creek tank farm is a primary crude oil storage terminal for the Philadelphia refinery. This facility has a total storage capacity of approximately 3 million barrels. Darby Creek receives crude oil from the Fort Mifflin Terminal and Hog Island Wharf via our pipelines. The tank farm then stores the crude oil and transports it to the Philadelphia refinery via our pipelines.

The table below summarizes the average daily number of barrels of crude oil and refined products delivered to the Philadelphia refinery from the Fort Mifflin Terminal Complex in each of the years presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands of bpd)		
Crude oil throughput	258	293	267
Refined products throughput	—	13	9
Total	258	306	276

Marcus Hook Tank Farm

The Marcus Hook tank farm has a total refined products storage capacity of approximately 2 million barrels. The tank farm historically served Sunoco's Marcus Hook refinery and generated revenue from the related throughput and storage. In 2012, the main processing units at the refinery were idled in connection with Sunoco's exit from its refining business. The terminal continues to receive and deliver refined products via pipeline and now primarily provides terminalling services to support movements on our refined products pipelines.

Marcus Hook Facility

In 2013, we acquired Sunoco's Marcus Hook Facility. The acquisition included terminalling and storage assets with a capacity of approximately 5 million barrels located in Pennsylvania and Delaware, including approximately 2 million barrels of NGL storage capacity in underground caverns, and related commercial agreements. The facility can receive NGLs via marine vessel, pipeline, truck and rail, and can deliver via marine vessel, pipeline and truck. In addition to providing NGL storage and terminalling services to both affiliates and third-party customers, we also provide our customers with the use of industrial space and equipment at the facility, as well as logistical, utility and infrastructure services.

Eagle Point Terminal

The Eagle Point terminal is located in Westville, New Jersey and consists of docks, truck loading facilities and a tank farm. The docks are located on the Delaware River and can accommodate three ships or barges to receive and deliver crude oil, intermediate products and refined products to outbound ships and barges. We acquired the tank farm, which formerly served Sunoco's idled Eagle Point refinery, from Sunoco in 2011 to compliment the storage and distribution services offered by our existing dock and truck loading facilities. The tank farm has a total active storage capacity of approximately 5 million barrels and can receive crude oil and refined products via barge, pipeline and rail. The terminal can deliver via barge, truck, rail or pipeline, providing customers with access to various markets. The terminal generates revenue primarily by charging fees based on throughput, blending services and storage for clean products and dark oils.

The table below summarizes the total average daily throughput for the Eagle Point Terminal in each of the years presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands of bpd)		
Crude oil throughput	20	14	4
Refined products throughput	79	42	30
Total	99	56	34

Inkster Terminal

The Inkster Terminal, located near Detroit, Michigan, contains eight salt caverns with a total storage capacity of approximately 975 thousand barrels. We use the Inkster Terminal's storage in connection with our Toledo, Ohio to Sarnia, Canada pipeline system and for the storage of liquefied petroleum gases ("LPGs") from Canada and a refinery in Toledo, which was sold by Sunoco to PBF Holding Company LLC in the first quarter 2011. The terminal can receive and ship LPGs in both directions at the same time and has a propane truck loading rack.

Refined Products Pipelines

Refined Products Pipelines

We own and operate approximately 2,500 miles of refined products pipelines in several regions of the United States. The refined products pipelines primarily transport refined products from refineries in the northeast, midwest and southwest United States to markets in New York, New Jersey, Pennsylvania, Ohio, Michigan and Texas. These operations include our controlling financial interest in Inland, which owns approximately 350 miles of refined products pipeline.

The products transported in these pipelines include multiple grades of gasoline, middle distillates (such as heating oil, diesel and jet fuel), and LPGs (such as propane and butane). In addition, certain of our pipelines in this segment transport NGLs from processing and fractionation areas to end-user markets. Rates for shipments on the Refined Products Pipelines are regulated by the FERC and the Pennsylvania Public Utility Commission ("PA PUC"), among other state regulatory agencies.

Since December 31, 2010, we completed the following acquisition related to our refined products pipelines:

- *Inland Corporation*—In May 2011, we acquired an 83.8 percent equity interest in Inland from Sunoco and Shell Oil Company. Inland is the owner of approximately 350 miles of active refined products pipelines in Ohio. The pipeline connects three refineries in Ohio to terminals and major markets within the state. As we have a controlling financial interest in Inland, the joint venture is reflected as a consolidated subsidiary in our consolidated financial statements. We assumed operatorship of the pipeline during 2012.

The following table shows the average shipments on the refined products pipelines in each of the years presented. Average shipments represent the average revenue-generating pipeline throughput:

	Year Ended December 31,		
	2013	2012	2011
Pipeline throughput (thousands of bpd)[(1)(2)]	571	582	522

(1) Excludes amounts attributable to equity ownership interests in corporate joint ventures which are not consolidated.

(2) In May 2011, we acquired a controlling financial interest in Inland and we accounted for the entity as a consolidated subsidiary from the date of acquisition. Average volumes for the year ended December 31, 2011 of 88 thousand bpd have been included in the consolidated total. From the date of acquisition, this pipeline had actual throughput of 140 thousand bpd for the year ended December 31, 2011.

The mix of refined products delivered varies seasonally, with gasoline demand peaking during the summer months, and demand for heating oil and other distillate fuels peaking in the winter. In addition, weather conditions in the areas served by the Refined Products Pipelines affect both the demand for, and the mix of, the refined products delivered through the pipelines, although historically any overall impact on the total volume shipped has been short-term.

Joint Ventures

We own equity interests in several common carrier refined products pipelines, summarized in the following table:

Pipeline	SXL Equity Ownership	Approximate Pipeline Mileage
Explorer Pipeline Company [(1)]	9.4%	1,850
Yellowstone Pipe Line Company [(2)]	14.0%	700
West Shore Pipe Line Company [(3)]	17.1%	650
Wolverine Pipe Line Company [(4)]	31.5%	700

(1) The system, which is operated by Explorer employees, originates from the refining centers of Beaumont, Port Arthur and Houston, Texas, and extends to Chicago, Illinois, with delivery points in the Houston, Dallas/Fort Worth, Tulsa, St. Louis, and Chicago areas. Explorer charges market-based rates for all its tariffs.

(2) The system, which is operated by Phillips 66, originates from the Billings, Montana refining center and extends to Moses Lake, Washington with delivery points along the way. Tariff rates are regulated by the FERC for interstate shipments and the Montana Public Service Commission for intrastate shipments in Montana.

(3) The system, which is operated by Buckeye, originates from the Chicago, Illinois refining center and extends to Madison and Green Bay, Wisconsin with delivery points along the way. West Shore charges market-based tariff rates in the Chicago area.

(4) The system, which is operated by Wolverine employees, originates from Chicago, Illinois and extends to Detroit, Grand Haven, and Bay City, Michigan with delivery points along the way. Wolverine charges market-based rates for tariffs at the Detroit, Jackson, Niles, Hammond, and Lockport destinations.

Pipeline and Terminal Control Operations

Almost all of our pipelines are operated via satellite, microwave, and frame relay communication systems from central control rooms located in Sugar Land, Texas and Montello, Pennsylvania. The Sugar Land control center primarily monitors and controls our Crude Oil Pipelines, and the Montello control center primarily monitors and controls our Refined Products Pipelines. The Nederland Terminal has its own control center.

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

Competition

Crude Oil Pipelines

Our Crude Oil Pipelines face competition from a number of major oil companies and other smaller entities. Competition among common carrier pipelines is based primarily on transportation charges, access to crude oil supply and market demand, which may be negatively impacted by changes in refiners' supply sources. Additional investment in rail infrastructure to transport crude oil has also provided increased competition for crude oil pipelines.

Crude Oil Acquisition and Marketing

Our competitors include other crude oil pipeline companies; the major integrated oil companies, their marketing affiliates and independent gatherers; banks that have established trading platforms; and brokers and marketers of widely varying sizes, financial resources and experience. Some of these competitors have capital resources many times greater than ours, and control greater supplies of crude oil. Crude oil acquisition and marketing competitive factors include price and contract flexibility, quantity and quality of services, and accessibility to end markets.

Terminal Facilities

Our 39 active refined products terminals located in the northeast, midwest and southwest compete with other independent terminals on price, versatility, and services provided. The competition primarily comes from integrated petroleum companies, refining and marketing companies, independent terminal companies, and distribution companies with marketing and trading activities. We are not aware of any direct competitors in the butane blending business in the United States and our patents provide us exclusive use and control over the distribution of our butane blending technology.

Throughput at the Nederland Terminal is primarily related to third-party customers. The primary competitors of the Nederland Terminal are its refinery customers' docks and other terminal facilities located in the Beaumont, Texas area.

The majority of the throughput at our crude oil terminal facilities in the northeast relates to refining operations at PES's Philadelphia refinery. In 2012, we entered into a 10-year agreement to provide terminalling services to PES at the Fort Mifflin Terminal Complex. For further information, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Agreements with Related Parties."

Refined Products Pipelines

A substantial portion of the Refined Products Pipelines are located in the northeast United States and were constructed or acquired to distribute refined products to Sunoco's retail network. While Sunoco completed the exit from its refining business in 2012, Sunoco continues to operate its retail marketing network and we expect that Sunoco will continue to utilize our Refined Products Pipelines as an efficient means to meet its retail marketing demand. For further information on the impact, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Agreements with Related Parties."

Generally, pipelines are the lowest-cost method for long-haul, overland movement of refined products. Therefore, the most significant competitors for large volume shipments in these areas are other pipelines. Our management believes that high capital requirements, environmental considerations, and the difficulty in acquiring rights-of-way and related permits make it difficult for other companies to build competing pipelines in areas served by our pipelines. As a result, competing pipelines are likely to be built only in those cases in which strong market demand and attractive tariff rates support additional capacity in an area. Although it is unlikely that a pipeline system comparable in size and scope to the northeast and midwest portion of the Refined Products Pipelines will be built in the foreseeable future, new pipelines (including pipeline segments that connect with existing pipeline systems) could be built to effectively compete with it in particular locations.

In the southwest United States, our MagTex refined products pipeline system faces competition from existing third-party-owned and joint-venture pipelines that have excess capacity. Gulf Coast refinery expansions could justify the construction of a new pipeline that would compete with our refined products pipeline system in the southwest. However, at this time, we believe the existing pipelines have the capacity to satisfy expected future demand.

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

Safety Regulation

A majority of our pipelines are subject to United States Department of Transportation ("DOT") regulations and to regulations under comparable state statutes relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities.

DOT regulations require operators of hazardous liquid interstate pipelines to develop and follow a program to assess the integrity of all pipeline segments that could affect designated "high consequence areas," including: high population areas, drinking water and ecological resource areas that are unusually sensitive to environmental damage from a pipeline release, and commercially navigable waterways. We have prepared our own written Risk Based Integrity Management Program, identified the line segments that could impact high consequence areas and completed a full assessment of these segments as prescribed by the regulations.

We believe that our pipeline operations are in substantial compliance with applicable DOT regulations and comparable state requirements. However, an increase in expenditures may be needed in the future to comply with higher industry and regulatory safety standards. Such expenditures cannot be estimated accurately at this time, but we do not believe they would likely have a material adverse effect relative to our results of operations, financial position or expected cash flows.

Environmental Regulation

General

Our operations are often subject to complex federal, state, and local laws and regulations relating to the protection of health and the environment, including laws and regulations which govern the handling and release of crude oil and other liquid hydrocarbon materials, some of which are discussed below. Violations of environmental laws or regulations can result in the imposition of significant administrative, civil and criminal fines and penalties and, in some instances, injunctions banning or delaying certain activities. Our management believes we are in substantial compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to frequent change at the federal, state and local levels, and the legislative and regulatory trend has been to place increasingly stringent limitations on activities that may affect the environment.

There are also risks of accidental releases into the environment associated with our operations, such as releases of crude oil or hazardous substances from our pipelines or storage facilities. To the extent an event is not covered by our insurance policies, such accidental releases could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for any related violations of environmental laws or regulations.

Sunoco indemnifies us for 100 percent of all losses from environmental liabilities related to the assets contributed to SXL arising prior to, and asserted within 21 years of, February 8, 2002, the date of our initial public offering ("IPO"). There is no monetary cap on this indemnification from Sunoco. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent each year through the thirtieth year following the IPO date. In addition, this indemnification applies to the following, purchased from Sunoco subsequent to the IPO: interests in the Mesa Pipeline System, Mid-Valley, West Texas Gulf and Inland, as well as the Eagle Point tank farm and various other assets. Any remediation liabilities not covered by this indemnity will be our responsibility.

We have agreed to indemnify Sunoco and its affiliates for events and conditions associated with the operation of the contributed assets occurring after the IPO date, and for environmental and toxic tort liabilities related to these assets to the extent Sunoco is not required to indemnify us. Total future costs for environmental remediation activities will depend upon, among other things, the extent of impact at each site; the timing and nature of required remedial actions; the technology available; and the determination of our liability at multi-party sites. As of December 31, 2013, all material environmental liabilities incurred by, and known to, us are either covered by the environmental indemnification or reserved for by us in our consolidated financial statements.

Air Emissions

Our operations are subject to the Clean Air Act, as amended, and comparable state and local statutes. We will be required to incur certain capital expenditures in the next several years for air pollution control equipment in connection with maintaining or obtaining permits and approvals addressing air emission related issues. In addition, the federal government has enacted regulations relating to restrictions on emissions of greenhouse gases ("GHGs"). At this time, our operations do not fall under any of the current GHG regulations. While the effect of these current regulations will not impact our operations, the federal, regional or state laws or regulations limiting emissions of GHGs in the United States could adversely affect the demand for crude oil, refined products or NGL transportation and storage services, as well as contribute to increased compliance costs or additional operating restrictions.

Our customers are also subject to, and similarly affected by, environmental regulations. These include federal and state actions to develop programs for the reduction of GHG emissions as well as proposals that would create a cap and trade system that would require companies to purchase carbon emission allowances for emissions at manufacturing facilities and emissions caused by the use of the fuels sold. In addition, the Environmental Protection Agency ("EPA") indicated that it intends to regulate carbon dioxide emissions. As a result of these regulations, our customers could be required to make significant capital expenditures, operate refineries at reduced levels, and pay significant penalties. It is uncertain what our customers' responses to these emerging issues will be. Those responses could reduce throughput in our pipelines and terminals, and impact our cash flows and ability to make distributions or satisfy debt obligations.

Hazardous Substances and Waste

In the course of ordinary operations, we may generate waste that falls within the Comprehensive Environmental Response, Compensation, and Liability Act's ("CERCLA") and also known as Superfund, definition of a "hazardous substance" and, as a result, we may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. Costs for any such remedial actions, as well as any related claims, could have a material adverse effect on our maintenance capital expenditures and operating expenses to the extent not all are covered by the indemnity from Sunoco. For more information, please see "Environmental Remediation."

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

We currently own or lease properties where hydrocarbons are being or have been handled for many years. These properties and wastes disposed thereon may be subject to CERCLA, RCRA, and comparable state laws. Under these laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater), or to perform remedial operations to prevent future contamination.

We have not been identified by any state or federal agency as a potentially responsible party in connection with the transport and/or disposal of any waste products to third-party disposal sites.

Water

Our operations can result in the discharge of regulated substances, including crude oil, refined products or NGLs. The Federal Water Pollution Control Act of 1972, also known as the Clean Water Act, and comparable state laws impose restrictions and strict controls regarding the discharge of regulated substances into state waters or waters of the United States. Where applicable, our facilities have the required discharge permits.

The Oil Pollution Act subjects owners of covered facilities to strict joint and potentially unlimited liability for removal costs and other consequences of a release of oil, where the release is into navigable waters, along shorelines or in the exclusive economic zone of the United States. Spill prevention control and countermeasure requirements of the Clean Water Act and some state laws require that containment dikes and similar structures be installed to help prevent the impact on navigable waters in the event of a release. The Department of Transportation Pipeline Hazardous Materials Administration, the EPA, or various state regulatory agencies, have approved our oil spill emergency response plans, and our management believes we are in substantial compliance with these laws.

In addition, some states maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. Our management believes that compliance with existing permits and compliance with foreseeable new permit requirements will not have a material adverse effect on our results of operations, financial position or expected cash flows.

Environmental Remediation

Contamination resulting from releases of refined products and crude oil is not unusual within the petroleum pipeline industry. Historic releases along our pipelines, gathering systems, and terminals as a result of past operations have resulted in impacts to the environment, including soil and groundwater. Site conditions, including soil and groundwater, are being evaluated at a number of properties where operations may have resulted in releases of hydrocarbons and other wastes. Sunoco has agreed to indemnify us from environmental and toxic tort liabilities related to the assets contributed to the extent such liabilities existed or arose from operation of these assets prior to the closing of the February 2002 IPO and are asserted within

30 years after the closing of the IPO. This indemnity will cover the costs associated with performance of the assessment, monitoring, and remediation programs, as well as any related claims and penalties. See "Environmental Regulation—General."

We have experienced several petroleum and refined product releases for which we are not covered by an indemnity from Sunoco, and for which we are responsible for necessary assessment, remediation, and/or monitoring activities. Our management estimates that the total aggregate cost of performing the currently anticipated assessment, monitoring, and remediation activities at these sites is not material in relation to our operations, financial position or cash flows at December 31, 2013. We have implemented an extensive inspection program to prevent releases of crude oil, refined products or NGLs into the environment from our pipelines, gathering systems, and terminals. Any damages and liabilities incurred due to future environmental releases from our assets have the potential to substantially affect our business and our ability to generate the cash flows necessary to make distributions or satisfy debt obligations.

Rate Regulation

General Interstate Regulation

Interstate common carrier pipeline operations are subject to rate regulation by the FERC under the Interstate Commerce Act, the Energy Policy Act of 1992, and related rules and orders. The Interstate Commerce Act requires that tariff rates for petroleum pipelines be "just and reasonable" and not unduly discriminatory. This statute also permits interested persons to challenge proposed new or changed rates and authorizes the FERC to suspend the effectiveness of such rates for up to seven months and to investigate such rates. If, upon completion of an investigation, the FERC finds that the new or changed rate is unlawful, it is authorized to require the carrier to refund revenues in excess of the prior tariff during the term of the investigation. The FERC also may investigate, upon complaint or on its own motion, rates that are already in effect and may order a carrier to change its rates prospectively. Upon an appropriate showing, a shipper may obtain reparations for damages sustained for a period of up to two years prior to the filing of a complaint.

The FERC generally has not investigated interstate rates on its own initiative when those rates, like those we charge, have not been the subject of a protest or a complaint by a shipper. However, the FERC could investigate our rates at the urging of a third party if the third party is either a current shipper or has a substantial economic interest in the tariff rate level. Although no assurance can be given that the tariffs charged by us ultimately will be upheld if challenged, management believes that the tariffs now in effect for our pipelines are in compliance with the rates allowed under current FERC guidelines.

We have been approved by the FERC to charge market-based rates in most of the refined products locations served by our pipeline systems. In those locations where market-based rates have been approved, we are able to establish rates that are based upon competitive market conditions.

Intrastate Regulation

Some of our pipeline operations are subject to regulation by the Texas R.R.C., the PA PUC, and the OCC. The operations of our joint venture interests are also subject to regulation in the states in which they operate. The applicable state statutes require that pipeline rates be nondiscriminatory and provide no more than a fair return on the aggregate value of the pipeline property used to render services. State commissions generally have not initiated an investigation of rates or practices of petroleum pipelines in the absence of shipper complaints. Complaints to state agencies have been infrequent and are usually resolved informally. Although management cannot be certain that our intrastate rates ultimately would be upheld if challenged, we believe that, given this history, the tariffs now in effect are not likely to be challenged or, if challenged, are not likely to be ordered to be reduced.

Title to Properties

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

Some of the leases, easements, rights-of-way, permits, and licenses acquired by us or transferred to us upon the closing of the IPO require the consent of the grantor to transfer these rights, which in some instances is a governmental entity. We have obtained or are in the process of obtaining third-party consents, permits, and authorizations sufficient for the transfer of the assets necessary to operate the business in all material respects. In our opinion, with respect to any consents, permits, or authorizations that have not been obtained, the failure to obtain them will not have a material adverse effect on the operation of our business.

We have satisfactory title to substantially all of the assets contributed in connection with the IPO. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens for environmental contamination, taxes and other burdens, easements, or other restrictions, management believes that none of these burdens materially detract from the value of the properties or will materially interfere with their use in the operation of our business.

Employees

We have no employees. To carry out the operations of Sunoco Logistics Partners L.P., our general partner and its affiliates employed approximately 2,000 people at December 31, 2013 who provide direct support to the operations. Labor unions or associations represented approximately 950 of these employees at December 31, 2013.

(d) Financial Information about Geographical Areas

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

(e) Available Information

We make available, free of charge on our website, *www.sunocologistics.com*, periodic reports that we file with the Securities Exchange Commission ("SEC"), including our annual report on Form 10-K, quarterly reports on Form 10-Q and amendments to those reports, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

ITEM 1A. RISK FACTORS

We believe that the following risk factors address the known material risks related to our business, partnership structure and debt obligations, as well as the material tax risks to our common unitholders. If any of the following risks were to actually occur, our business, results of operations, financial condition and cash flows as well as any related benefits of owning our securities, could be materially and adversely affected.

On October 5, 2012, Sunoco, Inc. ("Sunoco") was acquired by Energy Transfer Partners, L.P. ("ETP"). Prior to this transaction, Sunoco (through its wholly-owned subsidiary Sunoco Partners LLC) served as our general partner and owned a two percent general partner interest, all of the incentive distribution rights and a 32.4 percent limited partner interest in the Partnership. In connection with the acquisition, Sunoco's interests in the general partner, including the incentive distribution rights, and limited partnership were contributed to ETP. This resulted in a change in control of the general partner, and as a result, we became a consolidated subsidiary of ETP on the acquisition date.

The risk factor information presented below reflects the impacts of these transactions, including the change in the general partner ownership, and the ongoing business implications.

RISKS RELATED TO OUR BUSINESS

If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders at current levels or to increase our quarterly distributions in the future, could be materially impaired.

Our ability to pay quarterly distributions depends primarily on cash flow, including cash flow from financial reserves and credit facilities, and not solely on profitability, which is affected by non-cash items. As a result, we may pay cash distributions during periods when we record net losses and may be unable to pay cash distributions during periods when we record net income. Our ability to generate sufficient cash from operations is largely dependent on our ability to successfully manage our business which may also be affected by economic, financial, competitive, and regulatory factors that are beyond our control. To the extent we do not have adequate cash reserves, our ability to pay quarterly distributions to our common unitholders at current levels could be materially impaired.

An increase in interest rates may cause the market price of our units to decline.

Like all equity investments, an investment in our units is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded limited partnership interests. Reduced demand for our units resulting from investors seeking other more favorable investment opportunities may cause the trading price of our units to decline.

A sustained decrease in demand for refined products in the markets served by our pipelines and terminals could materially and adversely affect our results of operations, financial position, or cash flows.

The following are material factors that could lead to a sustained decrease in market demand for refined products:

- a sustained recession or other adverse economic condition that results in lower purchases of refined petroleum products;
- higher refined products prices due to an increase in the market price of crude oil, changes in economic conditions, or other factors;
- higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline or other refined products;
- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy, whether as a result of technological advances by manufacturers, pending legislation proposing to mandate higher fuel economy, or otherwise; and
- a temporary or permanent material increase in the price of refined products as compared to alternative sources of refined products available to our customers.

A material decrease in demand or distribution of crude oil available for transport through our pipelines or terminal facilities could materially and adversely affect our results of operations, financial position, or cash flows.

The volume of crude oil transported through our crude oil pipelines and terminal facilities depends on the availability of attractively priced crude oil produced or received in the areas serviced by our assets. A period of sustained crude oil price declines could lead to a decline in drilling activity, production and import levels in these areas. Similarly, a period of sustained increases in the price of crude oil supplied from any of these areas, as compared to alternative sources of crude oil available to our customers, could materially reduce demand for crude oil in these areas. In either case, the volumes of crude oil transported in our crude oil pipelines and terminal facilities could decline, and it could likely be difficult to secure alternative sources of attractively priced crude oil supply in a timely fashion or at all. If we are unable to replace any significant volume declines with additional volumes from other sources, our results of operations, financial position, or cash flows could be materially and adversely affected.

Any reduction in throughput capacity available to our shippers, including our crude oil and refined products acquisition and marketing businesses, on either our pipelines or interconnecting third-party pipelines could cause a reduction of volumes transported in our pipelines and through our terminals.

Users of our pipelines and terminals are dependent upon our pipelines, as well as connections to third-party pipelines, to receive and deliver crude oil and refined products. Any interruptions or reduction in the capabilities of our pipelines or these interconnecting pipelines due to testing, line repair, reduced operating pressures, or other causes would result in reduced volumes transported in our pipelines or through our terminals. If additional shippers begin transporting volume over interconnecting pipelines, the allocations to our existing shippers on these interconnecting pipelines could be reduced, which also could reduce volumes transported in our pipelines or through our terminals. Allocation reductions of this nature are not infrequent and are beyond our control. Any such interruptions or allocation reductions that, individually or in the aggregate, are material or continue for a sustained period of time could have a material adverse effect on our results of operations, financial position, or cash flows.

Similarly, our crude oil and refined products acquisition and marketing businesses are dependent upon our and third-party pipelines to transport their products. Any material interruptions or allocations that affect the ability of those businesses to transport products, or the cost of such transportation, could have a material adverse effect on our results of operations, financial position, or cash flows.

A material decrease in demand for natural gas liquids ("NGLs") in the markets served by our assets could materially and adversely affect our results of operations, financial position, or cash flows.

Any significant and prolonged change in the actual or expected demand for NGLs could have an adverse impact on the volumes transported in our pipelines or through our terminals. Changes in demand could result from additional regulatory restrictions on the extraction of NGLs that would significantly increase the cost of extraction and procurement; changes in technology affecting the mix of energy products available; or changes in laws or regulations or costs related to exportation. Any material decrease in demand could have a material adverse effect on our results of operations, financial position, or cash flows.

If we are unable to complete capital projects at their expected costs and/or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our results of operations, financial condition, or cash flows could be affected materially and adversely.

Delays or cost increases related to capital spending programs involving construction of new facilities (or improvements and repairs to our existing facilities) could adversely affect our ability to achieve forecasted operating results. Although we evaluate and monitor each capital spending project and try to anticipate difficulties that may arise, such delays or cost increases may arise as a result of factors that are beyond our control, including:

- denial or delay in issuing requisite regulatory approvals and/or permits;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of modular components and/or construction materials;
- severe adverse weather conditions, natural disasters, or other events (such as equipment malfunctions explosions, fires, releases) affecting our facilities, or those of vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- changes in market conditions impacting long lead-time projects;
- market-related increases in a project's debt or equity financing costs; and
- nonperformance by, or disputes with, vendors, suppliers, contractors, or sub-contractors involved with a project.

Our forecasted operating results also are based upon our projections of future market fundamentals that are not within our control, including changes in general economic conditions, availability to our customers of attractively priced alternative supplies of crude oil and refined products and overall customer demand.

An impairment of goodwill and intangible assets could reduce our earnings.

At December 31, 2013, our consolidated balance sheet reflected $1.35 billion of goodwill and $794 million of intangible assets. Accounting principles generally accepted in the United States require us to test goodwill for impairment on an annual basis or when events or circumstances occur, indicating that goodwill might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners' capital and balance sheet leverage as measured by debt to total capitalization.

Future acquisitions and expansions may increase substantially the level of our indebtedness and contingent liabilities, and we may be unable to integrate them effectively into our existing operations.

We evaluate and acquire assets and businesses that we believe complement or diversify our existing assets and businesses. Acquisitions may require substantial capital or a substantial increase in indebtedness. If we consummate any future material acquisitions, our capitalization and results of operations may change significantly.

Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets, new geographic areas and the businesses associated with them. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined and we may experience unanticipated delays in realizing the benefits of an acquisition. In some cases, we have indemnified the previous owners and operators of acquired assets.

Following an acquisition, we may discover previously unknown liabilities associated with the acquired business for which we have no recourse under applicable indemnification provisions. In addition, the terms of an acquisition may require us to assume certain prior known or unknown liabilities for which we may not be indemnified or have adequate insurance.

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

Our operations and those of our customers and suppliers may be subject to operational hazards or unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, and other events beyond our control. If one or more of the facilities that we own, or any third-party facilities that we receive from or deliver to, are damaged by any disaster, accident, catastrophe or other event, our operations could be significantly interrupted. These interruptions might involve a loss of equipment or life, injury, extensive property damage, or maintenance and repair outages. The duration of the interruption will depend on the seriousness of the damages or required repairs. We may not be able to maintain or obtain insurance to cover these types of interruptions, or in coverage amounts desired, at reasonable rates. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. Any event that interrupts the revenues generated by our operations, or which causes us to make significant expenditures not covered by insurance, could materially and adversely affect our results of operations, financial position, or cash flows.

We are exposed to the credit and other counterparty risk of our customers in the ordinary course of our business.

We have various credit terms with virtually all of our customers, and our customers have varying degrees of creditworthiness. Although we evaluate the creditworthiness of each of our customers, we may not always be able to fully anticipate or detect deterioration in their creditworthiness and overall financial condition, which could expose us to an increased risk of nonpayment or other default under our contracts and other arrangements with them. In the event that a material customer or customers default on their payment obligations to us, this could materially and adversely affect our results of operations, financial position, or cash flows.

Mergers among our customers and competitors could result in lower volumes being shipped on our pipelines or products stored in or distributed through our terminals, or reduced crude oil marketing margins or volumes.

Mergers between existing customers could provide strong economic incentives for the combined entities to utilize their existing systems instead of ours in those markets where the systems compete. As a result, we could lose some or all of the volumes and associated revenues from these customers and we could experience difficulty in replacing those lost volumes and revenues, which could materially and adversely affect our results of operations, financial position, or cash flows.

Rate regulation or market conditions may not allow us to recover the full amount of increases in our costs. Additionally, a successful challenge to our rates could materially and adversely affect our results of operations, financial position, or cash flows.

The primary rate-making methodology of the Federal Energy Regulatory Commission ("FERC") is price indexing. We use this methodology in many of our interstate markets. In an order issued in December 2010, the FERC announced that, effective July 1, 2011, the index would equal the change in the producer price index for finished goods plus 2.65 percent (previously, the index was equal to the change in the producer price index for finished goods plus 1.3 percent). This index is to be in effect through July 2016. If the changes in the index are not large enough to fully reflect actual increases to our costs, our financial condition could be adversely affected. If the index results in a rate increase that is substantially in excess of the pipeline's actual cost increases, or it results in a rate decrease that is substantially less than the pipeline's actual cost decrease, the rates may be protested, and, if successful, result in the lowering of the pipeline's rates. The FERC's rate-making methodologies may limit our ability to set rates based on our true costs or may delay the use of rates that reflect increased costs.

Under the Energy Policy Act of 1992, certain interstate pipeline rates were deemed just and reasonable or "grandfathered." On our FERC-regulated pipelines, most of our revenues are derived from such grandfathered rates. A person challenging a grandfathered rate must, as a threshold matter, establish a substantial change since the date of enactment of the Act, in either the economic circumstances or the nature of the service that formed the basis for the rate. If the FERC were to find a substantial change in circumstances, then the existing rates could be subject to detailed review. There is a risk that some rates could be found to be in excess of levels justified by our cost of service. In such event, the FERC would order us to reduce rates prospectively and could order us to pay reparations to shippers. Reparations could be required for a period of up to two years prior to the date of filing the complaint in the case of rates that are not grandfathered and for the period starting with the filing of the complaint in the case of grandfathered rates.

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

Potential changes to current rate-making methods and procedures may impact the federal and state regulations under which we will operate in the future. In addition, if the FERC's petroleum pipeline rate-making methodology changes, the new methodology could materially and adversely affect our results of operations, financial position, or cash flows.

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

Our pipelines, gathering systems, and terminal operations are subject to increasingly strict environmental and safety laws and regulations. The transportation and storage of refined products and crude oil result in a risk that refined products, crude oil, and other hydrocarbons may be suddenly or gradually released into the environment, potentially causing substantial expenditures for a response action, significant government penalties, liability to government agencies for natural resource damages, personal injury, or property damage to private parties and significant business interruption. We own or lease a number of properties that have been used to store or distribute refined products and crude oil for many years. Many of these properties also have been previously owned or operated by third parties whose handling, disposal, or release of hydrocarbons and other wastes were not under our control, and for which, in some cases, we have indemnified the previous owners and operators.

Our pipeline operations are subject to regulation by the Department of Transportation ("DOT"), under the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), pursuant to which PHMSA has established requirements relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. Moreover, PHMSA, through the Office of Pipeline Safety, has promulgated rules requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines, and take measures to protect pipeline segments located in what the rule refers to as "high consequence areas." Activities under these integrity management programs involve the performance of internal pipeline inspections, pressure testing or other effective means to assess the integrity of these regulated pipeline segments, and the regulations require prompt action to address integrity issues raised by the assessment and analysis. Integrity testing and assessment of all of these assets will continue, and the potential exists that results of such testing and assessment could cause us to incur even greater capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our pipelines.

In addition, we are subject to a number of federal and state laws and regulations, including Occupational Safety and Health Administration, ("OSHA") and comparable state statutes, the purposes of which are to protect the health and safety of workers, both generally and within the pipeline industry. In addition, the OSHA hazard communication standard, the EPA, community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that such information be provided to employees, state and local government authorities and citizens. We are also subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals. These regulations apply to any process which involves a chemical at or above specified thresholds or any process which involves flammable liquid or gas, pressurized tanks, caverns and wells. Flammable liquids stored in atmospheric tanks below their normal boiling points without the benefit of chilling or refrigeration are exempt.

Failure to comply with these laws and regulations may result in assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens and, to a lesser extent, issuance of injunctions to limit or cease operations. We may be unable to recover these costs through increased revenues.

Our business is subject to federal, state and local laws and regulations that govern the product quality specifications of the petroleum products that we store and transport.

The petroleum products that we store and transport are sold by our customers for consumption into the public market. Various federal, state and local agencies have the authority to prescribe specific product quality specifications to commodities sold into the public market. Changes in product quality specifications could reduce our throughput volume, require us to incur additional handling costs or require the expenditure of significant capital. In addition, different product specifications for different markets impact the fungibility of products transported and stored in our pipeline systems and terminal facilities and could require the construction of additional storage to segregate products with different specifications. We may be unable to recover these costs through increased revenues.

In addition, the operations of our butane blending services are reliant upon gasoline vapor pressure specifications. Significant changes in such specifications could reduce butane blending opportunities, which would affect our ability to market our butane blending services licenses and which would ultimately affect our ability to recover the costs incurred to acquire and integrate our butane blending assets.

Climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for our services.

The U.S. Senate has considered legislation to restrict U.S. emissions of carbon dioxide and other greenhouse gases ("GHG") that may contribute to global warming and climate change. Many states, either individually or through multi-state regional initiatives, have begun implementing legal measures to reduce GHG emissions. The U.S. House of Representatives has previously approved legislation to establish a "cap-and-trade" program, whereby the U.S. Environmental Protection Agency ("EPA") would issue a capped and steadily declining number of tradable emissions allowances to certain major GHG emission sources so they could continue to emit GHGs into the atmosphere. The cost of such allowances would be expected to escalate significantly over time, making the combustion of carbon-based fuels (e.g., refined petroleum products, oil and natural gas) increasingly expensive. Beginning in 2011, EPA regulations required specified large domestic GHG sources to report emissions above a certain threshold occurring after January 1, 2010. Our facilities are not subject to this reporting requirement since our GHG emissions are below the applicable threshold. In addition, the EPA has proposed new regulations, under the federal Clean Air Act, that would require a reduction in GHG emissions from motor vehicles and could trigger permit review for GHG emissions from certain stationary sources. It is not possible at this time to predict how pending legislation or new regulations to address GHG emissions would impact our business. However, the adoption and implementation of federal, state, or local laws or regulations limiting GHG emissions in the U.S. could adversely affect the demand for our crude oil or refined products transportation and storage services, and result in increased compliance costs, reduced volumes or additional operating restrictions.

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

The U.S. government has issued warnings that energy assets, specifically the nation’s pipeline and terminal infrastructure, may be the future targets of terrorist organizations. Any terrorist attack at our facilities, those of our customers and, in some cases, those of other pipelines, refineries, or terminals could materially and adversely affect our results of operations, financial position, or cash flows.

Our risk management policies cannot eliminate all commodity risk, and our use of hedging arrangements could result in financial losses or reduce our income. In addition, any non-compliance with our risk management policies could result in significant financial losses.

We follow risk management practices designed to minimize commodity risk, and engage in hedging arrangements to reduce our exposure to fluctuations in the prices of certain products we market. These hedging arrangements expose us to risk of financial loss in some circumstances, including when the counterparty to the hedging contract defaults on its contract obligations, or when there is a change in the expected differential between the underlying price in the hedging agreement and the actual prices received. In addition, these hedging arrangements may limit the benefit we would otherwise receive from increases in prices for such products.

The accounting standards regarding hedge accounting are very complex, and even when we engage in hedging transactions that are effective economically (whether to mitigate our exposure to fluctuations in commodity prices, or to balance our exposure to fixed and variable interest rates), these transactions may not be considered effective for accounting purposes. In addition, it is not always possible for us to engage in a hedging transaction that completely mitigates our exposure to commodity prices. While the primary measures used by management to evaluate past performance and future prospects exclude any impacts attributable to unsettled hedges, our consolidated financial statements may reflect some volatility due to the recognition of changes in fair value of these hedges in periods other than those in which the related physical transaction occurs. See Part II., Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on the measure described above.

We have adopted risk management policies designed to manage risks associated with our businesses. However, these policies cannot eliminate all price-related risks, and there is also the risk of non-compliance with such policies. We cannot make any assurances that we will detect and prevent all violations of our risk management practices and policies, particularly if deception or other intentional misconduct is involved. Any violations of our risk management practices or policies by our employees or agents could result in significant financial losses.

We do not own all of the land on which our pipelines and facilities are located, and we lease certain facilities and equipment, which subjects us to the possibility of increased costs to retain necessary land use which could disrupt our operations.

We do not own all of the land on which certain of our pipelines and facilities are located, and we are, therefore, subject to the risk of increased costs to maintain necessary land use. We obtain the rights to construct and operate certain of our pipelines and related facilities on land owned by third parties and governmental agencies for a specific period of time. Our loss of these rights, through our inability to renew rights-of-way contracts on acceptable terms, or increased costs to renew such rights could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, we are subject to the possibility of increased costs under our rental agreements with landowners, primarily through rental increases and renewals of expired agreements.

Whether we have the power of eminent domain for our pipelines varies from state to state, depending upon the type of pipeline (e.g., common carrier), type of products shipped on the pipeline and the laws of the particular state. In either case, we must compensate landowners for the use of their property and, in eminent domain actions, such compensation may be determined by a court. Our inability to exercise the power of eminent domain could negatively affect our business if we were to lose the right to use or occupy the property on which our pipelines are located.

Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods. Our inability to renew equipment leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material adverse effect on our results of operations and cash flows.

A portion of our general and administrative services have been outsourced to third-party service providers. Fraudulent activity or misuse of proprietary data involving our outsourcing partners could expose us to additional liability.

We utilize both affiliate entities and third parties in the processing of our information and data. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers, including the potential loss or disclosure of such information or data as a result of fraud or other forms of deception, could expose us to a risk of loss or misuse of this information, result in litigation and potential liability for us, lead to reputational damage, increase our compliance costs, or otherwise harm our business.

Cybersecurity breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personal identification information of our employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of our operations, damage to our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business.

Our operations could be disrupted if our information systems fail, causing increased expenses and/or loss of sales.

Our business is highly dependent on financial, accounting and other data processing systems and other communications and information systems. We process a large number of transactions on a daily basis and rely upon the proper functioning of computer systems. If a key system was to fail or experience unscheduled downtime for any reason, even if only for a short period, our operations and financial results could be affected adversely. Our systems could be damaged or interrupted by a security breach, fire, flood, power loss, telecommunications failure or similar event. We have a formal disaster recovery plan in place, but this plan may not entirely prevent delays or other complications that could arise from an information systems failure. Our business interruption insurance may not compensate us adequately for losses that may occur.

Our business could be affected adversely by union disputes and strikes or work stoppages by our unionized employees.

As of December 31, 2013, approximately 47 percent of our workforce was covered by a number of collective bargaining agreements with various terms and dates of expirations. There can be no assurances that we will not experience a work stoppage in the future as a result of labor disagreements. Any work stoppages could have a material adverse effect on our business, financial position, results of operations or cash flows.

We do not control, and therefore may not be able to cause or prevent certain actions by, certain of our joint ventures.

Certain of our joint ventures have their own governing boards, and we may not control all of the decisions of those boards. Consequently, it may be difficult or impossible for us to cause the joint venture entity to take actions that we believe would be in our or the joint venture's best interests. Likewise, we may be unable to prevent actions of the joint venture.

RISKS RELATED TO OUR PARTNERSHIP STRUCTURE

Our general partner's discretion in determining the level of cash reserves may adversely affect our ability to make cash distributions to our unitholders.

Our partnership agreement provides that our general partner may reduce our operating surplus by establishing cash reserves to provide funds for our future operating expenditures. In addition, the partnership agreement provides that our general partner may reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party or to provide funds for future distributions to our unitholders in any one or more of the next four quarters. These cash reserves will affect the amount of cash available for current distribution to our unitholders.

Even if unitholders are dissatisfied, they have limited rights under the partnership agreement to remove our general partner without its consent, which could lower the trading price of the common units.

The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management’s decisions regarding our business. Unitholders did not elect our general partner or its board of directors and will have no right to elect our general partner or its board of directors on an annual or other continuing basis. The board of directors of our general partner is chosen by ETP, the controlling member of our general partner. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a control premium in the trading price.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner has the right to transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in the partnership agreement on the ability of the owner of our general partner from transferring its ownership interest in the general partner to a third party. The new owner of our general partner would then be in a position to replace the board of directors and officers of the general partner with its own appointees.

Conflicts of interest may arise between us and ETP as they are the controlling owner of our general partner, which due to limited fiduciary responsibilities, may permit ETP and its affiliates to favor their own interests to the detriment of our unitholders.

ETP is the controlling owner of our two percent general partner interest and owns 32.2 percent of our limited partnership interests. Conflicts may arise between the interests of ETP and its affiliates (including our general partner), and our interests and those of our unitholders. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates (including ETP) over the interests of our unitholders. These conflicts may include, among others, the following situations:

- ETP and its affiliates may engage in competition with us. Neither our partnership agreement nor any other agreement requires ETP to pursue a business strategy that favors us or utilizes our assets, and our general partner may consider the interests of parties other than us, such as ETP, in resolving conflicts of interest;
- under our partnership agreement, our general partner's fiduciary duties are restricted, and our unitholders have only limited remedies available in the event of conduct constituting a potential breach of fiduciary duty by our general partner;
- our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, issuance of additional partnership securities, and reserves, each of which can affect the amount of cash available for distribution to our unitholders and the amount received by our general partner in respect of its incentive distribution rights ("IDRs");
- our general partner determines which costs incurred by ETP and its affiliates are reimbursable by us; and
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for services rendered, or from entering into additional contractual arrangements with any of these entities on our behalf, so long as the terms of any additional contractual arrangements are fair and reasonable to us; and our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates.

We are a holding company. We conduct our operations through our subsidiaries and depend on cash flow from our subsidiaries to pay distributions to our unitholders and service our debt obligations.

We are a holding company. We conduct our operations through our subsidiaries. As a result, our cash flow and ability to pay distributions to our unitholders and to service our debt is dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments from our subsidiaries to us. Any payment of dividends, distributions, loans or other payments from our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries also will be contingent upon the profitability of our subsidiaries. If we are unable to obtain funds from our subsidiaries we may not be able to pay distributions to our unitholders or pay interest or principal on our debt securities when due.

Our general partner may cause us to borrow funds in order to make cash distributions, even where the purpose or effect of the borrowing benefits the general partner or its affiliates.

ETP is the controlling owner of our general partner and also owns 32.2 percent of our limited partnership interests and all of our IDRs. Our general partner may cause us to borrow funds from affiliates of ETP or from third parties in order to pay cash distributions to our unitholders and to our general partner, including distributions with respect to our general partner's IDRs.

Our general partner has a limited call right that may require our unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80 percent of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price, may not receive a return on the investment, and may incur a tax liability upon the sale.

We may issue additional common units without unitholder approval, which would dilute our unitholders' ownership interests.

We may issue an unlimited number of common units or other limited partner interests, including limited partner interests that rank senior to our common units, without the approval of our unitholders. The issuance of additional common units, or other equity securities of equal or senior rank, will decrease the proportionate ownership interest of existing unitholders and reduce the amount of cash available for distribution to our common unitholders and may adversely affect the market price of our common units.

A unitholder may not have limited liability if a state or federal court finds that we are not in compliance with the applicable statutes or that unitholder action constitutes control of our business.

The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some states. A unitholder could be held liable in some circumstances for our obligations to the same extent as a general partner if a state or federal court determined that:

- we had been conducting business in any state without complying with the applicable limited partnership statute; or
- the right or the exercise of the right by the unitholders as a group to remove or replace our general partner, to approve some amendments to the partnership agreement, or to take other action under the partnership agreement constituted participation in the "control" of our business.

Under applicable state law, our general partner has unlimited liability for our obligations, including our debts and environmental liabilities, if any, except for our contractual obligations that are expressly made without recourse to our general partner.

In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

RISKS RELATED TO OUR DEBT

References under this heading to "we," "us," and "our" mean Sunoco Logistics Partners Operations L.P.

We may not be able to obtain funding, or obtain funding on acceptable terms, to meet our future capital needs.

Global market and economic conditions have been, and continue to be volatile. The debt and equity capital markets have been impacted by, among other things, significant write-offs in the financial services sector and the re-pricing of credit risk in the broadly syndicated market.

As a result, the cost of raising money in the debt and equity capital markets could be higher and the availability of funds from those markets could be diminished if we seek access to those markets. Accordingly, we cannot be certain that additional funding will be available if needed and to the extent required, on acceptable terms. If additional funding is not available when needed, or is available only on unfavorable terms, we may be unable to implement our business plan, enhance our existing business, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our revenues and results of operations.

Restrictions in our debt agreements may prevent us from engaging in some beneficial transactions or paying distributions to unitholders.

As of December 31, 2013, our total outstanding indebtedness was $2.38 billion excluding net unamortized fair value adjustments. Our payment of principal and interest on the debt will reduce the cash available for distribution on our units, as will our obligation to repurchase the senior notes upon the occurrence of specified events involving a change in control of our general partner. In addition, we are prohibited by our credit facilities and the senior notes from making cash distributions during an event of default, or if the payment of a distribution would cause an event of default, under any of our debt agreements. Our leverage and various limitations in our credit facilities and our senior notes may reduce our ability to incur additional debt, engage in some transactions, and capitalize on acquisition or other business opportunities. Any subsequent refinancing of our current debt or any new debt could have similar or greater restrictions.

We could incur a substantial amount of debt in the future, which could prevent us from fulfilling our debt obligations.

We are permitted to incur additional debt, subject to certain limitations under our revolving credit facilities and, in the case of secured debt, under the indenture governing the notes. If we incur additional debt in the future, our increased leverage could, for example:

- make it more difficult for us to satisfy our obligations under our debt securities or other indebtedness and, if we fail to comply with the requirements of the other indebtedness, could result in an event of default under our debt securities or such other indebtedness;

- require us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow from working capital, capital expenditures and other general corporate activities;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures and other general corporate activities;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- detract from our ability to successfully withstand a downturn in our business or the economy generally; and
- place us at a competitive disadvantage against less leveraged competitors.

Our notes and related guarantees are effectively subordinated to any secured debt of ours or the guarantor as well as to any debt of our non-guarantor subsidiaries, and, in the event of our bankruptcy or liquidation, holders of our notes will be paid from any assets remaining after payments to any holders of our secured debt.

Our notes and related guarantees are general unsecured senior obligations of us and the guarantor, respectively, and effectively subordinated to any secured debt that we or the guarantor may have to the extent of the value of the assets securing that debt. The indentures permit the guarantor and us to incur secured debt provided certain conditions are met. Our notes are effectively subordinated to the liabilities of any of our subsidiaries unless such subsidiaries guarantee such notes in the future.

If we are declared bankrupt or insolvent, or are liquidated, the holders of our secured debt will be entitled to be paid from our assets securing their debt before any payment may be made with respect to our notes. If any of the preceding events occur, we may not have sufficient assets to pay amounts due on our secured debt and our notes.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service our debt or to repay debt at maturity.

Our partnership agreement requires us to distribute 100 percent of our available cash to our general partner and Sunoco Logistics Partners L.P. within 45 days following the end of every quarter. The Sunoco Logistics Partners L.P. partnership agreement requires it to distribute 100 percent of its available cash to its unitholders of record within 45 days following the end of every quarter. Available cash with respect to any quarter is generally all of our or Sunoco Logistics Partners L.P.'s, as applicable, cash on hand at the end of such quarter, less cash reserves for certain purposes. The controlling owner of our general partner and the board of directors of Sunoco Logistics Partners L.P.'s general partner will determine the amount and timing of such distributions and have broad discretion to establish and make additions to our or Sunoco Logistics Partners L.P.'s, as applicable, reserves or the reserves of our or Sunoco Logistics Partners L.P.'s, as applicable, operating subsidiaries as they determine are necessary or appropriate. As a result, we and Sunoco Logistics Partners L.P. do not have the same flexibility as corporations or other entities that do not pay dividends or that have complete flexibility regarding the amounts they will distribute to their equity holders. Although our payment obligations to our partners are subordinate to our payment obligations on our debt, the timing and amount of our quarterly distributions to our partners could significantly reduce the cash available to pay the principal, premium (if any) and interest on our notes.

Rising short-term interest rates could increase our financing costs and reduce the amount of cash we generate.

As of December 31, 2013, we had $235 million of floating-rate debt outstanding. Rising short-term rates could materially and adversely affect our results of operations, financial condition or cash flows.

Any reduction in our credit ratings or in ETP's credit ratings could materially and adversely affect our business, results of operations, financial condition and liquidity.

We currently maintain an investment grade rating by Moody's, S&P and Fitch Ratings. However, our current ratings may not remain in effect for any given period of time and a rating may be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. If Moody's, S&P or Fitch Ratings were to downgrade our long-term rating, particularly below investment grade, our borrowing costs could significantly increase, which would adversely affect our financial results, and our potential pool of investors and funding sources could decrease. Further, due to our relationship with ETP, any down-grading in ETP's credit ratings could also result in a down-grading in our credit ratings. Ratings from credit agencies are not recommendations to buy, sell or hold our securities and each rating should be evaluated independently of any other rating.

TAX RISKS TO OUR COMMON UNITHOLDERS

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity level taxation by individual states. If the Internal Revenue Service ("IRS") treats us as a corporation or we become subject to a material amount of entity level taxation for state tax purposes, it would substantially reduce the amount of cash available for distribution to unitholders.

The anticipated after-tax economic benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this matter. The IRS may adopt positions that differ from the ones we take. A successful IRS contest of the federal income tax positions we take may impact adversely the market for our common units, and the costs of any IRS contest will reduce our cash available for distribution to unitholders.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax at the corporate tax rate, and likely would pay state income tax at varying rates. Distributions to unitholders generally would be taxed again as corporate distributions. Treatment of us as a corporation would result in a material reduction in anticipated cash flow and after-tax return to unitholders. Current law may change so as to cause us to be treated as a corporation for federal income tax purposes or to otherwise subject us to a material level of entity-level taxation. States are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise and other forms of taxation. If any of these states were to impose a tax on us, the cash available for distribution to unitholders would be reduced. The partnership agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to a material level of entity-level taxation for federal, state, or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts will be adjusted to reflect the impact of that law on us.

The sale or exchange of 50 percent or more of our capital and profit interests during any twelve-month period will result in our termination as a partnership for federal income tax purposes.

Our partnership will be considered to have been terminated for tax purposes when there is a sale or exchange of 50 percent or more of the total interests in our capital and profits within a twelve-month period (a "technical termination"). For purposes of determining whether the 50 percent threshold has been met, multiple sales of the same interest will be counted only once. A sale or exchange would occur, for example, if we sold our business or merged with another company, or if any of our unitholders, including ETP and its affiliates, sold or transferred their partnership interests in us. Our termination would, among other things, result in the closing of our taxable year for all of our unitholders which could result in us filing two tax returns (and unitholders receiving two Schedule K-1s) for one calendar year. Our termination could also result in a deferral of depreciation deductions allowable in computing our taxable income. Our termination would not affect our classification as a partnership for federal income tax purposes. Instead, we would be treated as a new partnership for federal income tax purposes, in which case we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. The IRS has recently announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership may be permitted to provide only a single Schedule K-1 to unitholders for the tax years in which the termination occurs.

As a result of ETP's acquisition of the Partnership in October 2012, the 50 percent threshold described above was exceeded. Our classification as a partnership was not affected, but instead, we were treated as a new partnership for federal income tax purposes. The technical termination resulted in the closing of our taxable year for all unitholders. In the case of a unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may have resulted in more than twelve months of our taxable income or loss being includable in the unitholder's taxable income for the year of termination. As a result of the technical termination, we were required to file two tax returns for the calendar year 2012. We were required to make new tax elections after the technical termination, including a new election under Section 754 of the Internal Revenue Code, and the termination resulted in a deferral of our deductions for depreciation. A termination could also result in penalties if we had been unable to determine that the termination had occurred. Moreover, the technical termination could accelerate the application of, or subject us to, any tax legislation enacted before the technical termination. The IRS has recently announced a publicly traded partnership technical termination relief procedure whereby if a publicly traded partnership that has technically terminated requests publicly traded partnership technical termination relief and the IRS grants such relief, among other things, the partnership will only have to provide one Schedule K-1 to unitholders for the calendar year notwithstanding two partnership tax years. We were successful in petitioning the IRS for this technical termination relief.

Our unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income which will be different in amount than the cash we distribute, our unitholders will be required to pay any federal income taxes and, in some cases, state and local income taxes on their share of our taxable income even if they receive no cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that result from that income.

Tax gain or loss on disposition of our limited partner units could be more or less than expected.

If our unitholders sell their limited partner units, they will recognize a gain or loss equal to the difference between the amount realized and their tax basis in those limited partner units. Prior distributions to our unitholders in excess of the total net taxable income the unitholder was allocated for a unit, which decreased their tax basis in that unit, will, in effect, become taxable income to our unitholders if the limited partner unit is sold at a price greater than their tax basis in that limited partner unit, even if the price they receive is less than their original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income. In addition, if our unitholders sell their units, they may incur a tax liability in excess of the amount of cash received from the sale.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in common units by tax-exempt entities, such as individual retirement accounts ("IRAs"), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal tax returns and pay tax on their share of our taxable income.

Our unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our limited partner units.

In addition to federal income taxes, our unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property, even if they do not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We currently conduct our business and own assets in more than 30 states, most of which impose a personal income tax. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. It is our unitholders’ responsibility to file all United States federal, state and local tax returns.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units, may be modified by administrative, legislative or judicial interpretation at any time. Any modification to the federal income tax laws and interpretations thereof may or may not be applied retroactively. Moreover, any such modification could make it more difficult or impossible for us to meet the exception which allows publicly traded partnerships that generate qualifying income to be treated as partnerships (rather than corporations) for U.S. federal income tax purposes, affect or cause us to change our business activities, or affect the tax consequences of an investment in our common units. For example, members of Congress have been considering substantive changes to the definition of qualifying income and the treatment of certain types of income earned from partnerships. While these specific proposals would not appear to affect our treatment as a partnership, we are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

There are certain legal and administrative proceedings arising prior to the February 2002 initial public offering ("IPO") pending against our Sunoco-affiliated predecessors and us (as successor to certain liabilities of those predecessors). Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them may be resolved unfavorably. Sunoco has agreed to indemnify us for 100 percent of all losses from environmental liabilities related to the transferred assets arising prior to, and asserted within 21 years of February 8, 2002. There is no monetary cap on this indemnification from Sunoco. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent each year through the thirtieth year following the February 8, 2002 date. Any remediation liabilities not covered by this indemnity will be our responsibility. In addition, Sunoco is obligated to indemnify us under certain other agreements executed after the IPO.

Additionally, we have received notices of violations and potential fines under various federal, state and local provisions relating to the discharge of materials into the environment or protection of the environment. While we believe that even if any one or more of the environmental proceedings listed below were decided against us, it would not be material to our financial position, results of operations or cash flows, we are required to report environmental proceedings if we reasonably believe that such proceedings will result in monetary sanctions in excess of $0.1 million.

In January 2012, the Partnership experienced a release on its refined products pipeline in Wellington, Ohio. In connection with this release, the Pipeline Hazardous Material Safety Administration ("PHMSA") issued a Corrective Action Order under which the Partnership is obligated to follow specific requirements in the investigation of the release and the repair and reactivation of the pipeline. The Partnership also entered into an Order on Consent with the Environmental Protection Agency ("EPA") regarding the environmental remediation of the release site. All requirements of the Order of Consent with the EPA have been fulfilled and the Order has been satisfied and closed. The Partnership has also received a "No Further Action" approval from the Ohio EPA for all soil and groundwater remediation requirements. The Partnership has not received any proposed penalties associated with this release and continues to cooperate with both PHMSA and the EPA to complete the investigation of the incident and repair of the pipeline.

In 2012, the EPA issued a proposed consent agreement related to the releases that occurred at the Partnership's pump station/tank farm in Barbers Hill, Texas and pump station/tank farm located in Cromwell, Oklahoma in 2010 and 2011, respectively. These matters were referred to the U.S. Department of Justice ("DOJ") by the EPA. In November 2012, the Partnership received an initial assessment of $1.4 million associated with these releases. The Partnership is in discussions with the EPA and the DOJ on this matter and hopes to resolve the issue during 2014.

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

In September 2013, the Pennsylvania Department of Environmental Protection ("PADEP") issued a Notice of Violation and proposed penalties in excess of $0.1 million based on alleged violations of various safety regulations relating to the November 2008 products release by Sunoco Pipeline in Murrysville, Pennsylvania. The Partnership is currently in discussions with the PADEP. The timing or outcome of this matter cannot be reasonably determined at this time. However, the Partnership does not expect there to be a material impact to its results of operations, cash flows or financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SECURITYHOLDER MATTERS AND PURCHASES OF EQUITY SECURITIES

Our common units are listed on the New York Stock Exchange under the symbol "SXL" beginning on February 5, 2002. At the close of business on February 26, 2014, there were 72 holders of record of our common units. These holders of record included the general partner with 33.5 million common units registered in its name, and Cede & Co., a clearing house for stock transactions, with the majority of the remaining 70.5 million common units registered to it.

Our registration statements to offer our limited partnership interests and debt securities to the public also allows our general partner to sell in one or more offerings, any common units it owns. For each offering of our general partner's limited partnership units, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities offered by our general partner in that offering.

The high and low sales price ranges (composite transactions) and distributions declared (per unit) by quarter for 2013 and 2012 were as follows:

	2013			2012		
	Unit Price			Unit Price		
Quarter	High	Low	Declared Distributions	High	Low	Declared Distributions
1st	$ 68.44	$ 50.33	$ 0.5725	$ 42.11	$ 35.01	$ 0.4275
2nd	$ 65.76	$ 57.75	$ 0.6000	$ 40.99	$ 31.65	$ 0.4700
3rd	$ 68.21	$ 58.59	$ 0.6300	$ 50.40	$ 36.29	$ 0.5175
4th	$ 76.07	$ 64.81	$ 0.6625	$ 52.04	$ 44.00	$ 0.5450

Within 45 days after the end of each quarter, we distribute all cash on hand at the end of the quarter less reserves established by our general partner in its discretion. This is defined as "available cash" in the partnership agreement. Our general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to properly conduct our business. We will make minimum quarterly distributions of $0.15 per common unit, to the extent there is sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

If cash distributions exceed $0.1667 per unit in a quarter, our 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 "Marginal Percentage Interest in Distributions" are the percentage interests of our general partner and our unitholders in any available cash from operating surplus that is distributed up to and including the corresponding amount in the column "Total Quarterly Distribution Target Amount," until the available cash that is distributed reaches the next target distribution level, if any. The percentage interests shown for our unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

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

The following table compares the target distribution levels and distribution "splits" between the general partner and the holders of our common units:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner	Unitholders
Minimum Quarterly Distribution	$0.1500	2%	98%
First Target Distribution	up to $0.1667	2%	98%
Second Target Distribution	above $0.1667 up to $0.1917	15% [1]	85%
Third Target Distribution	above $0.1917 up to $0.5275	37% [1]	63%
Thereafter	above $0.5275	50% [1]	50%

[1] Includes two percent general partner interest.

ITEM 6. SELECTED FINANCIAL DATA

The following tables present selected current and historical audited financial data. The tables should be read together with the consolidated financial statements and the accompanying notes of Sunoco Logistics Partners L.P. included in Item 8. "Financial Statements and Supplementary Data." The tables also should be read together with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Successor		Predecessor			
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011	2010	2009
	(in millions, except per unit data)		(in millions, except per unit data)			
Income Statement Data:						
Revenues:						
Sales and other operating revenue:						
Unaffiliated customers	$ 15,073	$ 2,989	$ 9,460	$ 10,473	$ 6,691	$ 4,696
Affiliates	1,566	200	461	432	1,117	706
Gain on divestment and related matters	—	—	11	—	—	—
Total revenues	$ 16,639	$ 3,189	$ 9,932	$ 10,905	$ 7,808	$ 5,402
Operating income [(1)]	$ 560	$ 159	$ 460	$ 423	$ 271	$ 267
Other income [(2)]	$ 21	$ 5	$ 18	$ 13	$ 30	$ 28
Income before income tax expense	$ 504	$ 150	$ 413	$ 347	$ 356	$ 250
Net Income	$ 474	$ 142	$ 389	$ 322	$ 348	$ 250
Net Income attributable to noncontrolling interests	(11)	(3)	(8)	(9)	(2)	—
Net Income attributable to Sunoco Logistics Partners L.P.	$ 463	$ 139	$ 381	$ 313	$ 346	$ 250
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit: [(3)]						
Basic	$ 3.27	$ 1.11	$ 3.15	$ 2.56	$ 3.13	$ 2.17
Diluted	$ 3.25	$ 1.10	$ 3.14	$ 2.54	$ 3.11	$ 2.16
Cash distributions per unit to Limited Partners: [(3) (4)]						
Paid	$ 2.35	$ 0.52	$ 1.32	$ 1.61	$ 1.51	$ 1.37
Declared	$ 2.47	$ 0.55	$ 1.42	$ 1.64	$ 1.54	$ 1.40
Other Data:						
Adjusted EBITDA [(5)]	$ 871	$ 219	$ 591	$ 573	$ 399	$ 372
Distributable Cash Flow [(5)]	$ 655	$ 165	$ 439	$ 390	$ 242	$ 264

(1) During the first quarter 2013, we adjusted our presentation of operating income reported in the consolidated statements of comprehensive income to conform to the presentation utilized by Energy Transfer Partners, L.P., the controlling member of our general partner. Other income, which is comprised primarily of equity income from our unconsolidated joint-venture interests, is presented separately and is no longer included as a component of operating income. These changes did not impact our net income. Prior period amounts have been recast to conform to current presentation.

(2) Includes equity income from our investments in the following joint ventures: Explorer Pipeline Company, Wolverine Pipe Line Company, West Shore Pipe Line Company ("West Shore"), Yellowstone Pipe Line Company, Mid-Valley Pipeline Company ("Mid-Valley") and West Texas Gulf Pipe Line Company ("West Texas Gulf"). Equity income from the investments has been included based on our respective ownership percentages of each, and from the dates of acquisition forward. In the third quarter 2010, we acquired a controlling financial interest in Mid-Valley and West Texas Gulf. Therefore, these joint ventures are reflected as consolidated subsidiaries from the respective dates of acquisition.

(3) On December 2, 2011, we completed a three-for-one split of our common and Class A units. The unit split resulted in the issuance of two additional common or Class A units for every one unit owned. All unit and per unit information is presented on a post-split basis.

(4) Cash distributions paid per unit to limited partners represent payments made per unit during the period stated. Cash distributions declared per unit to limited partners represent distributions declared per unit for the quarters within the period stated. Declared distributions were paid within 45 days following the close of each quarter.

(5) Adjusted EBITDA and distributable cash flow provide additional information for evaluating our ability to make distributions to our unitholders and our general partner. The following tables reconcile (a) the difference between net income, as determined under United States generally accepted accounting principles ("GAAP"), and Adjusted EBITDA and distributable cash flow and (b) net cash provided by operating activities and Adjusted EBITDA:

	Successor		Predecessor			
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31,		
				2011	2010	2009
	(in millions)		(in millions)			
Net Income	$ 474	$ 142	$ 389	$ 322	$ 348	$ 250
Interest expense, net	77	14	65	89	73	45
Depreciation and amortization expense	265	63	76	86	64	48
Impairment charge	—	—	9	31	3	—
Provision for income taxes	30	8	24	25	8	—
Non-cash compensation expense	14	2	6	6	5	5
Unrealized losses/(gains) on commodity risk management activities	(1)	(3)	6	(2)	2	—
Amortization of excess equity method investment	2	—	—	—	—	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	20	5	16	16	24	24
Non-cash accrued liability adjustment	(10)	—	—	—	—	—
Adjustments to commodity hedges resulting from "push-down" accounting	—	(12)	—	—	—	—
Gain on investments in affiliates	—	—	—	—	(128)	—
Adjusted EBITDA	871	219	591	573	399	372
Interest expense, net	(77)	(14)	(65)	(89)	(73)	(45)
Provision for income taxes	(30)	(8)	(24)	(25)	(8)	—
Amortization of fair value adjustments on long-term debt	(23)	(6)	—	—	—	—
Distributions versus Adjusted EBITDA of unconsolidated affiliates	(27)	(3)	(25)	(17)	(36)	(31)
Maintenance capital expenditures	(53)	(21)	(29)	(42)	(37)	(32)
Distributable Cash Flow attributable to noncontrolling interests	(15)	(2)	(9)	(10)	(3)	—
Contributions attributable to acquisition from affiliate	9	—	—	—	—	—
Distributable Cash Flow	$ 655	$ 165	$ 439	$ 390	$ 242	$ 264

	Successor		Predecessor			
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011	2010	2009
	(in millions)		(in millions)			
Net cash provided by operating activities	$ 749	$ 280	$ 411	$ 430	$ 341	$ 176
Interest expense, net	77	14	65	89	73	45
Amortization of bond premium, financing fees and bond discount	22	6	(2)	(2)	(2)	(2)
Deferred income tax (expense) benefit	(6)	2	—	2	—	—
Regulatory matters excluded from Adjusted EBITDA	—	—	10	(11)	—	—
Claim for (recovery of) environmental liability	—	(13)	14	—	—	—
Expected proceeds from insurance recovery	1	—	—	—	—	—
Net change in working capital pertaining to operating activities	(21)	(94)	35	35	(55)	121
Unrealized losses/(gains) on commodity risk management activities	(1)	(3)	6	(2)	2	—
Amortization of excess equity method investment	2	—	—	—	—	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	20	5	16	16	24	24
Non-cash accrued liability adjustment	(10)	—	—	—	—	—
Adjustments to commodity hedges resulting from "push-down" accounting	—	(12)	—	—	—	—
Provision for income taxes	30	8	24	25	8	—
Other	8	26	12	(9)	8	8
Adjusted EBITDA	$ 871	$ 219	$ 591	$ 573	$ 399	$ 372

Our management believes Adjusted EBITDA and distributable cash flow information enhances an investor's understanding of a business's ability to generate cash for payment of distributions and other purposes. In addition, Adjusted EBITDA is also used as a measure in determining our compliance with certain revolving credit facility covenants. However, there may be contractual, legal, economic or other reasons which may prevent us from satisfying principal and interest obligations with respect to indebtedness and may require us to allocate funds for other purposes. Adjusted EBITDA and distributable cash flow do not represent and should not be considered alternatives to net income or cash flows from operating activities as determined under GAAP and may not be comparable to other similarly titled measures of other businesses.

	Successor		Predecessor			
	Year Ended December 31, 2013 [1]	Period from Acquisition (October 5, 2012) to December 31, 2012 [2]	Period from January 1, 2012 to October 4, 2012 [2]	Year Ended December 31, 2011 [3]	2010 [4]	2009 [5]
	(in millions)		(in millions)			
Cash Flow Data:						
Net cash provided by operating activities	$ 749	$ 280	$ 411	$ 430	$ 341	$ 176
Net cash used in investing activities	$ (957)	$ (139)	$ (224)	$ (609)	$ (426)	$ (226)
Net cash provided by (used in) financing activities	$ 244	$ (140)	$ (190)	$ 182	$ 85	$ 50
Capital expenditures:						
Expansion [6]	$ 851	$ 118	$ 206	$ 171	$ 137	$ 144
Maintenance [7]	46	21	29	42	37	32
Major acquisitions	60	—	—	396	252	50
Total capital expenditures	$ 957	$ 139	$ 235	$ 609	$ 426	$ 226

(1) Cash flows related to expansion capital expenditures in 2013 included projects to: invest in our crude oil infrastructure by increasing our pipeline capabilities through previously announced expansion capital projects in Texas and Oklahoma; expand upon our refined products acquisition and marketing services; upgrade the service capabilities at the Eagle Point and Nederland terminals; and invest in the previously announced Mariner and Allegheny Access projects. We also acquired the Marcus Hook Facility from Sunoco for $60 million in 2013.

(2) Cash flows related to expansion capital expenditures for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012 included projects to expand upon our refined products acquisition and marketing services, upgrade the service capabilities at the Eagle Point and Nederland terminals, invest in our crude oil infrastructure by increasing our pipeline capabilities through previously announced growth projects in West Texas and expanding the crude oil trucking fleet, and to invest in the Mariner pipeline projects.

(3) Expansion capital expenditures in 2011 included projects to expand upon our butane blending services, increase tankage at the Nederland facility, increase connectivity of the crude oil pipeline assets in Texas and increase our crude oil trucking fleet to meet the demand for transportation services in the southwest United States. Cash flows related to major acquisitions in 2011 included $73 million related to the acquisition of the East Boston terminal, $222 million related to the acquisition of the Texon L.P. ("Texon") crude oil purchasing and marketing business, $2 million related to the acquisition of the Eagle Point tank farm and $99 million related to the acquisition of a controlling financial interest in Inland Corporation ("Inland").

(4) Expansion capital expenditures in 2010 included construction projects to expand services at our refined products terminals, increase tankage at the Nederland Terminal and to expand upon our refined products platform in the southwest United States. Cash flows related to major acquisitions in 2010 included $152 million related to the acquisition of a butane blending business from Texon, $91 million related to the acquisition of additional ownership interests in Mid-Valley, West Texas Gulf and West Shore and $9 million for the acquisition of two terminals in Texas.

(5) Expansion capital expenditures in 2009 included the construction of tankage and pipeline assets in connection with our agreement to connect the Nederland Terminal to a Port Arthur, Texas refinery and construction of additional crude oil storage tanks at the Nederland Terminal. Cash flows related to major acquisitions in 2009 included $50 million related to the acquisition of Excel Pipeline LLC and a refined products terminal in Romulus, Michigan.

(6) Expansion capital expenditures are capital expenditures made to acquire and integrate complimentary assets, to improve operational efficiencies or reduce costs and to expand existing and construct new facilities, such as projects that increase storage or throughput volume.

(7) Maintenance capital expenditures are capital expenditures required to maintain equipment reliability, tankage and pipeline integrity and safety, and to address environmental regulations. We treat maintenance expenditures that do not extend the useful life of existing assets as operating expenses as incurred.

	Successor		Predecessor		
	December 31,		December 31,		
	2013	2012	2011	2010	2009
	(in millions)		(in millions)		
Balance Sheet Data (at period end):					
Net properties, plants and equipment	$ 6,519	$ 5,623	$ 2,522	$ 2,128	$ 1,534
Total assets	$ 11,897	$ 10,361	$ 5,477	$ 4,188	$ 3,099
Total debt	$ 2,503	$ 1,732	$ 1,698	$ 1,229	$ 868
Total Sunoco Logistics Partners L.P. Equity	$ 6,204	$ 6,072	$ 1,096	$ 965	$ 862
Noncontrolling interests	121	123	98	77	—
Total equity	$ 6,325	$ 6,195	$ 1,194	$ 1,042	$ 862

	Successor		Predecessor			
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31,		
				2011	2010	2009
Operating Data:						
Crude Oil Pipelines [1]						
Pipeline throughput (thousands of barrels per day ("bpd")) [2]	1,866	1,584	1,546	1,587	1,183	658
Pipeline revenue per barrel (cents)	72.7	75.6	68.0	55.0	50.7	77.5
Crude Oil Acquisition and Marketing [3]						
Crude oil purchases (thousands of bpd)	749	669	674	663	638	592
Gross profit per barrel purchased (cents)[4]	91.4	138.0	92.8	66.0	21.0	25.0
Average crude oil price (per barrel)	$ 98.00	$ 88.20	$ 96.20	$ 95.14	$ 79.55	$ 61.93
Terminal Facilities [5]						
Terminal throughput (thousands of bpd)						
Refined products terminals	431	451	499	492	488	462
Nederland terminal	932	787	703	757	729	597
Refinery terminals	397	411	369	443	465	591
Refined Products Pipelines [1]						
Pipeline throughput (thousands of bpd) [6]	571	601	565	522	468	577
Pipeline revenue per barrel (cents)	62.5	63.0	62.2	68.3	70.0	60.7

(1) Excludes amounts attributable to equity ownership interests in corporate joint ventures which are not consolidated.

(2) In July and August 2010, we acquired controlling financial interests in Mid-Valley and West Texas Gulf, respectively, and we accounted for the entities as consolidated subsidiaries from the dates of their respective acquisitions. Average volumes for the year ended December 31, 2010 of 278 thousand bpd have been included in the consolidated total. From the dates of acquisition, these pipelines had actual throughput of 696 thousand bpd for the year ended December 31, 2010.

(3) Includes results from the crude oil acquisition and marketing business acquired from Texon in August 2011 from the acquisition date.

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

(5) In July 2011 and August 2011, we acquired the Eagle Point tank farm and a refined products terminal located in East Boston, Massachusetts, respectively. Volumes and revenues for these acquisitions are included from their acquisition dates.

(6) In May 2011, we acquired a controlling financial interest in Inland and we accounted for the entity as a consolidated subsidiary from the date of acquisition. Average volumes for the year ended December 31, 2011 of 88 thousand bpd have been included in the consolidated total. From the date of acquisition, this pipeline had actual throughput of 140 thousand bpd for the year ended December 31, 2011.

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

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

Overview

We, Sunoco Logistics Partners L.P. or "SXL," are a Delaware limited partnership which is principally engaged in the transport, terminalling and storage of crude oil, refined products and natural gas liquids ("NGLs"). In addition to logistics services, we also own acquisition and marketing assets which are used to facilitate the purchase and sale of crude oil, refined products and NGLs. Our portfolio of geographically diverse assets earns revenues in more than 30 states located throughout the United States. Revenues are generated by charging tariffs for transporting crude oil, refined products and NGLs through our pipelines as well as by charging fees for various services at our terminal facilities. Revenues are also generated by acquiring and marketing crude oil, refined products and NGLs. Generally, our commodity purchases are entered into in contemplation of or simultaneously with corresponding sale transactions involving physical deliveries, which enables us to secure a profit on the transaction at the time of purchase.

On October 5, 2012, Sunoco, Inc. ("Sunoco") was acquired by Energy Transfer Partners, L.P. ("ETP"). Prior to this transaction, Sunoco (through its wholly-owned subsidiary Sunoco Partners LLC) served as our general partner and owned a two percent general partner interest, all of our incentive distribution rights and a 32.4 percent limited partner interest in SXL. In connection with the acquisition, Sunoco’s general and limited partner interests in us were contributed to ETP, resulting in a change in control of our general partner. As a result, we became a consolidated subsidiary of ETP and elected to apply "push-down" accounting, which required our assets and liabilities to be adjusted to fair value on the closing date, October 5, 2012. The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. Due to the application of "push-down" accounting, our consolidated financial statements and certain footnote disclosures are presented in two distinct periods to indicate the application of two different bases of accounting during those periods. The periods prior to the acquisition date, October 5, 2012, are identified as "Predecessor" and the periods from October 5, 2012 forward are identified as "Successor," and our operating results for the years ended December 31, 2013, 2012 and 2011 are presented in comparative periods. We performed an analysis and determined that the activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows. Therefore, operating results between October 1, 2012 and October 4, 2012 have been included within the "Successor" period ended December 31, 2012.

In July 2013, the limited liability agreement of Sunoco Partners LLC was amended to reflect the addition of ETE Common Holdings, LLC ("ETE Holdings") as an owner of a 0.1 percent membership interest in our general partner. ETE Holdings is a wholly-owned subsidiary of Energy Transfer Equity, L.P., and an affiliate of ETP. This change in the ownership of the general partner did not impact our consolidated financial statements. Subsequent to the amendment, we remain a consolidated subsidiary of ETP. In addition, the 33.5 million common units owned by Sunoco Partners LLC were assigned to ETP.

Strategic Actions

Our primary business strategies focus on generating stable cash flows by increasing pipeline and terminal throughput, utilizing our crude oil gathering assets to maximize value for producers, pursuing economically accretive organic growth opportunities, and continuing to improve operating efficiencies and reduce costs. We also utilize our pipeline systems to take advantage of market dislocations. We believe these strategies will result in continuing increases in distributions to our unitholders. As part of our strategy, we have undertaken several initiatives including the acquisitions and growth capital programs described below.

Acquisitions

Since December 31, 2010, we completed five acquisitions for a total of $554 million.

2013 Acquisition

- *Marcus Hook Facility*—In the second quarter 2013, we acquired Sunoco's Marcus Hook facility and related assets (the "Marcus Hook Facility"). The acquisition of terminalling and storage assets located in Pennsylvania and Delaware included underground storage caverns with a capacity of approximately 2 million barrels, deep water berths, rail access and trucking capabilities, and advantageous pipeline access. In addition, the acquisition included commercial agreements, including a reimbursement agreement under which Sunoco will reimburse us

$40 million for certain operating expenses of the Marcus Hook Facility through March 31, 2017. Since the transaction was with an entity under common control, we recorded the assets acquired and liabilities assumed at Sunoco's net carrying value. The acquisition was included within the Terminal Facilities segment.

2011 Acquisitions

- *East Boston Terminal*—In August 2011, we acquired a refined products terminal, located in East Boston, Massachusetts, from affiliates of ConocoPhillips. The terminal is the sole service provider to Logan International Airport under a long-term contract to supply jet fuel. The terminal includes a 10-bay truck rack and approximately 1 million barrels of capacity. The terminal was included in the Terminal Facilities segment from the date of acquisition;
- *Crude Oil Acquisition and Marketing Business*—In August 2011, we acquired a crude oil acquisition and marketing business from Texon L.P. ("Texon"). The purchase consisted of a lease crude business and gathering assets in 16 states, primarily in the western United States. The crude oil volume of the business consisted of approximately 75,000 barrels per day at the wellhead. The business was included in the Crude Oil Acquisition and Marketing segment from the date of acquisition;
- *Eagle Point Tank Farm*—In July 2011, we acquired the Eagle Point tank farm from Sunoco. The tank farm is located in Westville, New Jersey and consists of approximately 5 million barrels of active storage for refined products and dark oils. The tank farm was included in the Terminal Facilities segment from the date of acquisition; and,
- *Controlling Financial Interest in Inland Corporation*—In May 2011, we acquired an 83.8 percent equity interest in Inland Corporation ("Inland"), which is the owner of 350 miles of active refined products pipelines in Ohio. The pipeline connects three refineries in Ohio to terminals and major markets in Ohio. We acquired our equity interest through a purchase of a 27.0 percent equity interest from Shell Oil Company and a 56.8 percent equity interest from Sunoco. The pipeline was included in the Refined Products Pipeline segment from the date of acquisition.

Growth Capital Program

In 2013, we invested $965 million in organic growth capital projects to improve operational efficiencies, reduce costs, expand existing facilities and construct new assets to increase storage, throughput volume or the scope of services we are able to provide. These included projects to: invest in our crude oil infrastructure by increasing pipeline capabilities through previously announced expansion capital projects in Texas and Oklahoma; expand upon refined products acquisition and marketing services; upgrade the service capabilities at the Eagle Point and Nederland terminals; and invest in the previously announced Mariner and Allegheny Access projects. We continued to expand our operations into pipeline transportation, storage and acquisition and marketing of NGLs in the northeastern United States with the successful launch of our pipeline project to deliver ethane from the Marcellus Shale Basin to Ontario ("Project Mariner West") and the acquisition of the Marcus Hook Facility. The results of the NGL pipeline transportation operations are included in the Refined Products Pipelines segment and the results of the NGL acquisition, storage and marketing activities are included in the Terminal Facilities segment. While these activities have not had a material impact on our operational results to date, we will continue to expand our NGL platform through previously announced growth projects that are expected to commence operations throughout 2014 and 2015.

During 2014, we expect to invest at least $1.3 billion in expansion capital expenditures related to organic growth, excluding major acquisitions. This includes spending to capture more value from existing assets such as the Marcus Hook Facility, the Nederland Terminal and our patented blending technology. Expansion capital expenditures in 2014 will also include continued progress on our previously announced growth projects:

Allegheny Access

In 2012, we completed a successful Open Season for our project to transport refined products from the midwest to eastern Ohio and western Pennsylvania markets. This project will utilize new and existing assets and is expected to transport 85,000 barrels per day, with the possibility for expansion to meet further demand. The project is expected to commence operations during the third quarter 2014.

Eaglebine Express

In the second quarter 2013, we completed a successful Open Season for our Eaglebine Express pipeline. An existing portion of our MagTex refined products pipeline will be converted into crude service and its flow reversed, to provide takeaway capacity for the growing production in the Eaglebine and Woodbine crude areas. Eaglebine Express is expected to transport approximately 60,000 barrels per day from Hearne, Texas to Nederland, Texas starting in the third quarter 2014.

Granite Wash Extension

In the third quarter 2013, we completed a successful Open Season for our Granite Wash Extension pipeline. The pipeline is expected to provide 70,000 barrels per day of crude oil takeaway capacity for the growing production from the Granite Wash Shale in the northeastern Texas panhandle and portions of western Oklahoma. We will construct approximately 200 miles of new pipeline, originating in Wheeler County, Texas and terminating in Ringgold, Texas, and new pump stations and truck unloading facilities. At Ringgold, the new pipeline will connect with our existing pipelines, which have the ability to transport to Corsicana, Texas. From Corsicana, access to multiple SXL and third-party pipelines will provide producers the ability to reach various markets and refineries on the Gulf Coast and in the MidContinent. The pipeline is expected to be operational in the third quarter 2014.

Permian Express 2

In the fourth quarter 2013, we completed a successful Open Season for our Permian Express 2 pipeline. The Permian Express 2 pipeline project involves the construction of approximately 300 to 400 miles of new crude oil pipelines, with origins in multiple locations in West Texas: Midland, Garden City and Colorado City. With an expected initial capacity of approximately 200,000 barrels per day, Permian Express 2 is expected to deliver to multiple refiners and markets beginning in the second quarter 2015.

Mariner East

In September 2012, we announced a successful Open Season for our project to deliver NGLs produced in the Marcellus Shale Basin to the Marcus Hook Facility ("Project Mariner East 1"). This pipeline and marine terminal project will allow us to transport NGLs, primarily utilizing modified existing pipelines, from western Pennsylvania to the east coast where approximately 2 million barrels of NGLs can be stored in our underground caverns and loaded on waterborne vessels for third-party transport to other United States ports or exported to international markets. The project is expected to support the transportation of approximately 70,000 barrels per day. The transportation of propane is expected to commence in the second half of 2014, with the transportation of ethane expected to commence in mid-2015. As a result of substantial interest expressed by producers, marketers and industrial consumers for long-term transportation of Marcellus and Utica Shale NGLs to the Marcus Hook Facility, we launched an Open Season for Project Mariner East 2 during the fourth quarter 2013.

Mariner South

In May 2013, we announced that sufficient binding commitments had been received to move forward on our joint project with Lone Star NGL LLC ("Lone Star"). This Mariner South Pipeline will transport export-grade propane and butane from Lone Star's Mont Belvieu, Texas storage and fractionation complex to our marine terminal in Nederland, Texas. The pipeline is expected to have an initial capacity of approximately 200,000 barrels per day and can be scaled to support higher volumes as needed. In addition to export-grade propane and butane, the pipeline will be available to transport other NGLs and petroleum products depending on shipper interest. The pipeline is expected to be operational in the first quarter 2015.

Conservative Capital Structure

Our goal is to maintain substantial liquidity and a conservative capital structure. In 2013, Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"), our wholly-owned subsidiary, increased our borrowing capacity by entering into a five-year $1.50 billion unsecured credit facility (the "$1.50 billion Credit Facility"). The $1.50 billion Credit Facility contains an "accordion" feature, under which the total aggregate commitment may be extended to $2.25 billion under certain conditions. We will maintain our conservative capital structure by utilizing a combination of our operating cash flows and debt and equity issuances to finance our future growth.

Cash Distribution Increases

As a result of our continued growth, our general partner increased our cash distributions to limited partners in all quarters in the three years ended December 31, 2013. For the quarter ended December 31, 2013, the distribution increased to $0.6625 per common unit ($2.65 annualized). The distribution for the fourth quarter 2013 was paid on February 14, 2014.

Results of Operations

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 [1]	Period from January 1, 2012 to October 4, 2012 [1]	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011
	(in millions, except per unit data)			(in millions, except per unit data)		
Statements of Income						
Sales and other operating revenue:						
Unaffiliated customers	$ 3,907	$ 11,166	$ 2,989	$ 9,460	$ 3,325	$ 7,148
Affiliates	381	1,185	200	461	51	381
Gain on divestment and related matters	—	—	—	11	—	—
Total revenues	4,288	12,351	3,189	9,932	3,376	7,529
Cost of products sold	4,040	11,534	2,885	9,214	3,144	7,009
Operating expenses	30	87	48	97	34	77
Selling, general and administrative expenses	23	100	34	86	23	67
Depreciation and amortization expense	69	196	63	76	25	61
Impairment charge and related matters [2]	—	—	—	(1)	42	—
Total costs and expenses	4,162	11,917	3,030	9,472	3,268	7,214
Operating income [3]	126	434	159	460	108	315
Net interest expense	(19)	(58)	(14)	(65)	(26)	(63)
Other income	5	16	5	18	4	9
Income before provision for income taxes	112	392	150	413	86	261
Provision for income taxes	(7)	(23)	(8)	(24)	(7)	(18)
Net Income	105	369	142	389	79	243
Net Income attributable to noncontrolling interests	(3)	(8)	(3)	(8)	(3)	(6)
Net Income attributable to Sunoco Logistics Partners L.P.	$ 102	$ 361	$ 139	$ 381	$ 76	$ 237
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit:						
Basic	$ 0.64	$ 2.63	$ 1.11	$ 3.15	$ 0.60	$ 1.96
Diluted	$ 0.63	$ 2.62	$ 1.10	$ 3.14	$ 0.60	$ 1.95

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

(2) We recognized a $42 million charge in the fourth quarter 2011 for certain crude oil terminal assets which would have been negatively impacted in connection with Sunoco's exit from the refining business. The charge included a $31 million non-cash impairment for asset write-downs at the Fort Mifflin Terminal Complex and $11 million for regulatory obligations. In September 2012, Sunoco contributed the refining assets of its Philadelphia refinery to Philadelphia Energy Solutions ("PES"), a joint venture between The Carlyle Group and Sunoco, which enabled the Philadelphia refinery to continue operating. As a result, we reversed $10 million of regulatory obligations during 2012 which were no longer expected to be incurred.

(3) During the first quarter 2013, we adjusted our presentation of operating income to conform to the presentation utilized by ETP. Other income, which is comprised primarily of equity income from our unconsolidated joint-venture interests, is presented separately and is no longer included as a component of operating income. These changes did not impact our net income. Prior period amounts have been recast to conform to current presentation.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with United States generally accepted accounting principles ("GAAP"), management uses additional measures that are known as "non-GAAP financial measures" in its evaluation of past performance and prospects for the future. The primary measures used by management are earnings before interest, taxes, depreciation and amortization expenses and other non-cash items ("Adjusted EBITDA") and distributable cash flow ("DCF"). Adjusted EBITDA and DCF do not represent and should not be considered alternatives to net income or cash flows from operating activities as determined under GAAP and may not be comparable to other similarly titled measures of other businesses.

Our management believes Adjusted EBITDA and DCF information enhances an investor's understanding of a business's ability to generate cash for payment of distributions and other purposes. Adjusted EBITDA calculations are also defined and used as a measure in determining our compliance with certain revolving credit facility covenants. However, despite compliance with our credit facility covenants, there may be contractual, legal, economic or other factors which may prevent us from satisfying principal and interest obligations with respect to indebtedness and may require us to allocate funds for other purposes.

During the fourth quarter 2012, we changed our definition of Adjusted EBITDA and DCF to conform to the presentation utilized by our general partner. During the first quarter 2013, we also changed our measure of segment profit from operating income to the revised presentation of Adjusted EBITDA. This change did not impact our reportable segments. Prior period amounts have been recast to conform to current presentation.

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

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 (1)	Period from January 1, 2012 to October 4, 2012 (1)	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011
	(in millions)			(in millions)		
Net Income	$ 105	$ 369	$ 142	$ 389	$ 79	$ 243
Interest expense, net	19	58	14	65	26	63
Depreciation and amortization expense	69	196	63	76	25	61
Impairment charge	—	—	—	9	31	—
Provision for income taxes	7	23	8	24	7	18
Non-cash compensation expense	4	10	2	6	1	5
Unrealized losses/(gains) on commodity risk management activities	11	(12)	(3)	6	6	(8)
Amortization of excess equity method investment	1	1	—	—	—	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	4	16	5	16	4	12
Non-cash accrued liability adjustment	(10)	—	—	—	—	—
Adjustments to commodity hedges resulting from "push-down" accounting	—	—	(12)	—	—	—
Adjusted EBITDA	210	661	219	591	179	394
Interest expense, net	(19)	(58)	(14)	(65)	(26)	(63)
Provision for income taxes	(7)	(23)	(8)	(24)	(7)	(18)
Amortization of fair value adjustments on long-term debt	(6)	(17)	(6)	—	—	—
Distributions versus Adjusted EBITDA of unconsolidated affiliates	(6)	(21)	(3)	(25)	(4)	(13)
Maintenance capital expenditures	(16)	(37)	(21)	(29)	(22)	(20)
Distributable Cash Flow attributable to noncontrolling interests	(4)	(11)	(2)	(9)	(2)	(8)
Contributions attributable to acquisition from affiliate	3	6	—	—	—	—
Distributable Cash Flow	$ 155	$ 500	$ 165	$ 439	$ 118	$ 272

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

Analysis of Consolidated Operating Results

Net income attributable to Sunoco Logistics Partners L.P. ("net income attributable to SXL") was $102 and $139 million for the fourth quarter 2013 and the period from October 5, 2012 to December 31, 2012, respectively. The $37 million decrease was driven by decreased operating performance from the Crude Oil Acquisition and Marketing and Refined Products Pipelines segments, increased depreciation expense and the absence of $12 million of adjustments on commodity hedges that were recognized in connection with push-down accounting. These decreases were partially offset by improved operating performance in the Crude Oil Pipelines segment and decreased selling, general and administrative expenses primarily attributable to a non-cash accrued liability adjustment. Net interest expense increased due largely to the $700 million Senior Notes offering in January 2013 and was partially offset by increased capitalized interest associated with our expansion capital program.

Net income attributable to SXL was $361 and $381 million for the nine months ended September 30, 2013 and the period from January 1, 2012 to October 4, 2012, respectively. Results for 2012 included $25 million of non-recurring gains recognized in connection with the sale of the Big Sandy terminal and pipelines assets, the reversal of regulatory obligations that were recorded in 2011 and an asset sale by one of our joint-venture interests. Excluding these items, net income attributable to SXL increased $5 million compared to the prior period. Improved operating performance from the Crude Oil Pipelines and Crude Oil Acquisition and Marketing segments was largely offset by higher depreciation and amortization expense attributable to the acquisition of our general partner by ETP; higher selling, general and administrative expenses and decreased operating performance from the Refined Products Pipelines segment. The decrease in net interest expense was primarily related to increased capitalized interest associated with our expansion capital program. Additional interest expense related to the $700 million Senior Notes offering in January 2013 was largely offset by non-cash amortization related to fair value adjustments on our long-term debt.

Net income attributable to SXL was $139 million for the period from October 5, 2012 to December 31, 2012 compared to $76 million for the fourth quarter 2011. The $63 million increase was the result of improved operating performance which benefited from strong demand for crude oil transportation services and the absence of $42 million of impairment and related charges recognized in the fourth quarter 2011. Partially offsetting these positive factors were additional depreciation and amortization expense attributable to our assets being adjusted to fair value in connection with the acquisition of the general partner by ETP and higher selling, general and administrative expenses attributable to increased employee costs and contract services associated with growth in the business.

Net income attributable to SXL was $381 million for the period from January 1, 2012 to October 4, 2012 compared to $237 million for the nine months ended September 30, 2011. The $144 million increase in 2012 was due primarily to improved operating performance which benefited from strong demand for crude oil transportation services and contributions from our 2011 acquisitions and organic projects. Included in current year results were gains of $25 million due to the reversal of regulatory obligations that were recorded in 2011, a contract settlement in connection with the sale of a refined products terminal and pipeline assets and an asset sale by one of our joint venture interests. These positive factors were partially offset by increased interest expense related primarily to the $600 million Senior Notes offering in July 2011 and higher selling, general and administrative expenses attributable to increased employee costs, incentive compensation and contract services associated with growth in the business.

Analysis of Operating Segments

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

Crude Oil Pipelines

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

The following table presents the operating results and key operating measures for our Crude Oil Pipelines segment for the periods presented:

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 (1)	Period from January 1, 2012 to October 4, 2012 (1)	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011
	(in millions, except for barrel amounts)			(in millions, except for barrel amounts)		
Sales and other operating revenue						
Unaffiliated customers	$ 85	$ 210	$ 70	$ 187	$ 55	$ 141
Affiliates	—	—	—	—	—	6
Intersegment revenue	54	146	40	101	31	86
Total sales and other operating revenue	$ 139	$ 356	$ 110	$ 288	$ 86	$ 233
Depreciation and amortization expense	$ 23	$ 67	$ 22	$ 19	$ 6	$ 19
Adjusted EBITDA	$ 102	$ 247	$ 72	$ 203	$ 58	$ 149
Pipeline throughput (thousands of barrels per day ("bpd"))	2,009	1,817	1,584	1,546	1,577	1,591
Pipeline revenue per barrel (cents)	75.2	71.7	75.6	68.0	58.9	53.7

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

Adjusted EBITDA for the Crude Oil Pipelines segment for the fourth quarter 2013 increased $30 million compared to the period from October 5, 2012 to December 31, 2012. This increase was due primarily to higher throughput volumes ($30 million) largely attributable to expansion projects which began operating during 2013 and strong demand for West Texas crude oil. Results also benefited from lower maintenance and integrity management costs ($2 million) which were offset by increased utility costs associated with higher throughput volumes and lower pipeline operating gains ($2 million).

Adjusted EBITDA for the Crude Oil Pipelines segment increased $44 million to $247 million for the nine months ended September 30, 2013, compared to $203 million for the period from January 1, 2012 to October 4, 2012. The increase in Adjusted EBITDA was due primarily to higher throughput volumes ($49 million) largely attributable to our pipeline expansion projects in Texas and Oklahoma and higher pipeline tariffs ($19 million). These improvements were partially offset by higher operating expenses ($24 million) driven primarily by lower pipeline operating gains, increased environmental remediation expenses, higher utility costs associated with higher throughput volumes and increased maintenance costs.

Adjusted EBITDA for the Crude Oil Pipelines segment for the period from October 5, 2012 to December 31, 2012 increased $14 million compared to the prior year period due primarily to higher pipeline tariffs which were the result of organic projects placed into service during 2012 and an improved mix of higher tariff movements driven by strong demand for West Texas crude oil ($24 million). These improvements were partially offset by lower pipeline operating gains ($3 million), higher maintenance and integrity management costs ($3 million) and increased selling, general and administrative expenses ($3 million).

Adjusted EBITDA for the Crude Oil Pipelines segment increased $54 million to $203 million for the period from January 1, 2012 to October 4, 2012, as compared to $149 million for the nine months ended September 30, 2011. The increase in Adjusted EBITDA was driven primarily by higher pipeline fees which benefited from tariff increases relative to the prior year period, organic growth projects and an improved mix of pipeline movements which benefited from the demand for West Texas crude oil ($61 million). Partially offsetting these improvements were increased selling, general and administrative expenses ($7 million) and overall volume reductions ($6 million).

Crude Oil Acquisition and Marketing

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

Our management believes gross profit, which is equal to sales and other operating revenue less cost of products sold and operating expenses, is a key measure of financial performance for the Crude Oil Acquisition and Marketing segment. Although we implement risk management activities to provide general stability in our margins, these margins are not fixed and will vary from period to period.

The following table presents the operating results and key operating measures for our Crude Oil Acquisition and Marketing segment for the periods presented:

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 (1)	Period from January 1, 2012 to October 4, 2012 (1)	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011 (2)
	(in millions, except for barrel amounts)			(in millions, except for barrel amounts)		
Sales and other operating revenue						
Unaffiliated customers	$ 3,620	$ 10,502	$ 2,747	$ 8,951	$ 3,135	$ 6,780
Affiliates	346	1,048	139	307	—	247
Intersegment revenue	2	—	2	—	—	1
Total sales and other operating revenue	$ 3,968	$ 11,550	$ 2,888	$ 9,258	$ 3,135	$ 7,028
Depreciation and amortization expense	$ 13	$ 36	$ 11	$ 16	$ 5	$ 5
Impairment charge and related matters (3)	$ —	$ —	$ —	$ 8	$ —	$ —
Adjusted EBITDA	$ 33	$ 200	$ 81	$ 158	$ 68	$ 80
Crude oil purchases (thousands of bpd)	734	754	669	674	690	654
Gross profit per barrel purchased (cents) (4)	55.9	103.0	138.0	92.8	111.8	49.8
Average crude oil price (per barrel)	$ 97.50	$ 98.17	$ 88.20	$ 96.20	$ 94.02	$ 95.52

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

(2) Includes results from the crude oil acquisition and marketing business acquired from Texon in August 2011 from the acquisition date.

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

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

Adjusted EBITDA for the Crude Oil Acquisition and Marketing segment for the fourth quarter 2013 decreased $48 million compared to the period from October 5, 2012 to December 31, 2012. The decrease in Adjusted EBITDA was primarily due to lower crude oil margins ($56 million) driven by crude differentials which have contracted compared to the prior year period. This impact was partially offset by increased crude oil volumes ($8 million) resulting from the expansion in our crude oil trucking fleet and higher market demand.

Adjusted EBITDA for the Crude Oil Acquisition and Marketing segment increased $42 million to $200 million for the nine months ended September 30, 2013, compared to $158 million for the period from January 1, 2012 to October 4, 2012. The increase in Adjusted EBITDA was driven primarily by expanded crude oil volumes ($20 million) and margins ($21 million). Increased volumes resulted from the expansion in our crude oil trucking fleet and market related opportunities in West Texas. Crude oil margins increased over the prior year despite crude differentials which have contracted relative to the first half of 2013.

Adjusted EBITDA for the Crude Oil Acquisition and Marketing segment for the period from October 5, 2012 to December 31, 2012 increased $13 million compared to the prior year period due primarily to expanded crude oil margins which were the result of expansion in our crude oil trucking fleet, market related opportunities in West Texas and contributions from the assets acquired from Texon in the third quarter 2011 ($23 million). These improvements were partially offset by overall volume reductions ($2 million) and higher selling, general and administrative expenses ($2 million).

Adjusted EBITDA for the Crude Oil Acquisition and Marketing segment increased $78 million to $158 million for the period from January 1, 2012 to October 4, 2012, as compared to $80 million for the nine months ended September 30, 2011. The increase in Adjusted EBITDA was driven primarily by expanded crude oil volumes and margins which were the result of expansion in our crude oil trucking fleet and market related opportunities in West Texas. Operating results were further improved by increased volumes and margins from the crude oil acquisition and marketing assets acquired from Texon in the third quarter 2011.

Terminal Facilities

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

The following table presents the operating results and key operating measures for our Terminal Facilities segment for the periods presented:

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 (1)	Period from January 1, 2012 to October 4, 2012 (1)	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011 (3)
	(in millions, except for barrel amounts)			(in millions, except for barrel amounts)		
Sales and other operating revenue						
Unaffiliated customers	$ 175	$ 386	$ 148	$ 264	$ 116	$ 181
Affiliates	28	111	50	118	34	81
Intersegment revenue	12	39	8	24	6	17
Total sales and other operating revenue	$ 215	$ 536	$ 206	$ 406	$ 156	$ 279
Depreciation and amortization expense	$ 26	$ 75	$ 23	$ 28	$ 10	$ 24
Impairment charge and related matters (2)	$ —	$ —	$ —	$ (10)	$ 42	$ —
Adjusted EBITDA	$ 62	$ 171	$ 52	$ 173	$ 36	$ 113
Terminal throughput (thousands of bpd)						
Refined products terminals	422	434	451	499	514	485
Nederland terminal	977	917	787	703	692	779
Refinery terminals	324	421	411	369	505	422

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

(2) In the fourth quarter 2011, we recognized a $42 million charge for certain crude oil terminal assets in connection with Sunoco's exit from the refining business. In the second quarter 2012, we recognized a $10 million gain on the reversal of certain regulatory obligations as such expenses were no longer expected to be incurred as the Philadelphia refinery will continue to operate in connection with Sunoco's joint venture with The Carlyle Group.

(3) In July and August 2011, we acquired the Eagle Point tank farm and a refined products terminal located in East Boston, Massachusetts, respectively. Volumes and results for these acquisitions are included from their respective acquisition dates.

Adjusted EBITDA for the Terminal Facilities segment for the fourth quarter 2013 increased $10 million compared to the period from October 5, 2012 to December 31, 2012. The increase in Adjusted EBITDA was due primarily to improved contributions from our Nederland and Eagle Point terminals ($15 million). These increases were partially offset by decreased operating results from our refined products acquisition and marketing activities ($3 million), which was negatively impacted by inventory timing.

Adjusted EBITDA for the Terminal Facilities segment decreased $2 million to $171 million for the nine months ended September 30, 2013, compared to $173 million for the period from January 1, 2012 to October 4, 2012. Results for the first nine months of 2012 included $16 million of non-recurring gains recognized in connection with the sale of the Big Sandy terminal and pipeline assets ($6 million) and the reversal of regulatory obligations ($10 million). Excluding these items, Adjusted EBITDA increased $14 million due primarily to improved results from our Eagle Point and Nederland terminals ($32 million), partially offset by volume reductions at our refined products terminals ($11 million) and higher selling, general and administrative expenses ($7 million).

Adjusted EBITDA for the Terminal Facilities segment for the period from October 5, 2012 to December 31, 2012 increased $16 million compared to the prior year period. During the fourth quarter 2011, we recognized an $11 million charge for certain regulatory obligations which were expected to be incurred if Sunoco's Philadelphia refinery were shut-down. Excluding this amount, Adjusted EBITDA for the Terminal Facilities segment increased $5 million compared to the prior year period due primarily to increased operating results from our refined products acquisition and marketing activities and contributions from organic projects to expand services at our Eagle Point and Nederland terminals ($3 million). Partially offsetting these improvements were decreased volumes at our refined products terminals, increased repair costs resulting from Hurricane Sandy ($3 million) and increased selling, general and administrative expenses.

Adjusted EBITDA for the Terminal Facilities segment increased $60 million to $173 million for the period from January 1, 2012 to October 4, 2012, as compared to $113 million for the nine months ended September 30, 2011. Results for 2012 included non-recurring gains related to the reversal of certain regulatory obligations that were recorded in 2011 ($10 million) and a contract settlement associated with our sale of the Big Sandy terminal and pipeline assets ($6 million). Excluding these items, Adjusted EBITDA increased $44 million due to contributions from the 2011 acquisitions of the Eagle Point tank farm and a refined products terminal in East Boston, Massachusetts ($17 million), operating results from our refined products acquisition and marketing activities ($12 million) and improved results from our Nederland Terminal ($5 million). Partially offsetting these increases were reduced volumes at our refinery terminals related to the idling of Sunoco's Marcus Hook refinery in the fourth quarter 2011 ($4 million) and increased selling, general and administrative expenses ($5 million).

Refined Products Pipelines

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

The following table presents the operating results and key operating measures for our Refined Products Pipelines segment for the periods presented:

	Successor			Predecessor		
	Three Months Ended December 31, 2013	Nine Months Ended September 30, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012 (1)	Period from January 1, 2012 to October 4, 2012 (1)	Three Months Ended December 31, 2011	Nine Months Ended September 30, 2011
	(in millions, except for barrel amounts)			(in millions, except for barrel amounts)		
Sales and other operating revenue						
Unaffiliated customers	$ 27	$ 68	$ 24	$ 58	$ 20	$ 45
Affiliates	7	26	11	36	16	48
Intersegment revenue	—	2	—	2	1	—
Total sales and other operating revenue	$ 34	$ 96	$ 35	$ 96	$ 37	$ 93
Depreciation and amortization expense	$ 7	$ 18	$ 7	$ 13	$ 4	$ 13
Impairment charge and related matters	$ —	$ —	$ —	$ 1	$ —	$ —
Adjusted EBITDA	$ 13	$ 43	$ 14	$ 57	$ 17	$ 52
Pipeline throughput (thousands of bpd) (2) (3)	586	566	601	565	599	496
Pipeline revenue per barrel (cents) (3)	63.9	62.0	63.0	62.2	67.5	68.6

(1) The effective date of the acquisition for accounting and reporting purposes was deemed to be October 1, 2012. The activity from October 1, 2012 through October 4, 2012 was not material in relation to our financial position, results of operations or cash flows.

(2) In May 2011, we acquired a controlling financial interest in Inland and we accounted for the entity as a consolidated subsidiary from the date of acquisition. Average volumes for the year ended December 31, 2011 of 88 thousand bpd have been included in the consolidated total. From the date of acquisition, this pipeline had actual throughput of 140 thousand bpd for the year ended December 31, 2011.

(3) Excludes amounts attributable to equity ownership interests in corporate joint ventures which are not consolidated.

Adjusted EBITDA for the Refined Products Pipelines segment for the fourth quarter 2013 decreased $1 million compared to the period from October 5, 2012 to December 31, 2012. The decrease was driven by lower pipeline revenue on reduced throughput volumes.

Adjusted EBITDA for the Refined Products Pipelines segment decreased $14 million to $43 million for the nine months ended September 30, 2013, compared to $57 million for the period from January 1, 2012 to October 4, 2012. Results for 2012 included a $5 million non-recurring gain recognized in connection with the sale of the Big Sandy terminal and pipeline assets and a $6 million non-recurring gain recognized by one of our joint-venture interests. Excluding these items, Adjusted EBITDA decreased $3 million due primarily to higher selling, general and administrative expenses ($7 million), lower pipeline operating gains ($3 million) and higher integrity management costs ($2 million). These factors were partially offset by decreased environmental remediation expenses ($3 million) and higher contributions from our joint-venture interests ($6 million).

Adjusted EBITDA for the Refined Products Pipelines segment for the period from October 5, 2012 to December 31, 2012 decreased $3 million compared to the prior year period due primarily to a shift to shorter pipeline movements at lower average tariffs ($3 million). Further contributing to the decrease in results were higher selling, general and administrative expenses ($3 million). These decreases were partially offset by lower pipeline operating losses ($2 million).

Adjusted EBITDA for the Refined Products Pipelines segment increased $5 million to $57 million for the period from January 1, 2012 to October 4, 2012, as compared to the nine months ended September 30, 2011. Results for 2012 included a $5 million non-recurring gain recognized in connection with the sale of the Big Sandy terminal and pipeline assets and a $6 million non-recurring gain recognized by one of our joint-venture interests. Excluding these items, Adjusted EBITDA decreased $6 million compared to the prior period. Increased contributions from the acquisition of the Inland refined products pipeline ($5 million) were offset by lower pipeline volumes and fees driven primarily by the idling of the Marcus Hook refinery ($9 million) in the fourth quarter 2011 and increased environmental remediation expenses associated with a pipeline release in the first quarter 2012 ($4 million).

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under our $1.54 billion in credit facilities are our primary sources of liquidity. At December 31, 2013, we had a net working capital surplus of $337 million and available borrowing capacity of $1.30 billion under our revolving credit facilities. The primary driver of the working capital surplus was the increase in advances to affiliated companies primarily related to borrowings under our credit facilities and increased crude oil and refined products inventories related to operations. Our working capital position reflects crude oil and refined products inventories based on historical costs under the last-in, first-out ("LIFO") method of accounting. We periodically supplement our cash flows from operations with proceeds from debt and equity financing activities.

Capital Resources

Credit Facilities

In November 2013, we replaced our existing $550 million of credit facilities with a new $1.50 billion Credit Facility. The prior credit facilities consisted of a five-year $350 million credit facility and a 364-day $200 million credit facility. Outstanding borrowings under these credit facilities of $119 million at December 31, 2012 were repaid during the first quarter 2013.

The $1.50 billion Credit Facility, which matures in November 2018, includes an "accordion" feature, under which the total aggregate commitment may be extended to $2.25 billion under certain circumstances. The facility is available to fund our working capital requirements, finance acquisitions and capital projects, to pay distributions and for general partnership purposes. The facility contains various covenants, including limitations on the creation of indebtedness and liens, and other covenants related to the operation and conduct of our business. The credit facility also limits us, on a rolling four-quarter basis, to a maximum total consolidated debt to consolidated Adjusted EBITDA ratio, as defined in the underlying credit agreement, to 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. Our ratio of total consolidated debt, excluding net unamortized fair value adjustments, to consolidated Adjusted EBITDA was 2.8 to 1 at December 31, 2013, as calculated in accordance with the credit agreement.

In May 2012, West Texas Gulf entered into a $35 million revolving credit facility (the "$35 million Credit Facility") which expires in April 2015. The facility is available to fund West Texas Gulf's general corporate purposes including working capital and capital expenditures. The credit facility also limits West Texas Gulf, on a rolling four-quarter basis, to a minimum fixed charge coverage ratio, as defined in the underlying credit agreement. The ratio for the fiscal quarter ending December 31, 2013 shall not be less than 1.00 to 1. In addition, the credit facility limits West Texas Gulf to a maximum leverage ratio of 2.00 to 1. West Texas Gulf's fixed charge coverage ratio and leverage ratio were 1.12 to 1 and 0.88 to 1, respectively, at December 31, 2013. Outstanding borrowings under this credit facility were $35 and $20 million at December 31, 2013 and 2012, respectively.

Senior Notes

We had $250 million of 7.25 percent Senior Notes which matured and were repaid in February 2012. In addition, our $175 million of 8.75 percent Senior Notes outstanding as of December 31, 2013 matured and were repaid in February 2014 with borrowings under the $1.50 billion Credit Facility.

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

In July 2011, we issued $300 million of 4.65 percent Senior Notes and $300 million of 6.10 percent Senior Notes (the "2022 and 2042 Senior Notes"), due February 2022 and February 2042, respectively. The net proceeds of $595 million from the 2022 and 2042 Senior Notes were used to pay down outstanding borrowings under prior credit facilities, which were used to fund the acquisitions of a controlling financial interest in Inland and the Texon crude oil acquisition and marketing business, and for general partnership purposes.

Promissory Note, Affiliated Companies

In the fourth quarter 2011, we repaid in full a $100 million subordinated variable-rate promissory note to Sunoco. The note was entered into in July 2010 to fund a portion of the purchase price of our July 2010 acquisition of our butane blending business and was due in May 2013.

Equity Offerings

In July 2011, we issued 3.9 million Class A Units to Sunoco in connection with the acquisition of the Eagle Point tank farm and related assets. The deferred distribution units were a new class of units that converted to common units in July 2012. Prior to their conversion, the Class A units participated in the allocation of net income on a pro-rata basis with the common units. In connection with this transaction, the general partner contributed $2 million to us to maintain its two percent general partner interest.

Subsequent to the filing of our 2013 Form 10-K in February 2014, we filed a registration statement with the intention of establishing an at-the-market equity offering program. The program is subject to regulatory approval and would allow us to issue common units directly to the public and raise capital in a timely and efficient manner to support our growth capital program, while supporting our investment-grade credit ratings.

Cash Flows and Capital Expenditures

Operating Activities

Cash flows from operating activities are primarily driven by earnings, excluding the impact of non-cash items; the timing of cash receipts and disbursements related to accounts receivable and payable; and the timing of inventory transactions and changes in other working capital amounts. Non-cash items include depreciation and amortization expense, compensation expense and impairment charges. See the Analysis of Consolidated Operating Results, above, for more information on changes in our consolidated earnings.

Net cash provided by operating activities in 2013 of $749 million was primarily the result of net income of $474 million, adjusted for non-cash charges for depreciation and amortization totaling $265 million and a net decrease in working capital of $21 million.

Net cash provided by operating activities in the periods in 2012 of $691 million was primarily the result of net income of $531 million, adjusted for non-cash charges for depreciation and amortization totaling $139 million and a net decrease in working capital of $59 million. The net change in working capital was primarily related to the timing of cash receipts and payments related to accounts receivable and payable, respectively, and increased levels of operating inventories.

Net cash provided by operating activities during 2011 of $430 million was primarily the result of net income of $322 million, adjusted for non-cash charges for depreciation and amortization of $86 million and a $42 million impairment charge. This charge was comprised of a $31 million asset impairment for crude oil terminal assets and $11 million for regulatory obligations in connection with Sunoco's exit from the refining business. These sources were partially offset by a $35 million increase in working capital, which was primarily the result of an increase in accounts receivable and an increase in refined products and crude oil inventories driven by growth within our acquisition and marketing activities. These changes were partially offset by increases in accounts payable.

Investing Activities

Cash flows used in investing activities relate primarily to our capital expenditures, including maintenance and expansion capital expenditures and major acquisitions. See "Capital Requirements" below for additional details on our investing activities.

In addition to cash used for maintenance and expansion capital expenditures, net cash used in investing activities included the $60 million acquisition of the Marcus Hook Facility in 2013, $11 million of proceeds from the sale of the Big Sandy terminal and pipeline assets in 2012, and $396 million related to our four major acquisitions in 2011.

Financing Activities

Cash flows from financing activities relate primarily to the payment of distributions to partners; borrowings and repayments under our credit facilities; the cash impacts of debt and equity activities; and changes in advances to affiliated companies, which represents our cash held by Sunoco in connection with our participation in Sunoco's cash management program.

Net cash provided by financing activities of $244 million in 2013 was primarily related to $691 million of net proceeds from the January 2013 offering of the 2023 and 2043 Senior Notes and $96 million of net borrowings under our revolving credit facilities. These sources of cash were partially offset by $353 million of distributions to partners and a $183 million increase in advances to affiliated companies.

Net cash used in financing activities of $330 million for the periods in 2012 was primarily attributable to $252 million in distributions paid to the limited partners and the general partner and the $250 million repayment of the 7.25 percent Senior Notes in February 2012. These uses were partially offset by net borrowings under the revolving credit facilities of $139 million.

In 2011, the $182 million of cash provided by financing activities was primarily attributable to $595 million of net proceeds from the issuance of Senior Notes. These proceeds were primarily used to pay down outstanding borrowings under the revolving credit facilities, which were used to finance the acquisitions of the controlling financial interest in Inland and the Texon crude oil acquisition and marketing business, and for general partnership purposes. This source of cash was partially offset by $210 million of quarterly distributions to the limited and general partners; the repayment of the $100 million promissory note to Sunoco; an increase in advances to affiliates of $63 million; and $31 million of net repayments under our revolving credit facilities.

Capital Requirements

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

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

The following table summarizes maintenance and expansion capital expenditures, including amounts paid for acquisitions, for the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011:

	Successor		Predecessor	
	Year Ended December 31, 2013	**Period from Acquisition (October 5, 2012) to December 31, 2012**	**Period from January 1, 2012 to October 4, 2012**	**Year Ended December 31, 2011**
	(in millions)		**(in millions)**	
Expansion	$ 965	$ 118	$ 206	$ 171
Maintenance	53	21	29	42
Major Acquisitions	60	—	—	396
Total	$ 1,078	$ 139	$ 235	$ 609

In 2013, our expansion capital included projects to: invest in our crude oil infrastructure by increasing our pipeline capabilities through previously announced organic expansion projects in Texas and Oklahoma; expand upon refined products acquisition and marketing services; upgrade the service capabilities at the Eagle Point and Nederland terminals; and invest in the previously-announced Mariner and Allegheny Access projects. Expansion capital expenditures in the 2012 periods also included spending related to investment in our crude oil infrastructure, the expansion of service capabilities at the Eagle Point and Nederland terminals, the Mariner projects and our refined products acquisition and marketing services, in addition to expansion of the crude trucking fleet. Expansion capital for 2011 included projects to expand upon our refined products acquisition and marketing services, increase tankage at the Nederland facility, increase connectivity of the crude oil pipeline assets in Texas and increase our crude oil trucking fleet to meet the demand for transportation services in the southwest United States.

Management expects expansion capital projects to total at least $1.3 billion in 2014, excluding major acquisitions. Projected expansion capital includes spending to capture more value from existing assets such as the Marcus Hook Facility, the

Nederland Terminal and our patented blending technology. Expansion capital expenditures in 2014 will also include continued progress on our previously announced growth projects.

Maintenance capital expenditures primarily consist of recurring expenditures at each of the business segments such as pipeline integrity costs, pipeline relocations, repair and upgrade of field instrumentation, including measurement devices, repair and replacement of tank floors and roofs, upgrades of cathodic protection systems and related equipment, and the upgrade of pump stations. Management expects maintenance capital expenditures to be approximately $70 million in 2014.

In 2013, major acquisitions consisted of the acquisition of the Marcus Hook Facility from Sunoco for $60 million including acquisition costs.

Major acquisitions during the year ended December 31, 2011 included the East Boston, Massachusetts terminal, the Texon crude oil purchasing and marketing business, the Eagle Point tank farm and an 83.8 percent controlling financial interest in Inland which owns a refined products pipeline system in Ohio.

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

Contractual Obligations

The following table sets forth the aggregate amount of long-term debt maturities, annual rentals applicable to non-cancelable operating leases, and purchase commitments related to future periods at December 31, 2013:

	Year Ended December 31,						
	2014	2015	2016	2017	2018	Thereafter	Total
	(in millions)						
Long-term debt:							
Principal [1]	$ 175	$ 35	$ 175	$ —	$ 200	$ 1,800	$ 2,385
Interest	115	106	101	96	95	1,346	1,859
Operating leases	6	6	5	3	1	1	22
Purchase obligations	3,528	817	815	813	810	3,232	10,015
	$ 3,824	$ 964	$ 1,096	$ 912	$ 1,106	$ 6,379	$ 14,281

(1) Includes amounts outstanding at December 31, 2013 related to our 8.75 percent Senior Notes that were repaid in February 2014 with borrowings under our $1.50 billion Credit Facility.

Our operating leases reported above include leases of office space, third-party pipeline capacity, and other property and equipment, with initial or remaining non-cancelable terms in excess of one year.

A purchase obligation is an enforceable and legally binding agreement to purchase goods and services that specifies significant terms, including: fixed or expected quantities to be purchased; market-related pricing provisions; and a specified term. Our purchase obligations consist primarily of non-cancelable contracts to purchase crude oil for terms of one year or less by our Crude Oil Acquisition and Marketing segment and non-cancelable contracts to purchase butane for terms of one year or less by our refined products acquisition and marketing business.

A significant portion of the above purchase obligations relate to actual crude oil purchases for the month of January 2014. The remaining crude oil purchase obligation amounts are based on the quantities committed to be purchased, assuming adequate well production for the remainder of the year, at December 31, 2013 crude oil prices. Actual amounts to be paid in regards to these obligations will be based upon market prices or formula-based market prices during the period of purchase. For further discussion of our Crude Oil Acquisition and Marketing activities, see Item 1. "Business—Crude Oil Acquisition and Marketing."

Off-Balance Sheet Arrangements

We have not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities.

Environmental Matters

Operation of the pipelines, terminals, and associated facilities are subject to stringent and complex federal, state, and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of the environment. As a result of compliance with these laws and regulations, liabilities have been accrued for estimated site restoration costs to be incurred in the future at the facilities and properties, including liabilities for environmental remediation obligations. Under our accounting policies, liabilities are recorded when site restoration and environmental remediation and cleanup obligations are either known or considered probable and can be reasonably estimated. For a discussion of the accrued liabilities and charges against income related to these activities, see Note 11 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

Under the terms of the Omnibus Agreement and in connection with the contribution of assets to us by affiliates of Sunoco, Sunoco has agreed to indemnify us for 30 years from environmental and toxic tort liabilities related to the assets contributed that arise from the operation of such assets prior to closing of the February 2002 initial public offering ("IPO"). See "Agreements with Related Parties."

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

Impact of Inflation

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

Critical Accounting Policies

A summary of our significant accounting policies is included in Note 2 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data." Management believes that the application of these policies on a consistent basis enables us to provide the users of the consolidated financial statements with useful and reliable information about our operating results and financial condition. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include long-lived assets (including intangible assets), goodwill, and environmental remediation activities. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results may differ from the estimates on which our consolidated financial statements are prepared at any given point in time.

The critical accounting policies identified by our management are as follows:

Long-Lived Assets. The cost of long-lived assets (less estimated salvage value, in the case of properties, plants and equipment), is generally depreciated on a straight-line basis over the estimated useful lives of the assets. Useful lives are based on historical experience, contract expiration or other reasonable basis, and are adjusted when changes in planned use, technological advances or other factors indicate that a different life would be more appropriate. Changes in useful lives that do not result in the impairment of an asset are recognized prospectively.

Our long-lived assets include identifiable intangible assets, which are comprised of customer relationships consisting of throughput contracts and historical shipping rights, and technology related assets, which consist of patented technology associated with our butane blending services. Customer relationship intangible assets represent the estimated economic value assigned to certain relationships acquired in connection with business combinations or asset purchases whereby (i) we acquired information about or access to customers, (ii) the customers now have the ability to transact business with us and (iii) we are positioned due to limited competition to provide products or services to the customers. The customer relationship intangible assets are amortized on a straight-line basis over their respective economic lives. Technology related intangible assets consist of our patents for the blending of butane into refined products. These patents are amortized over their remaining legal lives. The value assigned to these intangible assets is amortized through depreciation and amortization expense, over a weighted average amortization period of approximately 17 years.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Such events and circumstances include, but are not limited to: operating losses; unused capacity; market value declines; technological developments resulting in obsolescence; changes in demand for products manufactured by others utilizing our services or for our products; changes in competition and competitive practices; uncertainties associated with the United States and world economies; changes in the expected level of environmental capital, operating or remediation expenditures; and changes in governmental regulations or actions. Additional factors impacting the economic viability of long-lived assets are discussed under "Forward-Looking Statements" in this document.

A long-lived asset is considered to be impaired when the undiscounted net cash flows expected to be generated by the asset are less than its carrying amount. Such estimated future cash flows are highly subjective and are based on numerous assumptions about future operations and market conditions. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset. It is also difficult to precisely estimate fair market value because quoted market prices for our long-lived assets may not be readily available. Therefore, fair market value is generally based on the present values of estimated future cash flows using discount rates commensurate with the risks associated with the assets being reviewed for impairment.

In 2012, we recognized a non-cash impairment charge of $9 million related to a cancelled software project for the crude oil acquisition and marketing business and a refined products pipeline project in Texas. In 2011, we recognized a $42 million charge for certain crude oil terminal assets which would have been negatively impacted if Sunoco had permanently idled its Philadelphia refinery. The charge included a $31 million non-cash impairment for asset write-downs at the Fort Mifflin Terminal Complex and $11 million for regulatory obligations which would have been incurred if these assets were permanently idled. In September 2012, Sunoco completed the formation of PES, a joint venture with The Carlyle Group, which enabled the Philadelphia refinery to continue operating. As a result, we reversed $10 million of regulatory obligations in the second quarter 2012 which were no longer expected to be incurred. For further discussion, see "Agreements with Related Parties" discussed below. In 2010, we recognized an impairment of $3 million related to the cancellation of a terminal construction project.

Goodwill. Goodwill represents the excess of consideration transferred plus the fair value of noncontrolling interests of an acquired business over the fair value of net assets acquired. Goodwill is not amortized; however it is tested for impairment annually or more often if warranted by events or changes in circumstances indicating that the carrying value may exceed the estimated fair value.

Management's process of evaluating goodwill for impairment involves estimating the fair value of our reporting units that contain goodwill. Inherent in estimating the fair value for each reporting unit are certain judgments and estimates relating to market multiples for comparable businesses, including management's interpretation of current economic indicators and market conditions, and assumptions about our strategic plans with regard to our operations. To the extent additional information arises, market conditions change or our strategies change, it is possible that the conclusion regarding whether the goodwill is impaired could change and result in future goodwill impairment charges.

Fair value is estimated using a market multiple methodology whereby multiples of business enterprise value to EBITDA of comparable companies are used to estimate the fair value of the reporting units. Management establishes fair value by comparing the reporting unit to other companies that are similar, from an operational or industry standpoint, and considers the risk characteristics in order to determine the risk profile relative to the comparable companies as a group. The most significant assumptions are the market multiples.

Environmental Remediation. At December 31, 2013, our accrual for environmental remediation activities was $5 million. This accrual is for work at identified sites where an assessment has indicated that cleanup costs are probable and reasonably estimable. The accrual is undiscounted and is based on currently available information regarding estimated timing of remedial actions and related inflation assumptions, existing technology and presently enacted laws and regulations. It is often extremely difficult to develop reasonable estimates of future site remediation costs due to changing regulations, changing technologies and their associated costs, and changes in the economic environment. In the above instances, 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 the range is accrued. Engineering studies, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated accruals for environmental remediation activities. Losses attributable to unasserted claims are also reflected in the accruals to the extent their occurrence is probable and reasonably estimable.

Management believes that none of the current remediation projects are material, individually or in the aggregate, to our financial position at December 31, 2013. As a result, our exposure to adverse developments with respect to any individual site is not expected to be material. However, if changes in environmental regulations occur, such changes could impact several of our facilities. As a result, from time to time, significant charges against income for environmental remediation may occur.

Under the terms of the Omnibus Agreement and in connection with the contribution of assets to us by affiliates of Sunoco, Sunoco has agreed to indemnify us, in whole or in part, for 30 years from environmental and toxic tort liabilities related to the assets contributed that arise from the operation of such assets prior to closing of the IPO. We have agreed to indemnify Sunoco and its affiliates for events and conditions associated with the operation of the assets that occur on or after the closing of the IPO and for environmental and toxic tort liabilities to the extent Sunoco is not required to indemnify us. See "Agreements with Related Parties" for additional information.

In summary, 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 terms of cost sharing arrangements with other potentially responsible parties; the nature and extent of future environmental laws; inflation rates and the determination of our liability at the sites, if any, in light of the number, participation level and financial viability of other parties.

New Accounting Pronouncements

For a discussion of any recently issued accounting pronouncements requiring adoption subsequent to December 31, 2013, see Note 2 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

Agreements with Related Parties

Acquisition of Sunoco

The general and limited partner interests that were previously owned by Sunoco were contributed to ETP in connection with the acquisition of Sunoco by ETP. As a result of these transactions, both SXL and Sunoco became consolidated subsidiaries of ETP. We have various operating and administrative agreements with ETP and its affiilates, including the agreements described below. ETP and its affiliates perform the administrative functions defined in such agreements on our behalf. We continue to work with ETP in determining how the acquisition will impact these agreements going forward.

Other Transactions

In March 2011, Sunoco completed the sale of its Toledo, Ohio refinery to affiliates of PBF Holding Company LLC ("PBF"). Certain agreements with Sunoco to supply or purchase crude oil and provide pipeline and terminalling services to support the Toledo refinery were assigned to PBF or its agents in connection with the sale. In September 2011, Sunoco announced its intention to exit its refining business in the northeast and initiated a process to sell its refineries located in Philadelphia and Marcus Hook, Pennsylvania. In December 2011, the main processing units at the Marcus Hook refinery were idled indefinitely. Management assessed the impact that Sunoco's decision to exit its refining business in the northeast would have on our assets that historically served the refineries and determined that our refined products pipeline and terminal assets continued to have expected future cash flows that support their carrying values. However, we recognized a $42 million charge in the fourth quarter 2011 for crude oil terminal assets which would have been negatively impacted if the Philadelphia refinery was permanently idled. The charge included a $31 million non-cash impairment for asset write-downs at the Fort Mifflin Terminal Complex and $11 million for regulatory obligations which would have been incurred if these assets were permanently idled. In September 2012, Sunoco completed the formation of PES, a joint venture with The Carlyle Group, which enabled the Philadelphia refinery to continue operating. During the second quarter 2012, we reversed $10 million of regulatory obligations which were no longer expected to be incurred.

Service and Commodity Sales Agreements

Sunoco utilizes our pipeline and terminal assets to supply refined products to its retail marketing network. Some of these services are provided to Sunoco and its affiliates (including PES) pursuant to agreements with terms that expire at various times as described below, and some are pursuant to agreements that are short term in nature or subject to termination by either party. Management expects that Sunoco will continue to utilize these services for the foreseeable future.

We are party to the following material agreements with our affiliated entities:

- We have a five-year product terminal services agreement with Sunoco under which Sunoco may throughput refined products through our terminals. The agreement contains no minimum throughput obligations for Sunoco. The agreement runs through February 2017.
- We have an agreement with PES relating to the Fort Mifflin Terminal Complex. Under this agreement, PES will deliver a minimum average of 300,000 bpd of crude oil and refined products per contract year at the Fort Mifflin facility. PES does not have exclusive use of the Fort Mifflin Terminal Complex; however, we are obligated to provide the necessary tanks, marine docks and pipelines for PES to meet its minimum requirements under the agreement. We executed a 10-year agreement with PES in September 2012. We had a previous agreement with Sunoco which included terms similar to those contained in the agreement with PES.
- We have a three-year agreement with Sunoco to provide approximately 2.0 million barrels of storage capacity and terminalling services to Sunoco at the Eagle Point tank farm which we acquired from Sunoco in 2011. The agreement expires in June 2014. Sunoco does not have exclusive use of the Eagle Point tank farm.
- In September 2012, Sunoco assigned its lease for the use of our inter-refinery pipelines between the Philadelphia and Marcus Hook refineries to PES. Under the 20-year lease agreement which expires in February 2022, PES leases the inter-refinery pipelines for an annual fee which escalates at 1.67 percent each January 1 for the term of the agreement. The lease agreement also requires PES to reimburse us for any non-routine maintenance expenditures, as defined, incurred during the term of the agreement. There were no material reimbursements under this agreement during 2011 through 2013.

- In connection with our second quarter 2013 acquisition of the Marcus Hook Facility, we assumed an agreement to provide butane storage and terminal services to PES at the facility. The 10 year agreement extends through September 2022.
- We have agreements with Sunoco whereby Sunoco purchases refined products, at market-based rates, at certain of our terminal facilities. These agreements are negotiated annually and currently do not extend beyond 2014.
- We have agreements with PES whereby PES purchases crude oil, at market-based rates, for delivery to our Fort Mifflin and Eagle Point terminal facilities. These agreements contain minimum volume commitments and extend through 2014.

The renegotiated terms of the agreements with PES provide PES with the option to purchase the Fort Mifflin and Belmont terminals if certain triggering events occur, including a sale of substantially all of the assets or operations of the Philadelphia refinery, an initial public offering or a public debt filing of more than $200 million. The purchase price for each facility would be established based on a fair value amount determined by designated third parties.

Omnibus Agreement

In 2002, we entered into an Omnibus Agreement with Sunoco and our general partner that addresses the following matters:

- our obligation to pay the general partner or Sunoco an annual administrative fee for the provision by Sunoco and its affiliates of certain general and administrative services;
- an indemnity by Sunoco for certain environmental, toxic tort and other liabilities; and
- our obligation to indemnify Sunoco and its affiliates for events and conditions associated with the operation of the assets that occur on or after the closing of the IPO and for environmental and toxic tort liabilities related to the assets to the extent Sunoco is not required to indemnify us.

Administrative Services

We have no employees and we reimburse the general partner and its affiliates for certain costs and other direct expenses incurred on our behalf. In addition, we have incurred additional general and administrative costs which we pay directly.

Under the Omnibus Agreement, we pay Sunoco 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 $15, $5, $13 and $13 million for the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. These fees do not include the costs of shared insurance programs (which are allocated to us based upon our share of the cash premiums incurred), the salaries of pipeline and terminal personnel or other employees of the general partner, or the cost of their employee benefits.

The initial term of Section 4.1 of the Omnibus Agreement (which concerns our obligation to pay the annual fee for provision of certain general and administrative services) was through the end of 2004. The parties have extended the term of Section 4.1 annually by one year in each year following 2004. The costs may be increased if the acquisition or construction of new assets or businesses requires an increase in the level of general and administrative services received by us.

In addition to the fees for the centralized corporate functions, selling, general and administrative expenses in the consolidated statements of comprehensive income include the allocation of shared insurance costs of $9, $2, $5 and $4 million for the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. Our 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 $36, $10, $28 and $26 million for the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the consolidated statements of comprehensive income.

Indemnification

Under the terms of the Omnibus Agreement and in connection with the contribution of assets by affiliates of Sunoco, Sunoco has agreed to indemnify us for 30 years from environmental and toxic tort liabilities related to the assets contributed that arise from the operation of such assets prior to closing of the IPO. Sunoco is obligated to indemnify us for 100 percent of all losses asserted within the first 21 years of closing of the IPO. Sunoco’s share of liability for claims asserted thereafter will decrease by 10 percent per year. For example, for a claim asserted during the twenty-third year after closing of the IPO, Sunoco would be required to indemnify us for 80 percent of the loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco. In addition, this indemnification applies to the following, purchased from Sunoco subsequent to the IPO: interests in the Mesa Pipeline system, Mid-Valley, West Texas Gulf and Inland, as well as the Eagle Point tank farm and various other assets. Any environmental and toxic tort liabilities not covered by this indemnity will be our responsibility. Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites; the determination of the extent of the contamination at each site; the timing and nature of required remedial actions; the technology available and needed to meet the various existing legal requirements; the nature and extent of future environmental laws; inflation rates; and the determination of the liability at multiparty sites, if any, in light of the number, participation levels, and financial viability of other parties. We have agreed to indemnify Sunoco and its affiliates for events and conditions associated with the operation of the assets that occur on or after the closing of the IPO and for environmental and toxic tort liabilities to the extent Sunoco is not required to indemnify us.

Sunoco has also agreed to indemnify us for liabilities relating to:

- the assets contributed to SXL, other than environmental and toxic tort liabilities, that arise out of the operation of the assets prior to the closing of the IPO and that are asserted within ten years after the closing of the IPO;
- certain defects in title to the assets contributed to SXL and failure to obtain certain consents and permits necessary to conduct the business that arise within ten years after the closing of the IPO;
- legal actions related to the period prior to the IPO currently pending against Sunoco or its affiliates; and
- events and conditions associated with any assets retained by Sunoco or its affiliates.

Treasury Services Agreement

We have a treasury services agreement with Sunoco pursuant to which, among other things, we participate in Sunoco's centralized cash management program. Under this program, all of the cash receipts and cash disbursements are processed, together with those of Sunoco and its subsidiaries, through Sunoco’s cash accounts with a corresponding credit or charge to an affiliated account. The affiliated balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco and its subsidiaries earn interest at a rate equal to the average rate of our third-party money market investments, while amounts due to Sunoco and its subsidiaries bear interest at a rate equal to the interest rate provided in the $1.50 billion Credit Facility. In the fourth quarter 2013, we established separate cash accounts to process our own cash receipts and disbursements. Upon completion of the transition for our customers and vendors in 2014, we will cease participation in Sunoco's cash management program.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

We have interest-rate risk exposure for changes in interest rates relating to our outstanding borrowings. We manage our exposure to changing interest rates through the use of a combination of fixed- and variable-rate debt. At December 31, 2013, we had $235 million of variable-rate borrowings under our revolving credit facilities. Outstanding borrowings bear interest cost of LIBOR plus an applicable margin. An increase in short-term interest rates will have a negative impact on funds borrowed under variable-rate debt arrangements. The weighted average variable interest rate on our variable-rate borrowings was 2 percent at December 31, 2013. A one percent change in the weighted average rate would have impacted annual interest expense by approximately $2 million.

At December 31, 2013, we had $2.15 billion of fixed-rate borrowings which was comprised of our outstanding senior notes. This amount excludes the $120 million premium resulting from the adjustment of our assets and liabilities to fair value resulting from the application of push-down accounting in connection with the acquisition of the general partner by ETP. The estimated fair value of our senior notes was $2.17 billion at December 31, 2013. A hypothetical one-percent decrease in interest rates would increase the fair value of our fixed-rate borrowings at December 31, 2013 by approximately $205 million.

Commodity Market Risk

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

We do not use futures or other derivative instruments to speculate on crude oil, refined products or NGL prices, as these activities could expose us to significant losses. We do use derivative contracts as economic hedges against price changes related to our forecasted refined products and NGL purchase and sale activities. These derivatives are intended to have equal and opposite effects of the purchase and sale activities. At December 31, 2013, the fair market value of our open derivative positions was a net liability of $2 million on 1.6 million barrels of refined products and NGLs. These derivative positions vary in length but do not extend beyond one year. The potential decline in the market value of these derivatives from a hypothetical 10-percent adverse change in the year-end market prices of the underlying commodities that were being hedged by derivative contracts at December 31, 2013 was estimated to be $1 million. This hypothetical loss was estimated by multiplying the difference between the hypothetical and the actual year-end market prices of the underlying commodities by the contract volume amounts.

For additional information concerning our commodity market risk activities, see Note 15 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Sunoco Logistics Partners L.P. (the "Partnership") is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Partnership's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles.

The Partnership's management assessed the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2013. In making this assessment, the Partnership's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 1992 *Internal Control—Integrated Framework.*

Based on this assessment, management believes that, as of December 31, 2013, the Partnership's internal control over financial reporting is effective based on those criteria. Grant Thornton LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of the Partnership's internal control over financial reporting, which appears in this section.

Michael J. Hennigan
President and Chief Executive Officer

Martin Salinas, Jr.
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Sunoco Partners LLC and Limited Partners of Sunoco Logistics Partners L.P.

We have audited the internal control over financial reporting of Sunoco Logistics Partners L.P. (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2013, based on criteria established in the 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in the 1992 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2013, and our report dated February 27, 2014 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
February 27, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Sunoco Partners LLC and Limited Partners of Sunoco Logistics Partners L.P.

We have audited the accompanying consolidated balance sheet of Sunoco Logistics Partners L.P. (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2013, and the related consolidated statements of comprehensive income, cash flows, and equity for the year ended December 31, 2013. 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sunoco Logistics Partners L.P. and subsidiaries as of December 31, 2013, and the results of their operations and their cash flows for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership's internal control over financial reporting as of December 31, 2013, based on criteria established in the 1992 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
February 27, 2014

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENTS

To the Board of Directors of
Sunoco Partners LLC and Limited Partners of Sunoco Logistics Partners L.P.

We have audited the accompanying consolidated balance sheets of Sunoco Logistics Partners L.P. (the "Partnership") as of December 31, 2012 (successor), and the related consolidated statements of comprehensive income, equity, and cash flows for the period from October 5, 2012 to December 31, 2012 (successor), the period from January 1, 2012 to October 4, 2012 (predecessor) and the year ended December 31, 2011 (predecessor). 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sunoco Logistics Partners L.P. at December 31, 2012 (successor) and the consolidated results of its operations and its cash flows for the period from October 5, 2012 to December 31, 2012 (successor), the period from January 1, 2012 to October 4, 2012 (predecessor) and the year ended December 31, 2011 (predecessor), in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
March 1, 2013

SUNOCO LOGISTICS PARTNERS L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, except units and per unit amounts)

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
Revenues				
Sales and other operating revenue:				
Unaffiliated customers	$ 15,073	$ 2,989	$ 9,460	$ 10,473
Affiliates (Note 4)	1,566	200	461	432
Gain on divestment and related matters (Note 19)	—	—	11	—
Total Revenues	16,639	3,189	9,932	10,905
Costs and Expenses				
Cost of products sold	15,574	2,885	9,214	10,153
Operating expenses	117	48	97	111
Selling, general and administrative expenses	123	34	86	90
Depreciation and amortization expense	265	63	76	86
Impairment charge and related matters (Notes 2, 18 and 19)	—	—	(1)	42
Total Costs and Expenses	16,079	3,030	9,472	10,482
Operating Income	560	159	460	423
Net interest cost to affiliates (Note 4)	(1)	—	—	(3)
Other interest cost and debt expense, net	(97)	(18)	(73)	(93)
Capitalized interest	21	4	8	7
Other income	21	5	18	13
Income Before Provision for Income Taxes	504	150	413	347
Provision for income taxes (Note 2)	(30)	(8)	(24)	(25)
Net Income	474	142	389	322
Net Income attributable to noncontrolling interests	(11)	(3)	(8)	(9)
Net Income attributable to Sunoco Logistics Partners L.P.	$ 463	$ 139	$ 381	$ 313
Calculation of Limited Partners' interest:				
Net Income attributable to Sunoco Logistics Partners L.P.	$ 463	$ 139	$ 381	$ 313
Less: General Partner's interest	(124)	(24)	(55)	(54)
Limited Partners' interest [1]	$ 339	$ 115	$ 326	$ 259
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 5):				
Basic	$ 3.27	$ 1.11	$ 3.15	$ 2.56
Diluted	$ 3.25	$ 1.10	$ 3.14	$ 2.54
Weighted average Limited Partners' units outstanding (Note 5):				
Basic	103.8	103.8	103.5	101.3
Diluted	104.3	104.1	103.9	101.8
Net Income	$ 474	$ 142	$ 389	$ 322
Gain (loss) on cash flow hedges	—	—	(21)	4
Other Comprehensive Income (Loss)	—	—	(21)	4
Comprehensive Income	474	142	368	326
Less: Comprehensive income attributable to noncontrolling interests	(11)	(3)	(8)	(9)
Comprehensive Income attributable to Sunoco Logistics Partners L.P.	$ 463	$ 139	$ 360	$ 317

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

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

CONSOLIDATED BALANCE SHEETS
(in millions)

	Successor	
	December 31,	
	2013	2012
Assets		
Cash and cash equivalents	$ 39	$ 3
Advances to affiliated companies (Note 4)	239	56
Accounts receivable, affiliated companies (Note 4)	11	19
Accounts receivable, net	2,184	1,834
Inventories (Note 6)	600	478
Total Current Assets	3,073	2,390
Properties, plants and equipment	6,785	5,673
Less accumulated depreciation and amortization	(266)	(50)
Properties, plants and equipment, net (Note 7)	6,519	5,623
Investment in affiliates (Note 8)	125	118
Goodwill (Note 9)	1,346	1,368
Intangible assets, net (Note 9)	794	843
Other assets	40	19
Total Assets	$ 11,897	$ 10,361
Liabilities and Equity		
Accounts payable	$ 2,451	$ 1,912
Accounts payable, affiliated companies (Note 4)	17	12
Accrued liabilities	197	147
Accrued taxes payable (Note 2)	71	60
Total Current Liabilities	2,736	2,131
Long-term debt (Note 10)	2,503	1,732
Other deferred credits and liabilities	80	60
Deferred income taxes (Note 2)	253	243
Total Liabilities	5,572	4,166
Commitments and contingent liabilities (Note 11)		
Equity		
Sunoco Logistics Partners L.P. equity		
Limited Partners' interests (103,849,801 and 103,773,003 units outstanding at December 31, 2013 and 2012, respectively)	5,292	5,175
General Partner's interest	912	897
Total Sunoco Logistics Partners L.P. equity	6,204	6,072
Noncontrolling interests	121	123
Total Equity	6,325	6,195
Total Liabilities and Equity	$ 11,897	$ 10,361

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
Cash Flows from Operating Activities:				
Net Income	$ 474	$ 142	$ 389	$ 322
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	265	63	76	86
Impairment charge and related matters	—	—	(1)	42
(Claim for) recovery of environmental liability	—	13	(14)	—
Expected proceeds from insurance recovery	(1)	—	—	—
Deferred income tax expense (benefit)	6	(2)	—	(2)
Amortization of financing fees and bond discount	1	—	2	2
Amortization of bond premium	(23)	(6)	—	—
LTIP expense (Note 14)	14	2	6	6
Changes in working capital pertaining to operating activities:				
Accounts receivable, affiliated companies	8	(18)	(1)	154
Accounts receivable, net	(351)	162	190	(647)
Inventories	(117)	(70)	(44)	(108)
Accounts payable and accrued liabilities	468	4	(174)	548
Accounts payable, affiliated companies	2	12	—	—
Accrued taxes payable	11	4	(6)	18
Other	(8)	(26)	(12)	9
Net cash provided by operating activities	749	280	411	430
Cash Flows from Investing Activities:				
Capital expenditures	(897)	(139)	(235)	(213)
Acquisitions	(60)	—	—	(396)
Proceeds from divestments and related matters	—	—	11	—
Net cash used in investing activities	(957)	(139)	(224)	(609)
Cash Flows from Financing Activities:				
Distributions paid to limited and general partners	(353)	(74)	(178)	(210)
Distributions paid to noncontrolling interests	(13)	(2)	(5)	(8)
Contributions from general partner	—	—	—	2
Payments of statutory withholding on net issuance of limited partner units under LTIP	(3)	(7)	(5)	(3)
Repayments under credit facilities	(119)	(233)	(322)	(560)
Borrowings under credit facilities	215	193	501	529
Net proceeds from issuance of long-term debt	691	—	—	595
Repayments of senior notes	—	—	(250)	—
Promissory note from affiliate	—	—	—	(100)
Advances to affiliated companies, net	(183)	(17)	69	(63)
Contributions attributable to acquisition from affiliate	9	—	—	—
Net cash provided by (used in) financing activities	244	(140)	(190)	182
Net change in cash and cash equivalents	36	1	(3)	3
Cash and cash equivalents at beginning of period	3	2	5	2
Cash and cash equivalents at end of period	$ 39	$ 3	$ 2	$ 5

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

CONSOLIDATED STATEMENTS OF EQUITY
(in millions)

	Limited Partners				General Partner	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Common		Class A					
	Units	$	Units	$	$	$	$	$
Predecessor								
Balance at December 31, 2010	99.2	$ 940	—	$ —	$ 28	$ (3)	$ 77	$ 1,042
Net Income	—	$ 257	—	$ 2	$ 54	$ —	$ 9	$ 322
Gain on cash flow hedges	—	—	—	—	—	4	—	4
Total comprehensive income	—	257	—	2	54	4	9	326
Issuance of Class A units to Sunoco, Inc.	—	—	3.9	20	2	—	—	22
Units issued under LTIP	0.2	6	—	—	—	—	—	6
Distribution equivalent rights	—	(2)	—	—	—	—	—	(2)
Payment of statutory withholding on issuance under LTIP	—	(3)	—	—	—	—	—	(3)
Noncontrolling equity in joint venture acquisitions	—	—	—	—	—	—	20	20
Distributions	—	(160)	—	—	(50)	—	(8)	(218)
Other	—	1	—	—	—	—	—	1
Balance at December 31, 2011	99.4	$ 1,039	3.9	$ 22	$ 34	$ 1	$ 98	$ 1,194
Net Income	—	$ 324	—	$ 2	$ 55	$ —	$ 8	$ 389
Loss on cash flow hedges	—	—	—	—	—	(21)	—	(21)
Total comprehensive income (loss)	—	324	—	2	55	(21)	8	368
Units issued under LTIP	0.3	6	—	—	—	—	—	6
Distribution equivalent rights	—	(1)	—	—	—	—	—	(1)
Payment of statutory withholding on issuance under LTIP	—	(5)	—	—	—	—	—	(5)
Conversion of Class A units to common units	3.9	24	(3.9)	(24)	—	—	—	—
Distributions	—	(133)	—	—	(45)	—	(5)	(183)
Balance at October 4, 2012	103.6	$ 1,254	—	$ —	$ 44	$ (20)	$ 101	$ 1,379
Successor								
Balance at October 5, 2012	103.6	$ 5,118	—	$ —	$ 893	$ —	$ 123	$ 6,134
Net Income	—	$ 115	—	$ —	$ 24	$ —	$ 3	$ 142
Total comprehensive income	—	115	—	—	24	—	3	142
Units issued under LTIP	0.2	2	—	—	—	—	—	2
Payment of statutory withholding on issuance under LTIP	—	(7)	—	—	—	—	—	(7)
Distributions	—	(54)	—	—	(20)	—	(2)	(76)
Other	—	1	—	—	—	—	(1)	—
Balance at December 31, 2012	103.8	$ 5,175	—	$ —	$ 897	$ —	$ 123	$ 6,195
Net Income	—	$ 339	—	$ —	$ 124	$ —	$ 11	$ 474
Total comprehensive income	—	339	—	—	124	—	11	474
Units issued under LTIP	—	14	—	—	—	—	—	14
Distribution equivalent rights	—	(2)	—	—	—	—	—	(2)
Payment of statutory withholding on issuance under LTIP	—	(3)	—	—	—	—	—	(3)
Distributions	—	(243)	—	—	(110)	—	(13)	(366)
Contributions attributable to acquisition from affiliate	—	9	—	—	—	—	—	9
Increase attributable to acquisition from affiliate	—	4	—	—	—	—	—	4
Other	—	(1)	—	—	1	—	—	—
Balance at December 31, 2013	103.8	$ 5,292	—	$ —	$ 912	$ —	$ 121	$ 6,325

(See Accompanying Notes)

1. Organization and Basis of Presentation

Sunoco Logistics Partners L.P. (the "Partnership" or "SXL") is a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of crude oil, refined products and natural gas liquids ("NGL") pipelines, terminalling and storage assets, and crude oil, refined products and NGL acquisition and marketing assets. The Partnership conducts its business activities in more than 30 states located throughout the United States.

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

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

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

The Partnership then determined the fair values of its assets and liabilities. The fair values of the Partnership's current assets and current liabilities (with the exception of inventory) were assumed to approximate their carrying values. The fair values of the Partnership's long-lived tangible assets and inventory were determined utilizing observable market inputs where available or estimated replacement cost adjusted for a usage or obsolescence factor. The Partnership's identifiable intangible assets consist of customer relationships and technology patents, the fair values of which were determined by applying a discounted cash flow approach, which was adjusted for customer attrition assumptions and projected market conditions. The fair values of the Partnership's long-term liabilities were determined utilizing observable market inputs where available or estimated based on their current carrying values. The Partnership recorded goodwill as the excess of the enterprise value over the sum of the fair values of the Partnership's assets and liabilities. The following table summarizes the final allocation of the fair value of partners' capital balances to the assets and liabilities of the Partnership as of the acquisition date. Based on management's review of the valuation, certain amounts included in the purchase price allocation have been adjusted during 2013 from those amounts reflected in the preliminary purchase price allocation as of October 5, 2012. These adjustments did not have a material impact on the Partnership's financial position or results of operations.

		(in millions)
Current assets	$	2,449
Properties, plants and equipment		5,555
Investment in affiliates		119
Goodwill [(1)]		1,346
Intangible assets		855
Other assets		25
Current liabilities		(2,132)
Long-term debt		(1,778)
Other deferred credits and liabilities		(61)
Deferred income taxes		(244)
	$	6,134

(1) Includes $200, $545 and $601 million allocated to the Crude Oil Pipelines, Crude Oil Acquisition and Marketing and Terminal Facilities segments, respectively.

In July 2013, the limited liability agreement of Sunoco Partners LLC was amended to reflect the addition of ETE Common Holdings, LLC ("ETE Holdings") as an owner of a 0.1 percent membership interest in the Partnership's general partner. ETE Holdings is a wholly-owned subsidiary of Energy Transfer Equity, L.P., and an affiliate of ETP. This change in the ownership of the general partner did not impact the Partnership's consolidated financial statements. Subsequent to the amendment, the Partnership remains a consolidated subsidiary of ETP. In addition, the 33.5 million common units owned by Sunoco Partners LLC were assigned to ETP.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Reclassification

Certain amounts in the prior years’ consolidated financial statements have been reclassified to conform to the current-year presentation.

Revenue Recognition

Pipeline revenues are recognized upon delivery of the barrels to the location designated by the shipper. Acquisition and marketing revenues for crude oil, refined products and NGLs are recognized when title to and risk of loss of the product is transferred to the customer. Terminalling and storage revenues are recognized at the time the services are provided. 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 to cost of products sold in the consolidated statements of comprehensive income.

Affiliated revenues are generated from sales of crude oil and refined products, as well as the provision of crude oil and refined products, pipeline transportation, terminalling and storage services to ETP and its affiliates (including Sunoco). Sales of crude oil and refined products to affiliated entities are priced using market based rates. Affiliated entities pay fees for transportation or terminalling services based on the terms and conditions of an established agreement or published tariffs.

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, 2013 and 2012, cash equivalents consisted of time deposits and money market investments.

Accounts Receivable, Net

Accounts receivable represent valid claims against non-affiliated customers (see Note 4 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 customers' credit ratings. Outstanding customer receivable balances are regularly reviewed for possible non-payment indicators and reserves are recorded for doubtful accounts based upon management's expectations regarding collectability. Actual receivable 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 and refined products inventory costs have been determined using the last-in, first-out method ("LIFO"). Under this methodology, the cost of products sold consists of the actual acquisition costs of the Partnership, which include transportation and storage costs. Such costs are adjusted to reflect increases or decreases in 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.

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 determined 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 the Federal Energy Regulatory Commission's ("FERC") requirements, which approximates the estimated useful lives of the related assets.

Capitalized Interest

The Partnership capitalizes interest incurred on funds borrowed for certain capital projects during periods in which construction activities are in progress to bring those projects to their intended use.

Investment in Affiliates

Investment in affiliates, which consist of corporate joint ventures in which the Partnership does not have a controlling financial interest, but over which the Partnership can exercise significant influence, are accounted for under the equity method of accounting. Under this method, an investment is carried at cost, adjusted for the equity in income (loss), reduced for dividends received and adjusted for changes in accumulated other comprehensive income (loss). Income recognized from the Partnership's corporate joint venture interests is presented within other income in the consolidated statements of comprehensive income.

The Partnership allocates the excess of its 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 also presented within other income in the consolidated statements of comprehensive income.

Acquisitions

The Partnership records assets acquired and liabilities assumed as part of third-party business combinations at their estimated fair values as of the date of acquisition. Any excess of consideration transferred plus the fair value of noncontrolling interest over the estimated fair value of the net assets acquired is recorded as goodwill. To the extent the estimated fair value of the net assets acquired exceeds the purchase price plus the fair value of the noncontrolling interest, a gain is recorded in results of current operations. The results of operations of acquired businesses are included in the Partnership's results from the dates of acquisition.

Assets acquired and liabilities assumed in connection with acquisitions from entities under common control are recorded by the Partnership at the entity's net carrying value. The Partnership records any difference between the consideration paid and the carrying value of the net assets and liabilities as a distribution from or contribution to equity.

The Partnership's asset acquisitions are recorded at the purchase price, which is allocated to the acquired assets and assumed liabilities based on their relative estimated fair values.

Assets acquired and liabilities assumed include tangible and intangible assets, and contingent assets and liabilities. The estimated fair values of these assets and liabilities are determined based on observable inputs such as quoted market prices, information from comparable transactions, offers made by other prospective acquirers in the cases where the Partnership has certain rights to acquire additional interests in existing investments, and the replacement cost of assets in the same condition or stage of usefulness; or on unobservable inputs such as expected future cash flows or internally developed estimates of value. The Partnership's fair value measurements are classified within the fair value hierarchy established by GAAP based on the lowest level (least observable) input that is significant to the measurement in its entirety.

See Note 3 for additional information concerning the Partnership's recent acquisitions.

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.

In September 2011, Sunoco announced its intention to exit its refining business in the northeast and initiated a process to sell its refineries located in Philadelphia and Marcus Hook, Pennsylvania. In December 2011, the main processing units at the Marcus Hook refinery were idled indefinitely. Management assessed the impact that Sunoco's decision to exit its refining business in the northeast would have on the Partnership's assets that historically served the refineries and determined that the Partnership's refined products pipeline and terminal assets continued to have expected future cash flows that support their carrying values. However, the Partnership recognized a $42 million charge in the fourth quarter 2011 for crude oil terminal assets which would have been negatively impacted if the Philadelphia refinery was permanently idled. The charge included a $31 million non-cash impairment for asset write-downs at the Fort Mifflin Terminal Complex and $11 million for regulatory obligations which would have been incurred if the assets were permanently idled. In September 2012, Sunoco completed the formation of Philadelphia Energy Solutions ("PES"), a joint venture with The Carlyle Group, which enabled the Philadelphia refinery to continue operating. During the second quarter 2012, the Partnership reversed $10 million of regulatory obligations which were no longer expected to be incurred.

The impairment recognized by the Partnership in 2011 was calculated using fair value assumptions, including comparable land sale transactions and current replacement costs of similar new equipment, adjusted to reflect the age, condition, maintenance history and estimated useful life of the assets. Since the fair value assessment reflected both observable and unobservable inputs, it was determined to be a level 3 fair value measurement within the fair value hierarchy under current accounting guidance.

The Partnership also recognized an impairment charge of $9 million in 2012. These charges related to the cancellation of a software project and other costs associated with the write-off of assets that the Partnership could not deploy elsewhere within its operations.

Goodwill

Goodwill, which represents the excess of the purchase price in a business combination over the fair value of net assets acquired, is tested for impairment annually in the fourth quarter, or more often if events or changes in circumstances indicate that the carrying value of goodwill may exceed its estimated fair value. The Partnership determined during 2013, 2012 and 2011 that goodwill was not impaired.

Management's process of evaluating goodwill for impairment involves estimating the fair value of the Partnership's reporting units that contain goodwill. Inherent in estimating the fair value for each reporting unit are certain judgments and estimates relating to market multiples for comparable businesses, management's interpretation of current economic indicators and market conditions, and assumptions about the Partnership's strategic plans with regard to its operations. To the extent additional information arises, market conditions change or the Partnership's strategies change, it is possible that the conclusion regarding whether the goodwill is impaired could change and result in future goodwill impairment charges.

Fair value is estimated using a market multiple methodology whereby the ratios of business enterprise value to earnings before interest, taxes, depreciation and amortization ("EBITDA") of comparable companies are used to estimate the fair value of the Partnership's reporting units. Management establishes fair value by comparing the reporting unit to other companies that are similar, from an operational or industry perspective, and by considering risk characteristics in order to determine the risk profile relative to the comparable companies as a group. The most significant assumptions are the market multiples.

Intangible Assets

The Partnership has acquired intangible assets such as throughput and deficiency contracts, customer relationships, historical shipping rights and patents related to butane blending technology. The value assigned to these intangible assets is amortized on a straight-line basis over their respective economic lives through depreciation and amortization expense in the consolidated statements of comprehensive income.

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

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

The Partnership recognizes a tax benefit from uncertain positions only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authorities' widely understood administrative practices and precedents. The tax benefits recognized from such positions are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement.

The following table presents the components of income tax expense for the periods presented:

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
	(in millions)		(in millions)	
Federal				
Current	$ 21	$ 8	$ 22	$ 25
Deferred	6	(2)	—	(2)
State				
Current	3	2	2	2
Deferred	—	—	—	—
Total income tax expense	$ 30	$ 8	$ 24	$ 25

The income taxes paid by Inland, Mid-Valley and West Texas Gulf approximated current income tax expense for each year presented.

In taxable jurisdictions, the Partnership records deferred income taxes on all significant temporary differences between the book basis and the tax basis of assets and liabilities. At December 31, 2013 and 2012, the Partnership had $253 and $243 million, respectively, of net deferred tax liability derived principally from the difference in the book and tax bases of properties, plants and equipment associated with Inland, Mid-Valley and West Texas Gulf.

Long-Term Incentive Plan

The Partnership accounts for the compensation cost associated with all unit-based payment awards at fair value and reports the related expense within selling, general and administrative expenses in the consolidated statements of comprehensive income. Unit-based compensation cost for awards of restricted units is based on either the fair market value of common units on the grant date using a Monte Carlo Simulation (if the payout is determined by market criteria relative to unit proxies), or the grant date market price of the underlying unit. The Partnership recognizes unit-based compensation expense on a straight-line basis over the requisite service period. In accordance with the terms of certain awards issued prior to 2013, the recognition of compensation cost is accelerated for participants who become retirement-eligible during the applicable vesting period.

Asset Retirement Obligations

Asset retirement obligations ("AROs") represent the fair value of liabilities related to the future retirement of long-lived assets and are recorded at the time a legal obligation is incurred. A corresponding asset is recorded concurrently and is depreciated over the remaining useful life of the related long-lived asset. The fair value of the ARO is determined based on estimates and assumptions regarding retirement costs related to the Partnership's pipelines and storage tanks. The Partnership bases these estimates on historical retirement costs, future inflation rates and credit-adjusted risk-free interest rates. These fair value assessments are considered to be level 3 measurements as they are based on both observable and unobservable inputs. 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 consolidated balance sheets include AROs as a component of other deferred credits and liabilities of $41 million at December 31, 2013 and 2012. 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 whether or when the retirement obligations will be settled. Consequently, these retirement obligations cannot be measured at this time.

Fair Value Measurements

The Partnership determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnership utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy established by the Financial Accounting Standards Board ("FASB"). The Partnership generally applies a "market approach" to determine fair value. This method uses pricing and other information related to 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.

Comprehensive Income

The components of net income and other comprehensive income are presented in the Partnership's consolidated statements of comprehensive income. In February 2013, the FASB codified guidance related to the presentation and disclosure of components reclassified out of accumulated other comprehensive income (loss). The adoption of the new guidance, effective for the Partnership beginning January 1, 2013, did not have a material impact on the Partnership's consolidated financial statements and disclosures.

Lease Accounting

The Partnership accounts for arrangements that convey the right to use property, plant or equipment for a stated period of time as leases. Whether an arrangement contains a lease is determined at inception of the arrangement based on all of the facts and circumstances. The Partnership reassesses whether an arrangement contains a lease after the inception of the arrangement only if (a) there is a change in the contractual terms, (b) a renewal option is exercised or an extension is agreed to by the parties to the arrangement, (c) there is a change in the determination of whether or not fulfillment is dependent on specified property, plant, or equipment, or (d) there is a substantial physical change to the specified property, plant, or equipment. The Partnership continually analyzes its new and existing arrangements to evaluate whether they contain leases. Revenue or expense from arrangements where the Partnership is the lessor or lessee, respectively, is recognized ratably over the term of the underlying arrangement.

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

The Partnership uses the two-class method to determine basic and diluted earnings per unit. The two-class method is an earnings allocation formula that determines the earnings for each class of equity ownership and participating security according to distributions declared and participation rights in undistributed earnings. The Partnership calculates basic and diluted net income attributable to Sunoco Logistics Partners L.P. ("net income attributable to SXL") per limited partner unit by dividing net income attributable to SXL, after deducting the amounts allocated to the general partner's interest and incentive distribution rights ("IDRs"), by the weighted average number of limited partner units and Class A units outstanding during the period. IDRs in a master limited partnership are treated as participating securities for the purpose of computing net income attributable to limited partner units. The general partner holds all of the IDRs. In addition, when earnings differ from cash distributions, undistributed or over distributed earnings are to be allocated to the general partner and limited partners based on the contractual terms of the partnership agreement.

3. Acquisitions

A key component of the Partnership's primary business strategy is to pursue strategic and accretive acquisitions that complement its existing asset base. The Partnership completed the following acquisitions during the years ended December 31, 2013 and 2011:

2013 Acquisition

- In the second quarter 2013, the Partnership acquired Sunoco's Marcus Hook facility and related assets (the "Marcus Hook Facility") for $60 million in cash, including acquisition costs. The acquisition included terminalling and storage assets located in Pennsylvania and Delaware and commercial agreements, including a reimbursement agreement under which Sunoco will reimburse the Partnership $40 million for certain operating expenses of the Marcus Hook Facility through March 31, 2017. The reimbursement proceeds will be reflected as contributions to equity. The Partnership will be indemnified against environmental liabilities resulting from events which occurred at the Marcus Hook Facility prior to the closing of the transaction. Since the transaction was with an entity under common control, the assets acquired and liabilities assumed were recorded by the Partnership at Sunoco's net carrying value plus acquisition costs. The difference between Sunoco's net carrying value and the consideration transferred was recorded by the Partnership as an increase to equity. The acquisition was included within the Terminal Facilities segment.

The following table summarizes the effects of the 2013 acquisition on the Partnership's consolidated balance sheet:

	Marcus Hook Facility (in millions)
Increase in:	
Current assets	$ 6
Properties, plants and equipment, net	66
Other assets	8
Current liabilities	(1)
Other deferred credits and liabilities	(15)
Sunoco Logistics Partners L.P. equity	(4)
Cash paid for acquisition	$ 60

2011 Acquisitions

- In August 2011, the Partnership acquired a refined products terminal, located in East Boston, Massachusetts, from affiliates of ConocoPhillips for $56 million plus the fair value of inventory. The terminal includes a 10-bay truck rack and tanks providing approximately 1 million barrels of storage capacity and is the sole service provider to Logan International Airport under a long-term contract to supply jet fuel. The acquisition was included within the Terminal Facilities segment.
- In August 2011, the Partnership acquired a crude oil purchasing and marketing business from Texon L.P. ("Texon") for $205 million plus the fair value of its crude oil inventory. The purchase consisted of a crude oil acquisition and marketing business and gathering assets for approximately 75,000 barrels per day at the wellhead in 16 states, primarily in the western United States. The acquisition was included within the Crude Oil Acquisition and Marketing segment.

- In July 2011, the Partnership acquired the Eagle Point tank farm and related assets from Sunoco for $100 million. The tank farm is located in Westville, New Jersey and has approximately 5 million barrels of active storage capacity for refined products and dark oils. The acquisition was funded by the issuance of 3.9 million Class A units with an estimated market value of $98 million and payment of $2 million of cash to Sunoco. The Class A units were a new class of units on which no distributions were paid until the Class A units converted to common units in July 2012. As the acquisition was from an entity under common control, the assets acquired were recorded by the Partnership at Sunoco's net carrying value of $22 million. The $20 million difference between the carrying value of the assets and the cash consideration paid was recorded by the Partnership as an increase to equity. The acquisition was included within the Terminal Facilities segment.
- In May 2011, the Partnership acquired an 83.8 percent equity interest in Inland, which is the owner of 350 miles of active refined products pipelines in Ohio. The pipeline connects three refineries in Ohio to terminals and major markets in Ohio. The Partnership acquired its equity interest for $99 million, net of cash received, through a purchase of a 27.0 percent percent equity interest from Shell Oil Company and a 56.8 percent equity interest from Sunoco. The 56.8 percent equity interest acquired from Sunoco was considered a transaction between entities under common control and therefore the assets and liabilities transferred were recorded by the Partnership at Sunoco's carrying value. As the Partnership acquired a controlling financial interest in Inland, the joint venture was reflected as a consolidated subsidiary of the Partnership from the date of the final acquisition and was included within the Refined Products Pipelines segment.

The following table summarizes the effects of the 2011 acquisitions on the Partnership's consolidated balance sheet as of the respective acquisition dates:

	East Boston Terminal	Crude Oil Acquisition and Marketing	Eagle Point Tank Farm	Inland	Total
			(in millions)		
Increase in:					
Current assets	$ 17	$ 24	$ —	$ 3	$ 44
Properties, plants and equipment, net	63	7	22	178	270
Intangible assets, net	—	183	—	—	183
Goodwill	—	14	—	—	14
Current liabilities	—	(6)	—	(1)	(7)
Other deferred credits and liabilities	(7)	—	—	(1)	(8)
Deferred income taxes	—	—	—	(60)	(60)
Sunoco Logistics Partners L.P. equity	—	—	(20)	—	(20)
Noncontrolling interests	—	—	—	(20)	(20)
Cash paid for acquisitions	$ 73	$ 222	$ 2	$ 99	$ 396

No pro forma information has been presented since the impact of the acquisitions during 2013 and 2011 was not material in relation to the Partnership's consolidated results of operations or financial position.

4. Related Party Transactions

Acquisition of Sunoco

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

Service and Commodity Sales Agreements

The Partnership is party to various agreements with its affiliates including agreements to provide pipeline and terminalling services and to supply crude oil and refined products. Some of these agreements are long-term and expire at various times as described below, while others short-term in nature or subject to termination by either party. Affiliated revenues in the consolidated statements of comprehensive income relate to services including pipeline transportation, terminalling, storage and blending, and the sale of crude oil and refined products.

The Partnership had the following material agreements with its affiliated entities at December 31, 2013:

- *Product Terminal Services Agreement:* The Partnership has a five-year product terminal services agreement with Sunoco under which Sunoco may throughput refined products through the Partnership's terminals. The agreement contains no minimum throughput obligations for Sunoco. The agreement runs through February 2017.
- *Fort Mifflin Terminal Services Agreement:* The Partnership has an agreement with PES relating to the Fort Mifflin Terminal Complex. Under this agreement, PES will deliver an average of 300,000 barrels per day of crude oil and refined products per contract year at the Fort Mifflin facility. PES does not have exclusive use of the Fort Mifflin Terminal Complex; however, the Partnership is obligated to provide the necessary tanks, marine docks and pipelines for PES to meet its minimum requirements under the agreement. The Partnership executed a ten-year agreement with PES in September 2012. The Partnership had a previous agreement with Sunoco with terms similar to those contained in the agreement with PES.
- *Eagle Point Terminal Services Agreement:* The Partnership has a three-year agreement with Sunoco to provide approximately 2.0 million barrels of storage capacity and terminalling services to Sunoco at the Eagle Point tank farm. The agreement expires in June 2014. Sunoco does not have exclusive use of the Eagle Point tank farm.
- *Inter-Refinery Pipeline Lease:* In September 2012, Sunoco assigned its lease for the use of the Partnership's inter-refinery pipelines between the Philadelphia refinery and the Marcus Hook Facility to PES. Under the 20-year lease agreement which expires in February 2022, PES leases the inter-refinery pipelines for an annual fee which escalates at 1.67 percent each January 1 for the term of the agreement. The lease agreement also requires PES to reimburse the Partnership for any non-routine maintenance expenditures, as defined, incurred during the term of the agreement. There were no material reimbursements under this agreement during the years 2011 through 2013.
- *Butane Storage and Terminalling Services Agreement:* In connection with the second quarter 2013 acquisition of the Marcus Hook Facility, the Partnership assumed an agreement to provide butane storage and terminal services to PES at the facility. The 10 year agreement extends through September 2022.
- *Refined Product Sales:* The Partnership has agreements with Sunoco whereby Sunoco purchases refined products, at market-based rates, at certain of the Partnership's terminal facilities. These agreements are negotiated annually and currently do not extend beyond 2014.
- *Crude Oil Sales:* The Partnership has agreements with PES whereby PES purchases crude oil, at market-based rates, for delivery to the Partnership's Fort Mifflin and Eagle Point terminal facilities. These agreements contain minimum volume commitments and extend through 2014.

The renegotiated terms of the agreements with PES provide PES with the option to purchase the Fort Mifflin and Belmont terminals if certain triggering events occur, including a sale of substantially all of the assets or operations of the Philadelphia refinery, an initial public offering or a public debt filing of more than $200 million. The purchase price for each facility would be established based on a fair value amount determined by designated third parties.

Sunoco continues to utilize the Partnership's pipeline and terminal assets to supply its retail marketing network in an efficient manner. All pipeline movements are on the same terms that would be available to an unrelated third party and are based on published tariff rates on the respective pipelines. Management expects that Sunoco will continue to utilize these services for the foreseeable future.

Advances to/from Affiliate

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco's centralized cash management program. Under this program, all of the Partnership's cash receipts and cash disbursements are processed, together with those of Sunoco and its other subsidiaries, through Sunoco's cash accounts with a corresponding credit or charge to an affiliated account. The affiliated balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco earn interest at a rate equal to the average rate provided by the Partnership's third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate on the Partnership's $1.50 billion Credit Facility (Note 10). In the fourth quarter 2013, the Partnership established separate cash accounts to process its own cash receipts and disbursements. Upon completion of the transition for the Partnership's customers and vendors in 2014, the Partnership will cease participation in Sunoco's cash management program.

Administrative Services

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

Under the Omnibus Agreement, the Partnership pays Sunoco an annual administrative fee that includes expenses incurred by Sunoco to perform certain centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. This fee was $15, $5, $13 and $13 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. These fees do 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, or the cost of their employee benefits.

In addition to the fees for the centralized corporate functions, selling, general and administrative expenses in the consolidated statements of comprehensive income include the allocation of shared insurance costs of $9, $2, $5 and $4 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, 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 $36, $10, $28 and $26 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the consolidated statements of comprehensive income.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

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

Capital Contributions

In July 2011, the Partnership issued 3.9 million Class A Units to Sunoco in connection with the acquisition of the Eagle Point tank farm and related assets (Note 3). As this transaction was between entities under common control, accounting guidance required the issuance to be recorded at the net of Sunoco's historical carrying value of the assets acquired ($22 million) and the $2 million cash consideration paid. The $20 million of deferred distribution units were a new class of units that were converted to common units in July 2012. Prior to their conversion, the Class A units participated in the allocation of net income on a pro-rata basis with the common units. In connection with this transaction, the general partner contributed $2 million to the Partnership. The Partnership recorded this amount as a capital contribution to Equity within its consolidated balance sheet.

During 2013, the Partnership issued less than 0.1 million limited partnership units, and during 2012 and 2011, the Partnership issued 0.5, and 0.2 million limited partnership units, respectively, to participants in the Sunoco Partners LLC Long-Term Incentive Plan upon completion of award vesting requirements. As a result of these issuances of limited partnership units, the general partner contributed less than $0.5 million in each period to the Partnership to maintain its two percent general partner interest. The Partnership recorded these amounts as capital contributions to Equity within its consolidated balance sheets.

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

The general partner's interest in net income attributable to SXL consists of its two percent general partner interest and "incentive distributions," which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.1667 per limited partner unit (Note 13). The general partner was allocated net income attributable to SXL of $124 million (representing 27 percent of total net income attributable to SXL) for the year ended December 31, 2013, $24 million (representing 17 percent of total net income attributable to SXL) for the period from October 5, 2012 to December 31, 2012, $55 million (representing 14 percent of total net income attributable to SXL) for the period from January 1, 2012 to October 4, 2012, and $54 million (representing 17 percent of total net income attributable to SXL) for the year ended December 31, 2011. Diluted net income attributable to SXL per limited partner unit is calculated by dividing the limited partners' interest in net income attributable to SXL by the sum of the weighted average number of common and Class A units outstanding, prior to conversion to common units (Note 12), and the dilutive effect of incentive unit awards (Note 14).

The following table sets forth the reconciliation of the weighted average number of limited partner units used to compute basic net income attributable to SXL per limited partner unit to those used to compute diluted net income attributable to SXL per limited partner unit for the periods presented:

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
	(in millions)		(in millions)	
Weighted average number of units outstanding—basic	103.8	103.8	103.5	101.3
Add effect of dilutive incentive awards	0.5	0.3	0.4	0.5
Weighted average number of units—diluted	104.3	104.1	103.9	101.8

6. Inventories

The components of inventories are as follows:

	Successor	
	December 31,	
	2013	2012
	(in millions)	
Crude oil	$ 488	$ 418
Refined products	99	48
Refined products additives	3	3
Materials, supplies and other	10	9
	$ 600	$ 478

The current replacement cost of crude oil and refined products inventory exceeded its carrying value by $68 and $7 million at December 31, 2013 and 2012, respectively. The increase in refined products inventories in 2013 was primarily attributable to the expansion of refined products acquisition and marketing activities in connection with the newly acquired Marcus Hook Facility.

7. Properties, Plants and Equipment

The components of net properties, plants and equipment are as follows:

	Estimated Useful Lives	Successor December 31, 2013	Successor December 31, 2012
	(in years)	(in millions)	
Land and land improvements (including rights of way) [1]	—	$ 1,101	$ 1,026
Pipelines and related assets	38 - 60	3,172	2,687
Terminals and storage facilities	5 - 44	1,081	934
Other	5 - 48	463	647
Construction-in-progress		968	379
Total properties, plants and equipment		6,785	5,673
Less: Accumulated depreciation and amortization		(266)	(50)
Total properties, plants and equipment, net		$ 6,519	$ 5,623

(1) As of December 31, 2013 and 2012, the Partnership has rights of way with a book value of $940 and $939 million, respectively.

As of December 31, 2013 and 2012, accrued capital expenditures were $137 and $16 million, respectively.

8. Investment in Affiliates

The active corporate joint ventures own refined products pipeline systems. The Partnership's ownership percentages in corporate joint ventures as of December 31, 2013 and 2012 were as follows:

	Successor December 31, 2013	Successor December 31, 2012
Explorer Pipeline Company	9.4%	9.4%
Yellowstone Pipe Line Company	14.0%	14.0%
West Shore Pipe Line Company	17.1%	17.1%
Wolverine Pipe Line Company	31.5%	31.5%
SunVit Pipeline LLC	50.0%	—%

In the third quarter 2013, the Partnership entered into an agreement to form SunVit Pipeline LLC ("SunVit"), a joint venture with Vitol, Inc. ("Vitol"), in which each party will maintain a 50 percent ownership interest. SunVit will construct and own a crude oil pipeline, which will originate in Midland, Texas and run to Garden City, Texas. The new pipeline will connect to the Partnership's existing pipelines and along with the Partnership's Permian Express 2 pipeline project, will provide additional takeaway capacity from the Permian Basin. SunVit is expected to commence operations in 2015. Under the terms of the joint-venture agreement, each owner will fund construction of the pipeline and operating expenses in proportion with its ownership interest. Per the agreement, during the fourth quarter 2013, the Partnership and Vitol each accrued $3 million of contributions to cover initial construction costs. SunVit is reflected as an equity-method investment within the Partnership's Crude Oil Pipelines segment.

The Partnership's investments in Yellowstone Pipe Line Company, West Shore Pipe Line Company and Wolverine Pipe Line Company at December 31, 2013 included net excess investment amounts of $89 million. The excess investment is the difference between the investment balances and the Partnership's proportionate share of the net assets of the entities. The Partnership has not provided additional financial support to any of the refined products joint ventures during the 2011 through 2013 periods.

The Partnership had $37 million of undistributed earnings from its investments in corporate joint ventures within Equity at December 31, 2013. During the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, the Partnership recorded equity income of $21, $5, $15 and $12 million, respectively, and received dividends of $14, $6, $5 and $11 million, respectively, from its investments in corporate joint ventures.

9. Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of consideration transferred plus the fair value of noncontrolling interests of an acquired business over the fair value of net assets acquired. Goodwill is subject to impairment testing at least annually. The Partnership's goodwill balance at December 31, 2013 and 2012 was $1,346 and $1,368 million, respectively. The decrease in the Partnership's goodwill balance related to adjustments made during the measurement period to the fair values of the Partnership's assets and liabilities resulting from the application of push-down accounting in connection with the acquisition of the general partner by ETP (Note 1).

Identifiable Intangible Assets

The Partnership's identifiable intangible assets are comprised of customer relationships, which consist of throughput contracts and historical shipping rights, and patented technology associated with the Partnership's butane blending services. The values assigned to these intangible assets are amortized to earnings using a straight-line approach, over a weighted average amortization period of approximately 17 years. Amortization expense related to these intangibles was $49, $12, $20 and $15 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively.

Customer relationship intangible assets represent the estimated economic value assigned to certain relationships acquired in connection with business combinations or asset purchases whereby (i) the Partnership acquired information about or access to customers, (ii) the customers now have the ability to transact business with the Partnership and (iii) the Partnership is positioned due to limited competition to provide products or services to the customers. The customer relationship intangible assets are amortized on a straight-line basis over their respective economic lives. Technology-related intangible assets consist of the Partnership's patents for blending of butane into refined products. These patents are amortized over their remaining legal lives.

		Successor	
		December 31,	
	Weighted Average Amortization Period	2013	2012
	(in years)	(in millions)	
Gross			
Customer relationships	18	$ 808	$ 808
Technology	10	47	47
Total gross		855	855
Accumulated amortization			
Customer relationships		(56)	(11)
Technology		(5)	(1)
Total accumulated amortization		(61)	(12)
Total Net		$ 794	$ 843

As of December 31, 2013, the Partnership forecasts $49 million of annual amortization expense for each year through the year 2018 for these intangible assets.

Intangible assets attributable to rights of way are included in properties, plants and equipment in the Partnership's consolidated balance sheets at December 31, 2013 and December 31, 2012.

10. Debt

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

	Successor December 31, 2013	Successor December 31, 2012
	(in millions)	
Credit Facilities		
$1.50 billion Credit Facility, due November 2018	$ 200	$ —
$350 million Credit Facility, terminated November 2013 [1]	—	93
$200 million Credit Facility, terminated November 2013 [1]	—	26
$35 million Credit Facility, due April 2015	35	20
Senior Notes		
Senior Notes - 8.75%, due February 2014 [2]	175	175
Senior Notes - 6.125%, due May 2016	175	175
Senior Notes - 5.50%, due February 2020	250	250
Senior Notes - 4.65%, due February 2022	300	300
Senior Notes - 3.45%, due January 2023	350	—
Senior Notes - 6.85%, due February 2040	250	250
Senior Notes - 6.10%, due February 2042	300	300
Senior Notes - 4.95%, due January 2043	350	—
Unamortized fair value adjustments (Note 1)	120	143
Total debt	2,505	1,732
Less:		
Unamortized bond discount	(2)	—
Current portion of long-term debt [1] [2]	—	—
Long-term debt	$ 2,503	$ 1,732

[1] Amounts outstanding under the Partnership's credit facilities at December 31, 2012 were classified as long-term debt as the Partnership repaid such borrowings with proceeds from the January 2013 senior notes offering.

[2] The 8.75 percent Senior Notes were classified as long-term debt at December 31, 2013 as the Partnership repaid these notes in February 2014 with borrowings under its $1.50 billion Credit Facility due in 2018.

The aggregate amount of long-term debt maturities is as follows:

Year Ended December 31,	(in millions)
2014	$ 175
2015	35
2016	175
2017	—
2018	200
Thereafter	1,800
Total	$ 2,385

Cash payments for interest related to long-term debt, net of capitalized interest (Note 2), were $83, $2, $87 and $73 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively.

Credit Facilities

In November 2013, the Partnership replaced its existing $550 million of credit facilities with a new $1.50 billion unsecured credit facility (the "$1.50 billion Credit Facility"). The $1.50 billion Credit Facility contains an "accordion" feature, under which the total aggregate commitment may be extended to $2.25 billion under certain conditions. The prior credit facilities consisted of a five-year $350 million credit facility and a 364-day $200 million credit facility. Outstanding borrowings under these credit facilities of $119 million at December 31, 2012 were repaid during the first quarter 2013.

The $1.50 billion Credit Facility, which matures in November 2018, is available to fund the Operating Partnership's working capital requirements, to finance acquisitions and capital projects, to pay distributions and for general partnership purposes. The $1.50 billion Credit Facility bears interest at LIBOR or the Base Rate (as defined in the facility), each plus an applicable margin. The credit facility may be prepaid at any time. Outstanding borrowings under this credit facility were $200 million at December 31, 2013.

The $1.50 billion Credit Facility various covenants, including limitations on the creation of indebtedness and liens, and other covenants related to the operation and conduct of the business of the Partnership and its subsidiaries. The credit facility also limits the Partnership, on a rolling four-quarter basis, to a maximum total consolidated debt to consolidated Adjusted EBITDA ratio, as defined in the underlying credit agreement, of 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. The Partnership's ratio of total consolidated debt, excluding net unamortized fair value adjustments, to consolidated Adjusted EBITDA was 2.8 to 1 at December 31, 2013, as calculated in accordance with the credit agreements.

In May 2012, West Texas Gulf entered into a $35 million revolving credit facility (the "$35 million Credit Facility") which expires in April 2015. The facility is available to fund West Texas Gulf's general corporate purposes including working capital and capital expenditures. The credit facility also limits West Texas Gulf, on a rolling four-quarter basis, to a minimum fixed charge coverage ratio, as defined in the underlying credit agreement. The ratio for the fiscal quarter ending December 31, 2013 shall not be less than 1.00 to 1. In addition, the credit facility limits West Texas Gulf to a maximum leverage ratio of 2.00 to 1. West Texas Gulf's fixed charge coverage ratio and leverage ratio were 1.12 to 1 and 0.88 to 1, respectively, at December 31, 2013. Outstanding borrowings under this credit facility were $35 and $20 million at December 31, 2013 and 2012, respectively.

Senior Notes

The Operating Partnership had $250 million of 7.25 percent Senior Notes which matured and were repaid in February 2012. In addition, the Partnership's $175 million of 8.75 percent Senior Notes outstanding as of December 31, 2013 matured and were repaid in February 2014 with borrowings under the $1.50 billion Credit Facility.

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

In July 2011, the Operating Partnership issued $300 million of 4.65 percent Senior Notes and $300 million of 6.10 percent Senior Notes (the "2022 and 2042 Senior Notes"), due February 2022 and February 2042, respectively. The net proceeds of $595 million from the 2022 and 2042 Senior Notes were used to pay down outstanding borrowings under the prior credit facilities, which were used to fund the acquisitions of a controlling financial interest in Inland and the Texon crude oil acquisition and marketing business, and for general partnership purposes.

Promissory Note, Affiliated Companies

During the fourth quarter 2011, the Partnership repaid in full a $100 million subordinated variable-rate promissory note to Sunoco. The note was entered into in July 2010 to fund a portion of the purchase price of the July 2010 acquisition of the Partnership's butane blending business and was due in May 2013.

Debt Guarantee

The Partnership currently serves as guarantor of the senior notes and of any obligations under the $1.50 billion Credit Facility. This guarantee is full and unconditional. See Note 20 for supplemental condensed consolidating financial information.

11. Commitments and Contingent Liabilities

Total rental expense for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011 amounted to $12, $3, $8, and $10 million, respectively. The Partnership, as lessee, has non-cancelable operating leases for office space and equipment for which the aggregate amount of future minimum annual rentals as of December 31, 2013 is as follows:

Year Ended December 31,	(in millions)
2014	$ 6
2015	6
2016	4
2017	3
2018	—
Thereafter	1
Total	$ 20

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, 2013 and 2012, there were accrued liabilities for environmental remediation in the consolidated balance sheets of $5 and $3 million, respectively. The accrued liabilities for environmental remediation do not include any amounts attributable to unasserted claims, since there are no unasserted claims that are probable of settlement or reasonably estimable, nor have any recoveries from insurance been assumed. Charges against income for environmental remediation totaled $10, $1, $6, and $5 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. The Partnership maintains insurance programs that cover certain of its existing or potential environmental liabilities. Claims for recovery of environmental liabilities and previous expenditures that are probable of realization were not material in relation to the Partnership's consolidated financial position at December 31, 2013 and 2012.

Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites; the determination of the extent of the contamination at each site; the timing and nature of required remedial actions; the technology available and needed to meet the various existing legal requirements; the nature and extent of future environmental laws, inflation rates and the determination of the Partnership's liability at multi-party sites, if any, in light of uncertainties with respect to joint and several liability; and the number, participation levels and financial viability of other parties. Management believes it is reasonably possible that additional environmental remediation losses will be incurred. At December 31, 2013, the aggregate of the estimated maximum additional reasonably possible losses, which relate to numerous individual sites, totaled $3 million.

The Partnership is a party to certain pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, nor can a range of reasonably possible losses be determined, it is reasonably possible that some portion of them could be resolved unfavorably to the Partnership. 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 Partnership's results of operations, financial position or cash flows at December 31, 2013. 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 financial position, results of operations or cash flows.

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

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

Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the Partnership's financial position, results of operations or cash flows at December 31, 2013.

12. Equity Offerings

In July 2011, the Partnership issued 3.9 million Class A units to Sunoco in connection with the acquisition of the Eagle Point tank farm and related assets. These deferred distribution units represented a new class of units that were converted to common units in July 2012. Prior to their conversion, the Class A units participated in the allocation of net income on a pro-rata basis with the common units. In accordance with applicable accounting guidance, the Partnership recorded the Class A units at $20 million, the difference between Sunoco's historical carrying value of the assets acquired and the cash paid by the Partnership. In connection with this transaction, the general partner contributed $2 million to the Partnership to maintain its two percent general partner interest.

Subsequent to its filing of the 2013 Form 10-K in February 2014, the Partnership filed a registration statement with the intention of establishing an at-the-market equity offering program. The program is subject to regulatory approval and would allow the Partnership to issue common units directly to the public and raise capital in a timely and efficient manner to support its growth capital program, while supporting the Partnership's investment-grade credit ratings.

13. 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.

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

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

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner	Unitholders
Minimum Quarterly Distribution	$0.1500	2%	98%
First Target Distribution	up to $0.1667	2%	98%
Second Target Distribution	above $0.1667 up to $0.1917	15% (1)	85%
Third Target Distribution	above $0.1917 up to $0.5275	37% (1)	63%
Thereafter	above $0.5275	50% (1)	50%

(1) Includes two percent general partner interest.

Distributions paid by the Partnership for the periods presented were as follows:

Cash Distribution Payment Date	Cash Distribution per Limited Partner Unit	Annualized Cash Distribution per Limited Partner Unit	Total Cash Distribution to the Limited Partners	Total Cash Distribution to the General Partner
			(in millions)	(in millions)
Successor				
November 14, 2013	$ 0.6300	$ 2.5200	$ 65	$ 32
August 14, 2013	$ 0.6000	$ 2.4000	$ 62	$ 29
May 15, 2013	$ 0.5725	$ 2.2900	$ 59	$ 26
February 14, 2013	$ 0.5450	$ 2.1800	$ 57	$ 23
November 14, 2012	$ 0.5175	$ 2.0700	$ 54	$ 20
Predecessor				
August 14, 2012	$ 0.4700	$ 1.8800	$ 49	$ 17
May 15, 2012	$ 0.4275	$ 1.7100	$ 43	$ 14
February 14, 2012	$ 0.4200	$ 1.6800	$ 41	$ 14
November 14, 2011	$ 0.4133	$ 1.6532	$ 41	$ 13
August 12, 2011	$ 0.4050	$ 1.6200	$ 40	$ 13
May 13, 2011	$ 0.3983	$ 1.5932	$ 40	$ 12
February 14, 2011	$ 0.3933	$ 1.5732	$ 39	$ 12

On January 29, 2014, the Partnership declared a cash distribution of $0.6625 per unit ($2.65 per unit annualized) on its outstanding common units, representing the distribution for the quarter ended December 31, 2013. The $104 million distribution, including $35 million to the general partner, was paid on February 14, 2014 to unitholders of record at the close of business on February 10, 2014.

14. 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 general partner's board of directors with respect to awards granted to the independent directors. The LTIP currently permits the grant of restricted units and unit options covering an additional 0.6 million 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. Such grants may include requirements related to 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, at its discretion, may grant tandem distribution equivalent rights ("DERs") related 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. All units granted during the periods presented below included tandem DERs. Restricted unit awards granted prior to October 4, 2012 were primarily performance-based. These awards are subject to the Partnership achieving certain market-based and cash distribution performance targets as compared to a peer group average or certain cash distribution performance targets as defined by the Compensation Committee, which can cause the actual amount of units that ultimately vest to range between 0 to 200 percent of the original units granted. These awards generally vest over a three-year period. Restricted unit awards granted subsequent to

October 5, 2012 are time-vested grants, the vesting of which is conditioned solely upon continued employment or service as of the applicable vesting date. Such awards generally vest over a five-year period.

The following table summarizes information regarding restricted unit award activity for the periods presented:

	Number of Units	Weighted Average Grant Date Fair Value
Predecessor		
Granted, non-vested and outstanding, December 31, 2010	444,093	$ 22.59
Granted [1]	189,714	$ 31.13
Performance factor adjustment	184,113	$ 19.88
Vested	(413,934)	$ 20.05
Cancelled/forfeited	(23,010)	$ 27.66
Granted, non-vested and outstanding, December 31, 2011	380,976	$ 27.86
Granted [1]	192,459	$ 35.92
Performance factor adjustment	137,941	$ 25.24
Vested	(47,916)	$ 30.16
Cancelled/forfeited	(20,409)	$ 31.47
Granted, non-vested and outstanding, October 4, 2012	643,051	$ 29.42
Successor		
Granted, non-vested and outstanding, October 5, 2012	643,051	$ 29.42
Granted	128,573	$ 50.55
Performance factor adjustment	12,554	$ 31.51
Vested [2]	(356,568)	$ 25.67
Cancelled/forfeited	—	$ —
Granted, non-vested and outstanding, December 31, 2012	427,610	$ 38.96
Granted	429,123	$ 60.01
Performance factor adjustment	101,310	$ 31.51
Vested	(281,834)	$ 36.66
Cancelled/forfeited	(36,628)	$ 48.38
Granted, non-vested and outstanding, December 31, 2013	639,581	$ 52.37

(1) Of the total number of restricted units granted, the portion that represents units that are subject to performance factors may ultimately be issued at 0 to 200 percent of the original grant, based on the Partnership's achievement of performance goals for total shareholder return and cash distributions relative to a selected peer group of competitors.

(2) Relates primarily to awards that vested as a result of the acquisition of the general partner by ETP (Note 1). The unit-based compensation expense attributable to these awards that was recognized during the period from October 5, 2012 to December 31, 2012 was not material as the majority of such awards were scheduled to vest in December 2012.

The total fair value of restricted unit awards vested for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011 was $21, $18, $2, and $18 million, respectively. As of December 31, 2013, estimated compensation cost related to non-vested awards not yet recognized was $21 million, and the weighted average period over which this cost is expected to be recognized in expense is 2.8 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 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 of the restricted units subject to the cash distribution performance targets was determined using the grant date market price of the Partnership's common units, subject to a performance factor adjustment over the course of the vesting. For performance-based awards subject to market-based performance targets, the fair value was determined using a Monte Carlo simulation. The fair value of the Partnership's time-vested awards is based on the grant-date market price of the Partnership's common units.

The Partnership recognizes compensation expense on a straight-line basis over the requisite service period, and estimates forfeitures over the requisite service period when recognizing compensation expense.

The following table summarizes the fair value assumptions associated with the performance-based awards issued during the periods presented. The awards granted subsequent to October 5, 2012 were not performance based awards.

	Predecessor	
	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
Expected unit-price volatility	22.8%	24.6%
Distribution yield	4.6%	5.4%
Risk-free interest rate	0.3%	1.0%
Weighted average fair value of performance units granted during the year	$ 34.94	$ 31.51

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

Based on the unit grants and performance factor adjustments outlined in the table above, the Partnership recognized unit-based compensation expense related to the LTIP within selling, general and administrative expenses in the consolidated statements of comprehensive income of $14, $2, $6, and $6 million for the year ended December 31, 2013, the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively. The tandem DERs associated with the restricted unit grants are recognized as a reduction of equity when earned.

15. Derivatives and Risk Management

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

Price Risk Management

The Partnership is exposed to risks associated with changes in the market price of crude oil, refined products and NGLs as a result of the forecasted purchase or sale of these products. These risks are primarily associated with price volatility related to preexisting or anticipated purchases, sales and storage. Price changes are often caused by shifts in the supply and demand for these commodities, as well as their locations. The physical contracts related to the Partnership's crude oil, refined products and NGL businesses that qualify as derivatives have been designated as normal purchases and sales and are accounted for using accrual accounting under GAAP. The Partnership accounts for derivatives that do not qualify as normal purchases and sales at fair value. The Partnership currently does not utilize derivative instruments to manage its exposure to prices related to crude oil purchase and sale activities.

The Partnership utilizes derivatives such as swaps, futures and other derivative instruments to mitigate the risk associated with market movements in the price of refined products and NGLs. These derivative contracts act as a hedging mechanism against the volatility of prices by allowing the Partnership to transfer this price risk to counterparties who are able and willing to bear it. Since the first quarter 2013, the Partnership has not designated any of its derivative contracts as hedges for accounting purposes. Therefore, all realized and unrealized gains and losses from these derivative contracts are recognized in the consolidated statement of comprehensive income during the current period. For refined products derivative contracts that were designated and qualified as cash flow hedges prior to the first quarter 2013, the portion of the gain or loss on the derivative contract that was effective in offsetting the variable cash flows associated with the hedged forecasted transaction was reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affected earnings. The remaining gain or loss on the derivative contract in excess of the cumulative change in the present value of future cash flows of the hedged item, if any (i.e., the ineffective portion), was recognized in earnings during the current period. The amount of hedge ineffectiveness on derivative contracts was not material during 2013, 2012 or 2011. All realized gains and losses associated with refined products derivative contracts are recorded in earnings in the same line item associated with the forecasted transaction, either sales and other operating revenue or cost of products sold.

The Partnership had open derivative positions on 1.6 million barrels of refined products and NGLs at December 31, 2013 and 1.5 million barrels of refined products at December 31, 2012. The derivatives outstanding at December 31, 2013 vary in duration but do not extend beyond one year. The Partnership records its derivatives at fair value based on observable market prices (levels 1 and 2). As of December 31, 2013 and 2012, the fair values of the Partnership's derivative assets and liabilities were:

	Successor	
	December 31,	
	2013	2012
	(in millions)	
Derivative assets	$ 1	$ 4
Derivative liabilities	(3)	(7)
	$ (2)	$ (3)

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

The Partnership's derivative positions are comprised primarily of commodity contracts. The following table sets forth the impact of derivatives on the Partnership's results of operations for the periods presented:

	Gains (Losses) Recognized in Other Comprehensive Income (Loss)	Gains (Losses) Recognized in Earnings	Location of Gains (Losses) Recognized in Earnings
	(in millions)		
Successor			
Year Ended December 31, 2013			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	$ —	$ (1)	Sales and other operating revenue
Commodity contracts	—	—	Cost of products sold
	$ —	$ (1)	
Derivatives not designated as hedging instruments:			
Commodity contracts		$ (7)	Sales and other operating revenue
Commodity contracts		1	Cost of products sold
		$ (6)	
Period from Acquisition (October 5, 2012) to December 31, 2012 (1)			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	$ —	$ (1)	Sales and other operating revenue
Commodity contracts	—	—	Cost of products sold
	$ —	$ (1)	
Derivatives not designated as hedging instruments:			
Commodity contracts		$ —	Sales and other operating revenue
Commodity contracts		12	Cost of products sold
		$ 12	
Predecessor			
Period from January 1, 2012 to October 4, 2012			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	$ (21)	$ (3)	Sales and other operating revenue
Commodity contracts	—	1	Cost of products sold
	$ (21)	$ (2)	
Derivatives not designated as hedging instruments:			
Commodity contracts		$ (7)	Sales and other operating revenue
Commodity contracts		(4)	Cost of products sold
		$ (11)	
Year Ended December 31, 2011			
Derivatives designated as cash flow hedging instruments:			
Commodity contracts	$ 4	$ (1)	Sales and other operating revenue
Commodity contracts	—	2	Cost of products sold
	$ 4	$ 1	
Derivatives not designated as hedging instruments:			
Commodity contracts		$ 6	Sales and other operating revenue
Commodity contracts		(1)	Cost of products sold
		$ 5	

(1) The Partnership had deferred hedging losses of approximately $17 million in the accumulated other comprehensive loss component of equity prior to the acquisition of the general partner by ETP. These deferred losses were eliminated in connection with the adjustment of the Partnership's assets and liabilities to fair value (Note 1). In addition, the Partnership did not re-designate its cash flow hedging derivatives which were open on the acquisition date. The Partnership's earnings for the period from October 5, 2012 to December 31, 2012 included approximately $12 million of hedging gains resulting from the elimination of the deferred hedging losses of such positions and the non-hedge designation subsequent to the acquisition date.

Credit Risk Management

The Partnership maintains credit policies with regard to its counterparties that management believes minimize the overall credit risk through credit analysis, credit approvals, credit limits and monitoring procedures. The Partnership's counterparties consist primarily of financial institutions and major integrated oil companies. This concentration of counterparties may impact the Partnership's overall exposure to credit risk, either positively or negatively, as the counterparties may be similarly affected by changes in economic, regulatory or other conditions. At December 31, 2013 and 2012, the Partnership did not hold any over-the-counter derivatives.

Interest Rate Risk Management

The Partnership has interest rate risk exposure for changes in interest rates related to its outstanding borrowings. The Partnership manages its exposure to changes in interest rates through the use of a combination of fixed-rate and variable-rate debt. At December 31, 2013, the Partnership had $235 million of consolidated variable-rate borrowings under its revolving credit facilities.

16. Fair Value Measurements

The estimated fair value of the Partnership's financial instruments has been determined based on management's assessment of available market information and appropriate valuation methodologies. The Partnership's current assets (other than derivatives and inventories) and current liabilities (other than derivatives) are financial instruments and most of these items are recorded at cost in the consolidated balance sheets. The estimated fair value of these financial instruments approximates their carrying value due to their short-term nature. The Partnership's derivatives are measured and recorded at fair value based on observable market prices. The estimated fair value of the Partnership's senior notes is determined using observable market prices, as these notes are actively traded (level 1). The estimated aggregate fair value of the senior notes at December 31, 2013 was $2.17 billion, compared to the carrying amount of $2.27 billion. The estimated aggregate fair value of the senior notes at December 31, 2012 was $1.64 billion, compared to the carrying amount of $1.59 billion.

For further information regarding the Partnership's fair value measurements, see Notes 1, 2 and 15.

17. Concentration of Credit Risk

The Partnership's 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 as the customers may be similarly affected by changes in economic, regulatory or other factors. The Partnership maintains credit policies with regard to its counterparties that management believes minimize the overall credit risk through credit analysis, credit approvals, credit limits and monitoring procedures. The credit positions of the Partnership's customers are analyzed prior to the extension of credit and periodically after it has been extended. For certain transactions, the Partnership may utilize letters of credit, prepayments and guarantees.

In 2013 and 2012, approximately 15 and 18 percent of the Partnership's total revenues, respectively, were derived from crude oil sales to an individual customer. While this concentration has the ability to negatively impact revenues going forward, management does not anticipate a material adverse effect in the Partnership's financial position, results of operations or cash flows as the absolute price levels for crude oil normally do not bear a relationship to gross profit. In addition, the customer is subject to netting arrangements which allow the Partnership to offset payable activities and mitigate credit exposure.

18. Business Segment Information

The Partnership operates in more than 30 states throughout the United States and in four principal business segments: Crude Oil Pipelines, Crude Oil Acquisition and Marketing, Terminal Facilities and Refined Products Pipelines.

- The *Crude Oil Pipelines* segment transports crude oil principally in Oklahoma and Texas. The segment consists of approximately 4,900 miles of crude oil trunk pipelines and approximately 500 miles of crude oil gathering lines that supply the trunk pipelines. The pipelines receive fees for transporting crude oil to and from trading hubs, other pipelines and refineries in the southwest and midwest United States. The segment also includes a joint venture interest in a crude oil pipeline company in Texas, which is expected to be operational in 2015.
- The *Crude Oil Acquisition and Marketing* segment gathers, purchases, markets and sells crude oil principally in the mid-continent United States. The segment consists of approximately 300 crude oil transport trucks and approximately 130 crude oil truck unloading facilities.
- The *Terminal Facilities* segment consists of 39 active refined products terminals with an aggregate storage capacity of 8 million barrels, which provide storage, terminalling, blending and other ancillary services and are primarily sourced by the Refined Products Pipelines; the Nederland Terminal, a 22 million barrel marine crude oil terminal on the Texas

Gulf Coast; a 2 million barrel refined product and NGL terminal near Philadelphia, Pennsylvania; one inland and two marine crude oil terminals with a combined capacity of 3 million barrels, and related pipelines, which serve the Philadelphia refinery; the Eagle Point Terminal, a 5 million barrel refined products and crude oil terminal and dock facility; the 5 million barrel Marcus Hook, Pennsylvania refined products and NGL facility; and a 1 million barrel liquefied petroleum gas terminal near Detroit, Michigan. The terminals receive fees for the terminalling, blending and other services provided.

- The *Refined Products Pipelines* segment consists of approximately 2,500 miles of refined products and NGL pipelines, and joint venture interests in four refined products pipelines in selected areas of the United States. The pipelines receive fees for transporting products from refineries to markets in the northeast, midwest and southwest United States, and from processing and fractionating areas to the Sarnia, Ontario petrochemical market.

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

The following table sets forth consolidated statement of comprehensive income information concerning the Partnership's business segments and reconciles total segment Adjusted EBITDA to net income attributable to SXL for the periods presented:

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
	(in millions)		(in millions)	
Sales and other operating revenue [1]				
Crude Oil Pipelines	$ 495	$ 110	$ 288	$ 319
Crude Oil Acquisition and Marketing	15,518	2,888	9,258	10,163
Terminal Facilities	751	206	406	435
Refined Products Pipelines	130	35	96	130
Intersegment eliminations	(255)	(50)	(127)	(142)
Total sales and other operating revenue	$ 16,639	$ 3,189	$ 9,921	$ 10,905
Depreciation and amortization				
Crude Oil Pipelines	$ 90	$ 22	$ 19	$ 25
Crude Oil Acquisition and Marketing	49	11	16	10
Terminal Facilities	101	23	28	34
Refined Products Pipelines	25	7	13	17
Total depreciation and amortization	$ 265	$ 63	$ 76	$ 86
Impairment charge and related matters [2] [3]				
Crude Oil Acquisition and Marketing	$ —	$ —	$ 8	$ —
Terminal Facilities	—	—	(10)	42
Refined Products Pipelines	—	—	1	—
Total impairment charge and related matters	$ —	$ —	$ (1)	$ 42
Capital expenditures [4]				
Crude Oil Pipelines	$ 190	$ 65	$ 56	$ 49
Crude Oil Acquisition and Marketing	25	1	15	15
Terminal Facilities	252	45	138	121
Refined Products Pipelines	533	26	24	23
Corporate	18	2	2	5
Total capital expenditures	$ 1,018	$ 139	$ 235	$ 213
Adjusted EBITDA				
Crude Oil Pipelines	$ 349	$ 72	$ 203	$ 207
Crude Oil Acquisition and Marketing	233	81	158	148
Terminal Facilities	233	52	173	149
Refined Products Pipelines	56	14	57	69
Total Adjusted EBITDA	871	219	591	573
Interest expense, net	(77)	(14)	(65)	(89)
Depreciation and amortization expense	(265)	(63)	(76)	(86)
Impairment charge	—	—	(9)	(31)
Provision for income taxes	(30)	(8)	(24)	(25)
Non-cash compensation expense	(14)	(2)	(6)	(6)
Unrealized losses/(gains) on commodity risk management activities	1	3	(6)	2
Amortization of excess equity method investment	(2)	—	—	—
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	(20)	(5)	(16)	(16)
Non-cash accrued liability adjustment	10	—	—	—
Adjustments to commodity hedges resulting from "push-down" accounting	—	12	—	—
Net Income [5]	474	142	389	322
Net Income attributable to noncontrolling interests	11	3	8	9
Net Income attributable to Sunoco Logistics Partners L.P.	$ 463	$ 139	$ 381	$ 313

[1] Sales and other operating revenue for the periods presented includes the following amounts from ETP and its affiliates:

	Successor		Predecessor	
	Year Ended December 31, 2013	Period from Acquisition (October 5, 2012) to December 31, 2012	Period from January 1, 2012 to October 4, 2012	Year Ended December 31, 2011
	(in millions)		(in millions)	
Crude Oil Pipelines	$ —	$ —	$ —	$ 6
Crude Oil Acquisition and Marketing	1,394	139	307	247
Terminal Facilities	139	50	118	115
Refined Products Pipelines	33	11	36	64
Total sales and other operating revenue	$ 1,566	$ 200	$ 461	$ 432

(2) In the first quarter 2012, the Partnership recognized a non-cash impairment charge related to a cancelled software project for the crude oil acquisition and marketing business and a refined products pipeline project in Texas. The impairment was recorded as $8 and $1 million within the Crude Oil Acquisition and Marketing and Refined Products Pipelines segments, respectively.

(3) In 2011, the Partnership recognized a charge of $42 million for certain crude oil terminal assets which would have been negatively impacted if Sunoco's Philadelphia refinery were permanently idled. The charge included a $31 million non-cash impairment for asset write-downs at the Fort Mifflin Terminal Complex and $11 million for regulatory obligations which would have been incurred if these assets were permanently idled. In the second quarter 2012, the Partnership recognized a $10 million gain on the reversal of certain regulatory obligations. Such expenses were no longer expected to be incurred as the Philadelphia refinery will continue to operate in connection with Sunoco's joint venture with The Carlyle Group.

(4) Total capital expenditures in 2013 exclude $60 million for the acquisition of the Marcus Hook Facility. Total capital expenditures in 2011 exclude $396 million for the acquisition of a crude oil and marketing business, a refined products terminal, an interest in the Inland refined products pipeline system and the Eagle Point tank farm.

(5) Net income includes $20, $5, $14, and $12 million for the year ended December 31, 2013, for the periods from October 5, 2012 to December 31, 2012 and from January 1, 2012 to October 4, 2012, and for the year ended December 31, 2011, respectively, of equity income attributable to the Refined Products Pipelines equity ownership interest in joint ventures.

The following table provides consolidated balance sheet information concerning the Partnership's business segments as of December 31, 2013, 2012 and 2011, respectively:

	Crude Oil Pipelines	Crude Oil Acquisition and Marketing	Terminal Facilities	Refined Products Pipelines	Total
			(in millions)		
Successor					
As of December 31, 2013					
Investment in affiliates	$ 3	$ —	$ —	$ 122	$ 125
Goodwill	$ 200	$ 545	$ 601	$ —	$ 1,346
Identifiable assets [(1)]	$ 3,321	$ 3,863	$ 2,701	$ 1,684	$ 11,897
As of December 31, 2012					
Investment in affiliates	$ —	$ —	$ —	$ 118	$ 118
Goodwill	$ 200	$ 545	$ 623	$ —	$ 1,368
Identifiable assets [(2)]	$ 3,167	$ 3,495	$ 2,402	$ 1,198	$ 10,361
Predecessor					
As of December 31, 2011					
Investment in affiliates	$ —	$ —	$ —	$ 73	$ 73
Goodwill	$ 2	$ 14	$ 53	$ 8	$ 77
Identifiable assets [(3)]	$ 1,055	$ 2,469	$ 1,053	$ 736	$ 5,477

(1) Total identifiable assets include the Partnership's unallocated $12 million cash and cash equivalents, $239 million advances to affiliates, $66 million to properties, plants and equipment, net and $11 million of other assets.

(2) Total identifiable assets include the Partnership's unallocated $2 million cash and cash equivalents, $56 million advances to affiliates, $40 million to properties, plants and equipment, net and $1 million of other assets.

(3) Total identifiable assets include the Partnership's unallocated $2 million cash and cash equivalents, $107 million advances to affiliates, $15 million deferred financing costs, and $40 million to properties, plants and equipment, net.

19. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data is as follows:

	Successor			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter [1]
	(in millions, except per unit amounts)			
2013				
Sales and other operating revenue:				
Unaffiliated customers	$ 3,098	$ 3,948	$ 4,120	$ 3,907
Affiliates	$ 414	$ 363	$ 408	$ 381
Gross profit [2]	$ 262	$ 263	$ 205	$ 218
Operating income	$ 165	$ 165	$ 104	$ 126
Net Income	$ 142	$ 146	$ 81	$ 105
Net Income attributable to noncontrolling interests	2	3	3	3
Net Income attributable to Sunoco Logistics Partners L.P.	$ 140	$ 143	$ 78	$ 102
Less: General Partner's interest	(27)	(30)	(31)	(36)
Limited Partners' interest	$ 113	$ 113	$ 47	$ 66
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit—basic	$ 1.09	$ 1.09	$ 0.45	$ 0.64
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit—diluted	$ 1.09	$ 1.08	$ 0.45	$ 0.63

	Predecessor			Successor
	First Quarter	Second Quarter	Third Quarter	Period from Acquisition (October 5, 2012) to December 31, 2012
	(in millions, except per unit amounts)			(in millions, except per unit amounts)
2012				
Sales and other operating revenue:				
Unaffiliated customers	$ 3,275	$ 3,119	$ 3,066	$ 2,989
Affiliates	$ 126	$ 194	$ 141	$ 200
Gross profit [2]	$ 176	$ 224	$ 210	$ 256
Operating income [3]	$ 127	$ 179	$ 154	$ 159
Net Income [4] [5]	$ 97	$ 155	$ 137	$ 142
Net Income attributable to noncontrolling interests	2	3	3	3
Net Income attributable to Sunoco Logistics Partners L.P.	$ 95	$ 152	$ 134	$ 139
Less: General Partner's interest	(15)	(19)	(21)	(24)
Limited Partners' interest	$ 80	$ 133	$ 113	$ 115
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit—basic	$ 0.77	$ 1.29	$ 1.09	$ 1.11
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit—diluted	$ 0.77	$ 1.28	$ 1.09	$ 1.10

(1) During the fourth quarter 2013, the Partnership recognized a gain of $10 million on a non-cash accrued liability adjustment.

(2) Gross profit equals sales and other operating revenue less cost of products sold and operating expenses.

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

(4) Net income for the first quarter 2012 includes an $11 million gain for cash payments received for the cancellation of existing throughput and deficiency agreements in connection with the Partnership's sale of refined products terminal and pipeline assets in Big Sandy, Texas, and a $9 million non-cash impairment charge related to a cancelled software project for the crude oil acquisition and marketing business and a refined products pipeline project in Texas.

(5) Net income for the second quarter 2012 includes a $10 million gain on the reversal of certain regulatory obligations. Such expenses were no longer expected to be incurred as the Philadelphia refinery will continue to operate in connection with Sunoco's joint venture with The Carlyle Group.

20. Supplemental Condensed Consolidating Financial Information

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

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

Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2013 (Successor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 15,073	$ —	$ 15,073
Affiliates	—	—	1,566	—	1,566
Total Revenues	—	—	16,639	—	16,639
Costs and Expenses					
Cost of products sold	—	—	15,574	—	15,574
Operating expenses	—	—	117	—	117
Selling, general and administrative expenses	—	—	123	—	123
Depreciation and amortization expense	—	—	265	—	265
Total Costs and Expenses	—	—	16,079	—	16,079
Operating Income	—	—	560	—	560
Net interest income (cost) to affiliates	—	3	(4)	—	(1)
Other interest cost and debt expense, net	—	(96)	(1)	—	(97)
Capitalized interest	—	21	—	—	21
Other income	—	—	21	—	21
Equity in earnings of subsidiaries	463	535	—	(998)	—
Income (Loss) Before Provision for Income Taxes	463	463	576	(998)	504
Provision for income taxes	—	—	(30)	—	(30)
Net Income (Loss)	463	463	546	(998)	474
Net Income attributable to noncontrolling interests	—	—	(11)	—	(11)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 463	$ 463	$ 535	$ (998)	$ 463
Net Income (Loss)	$ 463	$ 463	$ 546	$ (998)	$ 474
Gain (loss) on cash flow hedges	—	—	—	—	—
Other Comprehensive Income (Loss)	—	—	—	—	—
Comprehensive Income (Loss)	463	463	546	(998)	474
Less: Comprehensive income attributable to noncontrolling interests	—	—	(11)	—	(11)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 463	$ 463	$ 535	$ (998)	$ 463

Consolidating Statement of Comprehensive Income (Loss)
Period from October 5, 2012 to December 31, 2012 (Successor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 2,989	$ —	$ 2,989
Affiliates	—	—	200	—	200
Total Revenues	—	—	3,189	—	3,189
Costs and Expenses					
Cost of products sold	—	—	2,885	—	2,885
Operating expenses	—	—	48	—	48
Selling, general and administrative expenses	—	—	34	—	34
Depreciation and amortization expense	—	—	63	—	63
Total Costs and Expenses	—	—	3,030	—	3,030
Operating Income	—	—	159	—	159
Net interest income (cost) to affiliates	—	1	(1)	—	—
Other interest cost and debt expense, net	—	(18)	—	—	(18)
Capitalized interest	—	4	—	—	4
Other income	—	—	5	—	5
Equity in earnings of subsidiaries	139	152	—	(291)	—
Income (Loss) Before Provision for Income Taxes	139	139	163	(291)	150
Provision for income taxes	—	—	(8)	—	(8)
Net Income (Loss)	139	139	155	(291)	142
Net Income attributable to noncontrolling interests	—	—	(3)	—	(3)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 139	$ 139	$ 152	$ (291)	$ 139
Net Income (Loss)	$ 139	$ 139	$ 155	$ (291)	$ 142
Gain (loss) on cash flow hedges	—	—	—	—	—
Other Comprehensive Income (Loss)	—	—	—	—	—
Comprehensive Income (Loss)	139	139	155	(291)	142
Less: Comprehensive income attributable to noncontrolling interests	—	—	(3)	—	(3)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 139	$ 139	$ 152	$ (291)	$ 139

Consolidating Statement of Comprehensive Income (Loss)
Period from January 1, 2012 to October 4, 2012 (Predecessor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 9,460	$ —	$ 9,460
Affiliates	—	—	461	—	461
Gain on divestment and related matters	—	—	11	—	11
Total Revenues	—	—	9,932	—	9,932
Costs and Expenses					
Cost of products sold	—	—	9,214	—	9,214
Operating expenses	—	—	97	—	97
Selling, general and administrative expenses	—	—	86	—	86
Depreciation and amortization expense	—	—	76	—	76
Impairment charge and related matters	—	—	(1)	—	(1)
Total Costs and Expenses	—	—	9,472	—	9,472
Operating Income	—	—	460	—	460
Other interest cost and debt expense, net	—	(70)	(3)	—	(73)
Capitalized interest	—	8	—	—	8
Other income	—	—	18	—	18
Equity in earnings of subsidiaries	381	443	—	(824)	—
Income (Loss) Before Provision for Income Taxes	381	381	475	(824)	413
Provision for income taxes	—	—	(24)	—	(24)
Net Income (Loss)	381	381	451	(824)	389
Net Income attributable to noncontrolling interests	—	—	(8)	—	(8)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 381	$ 381	$ 443	$ (824)	$ 381
Net Income (Loss)	$ 381	$ 381	$ 451	$ (824)	$ 389
Loss on cash flow hedges	—	—	(21)	—	(21)
Other Comprehensive Income (Loss)	—	—	(21)	—	(21)
Comprehensive Income (Loss)	381	381	430	(824)	368
Less: Comprehensive income attributable to noncontrolling interests	—	—	(8)	—	(8)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 381	$ 381	$ 422	$ (824)	$ 360

Consolidating Statement of Comprehensive Income (Loss)
Year Ended December 31, 2011 (Predecessor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 10,473	$ —	$ 10,473
Affiliates	—	—	432	—	432
Total Revenues	—	—	10,905	—	10,905
Costs and Expenses					
Cost of products sold	—	—	10,153	—	10,153
Operating expenses	—	—	111	—	111
Selling, general and administrative expenses	—	—	90	—	90
Depreciation and amortization expense	—	—	86	—	86
Impairment charge	—	—	42	—	42
Total Costs and Expenses	—	—	10,482	—	10,482
Operating Income	—	—	423	—	423
Net interest income (cost) to affiliates	—	—	(3)	—	(3)
Other interest cost and debt expense, net	—	(93)	—	—	(93)
Capitalized interest	—	7	—	—	7
Other income	—	—	13	—	13
Equity in earnings of subsidiaries	313	399	—	(712)	—
Income (Loss) Before Provision for Income Taxes	313	313	433	(712)	347
Provision for income taxes	—	—	(25)	—	(25)
Net Income (Loss)	313	313	408	(712)	322
Net Income attributable to noncontrolling interests	—	—	(9)	—	(9)
Net Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 313	$ 313	$ 399	$ (712)	$ 313
Net Income (Loss)	$ 313	$ 313	$ 408	$ (712)	$ 322
Gain on cash flow hedges	—	—	4	—	4
Other Comprehensive Income (Loss)	—	—	4	—	4
Comprehensive Income (Loss)	313	313	412	(712)	326
Less: Comprehensive income attributable to noncontrolling interests	—	—	(9)	—	(9)
Comprehensive Income (Loss) Attributable to Sunoco Logistics Partners L.P.	$ 313	$ 313	$ 403	$ (712)	$ 317

Consolidating Balance Sheet
December 31, 2013 (Successor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$ —	$ 12	$ 27	$ —	$ 39
Advances to affiliated companies	217	79	(57)	—	239
Accounts receivable, affiliated companies	—	—	11	—	11
Accounts receivable, net	—	—	2,184	—	2,184
Inventories	—	—	600	—	600
Total Current Assets	217	91	2,765	—	3,073
Properties, plants and equipment, net	—	—	6,519	—	6,519
Investment in affiliates	5,988	8,399	125	(14,387)	125
Goodwill	—	—	1,346	—	1,346
Intangible assets, net	—	—	794	—	794
Other assets	—	10	30	—	40
Total Assets	$ 6,205	$ 8,500	$ 11,579	$ (14,387)	$ 11,897
Liabilities and Equity					
Accounts payable	$ —	$ —	$ 2,451	$ —	$ 2,451
Accounts payable, affiliated companies	—	—	17	—	17
Accrued liabilities	1	44	152	—	197
Accrued taxes payable	—	—	71	—	71
Total Current Liabilities	1	44	2,691	—	2,736
Long-term debt	—	2,468	35	—	2,503
Other deferred credits and liabilities	—	—	80	—	80
Deferred income taxes	—	—	253	—	253
Total Liabilities	1	2,512	3,059	—	5,572
Equity					
Sunoco Logistics Partners L.P. equity	6,204	5,988	8,399	(14,387)	6,204
Noncontrolling interests	—	—	121	—	121
Total Equity	6,204	5,988	8,520	(14,387)	6,325
Total Liabilities and Equity	$ 6,205	$ 8,500	$ 11,579	$ (14,387)	$ 11,897

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

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$ —	$ 2	$ 1	$ —	$ 3
Advances to affiliated companies	25	48	(17)	—	56
Accounts receivable, affiliated companies	—	—	19	—	19
Accounts receivable, net	—	—	1,834	—	1,834
Inventories	—	—	478	—	478
Total Current Assets	25	50	2,315	—	2,390
Properties, plants and equipment, net	—	—	5,623	—	5,623
Investment in affiliates	6,048	7,714	118	(13,762)	118
Goodwill	—	—	1,368	—	1,368
Intangible assets, net	—	—	843	—	843
Other assets	—	—	19	—	19
Total Assets	$ 6,073	$ 7,764	$ 10,286	$ (13,762)	$ 10,361
Liabilities and Equity					
Accounts payable	$ —	$ —	$ 1,912	$ —	$ 1,912
Accounts payable, affiliated companies	—	—	12	—	12
Accrued liabilities	1	30	116	—	147
Accrued taxes payable	—	—	60	—	60
Total Current Liabilities	1	30	2,100	—	2,131
Long-term debt	—	1,686	46	—	1,732
Other deferred credits and liabilities	—	—	60	—	60
Deferred income taxes	—	—	243	—	243
Total Liabilities	1	1,716	2,449	—	4,166
Equity					
Sunoco Logistics Partners L.P. equity	6,072	6,048	7,714	(13,762)	6,072
Noncontrolling interests	—	—	123	—	123
Total Equity	6,072	6,048	7,837	(13,762)	6,195
Total Liabilities and Equity	$ 6,073	$ 7,764	$ 10,286	$ (13,762)	$ 10,361

Consolidating Statement of Cash Flows
Year Ended December 31, 2013 (Successor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 463	$ 446	$ 838	$ (998)	$ 749
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(897)	—	(897)
Acquisitions	—	—	(60)	—	(60)
Intercompany	95	(1,177)	84	998	—
Net cash provided by (used in) investing activities	95	(1,177)	(873)	998	(957)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(353)	—	—	—	(353)
Distributions paid to noncontrolling interests	(13)	—	—	—	(13)
Payments of statutory withholding on net issuance of limited partner units under LTIP	—	—	(3)	—	(3)
Repayments under credit facilities	—	(119)	—	—	(119)
Borrowings under credit facilities	—	200	15	—	215
Net proceeds from issuance of long-term debt	—	691	—	—	691
Advances to affiliated companies, net	(192)	(31)	40	—	(183)
Contributions attributable to acquisition from affiliate	—	—	9	—	9
Net cash provided by (used in) financing activities	(558)	741	61	—	244
Net change in cash and cash equivalents	—	10	26	—	36
Cash and cash equivalents at beginning of period	—	2	1	—	3
Cash and cash equivalents at end of period	$ —	$ 12	$ 27	$ —	$ 39

Consolidating Statement of Cash Flows
Period from October 5, 2012 to December 31, 2012 (Successor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 140	$ 162	$ 270	$ (292)	$ 280
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(139)	—	(139)
Intercompany	(35)	(37)	(220)	292	—
Net cash provided by (used in) investing activities	(35)	(37)	(359)	292	(139)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(74)	—	—	—	(74)
Distributions paid to noncontrolling interests	(2)	—	—	—	(2)
Payments of statutory withholding on net issuance of limited partner units under LTIP	—	—	(7)	—	(7)
Repayments under credit facilities	—	(233)	—	—	(233)
Borrowings under credit facilities	—	182	11	—	193
Advances to affiliated companies, net	(28)	(74)	85	—	(17)
Net cash used in financing activities	(104)	(125)	89	—	(140)
Net change in cash and cash equivalents	1	—	—	—	1
Cash and cash equivalents at beginning of period	—	2	—	—	2
Cash and cash equivalents at end of period	$ 1	$ 2	$ —	$ —	$ 3

Consolidating Statement of Cash Flows
Period from January 1, 2012 to October 4, 2012 (Predecessor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 381	$ 359	$ 495	$ (824)	$ 411
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(235)	—	(235)
Proceeds from divestments and related matters	—	—	11	—	11
Intercompany	(290)	(279)	(255)	824	—
Net cash provided by (used in) investing activities	(290)	(279)	(479)	824	(224)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(178)	—	—	—	(178)
Distributions paid to noncontrolling interests	(5)	—	—	—	(5)
Payments of statutory withholding on net issuance of limited partner units under LTIP	—	—	(5)	—	(5)
Repayments under credit facilities	—	(322)	—	—	(322)
Borrowings under credit facilities	—	418	83	—	501
Repayments of senior notes	—	(250)	—	—	(250)
Advances to affiliated companies, net	92	74	(97)	—	69
Net cash provided by (used in) financing activities	(91)	(80)	(19)	—	(190)
Net change in cash and cash equivalents	—	—	(3)	—	(3)
Cash and cash equivalents at beginning of period	—	2	3	—	5
Cash and cash equivalents at end of period	$ —	$ 2	$ —	$ —	$ 2

Consolidating Statement of Cash Flows
Year Ended December 31, 2011 (Predecessor)
(in millions)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 313	$ 322	$ 508	$ (713)	$ 430
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(213)	—	(213)
Acquisitions	—	—	(396)	—	(396)
Intercompany	(35)	(786)	108	713	—
Net cash provided by (used in) investing activities	(35)	(786)	(501)	713	(609)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(210)	—	—	—	(210)
Distributions paid to noncontrolling interests	(8)	—	—	—	(8)
Contributions from general partner	2	—	—	—	2
Payments of statutory withholding on net issuance of limited partner units under LTIP	—	—	(3)	—	(3)
Repayments under credit facilities	—	(560)	—	—	(560)
Borrowings under credit facilities	—	529	—	—	529
Net proceeds from issuance of long-term debt	—	595	—	—	595
Promissory note from affiliate	—	(100)	—	—	(100)
Advances to affiliated companies, net	(62)	—	(1)	—	(63)
Net cash provided by (used in) financing activities	(278)	464	(4)	—	182
Net change in cash and cash equivalents	—	—	3	—	3
Cash and cash equivalents at beginning of period	—	2	—	—	2
Cash and cash equivalents at end of period	$ —	$ 2	$ 3	$ —	$ 5

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

None

ITEM 9A. CONTROLS AND PROCEDURES

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

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

Management of the general partner is responsible for establishing, maintaining, and annually assessing internal control over the Partnership's financial reporting. A report by the general partner's management, assessing the effectiveness of the Partnership's internal control over financial reporting, appears under Item 8. "Financial Statements and Supplementary Data" of this report. Grant Thornton LLP, the Partnership's independent registered public accounting firm, has issued an attestation report on the Partnership's internal control over financial reporting, that also appears under Item 8. of this report.

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board of Directors

Our general partner, Sunoco Partners LLC, a Pennsylvania limited liability company, manages our operations and activities. Prior to October 5, 2012, our general partner was a wholly-owned indirect subsidiary of Sunoco, Inc., a Pennsylvania corporation ("*Sunoco*"). On October 5, 2012, Sunoco merged with certain affiliates of Energy Transfer Partners, L.P., a Delaware limited partnership ("*ETP*"), and is now a wholly-owned, indirect subsidiary of ETP and its affiliates (such transaction, the "*Merger*"). In connection with the Merger, Sunoco transferred its membership interests in our general partner to ETP. Subsequent to such transfer, ETE Common Holdings, LLC, a Delaware limited liability company ("*ETE Holdings*"), became a member of our general partner. As a result, ETP owns a 99.9% equity interest in our general partner, and the remaining 0.1% equity interest is owned by ETE Holdings.

As the sole members of our general partner, ETP and ETE Holdings are entitled under the limited liability company agreement of Sunoco Partners LLC to appoint all of the directors of our general partner. Our general partner's limited liability company agreement provides that our general partner's Board of Directors (the "*Board of Directors*") shall consist of between three and twelve persons, at least three of whom are required to qualify as independent directors. As of December 31, 2013, the Board of Directors consisted of eight persons, three of whom qualify as "independent" under the listing standards of the New York Stock Exchange ("*NYSE*") and our governance guidelines. The directors who qualify as "independent" under the NYSE's listing standards and our governance guidelines are Steven R. Anderson, Scott A. Angelle and Basil Leon Bray.

As a limited partnership, we are not required by the rules of the NYSE to seek unitholder approval for the election of any of our directors. We do not have a formal process for identifying director nominees, nor do we have a formal policy regarding consideration of diversity in identifying director nominees. We believe, however, that ETP and ETE Holdings have appointed as directors individuals with experience, skills and qualifications relevant to our business, such as experience in energy or related industries, experience with financial markets, expertise in refined products and crude oil operations or finance, and a history of service in senior leadership positions.

The Board of Directors held six (4 regular and 2 special) meetings during 2013. The Board of Directors has established standing committees to consider designated matters. The standing committees of the Board of Directors are: the Audit Committee, the Compensation Committee and the Conflicts Committee. The listing standards of the NYSE do not require boards of directors of publicly-traded master limited partnerships to be composed of a majority of independent directors nor are they required to have a standing nominating or compensation committee. Notwithstanding, the Board of Directors has elected to have a standing compensation committee. The Board of Directors has adopted governance guidelines for the Board of Directors and charters for each of the Audit, Compensation, and Conflicts Committees.

Audit Committee

The Board of Directors has established an Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Board of Directors appoints persons who are independent under the NYSE's standards for audit committee members to serve on its Audit Committee. In addition, the Board of Directors determines that at least one member of the Audit Committee has such accounting or related financial management expertise sufficient to qualify such person as the audit committee financial expert in accordance with Item 407(d)(5) of Regulation S-K. The Board of Directors has determined that based on relevant experience, Audit Committee member Basil Leon Bray qualified as an audit committee financial expert during 2013. A description of the qualifications of Mr. Bray may be found elsewhere in this Item 10 under "Directors and Executive Officers of Sunoco Partners LLC (our General Partner)."

The Audit Committee meets on a regularly scheduled basis with our independent accountants at least four times each year and is available to meet at their request. The Audit Committee has the authority and responsibility to review our external financial reporting, review our procedures for internal auditing and the adequacy of our internal accounting controls, consider the qualifications and independence of our independent accountants, engage and direct our independent accountants, including the letter of engagement and statement of fees relating to the scope of the annual audit work and special audit work which may be recommended or required by the independent accountants, and to engage the services of any other advisors and accountants as the Audit Committee deems advisable. The Audit Committee reviews and discusses the audited financial statements with management, discusses with our independent auditors matters required to be discussed by auditing standards, and makes recommendations to the Board of Directors relating to our audited financial statements. The Audit Committee periodically recommends to the Board of Directors any changes or modifications to its charter that may be required or desired. The Audit Committee has received written disclosures and the letter from Grant Thornton LLP ("*Grant Thornton*"), required by applicable requirements of the Audit Committee concerning independence, and has discussed with Grant Thornton that firm's independence.

The current members of the Audit Committee are: Basil Leon Bray (Chairman), Steven R. Anderson and Scott A. Angelle. The Audit Committee held six (5 regular and 1 special) meetings during 2013.

Compensation Committee

The Compensation Committee establishes standards and makes recommendations concerning the compensation of the officers and directors of our general partner. In addition, the Compensation Committee determines and establishes the standards for any awards to the employees and officers of our general partner under the equity compensation plans, including the performance standards or other restrictions pertaining to the vesting of any such awards. The current members of the Compensation Committee are: Scott A. Angelle (Chairman), Steven R. Anderson, Basil Leon Bray, Michael J. Hennigan, and Marshall S. (Mackie) McCrea, III. Since Mr. Hennigan is also an officer of our general partner, and since Mr. McCrea is President, Chief Operating Officer and Director of ETP's general partner, they each recuse themselves from Compensation Committee decisions relating to equity compensation awards (including awards under the Sunoco Partners LLC Long-Term Incentive Plan ("*LTIP*")) to executive officers of the general partner. Mr. Hennigan also recuses himself from Compensation Committee decisions relating to his own compensation. The Compensation Committee met four times during 2013.

Conflicts Committee

Our partnership agreement provides that the Board of Directors may, from time to time, appoint members of the Board of Directors to serve on the Conflicts Committee with the authority to review specific matters for which the Board of Directors believes there may be a conflict of interest in order to determine if the resolution of such conflict proposed by our general partner is fair and reasonable to us and our unitholders. As a policy matter, the Conflicts Committee generally reviews any proposed related-party transaction that may be material to us to determine if the transaction presents a conflict of interest between ETP and/or its affiliates and us and determines whether the resolution or transaction is fair and reasonable to us. Pursuant to the terms of our partnership agreement, any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us and not a breach by the general partner or its Board of Directors of any duties they may owe to the members of our general partner or our unitholders. The members of the Conflicts Committee consist of those directors of our general partner who are not also executive officers of our general partner or its parent. The current members of the Conflicts Committee are: Steven R. Anderson (Chairman), Scott A. Angelle and Basil Leon Bray. The Conflicts Committee met four times during 2013.

Corporate Governance

Our general partner has adopted a Code of Ethics for Senior Officers, which applies to the principal executive officer, the principal financial officer, the principal accounting officer, the treasurer and persons performing similar functions for our general partner and its subsidiaries. In addition, our general partner has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees. The Code of Business Conduct and Ethics addresses ethical handling of actual or apparent conflicts of interest, compliance with applicable laws, rules and regulations, full, fair, accurate, timely and understandable disclosure in public communications, and prompt internal reporting of violations. In accordance with the disclosure requirements of applicable law or regulation, we intend to disclose any amendment to, or waiver of, any provision of these codes, on our website at *www.sunocologistics.com*, via a press release, or under Item 5.05 of a Current Report on Form 8-K.

We make available, free of charge within the "Investors - Corporate Governance" section of our website at *www.sunocologistics.com*, and in print to any unitholder who so requests, the Code of Ethics for Senior Officers, the Code of Business Conduct and Ethics, the Audit Committee Charter, the Compensation Committee Charter, the Conflicts Committee Charter, the Corporate Governance Guidelines and our limited partnership agreement. The information contained on, or connected to, our internet website is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with, or furnish to, the Securities and Exchange Commission ("*SEC*").

Communication with the Board of Directors

In order that interested parties may be able to make their concerns known to the independent directors, our unitholders and other interested parties may communicate directly with the Board of Directors, with the independent directors as a group, or with any director or committee chairperson by writing to such parties in care of Kathleen Shea-Ballay, Senior Vice President, General Counsel and Secretary, Sunoco Partners LLC, 1818 Market Street, Suite 1500, Philadelphia, PA 19103-3615. Communications may be submitted confidentially and anonymously. Under certain circumstances, the general partner or we may be required by law to disclose the information or identity of the person submitting the communication.

Communications addressed to the Board of Directors generally will be forwarded either to the appropriate committee chairperson or to all directors. Certain concerns communicated to the Board of Directors also may be referred to the general partner's internal auditor or its General Counsel, in accordance with the general partner's regular procedures for addressing such concerns. The chairman of the general partner's Audit Committee, or the chairman of the Board of Directors, may direct that certain concerns be presented to the Audit Committee, or to the full Board of Directors, or that such concerns otherwise receive special treatment, including retention of external counsel or other advisors. No material actions were taken by the Board of Directors because of communications from unitholders or others received during 2013.

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

Our directors are elected by ETP and ETE Holdings. Our executive officers are appointed by the Board of Directors.

The following table shows information for the current directors and executive officers of Sunoco Partners LLC, our general partner, as of the date of this filing. Executive officers and directors are each elected for one-year terms or until their successors are elected and qualified.

Name	Age	Position with the General Partner
Steven R. Anderson	64	Director
Scott A. Angelle	52	Director
Basil Leon Bray	69	Director
Michael J. Hennigan	54	Director, President and Chief Executive Officer
Thomas P. Mason	57	Director
Marshall S. ("Mackie") McCrea, III	54	Director (Chairman)
Martin Salinas, Jr.	42	Director and Chief Financial Officer
Jamie Welch	47	Director
Kurt A. Lauterbach	58	Senior Vice President, Lease Acquisitions
David R. Chalson	62	Senior Vice President, Operations
Michael W. Slough	57	Senior Vice President, Engineering, Construction & Procurement
Kathleen Shea-Ballay	48	Senior Vice President, General Counsel and Secretary
Peter J. Gvazdauskas	35	Vice President, Finance and Treasurer
Meghan Zaffarese	38	Vice President, Chief Human Resources Officer
Michael D. Galtman	39	Controller and Chief Accounting Officer

Set forth below is biographical information regarding the foregoing officers and directors of our general partner:

Mr. Anderson was elected to the Board of Directors in October 2012. Mr. Anderson began his career in the energy business more than 40 years ago with Conoco in the Permian Basin area. He then spent some 25 years with ANR Pipeline and its successor, The Coastal Corporation, as a natural gas supply and midstream executive. He later was Vice President of Commercial Operations with Aquila Midstream and, upon the sale of the midstream business to Energy Transfer in 2002, he became a part of the management team there. For the six years prior to his retirement from Energy Transfer, in October 2009, he served as Vice President of Mergers and Acquisitions. Since that time, he has been involved in private investments and currently serves as a member of the board of directors of the St. John Health System in Tulsa, Oklahoma, as well as various other community and civic organizations.

Mr. Angelle was elected to the Board of Directors in December 2012. He is an elected member of the Louisiana Public Service Commission, a five-person regulatory body. Beginning in May, 2010, Mr. Angelle served for six months as the interim Lieutenant Governor of Louisiana. During the period from 2004 to August 2012, with the exception of his service as Lieutenant Governor, he served as the Secretary of the Louisiana Department of Natural Resources. Since 2012, Mr. Angelle also has represented Louisiana's Third Congressional District on the Board of Supervisors of Louisiana State University. Mr. Angelle also has a career in strategic planning and petroleum land management.

Mr. Bray was elected to the Board of Directors in October 2012. Currently, Mr. Bray is the Chief Executive Officer of Energy Strategies, Inc., an energy consulting firm headquartered in Tulsa, Oklahoma. He has held this position since 1994. Previously, he held various management positions with Phillips Petroleum Co., Endevco, Inc., and Anadarko Petroleum Corp. Mr. Bray also was Co-Founder and President of Resource Energy Services, LLC until its sale in 1996.

Mr. Hennigan was elected to the Board of Directors in April 2010. He was elected President and Chief Executive Officer, effective March 1, 2012. Prior to that, he was President and Chief Operating Officer from July 2010 until March 2012. From

May 2009 until July 2010, Mr. Hennigan served as Vice President, Business Development. Prior to joining our general partner, he was employed in the following positions at Sunoco: Senior Vice President, Business Improvement from October 2008 to May 2009; and Senior Vice President, Supply, Trading, Sales and Transportation from February 2006 to October 2008.

Mr. Mason was elected to the Board of Directors in October 2012. Mr. Mason has served as the Senior Vice President, General Counsel and Secretary of ETP's general partner since April 2012, served as the Vice President, General Counsel and Secretary of ETP's general partner since June 2008 and served as General Counsel and Secretary of ETP's general partner since February 2007. Prior to joining ETP, he was a partner in the Houston office of Vinson & Elkins. Mr. Mason has specialized in securities offerings and mergers and acquisitions for more than 25 years.

Mr. McCrea was elected as Chairman of the Board of Directors in October 2012. He has been a director of ETP's general partner since December 23, 2009. He is the President and Chief Operating Officer of ETP's general partner, and has served in that capacity since June 2008. Prior to that, he served as President, Midstream of ETP's general partner from March 2007 to June 2008. Mr. McCrea also serves on the Board of Directors of the general partner of Energy Transfer Equity, L.P. ("*ETE*"). Mr. McCrea has extensive project development and operational experience, and is able to assist the Board of Directors in creating and executing the Partnership's strategic plan.

Mr. Salinas was elected to the Board of Directors in October 2012, and was elected contemporaneously as the Chief Financial Officer of our general partner. Mr. Salinas has served as Chief Financial Officer of ETP's general partner since June 2008. Prior to that, he served as Controller and Treasurer of ETP's general partner from September 2004 to June 2008. Prior to joining ETP, Mr. Salinas was a Senior Audit Manager with KPMG in San Antonio, Texas from September 2002.

Mr. Welch was elected to the Board of Directors in June 2013. He was also elected to the boards of directors of both ETE and ETP in June 2013. Mr. Welch is the Group Chief Financial Officer and Head of Business Developments for the Energy Transfer family. Before joining ETE, Mr. Welch was Head of the EMEA Investment Banking Department and Head of the Global Energy Group at Credit Suisse. He was also a member of the IBD Global Management Committee and the EMEA Operating Committee. Mr. Welch joined Credit Suisse First Boston in 1997 from Lehman Brothers Inc. in New York, where he was a Senior Vice President in the global utilities & project finance group. Prior to that he was an attorney with Milbank, Tweed, Hadley & McCloy (New York) and a barrister and solicitor with Minter Ellison in Melbourne, Australia.

Mr. Chalson was elected Senior Vice President, Operations in January 2013. Prior to that, he was Vice President, Operations from July 2012 to January 2013. From 2007 to 2012, Mr. Chalson served as Manager, Oil Movements.

Mr. Galtman was elected Controller and Chief Accounting Officer in July 2008. From June 2007 to July 2008, he served as Manager of Financial Planning and Analysis.

Mr. Gvazdauskas was elected Vice President, Finance and Treasurer in January 2012. Prior to that, he had been Vice President, Finance since April 2010. From June 2008 to March 2010, he served as Manager of Corporate Finance of Sunoco; from December 2007 to May 2008, he was Manager of Special Projects at Sunoco; and from November 2005 to November 2007, he was Controller of SunCoke Energy, Inc.

Mr. Lauterbach was elected Senior Vice President, Lease Acquisitions in January 2013. Prior to that, he was Vice President, Lease Acquisitions, from October 2010 to January 2013. Mr. Lauterbach also served as Manager of Marketing and Trading-Lease Acquisition, from June 2008 through September 2010.

Ms. Shea-Ballay was elected Senior Vice President, General Counsel and Secretary in January 2013. Prior to that, she was Vice President, General Counsel and Secretary from June 2010 to January 2013. Ms. Shea-Ballay served as Assistant General Counsel and Chief Counsel for Commercial Transactions for Sunoco from April 2005 until June 2010. Prior to joining Sunoco, Ms. Shea-Ballay was a partner at Pepper Hamilton LLP, a law firm in Philadelphia, Pennsylvania.

Mr. Slough was elected Senior Vice President, Engineering, Construction & Procurement in January 2013. Mr. Slough has been Vice President, Engineering, Construction & Procurement, of the Partnership since 2012. Prior to that, he was Director of Engineering & Construction, of the Partnership from 2010 to 2012. From 2006 to 2010, he was Venture Manager at Sunoco.

Ms. Zaffarese was elected Vice President, Chief Human Resources Officer in January 2013. Prior to that, she was Director, Human Resources & Administration for the Partnership since March 2011. Prior to that, she was Director, Human Resources, PSG for Sunoco from April 2010 to March 2011 and was Vice President, Executive Development and Corporate Human Resources, ARAMARK Corp. from May 2009 to April 2010.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the directors and executive officers of our general partner, as well as persons who own more than ten percent of the common units representing limited partnership interests in us, to file reports of ownership and changes of ownership on Forms 3, 4 and 5 with the SEC. The SEC regulations also require that copies of these Section 16(a) reports be furnished to us by such reporting persons. Based upon a review of copies of these reports, we believe all applicable Section 16(a) reports were timely filed in 2013.

ITEM 11. EXECUTIVE COMPENSATION

We do not have any employees. Instead, we are managed by our general partner, and the executive officers of our general partner perform all of our management functions. Except as set forth below with respect to Mr. Salinas, we pay 100% of the compensation of the executive officers and employees of our general partner. The executive officers and employees of our general partner also participate in employee benefit plans and arrangements sponsored by our general partner or its affiliates.

COMPENSATION DISCUSSION AND ANALYSIS

Named Executive Officers

This Compensation Discussion and Analysis ("*CD&A*") is focused on the total compensation of the executive officers of our general partner as set forth below. ETP controls our general partner and owns a significant limited partner interest in us. Mr. Salinas is an employee of ETP's general partner. In addition to rendering services to us, he devoted a majority of his professional time to ETP during 2013. Mr. Salinas participates in employee benefit plans and arrangements sponsored by ETP and its affiliates. The compensation committee of ETP's general partner sets the components of his compensation, including salary and annual bonus, and we have no control over this compensation determination process. However, our general partner's Compensation Committee may make equity awards to Mr. Salinas in recognition of his services provided to us. In January 2013, Mr. Salinas received such equity awards, in the form of 8,333 restricted units granted pursuant to the LTIP, vesting at a rate of 20% per year over a five-year period, subject to his continued employment through each specified vesting date. In addition, in December 2013, Mr. Salinas received equity awards, in the form of 6,550 restricted units granted pursuant to the LTIP, vesting over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to his continued employment through each specified vesting date. These restricted units entitle Mr. Salinas to receive, with respect to each common unit subject to such restricted unit that has not either vested or been forfeited, a distribution equivalent right cash payment promptly following each such distribution by us on our common units to our unitholders.

During 2013, the following individuals, with the exception of Mr. Salinas as described above, were employees of our general partner and rendered their services solely to us. Throughout the CD&A discussion, the following individuals are referred to as the Named Executive Officers ("*NEOs*") and are included in the Summary Compensation Table:

- Michael J. Hennigan - President and Chief Executive Officer
- Martin Salinas, Jr. - Chief Financial Officer
- Kathleen Shea-Ballay - Senior Vice President, General Counsel and Secretary
- Kurt A. Lauterbach - Senior Vice President, Lease Acquisitions
- David R. Chalson - Senior Vice President, Operations

Compensation Philosophy and Objectives

During 2013, as a result of the Merger, we transitioned from our pre-Merger compensation philosophy and objectives to a compensation philosophy and set of objectives similar to those of ETP. In both instances, the philosophy for executive compensation of our general partner (whether pre-Merger or post) was substantially similar based on the premise that a significant portion of each executive's total compensation should be incentive-based or "at-risk" compensation and that executives' total compensation levels should be competitive in the marketplace for executive talent and abilities. Our general partner seeks a total compensation program that provides for a slightly below the median market annual base compensation rate but incentive-based compensation composed of a combination of compensation vehicles to reward both short- and long-term performance that are both targeted to pay-out at approximately the top-quartile of market. Our general partner believes the incentives should be composed of a combination of compensation vehicles to reward both short- and long-term performance. Our general partner believes the incentive-based balance is achieved by (i) the payment of annual discretionary cash bonuses that consider the achievement of the Partnership's financial performance objectives for a fiscal year set at the beginning of such fiscal year and the individual contributions of our NEOs to the success of the Partnership and its achievement of the annual financial performance objectives and (ii) the annual grant of restricted unit awards under the LTIP, which awards are intended to provide a longer term incentive and retention value to our key employees to focus their efforts on increasing the market price of our publicly traded units and to increase the cash distribution we pay to our unitholders. During 2013, where doing so was determined to be a cost-effective and an administratively efficient means of providing benefits to its employees, our general partner was a participating employer in certain compensation plans sponsored by ETP or its affiliates. We share in the costs incurred by ETP and its affiliates, as applicable, for the benefits we receive from our participation in these plans. Included in such benefit plans are certain of Sunoco's plans, in which our general partner was a participating employer prior to the Merger and continues to participate.

During 2013, the compensation for our executive officers, including our NEOs, but excluding Mr. Salinas, was determined by our general partner's Compensation Committee, which reviews the compensation program and makes changes deemed appropriate and in the best interests of our unitholders and us. The Compensation Committee has authority over all compensation decisions for our NEOs. Our compensation program is structured to provide the following benefits:

- reward executives with an industry-competitive total compensation package of competitive base salaries and significant incentive opportunities, yielding a total compensation package approaching the top-quartile of the market;
- attract, retain and reward talented executive officers and key management employees by providing total compensation competitive with that of other executive officers and key management employees employed by publicly traded limited partnerships of similar size and in similar lines of business;
- motivate executive officers and key employees to achieve strong financial and operational performance;
- emphasize performance-based or "at-risk" compensation; and
- reward individual performance.

Compensation Methodology

Our general partner's Compensation Committee considers relevant data available to it to assess our competitive position with respect to base salary, annual bonuses and long-term incentive compensation for our executive officers. The Compensation Committee also considers individual performance, levels of responsibility, skills and experience. During 2013, we transitioned from our pre-Merger compensation methodology to a compensation methodology similar to that of ETP.

Because of the timing of the Merger and the transition of ownership of our general partner to ETP, for the 2013 compensation packages to our NEOs, our Compensation Committee considered ETP's compensation methodology described below as well as our general partner's pre-Merger compensation methodology in determining the base salaries, bonus targets and long term incentive awards for the NEOs. The pre-Merger compensation methodology took into account the compensation analysis done by Compensation Advisory Partners LLC for the Compensation Committee in 2012, including additional comparative market information provided by Towers Watson. This comparative market information included information regarding compensation practices and programs based on an analysis of other publicly traded master limited partnerships and general industry companies. The master limited partnership group consisted of Boardwalk Pipeline Partners, L.P.; Buckeye Partners LP; Crosstex Energy LP; El Paso Pipeline Partners, L.P.; Enbridge Energy Partners LP; Energy Transfer Partners L.P.; Enterprise Products Partners LP; Holly Energy Partners LP; Kinder Morgan Energy Partners LP; Magellan Midstream Partners LP; NuStar Energy LP; ONEOK Partners LP; Plains All American Pipeline LP; and Spectra Energy Partners LP, as well as a broader group of publicly traded master limited partnerships composed of companies with varying levels of revenue, market capitalization and market maturity, including Markwest Partners L.P., Amerigas Partners LP and Suburban Propane Partners LP, that may compete with our general partner for executive talent.

During 2013, ETP engaged Mercer (US) Inc. ("*Mercer*") to conduct a review of the compensation levels of a number of officers across all of its affiliates, including our NEOs, to provide market information with respect to compensation of such officers. In particular, the review by Mercer was designed to (i) evaluate the market competitiveness of total compensation levels for certain members of senior management, including our NEOs; (ii) assist in the determination of appropriate compensation levels for senior management, including our NEOs, and (iii) confirm that our compensation programs were yielding compensation packages consistent with our overall compensation philosophy. In respect of the Partnership, Mercer benchmarked us against other companies with similar annual revenues and market-capitalization levels. In light of this review, Mercer did not specifically benchmark our NEOs against any particular set of peer companies.

The compensation analysis provided by Mercer covered all major components of total compensation, including annual base salary, annual short-term cash bonus and long-term incentive awards for the senior executives for certain companies in the oil and gas industry. The Compensation Committee utilized the information provided by Mercer to ensure that the compensation of our NEOs is competitive with the compensation for executive officers of the companies considered in Mercer's compensation analysis. Mercer did not provide any non-executive compensation services for ETP or the Partnership during 2013.

Elements of Compensation

Unless specified to the contrary below, references in this section of the CD&A to “NEOs,” or “executive officers,” does not include Mr. Salinas.

- ***Base Salary:*** Base salary is designed to provide for a competitive fixed level of remuneration that attracts and retains executive officers, and compensates them for their level of responsibility and sustained individual performance (including experience, scope of responsibility, and results achieved). The salaries of the NEOs are reviewed on an annual basis. For the year ended December 31, 2013, the Compensation Committee utilized ETP’s compensation methodology, as well as the pre-Merger compensation methodology, both as described above. Base salaries also are influenced by internal pay equity (fair and consistent application of compensation practices). At the NEO level, the balance of compensation is weighted toward pay-at-risk compensation (annual bonuses and long-term incentives). The Compensation Committee, with input from the President and Chief Executive Officer (who we sometimes refer to in this CD&A as our Chief Executive Officer), except with respect to the Chief Executive Officer’s own base salary, approves all base salaries for the NEOs. The Summary Compensation Table includes the NEO base salaries that were approved for 2013. Except for the base salary of the Chief Executive Officer, which has been increased for the 2014 calendar year, the base salaries of the other NEOs are expected to remain in effect until July 1, 2014.

- ***Annual Bonuses:*** In addition to base salary, the Compensation Committee makes a determination whether to award our NEOs discretionary annual cash bonuses following the end of the year. For 2013, annual bonuses were determined under the Sunoco Partners LLC Annual Short-Term Incentive Bonus Plan (the “*Bonus Plan*”), which replaced the Sunoco Partners LLC Annual Incentive Plan (the “*Annual Incentive Plan*”) during such year. Discretionary bonuses, if awarded, are intended to reward our NEOs for the achievement of financial performance objectives during the year for which the bonuses are awarded in light of the contribution of each individual to our profitability and success during such year. In this regard, the Compensation Committee takes into account whether the Partnership achieved or exceeded its earnings before interest, taxes, depreciation, amortization and other non-cash adjustments (“*Adjusted EBITDA*”) budget for the year (as further described in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP Financial Measures” above), which is approved by the Board of Directors as discussed below. The Compensation Committee does not establish its own financial performance objectives in advance for purposes of determining whether to approve any annual bonuses, and the Compensation Committee does not utilize any formulaic approach to determine annual bonuses.

  The Partnership’s internal financial budgets are generally developed for each business segment, and then aggregated with appropriate corporate level adjustments, to reflect an overall performance objective that is reasonable in light of market conditions and opportunities based on a high level of effort and dedication across all segments of the Partnership’s business. The evaluation of the Partnership’s performance versus its internal financial budget is based on the Partnership’s Adjusted EBITDA for a calendar year. In general, the Compensation Committee believes that Partnership performance at or above the Adjusted EBITDA budget would support bonuses to our NEOs ranging up to 120% of their base salaries, with the exception of our Chief Executive Officer, whose short-term annual cash bonus target was set by the Compensation Committee for 2013 at 135% of his 2014 base salary.

  In February 2014, the Compensation Committee approved a cash bonus relating to the 2013 calendar year to Mr. Hennigan of $810,000, representing 135% of his 2014 base salary and the bonus target ranges and total bonus pool under which bonuses to NEOs would be awarded for the 2013 calendar year, and the Chief Executive Officer determined the actual cash bonuses for the NEOs, other than his own, within the annual bonus target ranges approved by the Compensation Committee. In approving Mr. Hennigan’s cash bonus for 2013 and the bonus target ranges and pool for the other NEOs, the Compensation Committee took into account the achievement by the Partnership of approximately 102% of its Adjusted EBITDA budget for 2013 as well as the individual performances of these individuals with respect to promoting the Partnership’s financial, strategic and operating objectives for 2013. The individual bonus target ranges for each NEO also reflect the Compensation Committee’s view of the impact of such individual’s efforts and contributions towards (i) achievement of the Partnership’s success in exceeding its internal financial budget, (ii) the development of new projects that are expected to result in increased cash flows from operations in future years, (iii) the completion of mergers, acquisitions or similar transactions that are expected to be accretive to the Partnership and increase distributable cash flow, and (iv) the overall management of the Partnership’s business.

- ***Long-Term Incentive Awards (Equity Awards):***
  - ***Why the LTIP was Adopted.*** Long-term incentive awards for executive officers are granted under the LTIP in order to promote achievement of our long-term strategic business objectives. The LTIP was designed to align the economic interests of executive officers, key employees and directors with those of our unitholders; to provide competitive compensation opportunities that can be realized through attainment of performance

goals; and to provide an incentive to management for continuous employment with the general partner and its affiliates. Long-term incentive awards are based upon the common units representing limited partnership interests in us, although they may be payable in common units, or in cash. The Compensation Committee administers the LTIP and, in its discretion, may terminate or amend the LTIP at any time with respect to any units for which a grant has not yet been made, including increasing the number of units that may be granted, subject to unitholder approval as required by the exchange upon which the common units are listed at that time. Changes to any outstanding grant that would materially impair the rights of a participant cannot be made without the consent of the affected participant.

- ***The elements of compensation under the LTIP.*** The LTIP provides for two types of awards: restricted units and unit options.
  - ***Restricted Units.*** Each restricted unit entitles the grantee to receive a common unit upon vesting or, in the discretion of the Compensation Committee, an amount of cash equivalent to the then-current value of a common unit at the time of vesting. From time to time, the Compensation Committee may make grants under the plan to employees and/or directors containing such terms as the Compensation Committee shall determine under the plan. The Compensation Committee will determine the conditions upon which the restricted units granted may become vested or forfeited, and whether or not any such restricted units will have distribution equivalent rights entitling the grantee to receive an amount in cash equal to cash distributions made by us with respect to a like number of our common units during the restricted period.

    Prior to the Merger, our equity awards were in the form of restricted unit awards that vested in total on the third anniversary of the grant date and the payout of which was dependent on the Partnership's achievement of certain performance metrics and the participant's continued employment (or, as applicable, continued service relationship) with our general partner. After the Merger, all of the restricted units granted have provided for vesting over a specified time period, with vesting based solely on continued employment (or, as applicable, a continued service relationship) as of each applicable vesting date, without regard to the satisfaction of any performance objectives. This change resulted from the Compensation Committee's determination that vesting based on continued employment (or, as applicable, continued service), rather than the satisfaction of performance objectives, was more generally prevalent with companies in the energy industry.

    Also prior to the Merger, the Compensation Committee granted equity awards in January of the following year for performance during the previous year. Under the ETP compensation methodology, equity awards are granted in December of the performance year. Because of the timing of the transition to ETP's compensation methodology, the Compensation Committee continued the pre-Merger practice for the equity awards for performance during 2012 with such awards being granted in January 2013. Upon transitioning to ETP's compensation methodology, the equity awards for performance during 2013 were granted in December 2013 rather than January 2014. Thus, the disclosures in this CD&A and accompanying tables regarding equity awards granted in fiscal 2013 include equity awards granted for performance in both the 2012 (the January 2013 grants) and 2013 (the December 2013 grants) fiscal years. Going forward, the Partnership expects to grant one equity award in December of the performance year. In addition, in January 2014, the Compensation Committee approved an additional grant of restricted units to Mr. Hennigan for his performance during 2013.

    In January 2013, for their performance relative to the 2012 calendar year, the Compensation Committee approved grants of restricted units to Mr. Hennigan, Ms. Shea-Ballay and Messrs. Lauterbach and Chalson of 40,000 restricted units, 7,000 restricted units, 7,000 restricted units and 7,000 restricted units, respectively. These unit awards provide for vesting at a rate of 20% per year over a five-year period, subject to continued employment through each specified vesting date. In December 2013, as a result of the transition to the ETP compensation methodology, the Compensation Committee approved grants of restricted units to Mr. Hennigan, Ms. Shea-Ballay and Messrs. Lauterbach and Chalson of 43,700 restricted units, 7,000 restricted units, 7,000 restricted units and 7,000 restricted units, respectively. These units vest, based upon continued employment or service, at a rate of 60% after the third year of continuous employment or service and the remaining 40% after the fifth year of continuous employment or service. In addition, in January 2014, the Compensation Committee approved a grant of restricted units to Mr. Hennigan of 5,000 restricted units, which vest, based upon continued employment, at a rate of 60% after the third year of service and the remaining 40% after the fifth year of service.

These restricted units also entitle holders to receive, with respect to each common unit subject to such restricted unit that has not either vested or been forfeited, a distribution equivalent right cash payment promptly following each such distribution by us on our common units to our unitholders. In approving the grant of such restricted units, the Compensation Committee took into account the same factors as discussed above under the caption "-Annual Bonuses," the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity unit awards subject to vesting.

The issuance of restricted units pursuant to the LTIP is intended to serve as a means of incentive compensation; therefore, no consideration will be payable by the plan participants upon vesting and issuance of the restricted units.

The restricted units under the LTIP generally require the continued employment of the recipient during the vesting period. However, any unvested restricted units granted to a participant who is an employee will become vested and be paid out in the event of the termination of the participant's employment under circumstances that constitute a "Qualifying Termination" (as defined in the LTIP) within certain periods of time before or after a "Change in Control" (as defined in the LTIP) of the Partnership or permanent disability of the participant prior to the end of the applicable vesting period.

In addition to his role as Chief Financial Officer of our general partner, Mr. Salinas also serves as an employee of ETP's general partner. Although the compensation committee of ETP's general partner sets the components of his compensation, including salary and annual bonus, our general partner's Compensation Committee may make equity awards to Mr. Salinas in recognition of the services provided to us. In January 2013, Mr. Salinas received such equity awards, in the form of 8,333 restricted units granted pursuant to the LTIP, vesting at a rate of 20% per year over a five-year period, subject to continued employment through each specified vesting date. In addition, in December 2013, Mr. Salinas received equity awards, in the form of 6,550 restricted units granted pursuant to the LTIP, vesting over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to his continued employment through each specified vesting date.

- ***Performance-Based Restricted Units.*** The Company issued performance based restricted units in each of January 2011 and January 2012, with the awards issued in January 2011 vesting as of December 31, 2013, and the awards issued in January 2012 set to vest in December 31, 2014, and the payout of which, in each case, is subject to achievement of certain performance levels. For these performance-based LTIP grants, the Compensation Committee has determined that eventual payout of such LTIP awards will depend upon our achievement of performance levels based on two equally weighted performance measures: total unitholder return (including cash distributions plus appreciation in unit price) relative to peer companies and distributable cash flow, as measured by the distribution coverage ratio (defined as the sum of distributable cash flow divided by the sum of the distributions paid to unitholders) relative to goals defined by the Compensation Committee, both measured over a three-year performance cycle.

  Actual payout under these awards may range from zero percent to 200 percent of the units granted to each recipient, based upon our performance with respect to each of these two measures. Payment with respect to earned performance-based restricted units is made in common units no later than March 15 following the end of the performance period.

  In selecting total unitholder return and distributable cash flow, as measured by the distribution coverage ratio, as the performance measures applicable to the payout of performance-based restricted units, consideration was given to a balanced incentive approach, utilizing those measures deemed most important to our common unitholders, while recognizing the difficulty of accurately predicting market conditions over time. For these grants, the Compensation Committee believes that performance relative to our peer companies is an important criterion for payout since market conditions are outside the control of management, and management should realize greater than median levels of compensation only when we outperform relative to our peer companies. Conversely, regardless of market conditions, management should realize less than median compensation levels when we underperform as compared to our peer companies. Total unitholder return is a measure of investment performance expressed as total return to unitholders based upon the cumulative return over a three-year period reflecting price appreciation and reinvestment of cash distributions during the performance period and is a non-GAAP financial measure. Total unitholder return is measured using a one-month average stock price at the beginning and end of the three-year performance period. Similarly, distribution coverage ratio also is a non-GAAP financial measure that is measured over the same three-year performance period. As an additional incentive to promote the growth of cash distributions to our unitholders during the performance period, distribution equivalent rights were granted in tandem with the performance based restricted unit awards. At the end of the performance period, to the extent that the restricted units are paid out, these distribution equivalent rights entitle the grantee of the restricted units to receive an amount equal to the cumulative cash distributions that otherwise would have been paid over the performance period had the grantee been the holder of record of the number of our common units equal to the number of restricted units paid out. This amount may be taken in the form of cash or additional common units (fractional units are cashed out).

  - ***Unit Options.*** The LTIP currently permits the grant of options covering common units. No unit options have been granted since the inception of the LTIP. However, in the future, the Compensation Committee may grant unit options under the LTIP to employees and directors, containing such terms as the Compensation Committee shall determine.

- ***Accounting and Tax Considerations.*** We account for the equity compensation expense of our general partner's employees, including the NEOs, in accordance with U.S. generally accepted accounting principles ("*GAAP*"), which requires us to estimate and record an expense for each equity award over the vesting period of the award. For performance-based restricted units that are paid out in the form of common units, the value of our common units on the date of grant is used for determining the expense, with an adjustment for the actual performance factors achieved. Thus, the expense for performance-based restricted units payable in units generally is not adjusted for changes in the trading price of our common units after the date of grant. For market-based awards, the value is determined using a Monte Carlo simulation. The expense for restricted units settled in common units is recognized ratably over the vesting period. For cash compensation, the accounting rules require us to record it as an expense at the time the obligation is accrued. Because we are a partnership, and our general partner is a limited liability company, Internal Revenue Code ("*Code*") Section 162(m) does not apply to the compensation paid to our NEOs and, accordingly, our general partner's Compensation Committee did not consider its impact in determining compensation levels for 2013. In deciding to grant long-term incentive awards of restricted units, rather than unit options, our general partner's Compensation Committee did consider the tax implications to us.

- ***Equity Grant Practices.*** Equity awards to employees are approved at meetings of our general partner's Compensation Committee. In exigent circumstances, however, such awards may be approved by unanimous written consent of the Compensation Committee. The grant date of an equity award is the date of the Compensation Committee meeting at which such equity award is approved. The Compensation Committee may, in its discretion, refrain from approving grants of equity awards to employees if the meeting at which such approval is to be considered occurs during a period in which management is in possession of material non-public information, in which case, approval of such equity awards may be deferred to the next Compensation Committee meeting. No grant approvals were deferred to a later Compensation Committee meeting in 2013.

- ***Unit Ownership Guidelines.*** Our general partner has established guidelines for the ownership of our common units, applicable to its executives and certain key employees. For executives (including NEOs) and other key employees, the applicable unit ownership guidelines are denominated as a multiple of base salary, and the amount of common units required to be owned increases with the level of responsibility. Under the current guidelines, the President and Chief Executive Officer is expected to own common units having a minimum value of five times his base salary, while each of the remaining NEOs are expected to own common units having a minimum value of three times their respective base salaries. Our general partner and the Compensation Committee believe that the ownership of our common units, as reflected in these guidelines, is an important means of tying the financial risks and rewards for our executives to our total unitholder return and better aligning the interests of such executives with those of our unitholders. Executive officers who have not yet met their respective guideline must accumulate our common units until such guideline is met. Except for sales of common units in settlement of tax obligations relating to the receipt and payment of LTIP awards, such persons are prohibited from disposing of any of our common units until the applicable ownership guideline has been attained. However, those individuals who have met or exceeded their applicable ownership guideline may dispose of our common units in a manner consistent with applicable law and our policy, but only to the extent that such individual's remaining ownership of common units would continue to exceed the applicable ownership guideline.

- ***Insider Trading (Including Hedging) Policy.*** The employees of our general partner are subject to the Sunoco Partners LLC Insider Trading Policy which, among other things, prohibits such employees from entering into short sales, or purchasing, selling, or exercising any puts, calls, or similar derivative security instruments pertaining to our common units, all of which could incent an employee towards engaging in overly risky behavior for short-term gains. This prohibition does not extend to unit options that may be issued in accordance with the terms of our general partner's LTIP.

- ***Other Plans:*** During 2013, employees of our general partner, including the NEOs, participated in the following benefit plans offered by ETP or its affiliates, including certain of Sunoco's plans, in which our general partner was a participating employer prior to the Merger and continues to participate:

    - ***The Sunoco, Inc. Retirement Plan*** (the "*SCIRP*") is a qualified defined benefit plan, under which benefits are subject to Code limits for pay and amount. Under the SCIRP, executives hired before January 1, 1987 participate in a "final average pay" formula. Those executives hired on or after January 1, 1987 participate in a "cash balance" formula, which provides a benefit based on career pay rather than final average pay. Effective June 30, 2010, Sunoco froze pension benefits (including accrued and vested benefits) payable under this plan for all salaried employees, including the NEOs of our general partner who participate in this plan.

    - ***The Sunoco, Inc. Pension Restoration Plan*** (the "*Pension Restoration Plan*") is a non-qualified, unfunded plan that provides retirement benefits that otherwise would be provided under the SCIRP, except for the Code limits. Effective June 30, 2010, Sunoco froze benefits (including accrued and vested benefits) payable under this plan for all salaried employees, including the NEOs of our general partner who participate in this plan.

    - ***The Sunoco, Inc. Capital Accumulation Plan*** ("*SunCAP*") is a defined contribution 401(k) plan, which covers substantially all of our general partner's employees, including the NEOs. Employees may elect to defer up to 100% of their eligible compensation after applicable taxes, as limited under the Code. The general partner makes a matching contribution based on a rate of match equal to 100% of each participant's elective deferrals up to 5% of covered compensation. The general partner also makes a discretionary profit sharing contribution of 7% of base pay (Messrs. Hennigan, Lauterbach and Chalson) or 3% of base pay (Ms. Shea-Ballay), subject to IRS contribution limits. The entire amount credited to the participant's SunCAP account is fully vested and non-forfeitable at all times. We provide this benefit as a means to incentivize employees and provide them with an opportunity to save for their retirement. Effective January 1, 2014, SunCAP was merged into the ETP 401(k) Plan.

    - ***The ETP Non-Qualified Deferred Compensation Plan*** (the "*ETP NQDC Plan*") is a deferred compensation plan, which permits eligible highly compensated employees to defer a portion of their salary and/or bonus until retirement or termination of employment or other designated distribution event. Under the ETP NQDC Plan, each year eligible employees are permitted to make an irrevocable election to defer up to 50% of their annual base salary, 50% of their quarterly non-vested unit distribution income, and/or 50% of their discretionary performance bonus compensation to be earned for services performed during the following year. Pursuant to the ETP NQDC Plan, the general partner may make annual discretionary matching contributions to participants' accounts; however, the general partner has not made any discretionary contributions to participants' accounts and currently has no plans to make any discretionary contributions to participants' accounts. All amounts credited under the ETP NQDC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings (or losses) based on hypothetical investment fund choices made by the participants among available funds.

        Participants may elect to have their accounts distributed in one lump sum payment or in annual installments over a period of three or five years upon retirement, and in a lump sum upon other termination. Participants may also elect to take lump-sum in-service withdrawals five years or longer in the future, and such scheduled in-service withdrawals may be further deferred prior to the withdrawal date. Upon a change of control (as defined in the ETP NQDC Plan), all ETP NQDC Plan accounts are immediately vested in full, and participants may elect to have their accounts distributed in one lump sum payment or to retain their originally elected payment schedules.

    - ***The ETP Deferred Compensation Plan for Former Sunoco Executives*** is a deferred compensation plan established by ETP in connection with the Merger. Pursuant to his Offer Letter (as defined below) agreement with ETP, in connection with the Merger, Mr. Hennigan waived any future rights or benefits to which he otherwise would have been entitled under both the Sunoco, Inc. Executive Retirement Plan ("*SERP*"), a non-qualified, unfunded plan that provided supplemental pension benefits over and above the benefits under the SCIRP and the Pension Restoration Plan, and the Pension Restoration Plan, in return for which, the present value ($2,789,413) of such deferred compensation benefits was credited to Mr. Hennigan's account under this plan. Mr. Hennigan is our only executive officer eligible to participate in this plan. Mr. Hennigan's account is 100% vested and will be distributed in one lump sum payment upon his retirement or termination of employment or other designated distribution event, including a change of control (as defined in the plan). His account is credited with deemed earnings (or losses) based on hypothetical investment fund choices made by him among available funds.

- ***Other Benefits:*** Employees of our general partner, including NEOs, participate in a variety of other benefits arrangements, including medical, dental, vision, life insurance, disability insurance, holidays and vacation. These benefits generally are provided on an enterprise-wide basis to employees of the general partner and its affiliates. Executive officers receive the same benefits and are responsible to pay the same premium as other non-represented employees.

- ***Perquisites:*** In 2013, certain NEOs also received a limited number of personal benefits, or "perquisites." The dollar amount of the perquisites received by our NEOs is included in the Summary Compensation Table below, under "All Other Compensation."

- ***Severance and Change-in-Control Benefits:*** An employee, including an NEO, is an employee at will. This means that our general partner may terminate an employee's employment at any time, with or without notice, and with or without cause or reason. Upon certain terminations of employment and in the event of a change in control, certain benefits may be paid or provided to our NEOs.

  - ***The Executive Involuntary Severance Plan*** (the "*Involuntary Severance Plan*") provides certain severance benefits to certain of our general partner's designated executive officers and other designated key management personnel who are involuntarily terminated other than for just cause, death or disability. In recognition of their past service, the plan is intended to alleviate the financial hardship that may be experienced by certain executives whose employment is terminated, due to circumstances beyond their control. The amount or kind of benefit to be provided is based on the executive's position and compensation at the time of termination. Depending upon salary level, NEOs would receive severance payments ranging from one to one and one-half times base salary plus their annual target bonus in effect on the termination date. Eligible executives under the Involuntary Severance Plan are entitled to medical coverage during the applicable severance period, at the same rate that such benefits are provided to active employees. Following the Merger, the Executive Involuntary Severance Plan was amended to provide that the only eligible participants under the plan are those employees who were eligible to participate on October 5, 2012, the date of the Merger.

  - ***The Special Executive Severance Plan*** (the "*SESP*") provides severance and enhanced pension benefits in case of termination (whether actual or constructive and other than for just cause, death or disability) occurring within two years after a change of control of the Partnership, as defined in the plan. The plan was adopted to retain key management personnel in the event of a major transaction or change in control, and to eliminate the uncertainty and questions that may arise among management with respect to such transaction, and that may result in the departure or distraction of key management personnel to our detriment and/or to the detriment of our general partner. Under such circumstances, the Board of Directors has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key management personnel to their assigned duties without distraction and, hence, has adopted the plan. The Board of Directors believes that in the context of a change in control, potential acquirers otherwise may have an incentive to constructively terminate an executive's employment to avoid paying severance, and it is therefore appropriate to provide severance benefits in this circumstance upon a constructive termination. Severance under this plan is payable in a lump sum, equal to three times annual compensation for the Chief Executive Officer, and two times annual compensation for the other NEOs. Following the Merger, the SESP was amended to provide that the only eligible participants under the plan are those employees who were eligible to participate on October 5, 2012, the date of the Merger.

  - ***The LTIP*** provides that, in the event of a qualifying termination following a change in control (as such terms are defined in the plan), all awards of restricted units or unit options automatically vest and become payable or exercisable, as the case may be. Performance-based restricted units that have been outstanding for more than one year will be paid out at the greater of the target amount, or an amount in line with our actual performance immediately prior to the change in control. Those performance-based restricted units that have been outstanding for one year or less will be paid out at the target amount. Additional information regarding these plans can be found under “Other Potential Post-Employment Payments” below.

SUMMARY COMPENSATION TABLE

The Summary Compensation Table reflects the total compensation earned by each NEO in each of 2013, 2012 and 2011 (or such shorter period of time during which such individual served as an executive officer of the general partner):

Name and Principal Position	Year	Salary ($)	Unit Awards [1] ($)	Non-Equity Incentive Plan Compensation [2] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings [3] ($)	All Other Compensation [4] ($)	Total ($)
M. J. Hennigan	2013	574,750	5,242,400	810,000	—	336,262	6,963,412
President and Chief	2012	539,716	6,533,065	956,174	—	292,351	8,321,306
Executive Officer	2011	488,300	881,954	680,200	589,142	59,536	2,699,132
M. Salinas, Jr. [5]	2013	n/a	918,464	n/a	n/a	19,562	938,026
Chief Financial Officer	2012	n/a	n/a	n/a	n/a	n/a	n/a
K. Shea-Ballay	2013	310,000	873,390	278,000	—	74,559	1,535,949
Senior Vice President,	2012	290,500	212,582	222,775	19,610	22,606	768,073
General Counsel & Secretary	2011	264,000	117,307	204,900	23,387	21,629	631,223
K. Lauterbach [6]	2013	313,500	873,390	283,000	489	113,900	1,584,279
Senior Vice President,							
Lease Acquisitions							
D. Chalson [6]	2013	266,475	873,390	285,000	15,764	47,033	1,487,662
Senior Vice President,							
Operations							

NOTES TO TABLE:

(1) The amounts shown in this column reflect the aggregate grant date fair value of restricted unit awards under the LTIP, calculated in accordance with FASB ASC Topic 718. See Note 14 to our consolidated financial statements for fiscal 2013 for additional detail regarding assumptions underlying the value of these equity awards. In addition to the awards approved by the Compensation Committee at its regularly scheduled meetings in January 2013, December 2013, January 2012, February 2012 and January 2011, the amounts shown in this column also reflect the grant of time-based units to Mr. Hennigan, effective December 5, 2012, pursuant to his Offer Letter following the Merger with ETP. Prior to the Merger, the Compensation Committee granted equity awards in January of the following year for performance during the previous year. Under the ETP compensation methodology, equity awards are granted in December of the performance year. Because of the timing of the transition to ETP's compensation methodology, the Compensation Committee continued the pre-Merger practice for the equity awards for performance during 2012 with such awards being granted in January 2013. Upon transitioning to ETP's compensation methodology, the equity awards for performance during 2013 were granted in December 2013 rather than January 2014 (which would have been the case under our pre-Merger compensation methodology). Thus, the amounts shown in this column include equity awards granted for performance in both the 2012 (the January 2013 grants) and 2013 (the December 2013 grants) fiscal years. Going forward, it is expected that annual equity awards for performance will be made in December of the performance year.

(2) The amounts shown in this column reflect annual bonuses payable under the Bonus Plan for performance during 2013, which are payable on or before March 15, 2014, and annual incentive amounts paid under the Annual Incentive Plan (which was replaced by the Bonus Plan in 2013) for performance during 2012 and 2011, which were paid on or before March 15, 2013 and March 15, 2012, respectively. Under the Annual Incentive Plan, an individual's annual incentive payout amount was determined by multiplying: (a) the product of his or her base salary and individual incentive guideline by (b) a factor ranging from zero to 200 percent, based upon the level of attainment of specific pre-established goals.

(3) The amounts shown in this column reflect the change in present value for all defined benefit pension plans and supplemental executive retirement plans in which the NEOs participated. Pursuant to Mr. Hennigan's Offer Letter agreement with ETP, in connection with the Merger, he waived any future rights or benefits to which he otherwise would have been entitled under both the SERP and the Pension Restoration Plan. As a consequence, the year-to-year change in actuarial present value of his pension benefits under the Sunoco plans in 2012 was negative. The year-to-year change in actuarial present value of Mr. Hennigan's and Ms. Shea-Ballay's pension benefits under the Sunoco plans for 2013 was negative because the discount rate used in the assumptions to value the lump sum pension benefit was higher in 2013 than it was in 2012. The assumed higher rate results in a lower present value of benefits. The applicable disclosure rules require the change in pension value be shown as "$0" if the actual calculation of the change in pension value is less than zero (*i.e*., a decrease). The decrease in pension value for Mr. Hennigan was $2,140,896 for 2012. The decrease in pension value for Mr. Hennigan and Ms. Shea-Ballay was $199,350 and $17,954, respectively, for 2013. NEOs did not have any above-market or preferential payments on deferred compensation during 2013, 2012, or 2011. During 2012 and 2011, certain NEOs had deferred amounts under the Sunoco, Inc. Savings Restoration Plan (the "*Savings Restoration Plan*"), an excess 401

(k) benefit plan available during 2012 and 2011 to employees of Sunoco and its subsidiaries, including our general partner. The Savings Restoration Plan was a non-qualified deferred compensation plan available to those participants in SunCAP subject to compensation and/or contribution limitations under the Code. Participants were able to contribute amounts in excess of the applicable Code limits, up to five percent of base salary. Effective as of December 31, 2012, the Savings Restoration Plan was terminated, amounts outstanding in participant accounts were liquidated, and the participating employees who were affected by the plan's termination received the cash value of their outstanding account balances from Sunoco. Mr. Hennigan received payment of his outstanding cash balance at December 31, 2012. Ms. Shea-Ballay received payment of her outstanding cash balance at February 2013.

(4) The table below shows the components of this column for 2013:

Name	Year	Company Contribution Under Defined Contribution Plan [a] ($)	Financial Counseling [b] ($)	Perquisites >$10,000 ($)	Distribution Equivalent Rights Payments [c] ($)	Total ($)
M. J. Hennigan	2013	28,737	2,350	—	305,175	336,262
M. Salinas, Jr.	2013	n/a	n/a	n/a	19,562	19,562
K. Shea-Ballay	2013	20,400	n/a	—	54,159	74,559
K. Lauterbach	2013	30,600	n/a	—	83,300	113,900
D. Chalson	2013	30,600	n/a	—	16,433	47,033

(a) During 2013, our general partner was a participating employer in SunCAP, which makes a matching contribution based on a rate of match equal to 100% of each participant's elective deferrals up to 5% of covered compensation. The general partner also makes a discretionary profit sharing contribution of 7% of base pay (Messrs. Hennigan, Lauterbach and Chalson) or 3% of base pay (Ms. Shea-Ballay), subject to IRS contribution limits.

(b) In 2006, Mr. Hennigan received perquisites including an allowance for financial counseling up to a maximum of $2,500 per year. This annual financial counseling allowance was discontinued beginning on January 1, 2007, and any unused portion of the 2006 allowance could not be carried forward. However, Mr. Hennigan was permitted to continue to use amounts accrued prior to 2005, until such balance was depleted. In April 2013, Mr. Hennigan's financial counseling account was closed, and the remaining balance of $2,350 was paid to him.

(c) The amounts shown in this column reflect the cash payments made to each NEO during 2013, which were equal to each cash distribution per common unit made by us on our common units during 2013 with respect to each common unit subject to a restricted unit held by such NEO that has not either vested or been forfeited.

(5) Mr. Salinas is employed by the general partner of ETP, which determines the components of his compensation, including salary and annual bonus. We have no control over this compensation determination process. However, our general partner's Compensation Committee granted equity awards to Mr. Salinas in January and December 2013 in recognition of his services to us. Mr. Salinas did not receive separate compensation for his services to us as Chief Financial Officer of our general partner during 2012.

(6) Compensation information only for fiscal year 2013 is provided for the employees of our general partner who were not NEOs in fiscal years 2011 and 2012.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth the grants of plan-based awards to NEOs in 2013:

Name	Grant Date	All Other Unit Awards: Number of Units (#)	Grant Date Fair Value of Unit Awards [1] ($)
M. J. Hennigan	12/5/2013 [2]	43,700	2,971,600
President and Chief Executive Officer	1/24/2013	40,000	2,270,800
M. Salinas, Jr.	12/5/2013 [2]	6,550	445,400
Chief Financial Officer	1/24/2013	8,333	473,064
K. Shea-Ballay	12/5/2013 [2]	7,000	476,000
Senior Vice President, General Counsel & Secretary	1/24/2013	7,000	397,390
K. Lauterbach	12/5/2013 [2]	7,000	476,000
Senior Vice President, Lease Acquisitions	1/24/2013	7,000	397,390
D. Chalson	12/5/2013 [2]	7,000	476,000
Senior Vice President, Operations	1/24/2013	7,000	397,390

NOTES TO TABLE:

(1) Reflects the grant date fair value of restricted unit awards granted under the LTIP during fiscal 2013, computed in accordance with FASB ASC Topic 718. See Note 14 to our consolidated financial statements for fiscal 2013 for additional detail regarding assumptions underlying the value of these equity awards.

(2) Prior to the Merger, the Compensation Committee granted equity awards in January of the following year for performance during the previous year. Under the ETP compensation methodology, equity awards are granted in December of the performance year. Because of the timing of the transition to ETP's compensation methodology, the Compensation Committee continued the pre-Merger practice for the equity awards for performance during 2012 with such awards being granted in January 2013. Upon transitioning to ETP's compensation methodology, the equity awards for performance during 2013 were granted in December 2013 rather than January 2014.

Narrative Disclosure to Summary Compensation Table and Grants of the Plan-Based Awards Table

A description of material factors necessary to understand the information disclosed in the tables above can be found in the CD&A that precedes these tables, along with the information provided in this section.

In connection with the consummation of the Merger, Mr. Hennigan accepted an offer letter from ETP, effective as of October 5, 2012, to continue in his current positions as the President and Chief Executive Officer, and a director of our general partner (the "*Offer Letter*"). The terms of the Offer Letter include the following:

- Base salary of $550,000, on an annualized basis;
- 2012 target bonus opportunity at 100% of base salary;
- Retention of Mr. Hennigan's right to certain benefits in the event of termination of employment or a change in control of our general partner under the SESP for a period of two years from the effective time of the Merger. The Offer Letter amended and limited the events giving rise to a "Qualifying Termination" under the SESP;
- One-time award, granted as of December 5, 2012, under the LTIP, consisting of 90,000 restricted units and cash distribution rights, vesting incrementally over a five-year period. The first percentage vesting will occur on October 6, 2014 (the "*Initial Vesting Date*"), and all distributions associated with the award prior to the Initial Vesting Date will be accrued, but not paid, until the Initial Vesting Date;
- Eligibility, on a discretionary basis, for annual long-term equity incentive awards, consisting of our restricted units having a grant date fair value equal to 200 percent to 300 percent of annual base salary (subject to a five-year graded vesting period);
- Conversion of the present value ($2,789,413) of certain Sunoco deferred compensation benefits to the ETP Deferred Compensation Plan for Former Sunoco Executives; and
- Eligibility to participate in the employee benefit plans, including non-qualified deferred compensation, retirement, health and other welfare benefit plans, offered to similarly situated executives of ETP.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information concerning the unvested and outstanding equity awards to each current NEO as of December 31, 2013:

		Unit Awards			
		Time-based Awards		Performance-based Awards	
Name	**Grant Date** [(1)]	**Number Units That Have Not Vested (#)**	**Market Value of Units That Have Not Vested** [(2)] **($)**	**Equity Incentive Plan Awards: Number of Unearned Units or Other Rights That Have Not Vested** [(3)] **(#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Units or Other Rights That Have Not Vested** [(2)] **($)**
M. J. Hennigan	12/5/2013	43,700	3,298,476		
President and Chief Executive Officer	1/24/2013	32,000	2,415,360		
	12/5/2012	90,000	6,793,200		
	3/1/2012	19,535	1,474,502		
	3/1/2012			35,033	2,644,291
M. Salinas, Jr.	12/5/2013	6,550	494,394		
Chief Financial Officer	1/24/2013	6,666	503,150		
K. Shea-Ballay	12/5/2013	7,000	528,360		
Senior Vice President,	1/24/2013	5,600	422,688		
General Counsel & Secretary	1/26/2012			6,152	464,353
K. Lauterbach	12/5/2013	7,000	528,360		
Senior Vice President,	1/24/2013	5,600	422,688		
Lease Acquisitions	7/24/2012	29,260	2,208,545		
	1/26/2012			5,381	406,158
D. Chalson	12/5/2013	7,000	528,360		
Senior Vice President, Operations	1/24/2013	5,600	422,688		
	1/26/2012			2,071	156,319

NOTES TO TABLE:

(1) Time-based restricted unit awards vest as follows:
- 100% in December 2014 for Mr. Hennigan's award granted in March 2012;
- 100% in December 2014 for M. Lauterbach's award granted in July 2012;
- ratably in December of each year through 2017 for awards granted in December 2012;
- ratably in December of each year through 2017 for awards granted in January 2013; and
- 60% in December 2016 and the remaining 40% in December 2018 for awards granted in December 2013.

The performance-based restricted unit awards vest in December 2014.

(2) The market value or payout value of the unearned restricted units assumes a payout at the target of 100 percent, and is equal to the closing price of our common units on December 31, 2013 of $75.48, multiplied by the number of restricted units outstanding. The amounts shown in this column do not include amounts for related distribution equivalents that could be included in the payout. See "Other Potential Post-Employment Payments" for a discussion of the treatment of these awards under certain termination events, or in the event of a change in control.

(3) Actual payout of performance-based awards will depend upon our achievement of certain specified performance levels based on defined goals. The portion of each award that may be earned during the performance period ranges from zero to 200 percent of the award. Payment of any amounts earned will occur following the vesting period, assuming continued employment with the general partner at such time. See "Other Potential Post-Employment Payments" for a discussion of the treatment of these awards under certain termination events, or in the event of a change in control.

OPTION EXERCISES AND UNITS VESTED

The following table provides information concerning the vesting in 2013 of certain restricted units, previously awarded under the LTIP to the NEOs:

	Unit Awards	
Name	**Number of Units Acquired on Vesting [1] (#)**	**Value Realized on Vesting [2] ($)**
M. J. Hennigan *President and Chief Executive Officer*	61,934	4,600,802
M. Salinas, Jr. *Chief Financial Officer*	1,667	114,456
K. Shea-Ballay *Senior Vice President, General Counsel & Secretary*	15,980	1,191,374
K. Lauterbach *Senior Vice President, Lease Acquisitions*	31,201	2,082,761
D. Chalson *Senior Vice President, Operations*	6,716	495,462

NOTES TO TABLE:

(1) The amounts shown in this column reflect the vesting and payout, in the form of our common units, of LTIP grants during 2013. For the performance-based restricted units, the number of common units to be paid out was determined by multiplying the target number of such restricted units by the applicable performance factor (200%).

(2) Value realized on vesting was determined by multiplying the number of common units to be issued upon vesting by the closing market price of our common units on the vesting date. These amounts do not reflect the value of units withheld by our general partner to satisfy tax withholding obligations.

PENSION BENEFITS

Prior to the Merger, our general partner was a participating employer in certain Sunoco pension and retirement plans, and our general partner continues to participate in such plans following the Merger. Our NEOs are eligible to participate in such plans. The table below shows the estimated annual retirement benefits payable to a covered executive based upon the final average pay formula or the cash balance formula, as applicable, of the SCIRP and the Pension Restoration Plan. Executives who participate in these plans may elect to receive their accrued benefits in the form of either a lump sum or an annuity. The estimates shown in the table below assume that benefits are received in the form of a single lump sum at retirement. Effective June 30, 2010, Sunoco froze pension benefits for all salaried and many non-union employees. This freeze also applies to the NEOs.

Name	Plan	Number of Years Credited Service [1] (#)	Present Value of Accumulated Benefit Year-end 2012 [2] ($)	Payments During Last Fiscal Year ($)
M. J. Hennigan [3]	SCIRP (Qualified)	27.93	1,199,976	—
President and Chief Executive Officer	Pension Restoration	27.93	—	—
M. Salinas, Jr. [4]	SCIRP (Qualified)	n/a	n/a	n/a
Chief Financial Officer	Pension Restoration	n/a	n/a	n/a
K. Shea-Ballay	SCIRP (Qualified)	5.19	144,459	—
Senior Vice President, General Counsel & Secretary	Pension Restoration	5.19	11,904	—
K. Lauterbach	SCIRP (Qualified)	12.73	227,563	—
Senior Vice President, Lease Acquisitions	Pension Restoration	12.73	—	—
D. Chalson	SCIRP (Qualified)	24.18	464,783	—
Senior Vice President, Operations	Pension Restoration	24.18	10,812	—

NOTES TO TABLE:

(1) Credited years of service reflect actual service with the general partner, including years of service credited with Sunoco prior to employment with our general partner.

(2) An actuarial present value of the benefits is calculated by estimating expected future payments starting at an assumed retirement age, weighting the estimated payments by the estimated probability of surviving to each post-retirement age, and discounting weighted payments at an assumed discount rate to reflect the time value of money. The actuarial present value represents an estimate of the amount which, if invested as of December 31, 2013 at a discount rate of 4.65%, would be sufficient on an average basis to provide estimated future payments based on the current accumulated benefit. Estimated future payments are assumed to be in the form of a single lump sum payment at retirement determined using interest rate and mortality table assumptions applicable under current IRS regulations for qualified pension plans. All pre-retirement decrements such as pre-retirement mortality and terminations of employment have been ignored for purposes of these calculations. The lump sum conversion uses the lump sum mortality table derived from IRS regulations. In addition, the value of the lump sum payment includes the estimated value of the 50% postretirement death benefit payable, if married, to the spouse of a retired participant under the Final Average Pay formula benefits described below. It is assumed that 80% of all male members are married and 50% of females are married, with wives assumed to be 3 years younger than husbands. The assumed retirement age for each executive is the earliest age at which the executive could retire without any benefit reduction due to age. For NEOs, the assumed retirement age is 60 (*i.e.*, the earliest age at which the executive could retire without any benefit reduction due to age), or actual age, if older than 60. Actual benefit present values will vary from these estimates depending on many factors, including an executive's actual retirement age, interest rate movements and regulatory changes.

(3) Pursuant to his Offer Letter agreement with ETP, in connection with the Merger, Mr. Hennigan waived any future rights or benefits to which he otherwise would have been entitled under both the SERP and the Pension Restoration Plan, in return for which, the present value ($2,789,413) of such deferred compensation benefits was credited to the ETP Deferred Compensation Plan for Former Sunoco Executives.

(4) Mr. Salinas is employed by ETP's general partner and does not participate in any of the Sunoco pension benefit plans.

The Sunoco, Inc. Retirement Plan

The SCIRP is a qualified defined benefit retirement plan that covers most salaried and many hourly employees, including the NEOs. The SCIRP provides for normal retirement at age 65. The plan includes two benefit formulas:

(1) Final Average Pay formula

- The benefit equals (A) 1- $^{2}/_{3}$ percent of Final Average Pay (the average earnings during the 36 consecutive months of highest earnings in the last ten years prior to retirement, or until June 30, 2010, whichever is sooner) multiplied by the credited service up to 30 years, plus $^{3}/_{4}$ percent of Final Average Pay multiplied by the credited service over 30 years.
- The benefit is then reduced by (B) an amount equal to 1- $^{2}/_{3}$ percent of the estimated Social Security Primary Insurance amount multiplied by the credited years of service up to a maximum of 30 years.
- The (A) portion of the benefit is reduced by $^{5}/_{12}$ percent for each month that retirement precedes age 60 (down to age 55), with the early retirement benefit at age 55 being 75 percent of the unreduced benefit. The (B) portion of the benefit is reduced by $^{7}/_{12}$ percent for each month that retirement precedes age 65 and an additional $^{7}/_{24}$ percent for each month that retirement precedes age 60, with the reduction at age 55 being 47.5% of the unreduced benefit.

(2) Career Pay (cash balance) formula

- The retirement benefit is expressed as an account balance, comprised of pay credits and indexing adjustments.
- Pay credits equal seven percent of pay for the year up to the Social Security (FICA) Wage Base ($110,100 in 2012 and $113,700 in 2013) plus 12 percent of pay that exceeds the Wage Base for the year.
- The indexing adjustment equals the account balance at the end of each month multiplied by the monthly change in the All-Urban Consumer Price Index, plus 0.17 percent. However, if in any month the adjustment would be negative, the adjustment would be zero for such month.

For employees, including NEOs, hired before January 1, 1987 (Mr. Hennigan), the benefits under the SCIRP are the greater of the Final Average Pay or Career Pay formula benefits. An employee may retire at the Normal Retirement Age of 65 regardless of years of service, or may retire as early as age 55 with 10 years of service. All employees hired before January 1, 1987 are 100 percent vested in their benefits. For employees, including NEOs, hired on or after January 1, 1987 (Ms. Shea-Ballay and Messrs. Lauterbach and Chalson), retirement benefits are calculated under the Career Pay formula only. An employee may retire at the Normal Retirement Age of 65, or may retire as early as age 55 with 10 years of service. An employee hired before January 1, 2008 is 40 percent vested in his or her benefit after completing two years of eligible service, and 100 percent vested after completing three years of eligible service. Employees hired on or after January 1, 2008 are 100 percent vested after three years of eligible service.

The normal form of benefit under the SCIRP is an annuity for the life of the employee, with 50 percent of that annuity paid for the life of the employee's surviving spouse (50 percent Joint and Survivor Benefit). This 50 percent Joint and Survivor benefit is free for participants who benefit under the Final Average Pay formula, but the participant's monthly annuity is reduced actuarially for those who benefit under the Career Pay formula. Other forms of payment are also offered such as a lump sum and other annuity options. Under the Career Pay formula, the lump sum is equal to the value of the employee's account, and under the Final Average Pay formula, the lump sum is the actuarial equivalent of the annuity benefit, based on Internal Revenue Service prescribed interest rates and mortality tables.

The SCIRP is subject to qualified plan Code limits on the amount of annual benefit that may be paid, and on the amount of compensation that may be taken into account in calculating retirement benefits, under the plan. For 2011, the limit on the compensation that may be used was $245,000. The limit on annual compensation that could be considered in calculating benefits in 2012 and 2013 was $250,000 and $255,000, respectively. Benefits in excess of those permitted under the statutory limits are paid from the Pension Restoration Plan, as described below.

The amounts presented in the table above are actuarial present values based on accrued annual benefits, using pay and benefit service through June 30, 2010.

If the benefit is paid in a lump sum, the actual amount distributed would vary from the amount provided in the table depending on the actual interest rate and the mortality assumptions used to calculate the distribution at the time of retirement. The mortality table and interest rates to be used in determining a lump sum are set in accordance with the Pension Protection Act of 2006 ("*PPA*"). Under the PPA, the method for computing the lump sum interest rate was completely phased-in for 2013.

Sunoco, Inc. Pension Restoration Plan

The Pension Restoration Plan is a non-qualified plan that provides retirement benefits that would be provided under the SCIRP, but are prohibited from being paid from the SCIRP by the Code limits. See the discussion regarding the SCIRP, above, for the limits. Participants in the SCIRP whose annual compensation exceeds the applicable Code limits are eligible to participate in the Pension Restoration Plan. The benefit paid by the Pension Restoration Plan is the excess of the total benefit accrued under the SCIRP over the amount of benefit that the SCIRP is permitted to provide under the Code. All benefits under the Pension Restoration Plan that are paid in a lump sum are calculated using the same actuarial factors applicable under the SCIRP. Payment of benefits is made upon termination of employment, except that payment of amounts subject to Code Section 409A is delayed until six months after separation from service for any specified employee as defined under Code Section 409A. No additional benefits are being accrued after June 30, 2010 under the Pension Restoration Plan.

Pursuant to his Offer Letter agreement with ETP, in connection with the Merger, Mr. Hennigan waived any future rights or benefits to which he otherwise would have been entitled under the SERP and the Pension Restoration Plan, in return for which, the present value ($2,789,413) of such deferred compensation benefits was credited to the ETP Deferred Compensation Plan for Former Sunoco Executives.

NONQUALIFIED DEFERRED COMPENSATION

Savings Restoration Plan

The following table includes deferred compensation provided to the NEOs in 2013 under the Savings Restoration Plan, a nonqualified plan made available to employees who participated in SunCAP (Sunoco's 401(k) plan) and who may be subject to Code limits on compensation and/or contributions. Under the Savings Restoration Plan, the participants were able to contribute to an account in excess of the applicable limits. Because the Savings Restoration Plan was nonqualified, the executive's contributions and our general partner's matching contributions were credited, and cash distributions are made upon payout. The investment funds available under the Savings Restoration Plan were the same as those available to all employees participating in the SunCAP, and the executive received earnings on those investments, depending on the fund's performance, calculated in the same manner and at the same rate as for all other employees invested in those funds in the SunCAP. Effective as of December 31, 2012, the Savings Restoration Plan was terminated, amounts outstanding in participant accounts were liquidated, and the affected participating employees received the cash value of their outstanding account balances from Sunoco.

Name	Executive Contributions in 2013 ($)	Registrant Contributions in 2013 ($)	Aggregate Earnings in 2013 (1) ($)	Aggregate Withdrawals/ Distributions (2) ($)	Aggregate Balance at December 31, 2013 ($)
M. J. Hennigan *President and Chief Executive Officer*	—	—	—	—	—
M. Salinas, Jr. *Chief Financial Officer*	n/a	n/a	n/a	n/a	n/a
K. Shea-Ballay *Senior Vice President, General Counsel & Secretary*	—	—	134	6,125	—
K. Lauterbach *Senior Vice President, Lease Acquisitions*	—	—	—	—	—
D. Chalson *Senior Vice President, Operations*	—	—	—	—	—

NOTES TO TABLE:

(1) These amounts reflect the net gains (losses) attributable to the investment funds in which the NEOs are deemed to have chosen to invest their contributions and our general partner's matching contributions under the Savings Restoration Plan, which are based on how their contributions under SunCAP are invested.

(2) Ms. Shea-Ballay received payment of her outstanding cash balance at February 2013.

ETP Non-Qualified Deferred Compensation Plan

The following table provides the voluntary salary deferrals made by the NEOs in 2013 under the ETP NQDC Plan, a deferred compensation plan that permits eligible highly compensated employees to defer a portion of their salary and/or bonus until retirement or termination of employment or other designated distribution event. Under the ETP NQDC Plan, each year eligible employees are permitted to make an irrevocable election to defer up to 50% of their annual base salary, 50% of their quarterly non-vested unit distribution income, and/or 50% of their discretionary performance bonus compensation to be earned for services performed during the following year. Pursuant to the ETP NQDC Plan, the general partner may make annual discretionary matching contributions to participants' accounts; however, the general partner has not made any discretionary contributions to participants' accounts and currently has no plans to make any discretionary contributions to participants' accounts. All amounts credited under the ETP NQDC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings (or losses) based on hypothetical investment fund choices made by the participants among available funds.

Name	Executive Contributions in 2013 ($)	Registrant Contributions in 2013 ($)	Aggregate Earnings in 2013 [1] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2013 ($)
M. J. Hennigan *President and Chief Executive Officer*	—	—	—	—	—
M. Salinas, Jr. *Chief Financial Officer*	n/a	n/a	n/a	n/a	n/a
K. Shea-Ballay *Senior Vice President, General Counsel & Secretary*	—	—	—	—	—
K. Lauterbach *Senior Vice President, Lease Acquisitions*	—	—	—	—	—
D. Chalson *Senior Vice President, Operations*	50,000	—	3,951	—	53,951

NOTES TO TABLE:

(1) These amounts reflect the net gains (losses) attributable to the investment funds in which the NEOs are deemed to have chosen to invest their contributions under the ETP NQDC Plan.

ETP Deferred Compensation Plan for Former Sunoco Executives

The following table includes deferred compensation provided to the NEOs in 2013 under the ETP Deferred Compensation Plan for Former Sunoco Executives, a deferred compensation plan established by ETP in connection with the Merger. Pursuant to his Offer Letter agreement with ETP, in connection with the Merger, Mr. Hennigan waived any future rights or benefits to which he otherwise would have been entitled under both the SERP and the Pension Restoration Plan, in return for which, the present value ($2,789,413) of such deferred compensation benefits was credited to Mr. Hennigan's account under this plan. Mr. Hennigan is our only executive officer eligible to participate in this plan. Mr. Hennigan's account is credited with deemed earnings (or losses) based on hypothetical investment fund choices made by him among available funds.

Name	Executive Contributions in 2013 ($)	Registrant Contributions in 2013 ($)	Aggregate Earnings in 2013 [1] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2013 ($)
M. J. Hennigan *President and Chief Executive Officer*	—	—	486,775	—	3,276,188
M. Salinas, Jr. *Chief Financial Officer*	n/a	n/a	n/a	n/a	n/a
K. Shea-Ballay *Senior Vice President, General Counsel & Secretary*	—	—	—	—	—
K. Lauterbach *Senior Vice President, Lease Acquisitions*	—	—	—	—	—
D. Chalson *Senior Vice President, Operations*	—	—	—	—	—

NOTES TO TABLE:

(1) These amounts reflect the net gains (losses) attributable to the investment funds in which the NEOs are deemed to have chosen to invest their contributions under the ETP Deferred Compensation Plan for Former Sunoco Executives.

OTHER POTENTIAL POST-EMPLOYMENT PAYMENTS

Certain plans, described below, provide for payments of benefits to the NEOs in connection with termination, or separation from employment, retirement, or a change in control of our general partner, or in some cases, Sunoco. The actual amounts paid can be determined only at the time of such NEO's separation from employment with our general partner. The following describes the benefits that the NEOs would receive if such an event occurred. Mr. Salinas is employed by the general partner of ETP, and he does not participate in participate in the retirement, severance, or termination plans either of Sunoco or of our general partner.

- ***Retirement:*** The benefits paid to the NEOs upon retirement are described above in the section entitled "Pension Benefits."
  - LTIP: Under the LTIP, if an NEO is eligible for retirement, outstanding performance-based restricted units would continue to vest, and would pay out, along with the accompanying distribution equivalent rights, if the performance measures are met. Outstanding time-based restricted units would be forfeited.
- ***Voluntary Termination:*** An NEO who resigns and leaves voluntarily, would receive the following benefits:
  - *SCIRP/Pension Restoration Plan*: Retirement eligible NEOs hired prior to January 1, 1987 (Mr. Hennigan) would receive benefits based upon the Final Average Pay formula of the SCIRP, which is a qualified defined benefit retirement plan. Effective January 1, 1987, for employees hired subsequent to that date, the SCIRP was converted from a final average pay plan to a cash balance pension plan. SCIRP benefits for NEOs hired after this conversion (Ms. Shea-Ballay and Messrs. Lauterbach and Chalson) are calculated using the Career Pay formula, based on a percentage of pay each year and an indexing adjustment. Normal retirement age under the SCIRP is 65 years. To the extent that the amount payable exceeds the maximum amount that may be paid under the SCIRP, the remaining amount would be paid under the Pension Restoration Plan. Effective June 30, 2010, Sunoco froze pension benefits for all salaried and many non-union employees. This freeze also applies to the NEOs.
  - *LTIP*: Under the LTIP, outstanding performance-based restricted units would be cancelled as of the termination date. Outstanding time-based restricted units would be forfeited.
  - *Bonus Plan*: If an NEO voluntarily terminates employment prior to the payment date under the Bonus Plan, he or she would not receive any bonus for that year.
  - *Vacation Benefits*: Each NEO would be entitled to receive payment for his or her accrued vacation, which benefit is generally provided to active employees of the Partnership's general partner.
- ***Involuntary Termination-For Cause:*** An NEO who is terminated for cause would receive the following:
  - *SCIRP/Pension Restoration Plan*: Benefits accrued under the SCIRP and Pension Restoration Plan would be paid according to the terms of those plans applicable to terminated or retirement eligible employees, as described in the Voluntary Termination section above.
  - *LTIP*: Under the LTIP, outstanding performance-based restricted units would be cancelled as of the termination date. Outstanding time-based restricted units would be forfeited.
  - *Bonus Plan*: If an NEO is terminated prior to the payment date under the Bonus Plan, he or she would not receive any bonus for that year.
  - *Vacation Benefits*: Each NEO would receive payment for his or her accrued vacation, which benefit is generally provided to active employees of the Partnership's general partner.
- ***Involuntary Termination-Not for Cause:*** An NEO who is terminated not for cause would receive the following:
  - *Involuntary Severance Plan*: Executives whose employment is terminated by the Partnership's general partner, other than for just cause, receive a severance allowance under the Involuntary Severance Plan in consideration of signing a release of liability in favor of the general partner and its affiliates. The plan is available to the general partner's NEOs and certain other executive level employees. Following the Merger, the Involuntary Severance Plan was amended to provide that the only eligible participants under the plan are those employees who were eligible to participate on October 5, 2012, the date of the Merger. The following is a summary of the benefits available under this plan:
    - In the case of the Chief Executive Officer, severance payments would be for a period of and equal to 78 weeks of base salary plus the target bonus amount, in effect on the termination date, as defined in the plan.
    - Other NEOs would receive severance payments for a period of and equal to 52 weeks of base salary plus target bonus amount, in effect on the termination date, as defined in the plan.

        - Each NEO would be entitled to medical coverage for up to the period of severance received, at the same rate that such benefits are generally provided to active employees.
        - NEOs would receive a cash amount in lump sum equal to the NEO's accrued but unused vacation through the end of his or her employment termination date as defined in the plan.
        - Each NEO would be entitled to outplacement benefits for up to the period of severance received.
    - _SCIRP/Pension Restoration Plan_: NEOs hired prior to January 1, 1987 (Mr. Hennigan) would receive benefits based upon the Final Average Pay formula of the SCIRP. SCIRP benefits for NEOs hired after the January 1, 1987 conversion of SCIRP from a final average pay plan to a cash balance pension plan (Ms. Shea-Ballay and Messrs. Lauterbach and Chalson) are calculated using the Career Pay formula. To the extent that the amount payable exceeds the amount available under the SCIRP, the remaining amount would be paid under the Pension Restoration Plan.
    - _LTIP_: Under the LTIP, outstanding performance-based restricted units would be cancelled as of the termination date. Outstanding time-based restricted units would be forfeited.
- ***Involuntary Termination-Change of Control***
    - _SESP_: This plan was adopted to retain executives in the event of a change of control, and to eliminate the distraction and uncertainty such a transaction may create among management personnel, to the detriment of the organization. Following the Merger, the SESP was amended to provide that the only eligible participants under the plan are those employees who were eligible to participate on October 5, 2012, the date of the Merger. Payment of severance benefits under this plan provides severance allowances to executives whose employment is terminated in connection with, or following, a change of control. A "change of control" is defined as any one or more of the following events:
        - a transaction pursuant to which more than 50 percent of the combined voting power of the outstanding equity interests in the general partner cease to be owned by Sunoco and its affiliates;
        - a "Change in Control" of Sunoco, as defined from time to time in the Sunoco stock plans; or
        - the general partner of the Partnership ceases to be an affiliate of Sunoco.

      There is a "double trigger" mechanism for the payment of severance benefits under this plan, requiring both a change of control and a qualifying termination of employment (as defined in the plan) following such change of control to trigger payment. Severance benefits under this plan are paid in a lump sum equal to three times annual compensation for the CEO, and two times annual compensation for the other NEOs. For these purposes, annual compensation consists of:

        - the executive's annual base salary in effect immediately prior to a change of control or immediately prior to the employment termination date, whichever is greater, plus
        - the greater of 100 percent of the executive's annual bonus target in effect immediately before the change of control or employment termination date.

      Although the SESP contains a formula for severance benefits, Mr. Hennigan's severance upon a change of control was set at $3,026,793 pursuant to his October 5, 2012 Offer Letter agreement with ETP.

      Each eligible NEO would be entitled to medical, dental, vision and life insurance coverage for the period of severance received, at the same rate that such benefits are generally provided to active employees of the general partner. Each eligible NEO would also be entitled to outplacement benefits for the period of severance received. In the case of a change of control, the plan also provides for the enhancement of certain pension benefits.

    - _SCIRP_: In the event of a change of control, the benefits of a participant whose employment began before September 5, 2001, and who is terminated (as defined in the plan) following a change in control, become 100 percent vested and are increased as follows:
        - _Final Average Pay formula._ A participant's service is increased by three years, subject to reduction for service for each completed month after the change in control. Final Average Pay will be the greater of: (A) the regularly determined Final Average Pay, (B) Final Average Pay based on earnings of the full month preceding the change in control, or (C) Final Average Pay based on earnings for the month preceding the termination of employment. For purposes of (B) and (C) monthly earnings will include base pay and $^1/_{12}$ of the annual bonus target under the Bonus Plan.
        - _Career Pay (cash balance) formula._ A participant's service is increased by three years, subject to reduction for service after the change in control. In the month of termination, a participant's Career

Pay Earnings are increased by an amount equal to 36 months less the number of months worked after the Change in Control, times the greater of Career Pay Earnings for: (A) the month preceding termination or (B) the month preceding the change in control. For purposes of (A) and (B) monthly earnings will include base pay and $^{1}/_{12}$ of the annual bonus target under the Bonus Plan.

  - _LTIP_: If a change of control occurs, there is a "double trigger" mechanism, requiring both a change of control and a qualifying termination of employment (as defined in the plan) following such change of control, to trigger the payment of outstanding performance-based restricted units and accompanying distribution equivalent rights. Performance-based restricted units that have been outstanding for more than one year will be paid out at the greater of target or in amount in line with actual performance results. Performance-based restricted units that have been outstanding for less than one year will be paid out at target. Upon the same "double trigger" mechanism, time-based units will be paid out as awarded. Restricted units may be paid out in cash, or in common units, as determined by our general partner's Compensation Committee.

- ***Death:*** In the case of death, an NEO's beneficiary(ies) or estate would receive the following benefits:
  - _Insurance_:
    - Life insurance benefits equal to one times base compensation up to a maximum of $1 million plus any supplemental life insurance elected and paid for by the NEO.
    - Travel accident insurance in the amount of three times base compensation (up to a maximum of $3 million) would be payable in the event of accidental death while traveling on company business.
    - An occupational death benefit in the amount of $250,000 would be payable in the event of accidental death on the company's premises in the course of his job; however, the Occupational Death Plan does not pay benefits if there is a Travel Accident benefit of three times base compensation.
    - If the NEO is married and retirement-eligible at the time of death, medical coverage would be available to his or her spouse on the same basis as other surviving spouses of retirement-eligible employees. If not retirement-eligible at death, coverage for the spouse would be available for a period that is consistent with the requirements of COBRA continuation coverage.
  - _SCIRP/Pension Restoration Plan_:
    - With respect to an NEO who is eligible for Final Average Pay formula benefits under SCIRP (Mr. Hennigan), his or her spouse would receive the greater of: (A) 50 percent of the benefit under the Final Average Pay formula, or (B) 100 percent of the benefit accrued under the Career Earnings Formula. A non-married NEO's beneficiary(ies) or estate would receive 100 percent of the benefit accrued under the Career Earnings Formula. This benefit is the same for all similarly situated employees.
    - With respect to an NEO that is eligible for Career Pay Formula benefits only under SCIRP (Ms. Shea-Ballay and Messrs. Lauterbach and Chalson), a married or non-married NEO's spouse, beneficiary(ies) or estate would receive 100 percent of the benefit accrued under the Career Earnings Formula. This benefit is the same for all similarly situated employees.
    - For all NEOs, to the extent that the amount payable under SCIRP exceeds the amount available due to Code limits, the remaining amount would be paid under the Pension Restoration Plan at the employee's death.
  - _LTIP:_ Under the LTIP, all unvested performance-based restricted units would continue to vest, and, along with the accompanying distribution equivalent rights, would pay out at the end of the respective performance periods to the NEO's beneficiary(ies) or estate if the applicable performance measures are met. Outstanding time-based restricted units would be forfeited unless specified in the applicable award agreement.
- ***Disability:*** In the case of a termination of employment due to disability, an NEO would be eligible for the following benefits:
  - _SCIRP/Pension Restoration Plan_: Benefits accrued under the SCIRP and Pension Restoration Plan would be paid according to the terms of those plans applicable to terminated or retirement eligible employees, as described in the Voluntary Termination section above.
  - _Long Term Disability_: An NEO would receive benefits, including Social Security, up to 60 percent of total annual compensation or $25,000 per month, whichever is less, under Sunoco's long-term disability plan.
  - _LTIP_: Under the LTIP all unvested performance-based restricted units would continue to vest, and along with

the accompanying distribution equivalent rights, will pay out at the end of the respective performance periods if the applicable performance measures are met. All unvested time-based restricted units will be paid out as awarded in the event of permanent disability.

Except for Mr. Salinas (as explained above), the tables on the following pages reflect the estimated potential compensation and benefits for the NEOs under various scenarios involving a termination of employment. These amounts are estimates of the amounts that would be paid to the NEOs and the actual amounts paid can only be determined at the time of an NEO's termination of employment. These estimates are based on the following assumptions:

- the applicable provisions in the agreements and arrangements governing the NEOs' benefits and payment which are summarized in the section entitled "Other Potential Post-Employment Payments";
- the triggering event occurred on December 31, 2013;
- the transaction price per Partnership unit is $75.48, which was the price at the close on December 31, 2013;
- pension lump-sum values are based on applicable segment interest rates under the Pension Protection Act of 2006;
- health and welfare benefits are included, where applicable, at the estimated value of the continuation of these benefits; and
- each NEO has exhausted all available vacation benefits as of December 31, 2013.

Sunoco Logistics Partners L.P.
Other Potential Post-Employment Payments as of December 31, 2013

Michael J. Hennigan
President and Chief Executive Officer

Type of Benefit	Voluntary Termination ($)	Death ($)	Disability ($)	Termination for Cause ($)	Involuntary Termination Not for Cause ($)	Change in Control ($)
Cash Severance (1)						
Base Salary	—	—	—	—	862,125	—
Bonus	—	—	—	—	1,163,869	—
Total Cash Severance	—	—	—	—	2,025,994	3,026,793
Additional Pension Benefits (2)	—	—	—	—	113,204	113,204
Unit Ownership (3) (4)						
Performance-Based Restricted Units (2012-2014) (5)	—	2,776,079	2,776,079	—	2,776,079	2,776,079
Time-Vested Restricted Units (5)	—	8,552,477	14,341,433	—	14,341,433	14,341,433
Total Unit Ownership	—	11,328,556	17,117,512	—	17,117,512	17,117,512
Other Benefits						
Outplacement (6)	—	—	—	—	19,125	19,125
Health & Welfare (7)	—	—	—	—	150,000	150,000
Total Other Benefits	—	—	—	—	169,125	169,125
TOTAL	—	11,328,556	17,117,512	—	19,425,835	20,426,634

NOTES TO TABLE:

(1) Pursuant to Mr. Hennigan's October 5, 2012 Offer Letter agreement with ETP, his severance upon a Change in Control is $3,026,793. Upon involuntary termination not for cause, consists of 78 weeks of the sum of base salary and target bonus in effect on the termination date.

(2) Pursuant to his October 5, 2012 Offer Letter agreement with ETP, in connection with the Merger, Mr. Hennigan waived any future rights or benefits to which he otherwise would have been entitled under both the SERP and the Pension Restoration Plan (both non-qualified plans). Value shown in the table reflects additional qualified pension benefits.

(3) Reflects intrinsic values of accelerated vesting of equity awards at an assumed closing price of $75.48 (closing price of the Partnership on December 31, 2013). Values include unvested/unearned distribution equivalent rights of accelerated vesting of unit ownership.

(4) Pursuant to the terms of a letter agreement with Mr. Hennigan, dated November 2, 2011, in the event of his involuntary termination not for cause, Mr. Hennigan's time-based restricted units will continue to vest and pay out, and his performance-based restricted units will be treated as described below for a Change in Control event.

(5) Upon a Change in Control, performance-based restricted units outstanding more than twelve months from the grant date are paid out at the greater of target or actual performance immediately prior to the Change in Control. The estimated payout for the 2012 performance cycle would have been 100% of target based on Total Return and Distribution Coverage Ratio. Performance-based restricted units outstanding less than twelve months from the grant date prior to a Change in Control are not adjusted for any performance factors. Under death, disability and retirement, outstanding performance-based restricted units would continue to the end of the performance period, and payment, if any, would be based as though the participant had continued to be employed through the end of the performance period. Assumed to be paid at target under these scenarios. Upon a Change in Control, time-based restricted units would be paid out as awarded. Under permanent disability, time-based restricted units would be paid at the end of the retention period as though the participant had continued to be employed through the end of the retention period. Mr. Hennigan's October 5, 2012 Offer Letter agreement with ETP provides for vesting of the restricted units granted in December 2012 immediately upon death, disability and involuntary not-for-cause termination. Mr. Hennigan's award agreement for restricted units granted in March 2012 provides for vesting immediately upon death and disability.

(6) Reimbursement for outplacement services ($12,750 per annum) as provided by our general partner during the severance period (78 weeks).

(7) Pursuant to the terms of a November 2, 2011 letter agreement, Mr. Hennigan will receive a lump sum payment of $150,000 in lieu of our general partner's regular subsidy for post-employment benefits.

Sunoco Logistics Partners L.P.
Other Potential Post-Employment Payments as of December 31, 2013

Martin Salinas, Jr. [1]
Chief Financial Officer

Type of Benefit	Voluntary Termination ($)	Death ($)	Disability ($)	Termination for Cause ($)	Involuntary Termination Not for Cause ($)	Change in Control ($)
Cash Severance						
Base Salary	—	—	—	—	—	—
Bonus	—	—	—	—	—	—
Total Cash Severance	—	—	—	—	—	—
Additional Pension Benefits	—	—	—	—	—	—
Unit Ownership [2]						
Performance-Based Restricted Units (2012-2014)	—	—	—	—	—	—
Time-Vested Restricted Units	—	—	1,013,192	—	—	1,013,192
Total Unit Ownership	—	—	1,013,192	—	—	1,013,192
Other Benefits						
Outplacement	—	—	—	—	—	—
Health & Welfare	—	—	—	—	—	—
Total Other Benefits	—	—	—	—	—	—
TOTAL	—	—	1,013,192	—	—	1,013,192

NOTES TO TABLE:

(1) Mr. Salinas does not participate in the retirement, termination, or severance plans of Sunoco Partners LLC.
(2) Reflects intrinsic values of accelerated vesting of equity awards at an assumed closing price of $75.48 (closing price of the Partnership on December 31, 2013). Values include unvested/unearned distribution equivalent rights of accelerated vesting of unit ownership.

Sunoco Logistics Partners L.P.
Other Potential Post-Employment Payments as of December 31, 2013

Kathleen Shea-Ballay
Senior Vice President, General Counsel and Secretary

Type of Benefit	Voluntary Termination ($)	Death ($)	Disability ($)	Termination for Cause ($)	Involuntary Termination Not for Cause ($)	Change in Control ($)
Cash Severance						
Base Salary [1]	—	—	—	—	310,000	620,000
Bonus [2]	—	—	—	—	232,500	465,000
Total Cash Severance	—	—	—	—	542,500	1,085,000
Additional Pension Benefits	—	—	—	—	124,515	124,515
Unit Ownership [3]						
Performance-Based Restricted Units (2012-2014) [4]	—	490,092	490,092	—	—	490,092
Time-Vested Restricted Units [4]	—	—	980,627	—	—	980,627
Total Unit Ownership	—	490,092	1,470,719	—	—	1,470,719
Other Benefits						
Outplacement [5]	—	—	—	—	12,750	12,750
Health & Welfare [6]	—	—	—	—	14,270	14,270
Total Other Benefits	—	—	—	—	27,020	27,020
TOTAL	—	490,092	1,470,719	—	694,035	2,707,254

NOTES TO TABLE:

(1) Consists of 2.0 x multiple of the base salary prior to the Change in Control. Upon involuntary termination not for cause, consists of 52 weeks of base salary in effect on the termination date.

(2) Consists of 2.0 x multiple of the target bonus prior to the Change in Control. Upon involuntary termination not for cause, consists of 52 weeks of target bonus in effect on the termination date.

(3) Reflects intrinsic values of accelerated vesting of equity awards at an assumed closing price of $75.48 (closing price of the Partnership on December 31, 2013). Values include unvested/unearned distribution equivalent rights of accelerated vesting of unit ownership.

(4) Upon a Change in Control, performance-based restricted units outstanding more than twelve months from the grant date are paid out at the greater of target or actual performance immediately prior to the Change in Control. The estimated payout for the 2012 performance cycle would have been 100% of target based on Total Return and Distribution Coverage Ratio. Performance-based restricted units outstanding less than twelve months from the grant date prior to a Change in Control are not adjusted for any performance factors. Under death, disability and retirement, outstanding performance-based restricted units would continue to the end of the performance period, and payment, if any, would be based as though the participant had continued to be employed through the end of the performance period. Assumed to be paid at target under these scenarios. Upon a Change in Control, time-based restricted units would be paid out as awarded. Under permanent disability, time-based restricted units would be paid at the end of the retention period as though the participant had continued to be employed through the end of the retention period.

(5) Reimbursement for outplacement services ($12,750 per annum) as provided by our general partner during the severance period (52 weeks).

(6) Health & Welfare and life insurance coverage during the severance period (52 weeks). Annual medical costs provided by our general partner. Dental coverage is not provided upon involuntary termination not for cause.

Sunoco Logistics Partners L.P.
Other Potential Post-Employment Payments as of December 31, 2013

Kurt Lauterbach [1]
Senior Vice President, Lease Acquisitions

Type of Benefit	Voluntary Termination ($)	Death ($)	Disability ($)	Termination for Cause ($)	Involuntary Termination Not for Cause ($)	Change in Control ($)
Cash Severance						
Base Salary	—	—	—	—	—	—
Bonus	—	—	—	—	—	—
Total Cash Severance	—	—	—	—	—	—
Additional Pension Benefits	—	—	—	—	128,807	214,392
Unit Ownership [2]						
Performance-Based Restricted Units (2012-2014) [3]	428,651	428,651	428,651	—	—	428,651
Time-Vested Restricted Units [3]	—	2,306,127	3,270,321	—	—	3,270,321
Total Unit Ownership	428,651	2,734,778	3,698,972	—	—	3,698,972
Other Benefits						
Outplacement	—	—	—	—	—	—
Health & Welfare	—	—	—	—	—	—
Total Other Benefits	—	—	—	—	—	—
TOTAL	428,651	2,734,778	3,698,972	—	128,807	3,913,364

NOTES TO TABLE:

(1) Mr. Lauterbach is not eligible for severance benefits, as the SESP and Involuntary Severance Plan were amended following the Merger to provide that the only eligible participants under those plans were employees who were eligible to participate on October 5, 2012, the date of the Merger.

(2) Reflects intrinsic values of accelerated vesting of equity awards at an assumed closing price of $75.48 (closing price of the Partnership on December 31, 2013). Values include unvested/unearned distribution equivalent rights of accelerated vesting of unit ownership.

(3) Upon a Change in Control, performance-based restricted units outstanding more than twelve months from the grant date are paid out at the greater of target or actual performance immediately prior to the Change in Control. The estimated payout for the 2012 performance cycle would have been 100% of target based on Total Return and Distribution Coverage Ratio. Performance-based restricted units outstanding less than twelve months from the grant date prior to a Change in Control are not adjusted for any performance factors. Under death, disability and retirement, outstanding performance-based restricted units would continue to the end of the performance period, and payment, if any, would be based as though the participant had continued to be employed through the end of the performance period. Assumed to be paid at target under these scenarios. Upon a Change in Control, time-based restricted units would be paid out as awarded. Under permanent disability, time-based restricted units would be paid at the end of the retention period as though the participant had continued to be employed through the end of the retention period. Mr. Lauterbach's award agreement for restricted units granted in July 2012 provides for vesting immediately upon death and disability.

Sunoco Logistics Partners L.P.
Other Potential Post-Employment Payments as of December 31, 2013

David R. Chalson
Senior Vice President, Operations

Type of Benefit	Voluntary Termination ($)	Death ($)	Disability ($)	Termination for Cause ($)	Involuntary Termination Not for Cause ($)	Change in Control ($)
Cash Severance						
Base Salary [1]	—	—	—	—	266,475	532,950
Bonus [2]	—	—	—	—	253,151	506,303
Total Cash Severance	—	—	—	—	519,626	1,039,253
Additional Pension Benefits	—	—	—	—	119,025	181,380
Unit Ownership [3]						
Performance-Based Restricted Units (2012-2014) [4]	164,999	164,999	164,999	—	—	164,999
Time-Vested Restricted Units [4]	—	—	980,627	—	—	980,627
Total Unit Ownership	164,999	164,999	1,145,626	—	—	1,145,626
Other Benefits						
Outplacement [5]	—	—	—	—	12,750	12,750
Health & Welfare [6]	—	—	—	—	14,270	14,270
Total Other Benefits	—	—	—	—	27,020	27,020
TOTAL	164,999	164,999	1,145,626	—	665,671	2,393,279

NOTES TO TABLE:

(1) Consists of 2.0 x multiple of the base salary prior to the Change in Control. Upon involuntary termination not for cause, consists of 52 weeks of base salary in effect on the termination date.

(2) Consists of 2.0 x multiple of the target bonus prior to the Change in Control. Upon involuntary termination not for cause, consists of 52 weeks of target bonus in effect on the termination date.

(3) Reflects intrinsic values of accelerated vesting of equity awards at an assumed closing price of $75.48 (closing price of the Partnership on December 31, 2013). Values include unvested/unearned distribution equivalent rights of accelerated vesting of unit ownership.

(4) Upon a Change in Control, performance-based restricted units outstanding more than twelve months from the grant date are paid out at the greater of target or actual performance immediately prior to the Change in Control. The estimated payout for the 2012 performance cycle would have been 100% of target based on Total Return and Distribution Coverage Ratio. Performance-based restricted units outstanding less than twelve months from the grant date prior to a Change in Control are not adjusted for any performance factors. Under death, disability and retirement, outstanding performance-based restricted units would continue to the end of the performance period, and payment, if any, would be based as though the participant had continued to be employed through the end of the performance period. Assumed to be paid at target under these scenarios. Upon a Change in Control, time-based restricted units would be paid out as awarded. Under permanent disability, time-based restricted units would be paid at the end of the retention period as though the participant had continued to be employed through the end of the retention period.

(5) Reimbursement for outplacement services ($12,750 per annum) as provided by our general partner during the severance period (52 weeks).

(6) Health & Welfare and life insurance coverage during the severance period (52 weeks). Annual medical costs provided by our general partner. Dental coverage is not provided upon involuntary termination not for cause.

DIRECTOR COMPENSATION

Compensation Philosophy: The Board of Directors believes that the compensation program for independent directors should be designed to attract experienced and highly qualified individuals; provide appropriate compensation for their commitment and contributions to us and our unitholders; and align the interests of the independent directors and unitholders. The Board of Directors may engage a third-party compensation consultant to benchmark director compensation against other pipeline companies, and general industry, and to provide advice regarding "best practices" and trends in director compensation. Independent directors are compensated partly in cash and partly in restricted units, representing limited partnership interests in us. Currently, except as described below with respect to grants of restricted units under the LTIP to Messrs. McCrea and Welch, directors who are also employees of our general partner, or its affiliates, receive no additional compensation for service on the general partner's Board of Directors or any committees of the Board of Directors. As such, those officers, except for Messrs. McCrea and Welch as set forth below, are not included in the narrative or tabular disclosures below.

Each independent director is reimbursed for out-of-pocket expenses in connection with attending meetings of the Board of Directors or committees, including room, meals and transportation to and from the meetings. When traveling on Partnership business, a director occasionally may be accompanied by a spouse. At times, a director may travel to and from Board of Directors and/or committee meetings on corporate aircraft. Directors also may be reimbursed for attendance at qualified third-party director education programs.

Each director will be indemnified fully by us for actions associated with being a member of our general partner's Board of Directors, to the extent permitted under applicable state law.

Our program of compensation for non-employee directors was approved by our general partner following the consummation of the Merger and became effective during the 2013 calendar year. This director compensation program consists of an annual cash retainer and equity award for all directors, which were $50,000 in cash (paid quarterly) and 1,649 restricted units under the LTIP, having a fair market value equal to $100,000 on the date of grant, respectively, for each director in 2013. In addition, the director compensation program includes:

- annual retainers for the chairs of the Audit Committee and Compensation Committee, which were $15,000 and $7,500, respectively, in cash (paid quarterly) for 2013;
- annual retainers for the members of the Audit and Compensation Committees, which were $10,000 and $5,000, respectively, in cash (paid quarterly) for 2013; and
- per meeting fees for the members of the Audit Committee and Compensation Committee, which were $1,200 and $1,200, respectively, in cash per meeting for 2013.

The members of the Conflicts Committee also each received $15,000 in cash for their service on the Conflicts Committee during 2013, which payment was determined by the Board of Directors as compensation for evaluation of transactions by the Conflicts Committee. In addition, each non-employee director who is elected or appointed to the Board of Directors for the first time is entitled to receive an award of 2,500 restricted units under the LTIP.

Since the current slate of directors was appointed in connection with the Merger, each non-employee director listed in the table below was entitled to an award of 2,500 restricted units under the LTIP. These awards, as well as the annual equity awards of 1,649 restricted units under the LTIP, were granted to each non-employee director in March 2013. In addition, in January 2014, each non-employee director received 1,334 restricted units under the LTIP, having a fair market value equal to $100,000 on the date of grant, representing such directors' annual equity award for 2014. These restricted units vest over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to each director's continued service through each specified vesting date.

Mr. McCrea, the Chairman of the Board of Directors and the President, Chief Operating Officer and Director of ETP's general partner, and Mr. Welch, our director and the Group Chief Financial Officer and Head of Business Developments for the Energy Transfer family, are entitled to receive grants of restricted units pursuant to the LTIP in recognition of their commitment and contributions to us and our unitholders. In January 2013, Mr. McCrea received 16,667 restricted units granted pursuant to the LTIP, vesting at a rate of 20% per year over a five-year period, subject to his continued employment through each specified vesting date. In addition, in December 2013, Mr. McCrea received 27,300 restricted units granted pursuant to the LTIP, vesting over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to his continued service as a director through each specified vesting date. In January 2014, Mr. Welch received 5,450 restricted units granted pursuant to the LTIP, vesting over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to his continued service as a director through each specified vesting date.

All restricted units granted to the directors entitle their holders to receive, with respect to each common unit subject to such restricted unit that has not either vested or been forfeited, a cash payment equal to each cash distribution per common unit made by us on our common units promptly following each such distribution by us to our unitholders.

The following table reflects the compensation paid to each of the non-employee directors of our general partner (and to Mr. McCrea, as described above) in 2013:

Name	Fees Earned or Paid in Cash (1) ($)	Unit Awards (2) ($)	All Other Compensation (3) ($)	Total ($)
Steven R. Anderson	100,028	271,345	7,479	378,852
Independent Director, Chair of Conflicts Committee and Member of Audit and Compensation Committee				
Scott A. Angelle	101,881	271,345	7,479	380,705
Independent Director, Chair of Compensation Committee and Member of Audit and Conflicts Committees				
Basil Leon Bray	103,778	271,345	7,479	382,602
Independent Director, Chair of Audit Committee and Member of Compensation and Conflicts Committees				
Marshall S. ("Mackie") McCrea, III	—	2,802,586	39,126	2,841,712
Chairman of the Board of Directors				

NOTES TO TABLE:

(1) The amounts shown in this column reflect the cash fees received by directors during 2013

(2) The amounts shown in this column reflect the aggregate grant date fair value of restricted unit awards under the LTIP, calculated in accordance with FASB ASC Topic 718. See Note 14 to our consolidated financial statements for fiscal 2013 for additional detail regarding assumptions underlying the value of these equity awards

(3) The amounts shown in this column reflect the cash payments made to each director during 2013, which were equal to each cash distribution per common unit made by us on our common units during 2013 with respect to each common unit subject to a restricted unit held by such director that has not either vested or been forfeited.

COMPENSATION PRACTICES AS THEY RELATE TO RISK MANAGEMENT

The Compensation Committee has oversight responsibility to ensure that our incentive compensation programs do not incentivize or encourage excessive or unnecessary risk-taking/wrong behavior. The following is a description of the compensation risk assessment process, as well as a description of our compensation risk mitigation techniques.

An executive's compensation package includes a mix of base salary, cash-based short-term incentives, and equity-based long-term incentives. The mix is designed to balance the emphasis on short-term and long-term performance. Performance metrics applicable to short-term and long-term incentives have included a mix of financial and non-financial goals, some of which have been relative to our performance peers. The long-term metrics for the 2013 performance-based restricted units were total unitholder return and growth in cash distributions to unitholders relative to our peers. This approach creates a balance of absolute and relative performance to ensure that executives are rewarded when sustained results exceed our peer group.

The Compensation Committee reviews and approves the annual and long-term plan performance metrics and goals annually. As a part of this process, the Compensation Committee focuses on what executive behavior it is attempting to incent and the potential associated risks. The Compensation Committee periodically receives financial information from the CFO, and information on accounting matters that may have an impact on the performance goals, including any material changes in accounting methodology and information about extraordinary/special items excluded by us and from our peer companies' results, so that the Compensation Committee members may understand how the exercise of management judgment in accounting and financial decisions affects plan payouts.

We maintain unit ownership guidelines for our top executives. The amount of our common units required to be owned increases with the level of responsibility. Requiring an executive to hold a substantial portion of accumulated wealth in our common units, which must be held until the executive retires or otherwise leaves the employ of our general partner or its affiliates, aligns his or her behavior towards long-term unitholder value creation. See "Compensation Discussion & Analysis-Elements of Compensation-Long-Term Incentive Awards (Equity Awards)-Unit Ownership Guidelines" for additional information.

Employees of our general partner and its affiliates are subject to our Insider Trading Policy, which, among other things, prohibits an employee from entering into short sales, or purchasing, selling, or exercising any puts, calls or similar instruments pertaining to our securities, all of which could incent an employee towards engaging in overly risky behavior for short-term gains.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Angelle, Anderson, Bray, Hennigan and McCrea served on the Compensation Committee during 2013. Mr. Hennigan is an officer of our general partner, and Mr. McCrea is an officer of the general partner of ETP. During 2013, none of the members of the Compensation Committee served as executive officers of any company with respect to which any of our officers served on such Company's board of directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee (the "*Committee*") of the Board of Directors (the "*Board*") of Sunoco Partners LLC (the "*Company*") reviews and approves the Company's executive compensation philosophy; reviews and recommends to the Board for approval the Company's short- and long-term compensation plans; reviews and approves the executive compensation programs and awards; and annually reviews, determines and approves the compensation for the Chief Executive Officer ("*CEO*") and the other executive officers (collectively, the "*Named Executive Officers*" or "*NEOs*") of the Company as described in the Summary Compensation Table and footnotes thereto contained in the Annual Report on SEC Form 10-K of Sunoco Logistics Partners L.P. (the "*Partnership*"). The Company is the general partner of the Partnership. The Committee Chair reports Committee actions, decisions and recommendations at the meetings of the full Board. The Committee has authority to directly engage and consult outside advisors, experts and others to assist the Committee at the expense of the Partnership.

As required by applicable regulations of the Securities and Exchange Commission, the Committee has reviewed the executive compensation disclosures contained under the caption "Compensation Discussion and Analysis," which are required pursuant to Item 402(b) of SEC Regulation S-K, as amended. As part of this review, the Committee met with management and with such outside consultants and experts as it has deemed necessary or advisable (with and without management present) to discuss the scope and overall quality of the disclosure.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the "Compensation Discussion and Analysis" in the Partnership's Annual Report on SEC Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission.

Respectfully submitted on February 24, 2014 by the members of the Compensation Committee of the Board of Directors of Sunoco Partners LLC:

Scott A. Angelle (Chairman)

Steven R. Anderson

Basil Leon Bray

Michael J. Hennigan

Marshall S. (Mackie) McCrea, III

AUDIT COMMITTEE REPORT

The Audit Committee (the "*Committee*") of the Board of Directors of Sunoco Partners LLC (the "*Company*") reviews the Partnership's financial reporting process on behalf of the Board of Directors of the Company. The Company is the general partner of the Partnership. Our management is responsible for the financial statements and the reporting process, including the internal control over financial reporting. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of the audited financial statements with U.S. generally accepted accounting principles, and an opinion on the effectiveness of our internal control over financial reporting. The Committee monitors and oversees these processes.

The Committee discussed with our internal audit department and independent registered public accounting firm the overall scope and plans for their respective audits. In addition, the Committee has reviewed and discussed the audited financial statements and management's and the independent registered public accounting firm's evaluations of the Partnership's system of internal control over financial reporting contained in the 2013 Annual Report on Form 10-K. As part of this review, the Committee met with the General Auditor and the independent registered public accounting firm, with and without management present, to discuss the results of their audits and the overall quality of the Partnership's financial reporting.

As required by the standards of the Public Company Accounting Oversight Board, the Committee has discussed with the independent registered public accounting firm (1) the matters specified in Statement on Auditing Standards No. 61, "Communication with Audit Committees," (Codification of Statements of Auditing Standards, August 2, 2007 AU 380), as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and (2) the independence of the independent registered public accounting firm from the Partnership and management. The independent registered public accounting firm has provided the Committee the written disclosures and letter concerning independence, pursuant to applicable requirements of the Public Company Accounting Oversight Board. The Committee also considered the compatibility of non-audit services with the independent registered public accounting firm's independence.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the audited financial statements and management's report on internal control over financial reporting in the Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the Securities and Exchange Commission.

Respectfully submitted on February 24, 2014 by the members of the Audit Committee of the Board of Directors of Sunoco Partners LLC:

Basil Leon Bray (Chairman)

Steven R. Anderson

Scott A. Angelle

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SECURITYHOLDER MATTERS

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information, as of December 31, 2013, regarding our common units that may be issued upon conversion (assuming a one-for-one conversion) of outstanding restricted units granted under the general partner's LTIP to executive officers, directors, and other key employees. For more information about this plan (which did not require approval by our limited partners at the time of its adoption in 2002), refer to "Item 11-Executive Compensation."

EQUITY COMPENSATION PLAN INFORMATION [1]

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders [2]	770,579	—	611,906
Total	770,579	—	611,906

NOTES TO TABLE:

(1) The amounts in column (a) of this table reflect only restricted units that have been granted under the LTIP since the inception of the plan. No unit options have been granted. Each restricted unit shown in the table represents a right to receive (upon vesting and payout) a specified number of our common units. Vesting and payout may be conditioned upon achievement of pre-determined financial or other performance objectives for, or attainment of certain length of service goals with us and our affiliates. No value is shown in column (b) of the table, since the restricted units do not have an exercise, or "strike," price. For illustrative purposes, a maximum payment (*i.e*., a 200% ratio) has been assumed for vesting and payout of performance-related grants, and a target payout (*i.e*., a 100% ratio) has been assumed for vesting and payout of grants conditioned only upon service.

(2) The LTIP was not approved by our unitholders because the Board of Directors adopted the LTIP prior to our initial public offering.

Beneficial Ownership Table

The following table sets forth the beneficial ownership of our common units by directors of Sunoco Partners LLC (our general partner), by each NEO and by directors and NEOs of Sunoco Partners LLC as a group, as of February 17, 2014. Unless otherwise noted, each individual exercises sole voting or investment power over the Partnership common units shown in the table. ETP owns a 99.9% equity interest in our general partner, and the remaining 0.10% equity interest is owned by ETE Holdings.

Name of Beneficial Owner [1]	Number of Common Units Beneficially Owned [2]	Percentage of Common Units Beneficially Owned
Energy Transfer Partners, L.P. [3]	33,530,637	32.2%
Steven R. Anderson	5,000	*
Scott A. Angelle	—	*
Basil Leon Bray	—	*
Michael J. Hennigan [4]	101,861	*
Thomas P. Mason	—	*
Marshall S. ("Mackie") McCrea, III	13,935	*
Martin Salinas, Jr.	6,117	*
Jamie Welch	—	*
Kathleen Shea-Ballay	15,869	*
Kurt A. Lauterbach	40,352	*
David R. Chalson	36,908	*
All directors and executive officers as a group (11 persons)	220,042	*

* Less than 0.5 percent.

NOTES TO TABLE:

(1) The address of each beneficial owner named above, other than ETP, is: 1818 Market Street, Suite 1500, Philadelphia, PA 19103.

(2) Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Exchange Act. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof or to dispose or direct the disposition thereof or has the right to acquire either of those powers within sixty (60) days.

(3) ETP's address is 3738 Oak Lawn Avenue, Dallas, TX 75219.

(4) Mr. Hennigan's spouse has voting and investment power with respect to 7,200 of these units.

In addition to the foregoing, Tortoise Capital Advisors, L.L.C., a Delaware limited liability company, filed a Schedule 13G on February 11, 2014 to report that, as of December 31, 2013, it had shared voting power over 8,928,197 common units of the Partnership, and beneficial ownership of, and shared dispositive power over 9,810,169 common units of the Partnership, representing 9.4 percent of the total outstanding common units of the Partnership, as of February 17, 2014.

The following table sets forth certain information regarding beneficial ownership of the common units representing limited partnership interests of ETP as of February 18, 2014 by directors of our general partner, by each NEO and by all directors and NEOs of our general partner as a group. Unless otherwise noted, each individual exercises sole voting or investment power over the ETP common units shown in the table.

Name of Beneficial Owner	Common Units of Energy Transfer Partners, L.P. Beneficially Owned [1]	Percentage of Energy Transfer Partners, L.P Common Units Beneficially Owned
Steven R. Anderson	10,025	*
Scott A. Angelle	—	*
Basil Leon Bray	2,890	*
Michael J. Hennigan [2]	7,333	*
Thomas P. Mason [3]	92,692	*
Marshall S. ("Mackie") McCrea, III [3]	206,574	*
Martin Salinas, Jr. [3]	45,326	*
Jamie Welch [3]	20,000	*
Kathleen Shea-Ballay	947	*
Kurt A. Lauterbach	—	*
David R. Chalson	—	*
All directors and executive officers as a group (11 persons)	385,787	*

* Less than 0.5 percent.

NOTES TO TABLE:

(1) Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Exchange Act. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof or to dispose or direct the disposition thereof or has the right to acquire either of those powers within sixty (60) days.

(2) Mr. Hennigan’s spouse has voting and investment power with respect to 3,205 of these ETP common units.

(3) Due to their positions as directors of the general partner of ETE, certain officers and directors of our general partner, who are also officers or directors of ETE’s general partner, may be deemed to own beneficially certain limited partnership interests in ETP, held by ETE, to the extent of their respective interests therein. Any such deemed ownership is not reflected in the table.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On February 5, 2010, our general partner, Sunoco Partners LLC, completed the sale of 6.6 million common units of the Partnership in a registered public secondary offering.

On October 5, 2012, Sunoco, Inc. ("*Sunoco*") was acquired by Energy Transfer Partners, L.P. ("*ETP*"). Prior to this transaction, Sunoco (through its wholly-owned subsidiary Sunoco Partners LLC) served as the Partnership's general partner and owned a two percent general partner interest, all of the Partnership's incentive distribution rights and a 32.4 percent limited partner interest in the Partnership. In connection with the acquisition, Sunoco's interests in the general partner and limited partnership were contributed to ETP, resulting in a change of control of the Partnership's general partner. As a result, the Partnership became a consolidated subsidiary of ETP on the acquisition date.

In July 2013, the limited liability company agreement of Sunoco Partners LLC was amended to reflect the addition of ETE Common Holdings, LLC ("*ETE Holdings*") as an owner of a 0.1 percent membership interest in our general partner. ETE Holdings is a wholly-owned subsidiary of Energy Transfer Equity, L.P. and an affiliate of ETP. In addition, the 33.5 million common units in us owned by Sunoco Partners LLC were assigned to ETP.

As of February 17, 2014, ETP, the controlling owner of our general partner, owns a 33.6 percent partnership interest in us, which includes a two percent general partner interest (through its controlled subsidiary Sunoco Partners LLC) and 33.5 million common units, representing a 32.2 percent limited partner interest in us. The general partner's ability to manage and operate us effectively gives the general partner the ability to control us.

Distribution and Payments to the General Partner and Its Affiliates

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

	Operational Stage
Payments to the general partner and its affiliates	We paid the general partner an administrative fee, $15 million for the year ended December 31, 2013, for the provision of various general and administrative services for our benefit. In addition, the general partner is entitled to reimbursement for all expenses it incurs on our behalf, including other general and administrative expenses. These reimbursable expenses include the salaries and the cost of employee benefits of employees of the general partner who provide services to us. The general partner has sole discretion in determining the amount of these expenses.
Removal or withdrawal of the general partner	If our general partner withdraws or is removed, its general partner interest and its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests as provided in the Partnership Agreement
	Liquidation Stage
Liquidation	Upon liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Concurrently with and subsequent to the closing of the February 2002 IPO, we entered into several agreements with Sunoco, Inc. (R&M), and/or one or more of its affiliates. Some of these agreements have expired, been assigned and been extended or replaced. These agreements include the Omnibus Agreement, the Pipelines and Terminals Storage and Throughput Agreement, the Interrefinery Lease Agreement, an intellectual property license agreement, certain crude oil purchase and sale agreements, a treasury services agreement, various asset acquisition agreements and other agreements. The material agreements that are still outstanding are discussed in more detail under "Management's Discussion and Analysis of Financial Condition and Results of Operations-Agreements with Related Parties."

Approval and Review of Related Party Transactions

Our Partnership Agreement and the Omnibus Agreement each contain provisions for our Conflicts Committee, comprised of our general partner's independent directors, to review transactions with related parties. In some cases review is required and in others it is at the discretion of our general partner. Generally, transactions with related parties that are material to us are referred to the Conflicts Committee for review and approval. In determining materiality, our general partner evaluates several factors including the term of the transaction, the capital investment required, and the revenues expected from the transaction.

With respect to other related party transactions, we have in place a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Partnership and its subsidiaries and affiliates, a Code of Ethics for Senior Officers of the Partnership and its subsidiaries and affiliates, and a Conflict of Interest Policy applicable to all directors, officers and employees of the Partnership and its subsidiaries and affiliates. Each of these policies requires the approval by a supervisor, officer, or the Board of Directors, prior to entering into any related party transaction that could present a potential conflict of interest. Each of the Partnership Agreement, Code of Business Conduct and Ethics, and Code of Ethics for Senior Officers is publicly available on our website.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Audit Committee appointed Grant Thornton LLP as our principal accountant to conduct the audit of our financial statements for the year ended December 31, 2013. Ernst & Young LLP served as our independent registered public accountant for the year ended December 31, 2012.

The following table presents the aggregate fees billed by Grant Thornton LLP and Ernst & Young LLP for audit and other professional services for the years ended December 31, 2013 and 2012:

	Grant Thornton LLP	Ernst & Young LLP
	For the Year Ended December 31,	For the Year Ended December 31,
Type of Fee	2013	2012
	(in millions)	
Audit Fees[1]	$ 1.0	$ 1.8
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
	$ 1.0	$ 1.8

(1) Audit fees consist of fees for the audit of the Partnership's annual consolidated financial statements, review of consolidated financial statements included in the Partnership’s quarterly reports on Form 10-Q and review of registration statements and issuance of comfort letters, consents and review of documents filed with the SEC. Audit fees also include the fees for the audit of the Partnership’s internal control as required by Section 404 of the Sarbanes-Oxley Act of 2002.

Each of the services listed above were approved by the Audit Committee of the general partner's board of directors prior to their performance. All services rendered by Grant Thornton LLP and Ernst & Young LLP are performed pursuant to a written engagement letter with the general partner.

The Audit Committee of the general partner's board of directors is responsible for pre-approving all audit services, and permitted non-audit services, to be performed by the independent registered public accounting firm for the Partnership, or its general partner. The Committee reviews the services to be performed to determine whether provision of such services potentially could impair the independence of the Partnership’s independent registered public accounting firm. The Committee's approval procedures include reviewing a detailed budget for each particular service to be rendered, as well as a description of, and budgeted amounts for, specific categories of anticipated non-audit services. Pre-approval is generally granted for up to one year. Committee approval is required to exceed the budgeted amount for any particular category of services or to engage the independent registered public accounting firm for services not included in the budget. Additional services or specific engagements may be approved, on a case-by-case basis, prior to the independent registered public accounting firm undertaking such services.

Subject to the requirements of applicable law, the Audit Committee may delegate such pre-approval authority to the Audit Committee chairman. However, any pre-approvals granted by the chairman, acting pursuant to such delegated authority, are reviewed by the full membership of the Audit Committee at its next regular meeting. Management of the general partner provides periodic updates to the Audit Committee regarding the extent of any services provided in accordance with this pre-approval process, as well as the cumulative fees incurred to date for all non-audit services, to ensure that such services are within the parameters approved by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:
- (a) The financial statements and notes thereto are included in Item 8. Financial Statements and Supplementary Data.
- (b) All financial statement schedules required are included in the financial statements or notes thereto.
- (c) Exhibits:

Exhibit No.	Description
2.1*	Asset and Membership Interest Purchase and Sale Agreement between Texon Distribution L.P. and Butane Acquisition I LLC, dated as of June 25, 2010 (incorporated by reference to Exhibit 2.1 of Form 8-K, file No. 1-31219, filed August 4, 2010)
2.1.1*	Schedules and Exhibits to Asset and Membership Interest Purchase and Sale Agreement omitted from this filing. Registrant hereby undertakes, pursuant to Regulation S-K Item 601(2) to furnish any such schedules and exhibits to the SEC supplementally, upon request (incorporated by reference to Exhibit 2.1.1 of Form 8-K, file No. 1-31219, filed August 4, 2010)
3.1*	Certificate of Limited Partnership of Sunoco Logistics Partners L.P. (incorporated by reference to Exhibit 3.1 to Form S-1 Registration Statement, file No. 333-71968, filed October 22, 2001)
3.2*	Certificate of Limited Partnership of Sunoco Logistics Operations L.P. (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to Form S-1 filed December 18, 2001)
3.3*	First Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners Operations L.P., dated as of February 8, 2002 (incorporated by reference to Exhibit 3.5 of Form 10-K, file No. 1-31219, filed April 1, 2002)
3.4*	Third Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., dated as of January 26, 2010 (incorporated by reference to Exhibit 3.1 of Form 8-K, File No. 1-31219, filed January 28, 2010)
3.4.1*	Amendment No. 1 to Third Amended and Restated Partnership Agreement of Sunoco Logistics Partners L.P., dated as of July 1, 2011 (incorporated by reference to Exhibit 3.1 of Form 8-K, file No. 1-31219, filed July 5, 2011)
3.5*	Third Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC dated as of July 1, 2011 (incorporated by reference to Exhibit 3.2 of Form 8-K, file No. 1-31219, filed July 5, 2011)
3.5.1*	Amendment No. 2 to Third Amended and Restated Partnership Agreement of Sunoco Logistics Partners L.P., dated as of November 21, 2011 (incorporated by reference to Exhibit 3.1 of Form 8-K, file No. 1-31219, filed November 28, 2011)
3.6*	Fourth Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC, dated July 11, 2013 (incorporated by reference to Exhibit 3.1 of Form 8-K, file No. 1-31219, filed July 17, 2013)
3.7*	Fifth Amended and Restated Limited Liability Company Agreement of Sunoco Partners LLC, dated October 31, 2013 (incorporated by reference to Exhibit 3.1 of Form 8-K, file No. 1-31219, filed November 1, 2013)
4.1*	Indenture, dated as of December 16, 2005 (incorporated by reference to Exhibit 4.4 of Registration Statement on Form S-3, file No. 333-130564, filed December 21, 2005)
4.1.1*	Seventh Supplemental Indenture, dated as of January 10, 2013, by and among Sunoco Logistics Partners Operations L.P., as issuer, Sunoco Logistics Partners L.P., as guarantor, and U.S. Bank National Association, as successor trustee (incorporated by reference to Exhibit 4.2 of Form 8-K, file No.1-31219, filed January 10, 2013)

Exhibit No.	Description
4.1.2*	Eighth Supplemental Indenture, dated as of January 10, 2013, by and among Sunoco Logistics Partners Operations L.P., as issuer, Sunoco Logistics Partners L.P., as guarantor, and U.S. Bank National Association, as successor trustee (incorporated by reference to Exhibit 4.4 of Form 8-K, file No.1-31219, filed January 10, 2013)
10.1	$1,500,000,000 Credit Agreement dated as of November 19, 2013, among Sunoco Logistics Partners Operations L.P., as the Borrower; Sunoco Logistics Partners L.P., as the Guarantor; Citibank, N.A., as Administrative Agent, Swing Line Lender and a L/C Issuer; and the other Lenders Party thereto
10.2*	Contribution, Conveyance and Assumption Agreement, dated as of February 8, 2002, among Sunoco, Inc., Sun Pipe Line Company of Delaware, Sunoco, Inc. (R&M), Atlantic Petroleum Corporation; Sunoco Texas Pipe Line Company, Sun Oil Line of Michigan (Out) LLC, Mid-Continent Pipe Line (Out) LLC, Sun Pipe Line Services (Out) LLC, Atlantic Petroleum Delaware Corporation, Atlantic Pipeline (Out) L.P., Sunoco Partners LLC, Sunoco Partners Lease Acquisition & Marketing LLC, Sunoco Logistics Partners L.P., Sunoco Logistics Partners GP LLC, Sunoco Pipeline L.P., Sunoco Partners Marketing & Terminals L.P., Sunoco Mid-Con (In) LLC, Atlantic (In) L.P., Sunoco Logistics Partners Operations L.P., Sunoco Logistics Partners Operations GP LLC, Atlantic R&M (In) L.P., Sun Pipe Line Services (In) L.P., Sunoco Michigan (In) LLC, Atlantic (In) LLC, Sunoco Logistics Pipe Line GP LLC, Sunoco R&M (In) LLC, and Atlantic Refining & Marketing Corp. (incorporated by reference to Exhibit 10.4 of Form 10-K, file No. 1-31219, filed April 1, 2002)
10.3*	Omnibus Agreement, dated as of February 8, 2002, by and among Sunoco, Inc., Sunoco, Inc. (R&M), Sunoco Logistics Pipe Line Company of Delaware, Atlantic Petroleum Corporation, Sunoco Texas Pipe Line Company, Sun Pipe Line Services (Out) LLC, Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., and Sunoco Partners LLC (incorporated by reference to Exhibit 10.5 of Form 10-K, file No. 1-31219, filed April 1, 2002)
10.3.1*	Amendment No. 2011-1 to Omnibus Agreement, dated as of February 22, 2011, and effective January 1, 2011, by and among Sunoco, Inc., Sunoco, Inc. (R&M), Sun Pipe Line Company of Delaware LLC, Atlantic Petroleum Corporation, Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., Sunoco Pipeline L.P. and Sunoco Partners LLC (incorporated by reference to Exhibit 10.6.1 of Form-K, file No. 1-31219 filed February 23, 2011)
10.4*	Amended and Restated Treasury Services Agreement, dated as of November 26, 2003, by and among Sunoco, Inc., Sunoco Logistics Partners L.P., and Sunoco Logistics Partners Operations L.P. (incorporated by reference to Exhibit 10.7.1 of Form 10-K, file No. 1-31219, filed March 4, 2004)
10.5*	Intellectual Property and Trademark License Agreement, dated as of February 8, 2002 among Sunoco, Inc., Sunoco, Inc. (R&M), Sunmarks, Inc., Sunoco Logistics Partners L.P., Sunoco Logistics Partners Operations L.P., Sunoco Partners Marketing & Terminals L.P., Sunoco Pipeline L.P., and Sunoco Partners LLC (incorporated by reference to Exhibit 10.8 of Form 10-K, file No. 1-31219, filed April 1, 2002)
10.6*	Inter-refinery Lease, dated as of February 8, 2002, between Sunoco Pipeline L.P., and Sunoco, Inc. (R&M) (incorporated by reference to Exhibit 10.9 of Form 10-K, file No. 1-31219, filed April 1, 2002)
10.7*	Sunoco Partners LLC Executive Involuntary Severance Plan, as amended and restated as of July 27, 2010 (incorporated by reference to Exhibit 10.1 of Form 10-Q, file No. 1-31219, filed August 4, 2010)
10.7.1*	Amendment No. 2012-2 to the Sunoco Partners LLC Executive Involuntary Severance Plan (incorporated by reference to Exhibit 10.2 of Form 8-K, file No. 1-31219, filed January 7, 2013)
10.8*	Sunoco Partners LLC Long-Term Incentive Plan, as amended and restated as of October 24, 2012 (incorporated by reference to Exhibit 10.3 of Form 10-Q, file No. 1-31219, filed November 8, 2012)
10.8.1*	Form of Performance-Based Restricted Unit Agreement under the Sunoco Partners LLC Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11.1 of Form 10-K, file No. 1-31219, filed February 23, 2011)

Exhibit No.	Description
10.8.2*	Form of Time-Vested Restricted Unit Agreement under the Sunoco Partners LLC Long-Term Incentive Plan (incorporated by reference to Exhibit 10.9.2 of Form 10-K, file No. 1-31219, filed March 1, 2013)
10.9	Sunoco Partners LLC Annual Short-Term Incentive Bonus Plan, dated as of January 1, 2013
10.10*	Sunoco Partners LLC Special Executive Severance Plan, as amended and restated as of July 27, 2010 (incorporated by reference to Exhibit 10.5 of Form 10-Q, file No. 1-31219, filed August 4, 2010)
10.10.1*	Amendment No. 2012-2 to the Sunoco Partners LLC Special Executive Severance Plan (incorporated by reference to Exhibit 10.1 of Form 8-K, file No. 1-31219, filed January 7, 2013)
10.11**	Crude Oil Pipeline Throughput and Deficiency Agreement between Motiva Enterprises LLC and Sunoco Pipeline L.P., dated as of December 19, 2006 (incorporated by reference to Exhibit 10.19 of Form 10-K, file no. 1-31219, filed February 23, 2007)
10.12**	Marine Dock and Terminalling Agreement between Motiva Enterprises LLC and Sunoco Partners Marketing & Terminals L.P., dated as of December 19, 2006 (incorporated by reference to Exhibit 10.20 of Form 10-K, file no. 1-31219, filed February 23, 2007)
10.13*	Membership Interest Purchase Agreement, effective as of July 27, 2006, between Sunoco, Inc. and Sunoco Pipeline Acquisition LLC (incorporated by reference to Exhibit 10.1 of Form 10-Q, file No. 1-31219, filed August 2, 2006)
10.14*	Product Terminal Services Agreement, dated as of May 1, 2007, among Sunoco, Inc. (R&M) and Sunoco Partners Marketing & Terminals L.P. (incorporated by reference to Exhibit 10.1 of Form 10-Q, file No. 1-31219, filed July 31, 2007)
10.14.1*	Letter Agreement, dated January 19, 2012, amending Product Terminal Services Agreement (incorporated by reference to Exhibit 10.17.1 of Form 10-K, file No. 1-31219, filed February 24, 2012)
10.15*	Repurchase Agreement between Sunoco Logistics Partners L.P. and Sunoco Partners LLC, dated January 26, 2010 (incorporated by reference to Exhibit 10.1 of Form 8-K, file No. 1-31219, filed January 28, 2010)
10.16*	Contribution Agreement, dated as of June 29, 2011, to be effective July 1, 2011, by and among Sunoco, Inc. (R&M), Sunoco Logistics Partners L.P., and certain subsidiaries and affiliates of Sunoco Logistics Partners L.P. (incorporated by reference to Exhibit 10.1 of Form 10-Q/A, file No. 1-31219, filed August 8, 2011)
10.17*	Letter Agreement dated November 2, 2011, by and between Sunoco Partners LLC and Michael J. Hennigan, President and Chief Operating Officer (incorporated by reference to Exhibit 10.3 of Form 10-Q, file No. 1-31219, filed November 3, 2011)
10.18*	Letter Agreement with Michael J. Hennigan, President and Chief Executive Officer, dated October 4, 2012 (incorporated by reference to Exhibit 10.3 of Form 10-Q, file No. 1-31219, filed November 8, 2012)
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges
14.1*	Code of Ethics for Senior Officers (incorporated by reference to Exhibit 10.14.1 to Form 10-K, file No. 1-31219, filed March 4, 2004)
16.1*	Letter from Ernst & Young LLP to the Securities and Exchange Commission, dated April 4, 2013, regarding the change in certifying accountant (incorporated by reference to Exhibit 16.1 of Form 8-K, file No. 1-31219, filed April 4, 2013)
21.1	Subsidiaries of Sunoco Logistics Partners L.P.
23.1	Consent of Grant Thornton LLP
23.2	Consent of Ernst & Young LLP

Exhibit No.	Description
24.1	Power of Attorney
31.1	Officer Certification Pursuant to Exchange Act Rule 13a-14(a)
31.2	Officer Certification Pursuant to Exchange Act Rule 13a-14(a)
32.1	Officer Certification Pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350
99.1*	Agreement and Plan of Merger, dated as of April 29, 2012 by and among Sunoco, Inc., Energy Transfer Partners, L.P., Sam Acquisition Corporation, Energy Transfer Partners GP, L.P., and, for certain limited purposes set forth therein, Energy Transfer Equity, L.P. (incorporated by reference to Exhibit 99.1 of Form 8-K, file No. 1-31219, filed May 2, 2012)
99.2*	Termination Agreement by and between Sunoco, Inc., and Lynn L. Elsenhans, dated April 29, 2012 (incorporated by reference to Exhibit 99.1 of Form 8-K, file No. 1-31219, filed May 2012)
101.1	The following consolidated financial information from Sunoco Logistics Partners L.P.'s Annual Report on Form 10-K for the year ended December 31, 2013 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Comprehensive Income; (ii) the Consolidated Balance Sheets; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements of Equity; and, (v) the Notes to the Consolidated Financial Statements.

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

** Confidential status has been requested for certain portions thereof pursuant to a Confidential Treatment Request filed February 23, 2007. Such provisions have been separately filed with the Commission.

SIGNATURES

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

Sunoco Logistics Partners L.P.
(Registrant)

BY: Sunoco Partners LLC (its General Partner)

By: /S/ MARTIN SALINAS, JR.

Martin Salinas, Jr.
Chief Financial Officer

February 27, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by or on behalf of the following persons on behalf of the registrant and in the capacities indicated on February 27, 2014.

STEVEN R. ANDERSON*	MICHAEL J. HENNIGAN*
Steven R. Anderson **Director of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.**	**Michael J. Hennigan** **Director, President and Chief Executive Officer of** **Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.** **(Principal Executive Officer)**
SCOTT A. ANGELLE*	THOMAS P. MASON*
Scott A. Angelle **Director of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.**	**Thomas P. Mason** **Director of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.**
BASIL LEON BRAY*	MARSHALL S. MCCREA III*
Basil Leon Bray **Director of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.**	**Marshall S. McCrea III** **Director (Chairman) of** **Sunoco Partners LLC, General Partner of** **Sunoco Logistics Partners L.P.**
MICHAEL D. GALTMAN*	JAMIE WELCH*
Michael D. Galtman **Controller and Chief Accounting Officer of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.** **(Principal Accounting Officer)**	**Jamie Welch** **Director of Sunoco Partners LLC,** **General Partner of** **Sunoco Logistics Partners L.P.**

Exhibit 10.1

CUSIP Number: _____

$1,500,000,000

CREDIT AGREEMENT

Dated as of November 19, 2013

among

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.,
as the Borrower

SUNOCO LOGISTICS PARTNERS L.P.,
as the Guarantor

CITIBANK, N.A.,
as Administrative Agent, Swingline Lender and a LC Issuer

and

The Other LC Issuers and Lenders Parties Hereto

BARCLAYS BANK PLC,
PNC BANK, NATIONAL ASSOCIATION,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
TD BANK, N.A.
and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
Documentation Agents

CITIGROUP GLOBAL MARKETS INC.,
BARCLAYS BANK PLC,
PNC CAPITAL MARKETS LLC,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
TD SECURITIES (USA) LLC
and
WELLS FARGO SECURITIES, LLC
Joint Lead Arrangers and Joint Bookrunners

TABLE OF CONTENTS

SCHEDULES

Schedule 1	Commitments and Applicable Percentages
Schedule 2	Disclosure Schedule
Schedule 5.12	Environmental Compliance
Schedule 7.01	Existing Indebtedness
Schedule 7.08	Transactions with Affiliates
Schedule 7.09	Burdensome Agreements
Schedule 10.02	Notices

EXHIBITS

Exhibit A	Form of Assignment and Assumption Agreement
Exhibit B	Form of Compliance Certificate
Exhibit C	Form of Loan Notice
Exhibit D	Form of Note
Exhibit E	Form of Guaranty
Exhibit F	Forms of U.S. Tax Compliance Certificates

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of November 19, 2013, among SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., a Delaware limited partnership (the "Borrower"), SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership (the "MLP"), CITIBANK, N.A., as Administrative Agent, CITIBANK, N.A., as a LC Issuer and as Swingline Lender, BARCLAYS BANK PLC, PNC BANK, NATIONAL ASSOCIATION, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., TD BANK, N.A., WELLS FARGO BANK, NATIONAL ASSOCIATION, each as a LC Issuer, and each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender").

In consideration of the mutual covenants and agreements contained herein and in consideration of the loans which may hereafter be made by Lenders to, and the Letters of Credit that may hereafter be issued by the LC Issuers for the account of, the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Administrative Agent" means Citibank, N.A., in its capacity as administrative agent for the Lenders hereunder.

"Administrative Agent's Office" means the Administrative Agent's address as set forth on Schedule 10.02, or such other address as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means the Commitments of all the Lenders. The initial amount of the Aggregate Commitments is $1,500,000,000, subject to optional reductions pursuant to Section 2.16 and subject to increases as provided in Section 2.17.

"Agreement" means this Credit Agreement, as amended or supplemented from time to time in accordance with the terms hereof.

"Applicable Percentage" means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender's

Commitment at such time, subject to adjustment as provided in Section 2.20. If the commitment of each Lender to make Loans and the obligation of each LC Issuer to make LC Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 1 or in the Assignment and Assumption or commitment increase agreement pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Rate" means, on any day, with respect to any Base Rate Loan, Eurodollar Loan or facility fees hereunder, respectively, the percent per annum set forth below under the caption "Base Rate Margin," "Eurodollar Margin," "Swingline Margin" or "Facility Fee Rate," respectively, based upon the Level corresponding to the Ratings by the Rating Agencies applicable on such date:

Ratings: (Fitch/Moody's/S&P)	**Base Rate Margin**	**Eurodollar Margin/Swingline Margin**	**Facility Fee Rate**
Level 1 ≥A-/A3/A-	0.0%	0.900%	0.100%
Level 2 BBB+/Baa1/BBB+	0.0%	1.000%	0.125%
Level 3 BBB/Baa2/BBB	0.075%	1.075%	0.175%
Level 4 BBB-/Baa3/BBB-	0.275%	1.275%	0.225%
Level 5 ˂BBB-/Baa3/BBB- or unrated	0.450%	1.450%	0.300%

For purposes of the foregoing, (a) if only one Rating is determined, the Level corresponding to that Rating shall apply; (b) if there are only two Ratings, then (i) if there is a one Level difference between the two Ratings, then the Level corresponding to the higher Rating shall be used, and (ii) if there is a greater than one Level difference between the Ratings, then the Level that is one Level below the higher Rating will be used; (c) if there are three Ratings, then (i) if all three are at different Levels, the middle Level shall apply and (ii) if two Ratings correspond to the same Level and the third is different, the Level corresponding to the two same Levels shall apply; (d) if the Ratings established or deemed to have been established by the Rating Agencies shall be changed (other than as a result of a change in the rating system of such Rating Agency), such change shall be effective as of the date on which it is first announced by the applicable Rating Agency and (e) if no Rating is determined, Level 5 shall apply. Changes in the Applicable Rate will occur automatically without prior notice as changes in the applicable Ratings occur, and each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Location" means (a) a storage terminal or facility located in the United States or Canada owned by a Loan Party or a Subsidiary; or (b) other storage location located in the United States or Canada identified by the Borrower by notice to the Administrative Agent for which, if requested by the Administrative Agent, the Borrower has used commercially reasonable efforts to cause the owner, operator or landlord thereof to execute and deliver, a waiver of lien, subordination agreement or similar agreement in form and substance reasonably acceptable to the Administrative Agent with respect to any inventories of Petroleum Products stored at such terminal or facility.

"Arranger" means each of Citigroup, Barclays Bank PLC, PNC Capital Markets LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., TD Securities (USA) LLC and Wells Fargo Securities, LLC. in its capacity as joint lead arranger and joint bookrunner.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"Base Rate" means, for any day, a fluctuating rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus ½ of 1%, and (c) the Fixed Period Eurodollar Rate plus 1.00%. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Base Rate Loan" means a Loan or portion of a Loan that bears interest based on the Base Rate.

"Borrower" means Sunoco Logistics Partners Operations L.P., a Delaware limited partnership.

"Borrower Existing Credit Agreement" means that certain Credit Agreement dated as of August 22, 2011, among the Borrower, the Guarantor, Citibank, N.A. as administrative agent, swingline lender and letter of credit issuer, TD Bank, N.A. and Wells Fargo Bank, N.A., as co-documentation agents, the other agents named therein and the lenders therein named, as amended.

"Borrower General Partner" means Sunoco Logistics Partners GP LLC, a Delaware limited liability company, or the corporate, partnership or limited liability successors thereto.

"Borrower Materials" has the meaning specified in Section 6.02.

"Borrowing" means Loans of the same Type made, Converted or Continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state of New York or the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank Eurodollar market.

"Capital Lease" means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP; provided that any lease that was treated as an operating lease under GAAP at the time it was entered into that later becomes a capital lease as a result of a change in GAAP during the life of such lease, including any renewals, shall be treated as an operating lease for all purposes under this Agreement.

"Capital Lease Obligation" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, an LC Issuer or Swingline Lender (as applicable) and the Lenders, as collateral for LC Obligations, Obligations in respect of Swingline Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the LC Issuers or Swingline Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) such LC Issuers or Swingline Lender (as applicable). "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means Investments in:

(a) marketable obligations, maturing within 12 months after acquisition thereof, issued or unconditionally guaranteed by the United States or an instrumentality or agency thereof and entitled to the full faith and credit of the United States;

(b) demand deposits and time deposits (including certificates of deposit) maturing within 12 months from the date of deposit thereof, (i) with any office of any Lender or (ii) with a domestic office of any national or state bank or trust company which is organized under the Laws of the United States or any state therein, which has capital, surplus and undivided profits of at least $500,000,000, and whose long-term certificates of deposit are rated BBB+ or Baa1 or better, respectively, by either Rating Agency;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in subsection (a) above entered into with (i) any Lender or (ii) any other commercial bank meeting the specifications of subsection (b) above;

(d) open market commercial paper, maturing within 270 days after acquisition thereof, which are rated at least P-1 by Moody’s or A-1 by S&P; and

(e) money market or other mutual funds substantially all of whose assets comprise securities of the types described in subsections (a) through (d) above.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means any of the following shall occur (a) the failure of Energy Transfer Equity, L.P. or Energy Transfer Partners, L.P. to own, directly or indirectly, at least 51% of the Equity Interests of the MLP General Partner which Equity Interests are entitled to vote for the board of directors or equivalent governing body of the MLP General Partner, (b) the failure of the MLP General Partner to be the sole general partner of the MLP, (c) the failure of the MLP to own, free of all Liens, directly or indirectly, 100% of the general partner interests in the Borrower and 100% of the limited partner interests in the Borrower, (d) the management of the MLP or of the Borrower is no longer controlled by either Energy Transfer Equity, L.P. or Energy Transfer Partners, L.P., or (e) the first day on which a majority of the members of the board of directors of the MLP General Partner are not Continuing Directors.

"Citigroup" means Citigroup Global Markets Inc.

"Closing Date" means the first date all the conditions precedent in Section 4.01 and Section 4.02 are satisfied or waived in accordance with Section 10.01.

"Code" means the Internal Revenue Code of 1986, together with all rules and regulations promulgated with respect thereto.

"Commercial Operation Date" means the date on which a Material Project is substantially complete and commercially operable.

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

"Commitment" means, as to each Lender, its obligation (a) to make Revolving Credit Loans to the Borrower pursuant to Section 2.01, and (b) to purchase participations in LC Obligations and Swingline Loans, in an aggregate principal amount at any one time outstanding not to exceed the Commitment amount set forth opposite such Lender's name on Schedule 1 or in the Assignment and Assumption or commitment increase agreement pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Commitment Period" means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.16, and (c) the date of termination of the Commitment of each Lender to make Loans and of the obligation of each LC Issuer to make LC Credit Extensions pursuant to Section 8.02.

"Compliance Certificate" means a certificate substantially in the form of Exhibit B.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated" refers to the consolidation of any Person, in accordance with GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial condition, results of operations, cash flows, assets, liabilities, etc. refer to the consolidated financial statements, financial condition, results of operations, cash flows, assets, liabilities, etc. of such Person and its properly consolidated subsidiaries. Notwithstanding the foregoing, when used in reference to the MLP and its subsidiaries, "Consolidated" shall exclude the effect on the consolidated financial statements, financial condition, results of operations, cash flows, assets, liabilities, etc. of the MLP and its subsidiaries of all Unrestricted Subsidiaries, determined as if none of the MLP, the Borrower or any of its subsidiaries held any Equity Interest in Unrestricted Subsidiaries.

"Consolidated EBITDA" means, for any period (without duplication), Consolidated Net Income for such period, plus (a) each of the following to the extent deducted in determining such Consolidated Net Income (i) all Consolidated Interest Expense, (ii) all income taxes (including any franchise taxes to the extent based upon net income) of the MLP and its Subsidiaries for such period, (iii) all depreciation and amortization (including amortization of intangible assets) of the MLP and its Subsidiaries for such period, (iv) any other non-cash charges or losses of the MLP and its Subsidiaries for such period (including any non-cash losses resulting from the impairment of long-lived assets, goodwill or intangible assets), and (v) all transaction fees and expenses for acquisitions, investments, dispositions and equity or debt offerings, minus (b) each of the following (i) all non-cash items of income or gain of the MLP and its Subsidiaries which were included in determining such Consolidated Net Income for such period, and (ii) any cash payments made during such period in respect of items described in clause (a)(iv) above subsequent to the Fiscal Quarter in which the relevant non-cash charges or losses were reflected as a charge in determining Consolidated Net Income. Consolidated EBITDA shall be subject to the adjustments set forth in the following clauses (1) and (2) for all purposes under this Agreement:

(1) If, since the beginning of the four Fiscal Quarter period ending on the date for which Consolidated EBITDA is determined, the MLP or any Subsidiary shall have made any disposition or acquisition of assets, shall have consolidated or merged with or into any Person (other than a Subsidiary), or shall have made any disposition of Equity Interests or an acquisition of Equity Interests, at the Borrower's option, Consolidated EBITDA shall be calculated giving pro forma

effect thereto as if the disposition, acquisition, consolidation or merger had occurred on the first day of such period. Such pro forma effect shall be determined (A) in good faith by the chief financial officer, principal accounting officer or treasurer of the MLP and (B) giving effect to any anticipated or proposed cost savings related to such disposition, acquisition, consolidation or merger, to the extent approved by Administrative Agent, such approval not to be unreasonably withheld or delayed.

(2) Consolidated EBITDA shall be increased by the amount of any applicable Material Project EBITDA Adjustments in respect of any Material Project of the MLP and its Subsidiaries applicable to such period.

"Consolidated Funded Indebtedness" means as of any date, the sum of the following (without duplication): (a) all Indebtedness which is classified as "long-term indebtedness" on a Consolidated balance sheet of the MLP and its Subsidiaries prepared as of such date in accordance with GAAP and any current maturities and other principal amount in respect of such Indebtedness due within one year but which was classified as "long-term indebtedness" at the creation thereof, (b) Indebtedness for borrowed money of the MLP or any of its Subsidiaries outstanding under a revolving credit or similar agreement, notwithstanding the fact that any such borrowing is made within one year of the expiration of such agreement, (c) Capital Lease Obligations of the MLP or any of its Subsidiaries, and (d) all Indebtedness in respect of any Guarantee by the MLP or any of its Subsidiaries of Indebtedness of any Person other than the MLP or any of its Subsidiaries, but excluding (i) Performance Guaranties and (ii) obligations of the MLP or any Subsidiaries under Hybrid Securities; provided, however, that Consolidated Funded Indebtedness (A) shall not include at the Borrower’s option, Excluded Inventory Indebtedness, and (B) shall include only those liabilities under the Contingent Residual Support Agreements that would be required under the loss contingency recognition principles in FASB ASC 420-20-25 to be reflected on the Consolidated balance sheet of the MLP on the date of determination.

"Consolidated Interest Expense" means, for any period, (a) all interest paid or accrued (that has resulted in a cash payment in the period or will result in a cash payment in future quarter(s)) during such period on, and all fees and related charges in respect of, Indebtedness which was deducted in determining Consolidated Net Income during such period, after giving effect to all interest rate Hedging Contracts, and (b) all realized gains or losses in respect of interest rate Hedging Contracts.

"Consolidated Net Income" means, for any period (without duplication), the MLP’s and its Subsidiaries’ gross revenues for such period, minus the MLP’s and its Subsidiaries’ expense and other proper charges against income (including taxes on income to the extent imposed), determined on a Consolidated basis. Consolidated Net Income shall be adjusted to exclude the effect of (a) any gain or loss from the sale of assets other than in the ordinary course of business, (b) any extraordinary gains or losses, (c) any non-cash gains or losses resulting from mark to market activity as a result of FASB ASC 815, (d) net income of any Subsidiary to the extent, but only to the extent, that the declaration or payment of cash Distributions by such Subsidiary of such net income is not, as of the date of determination, permitted by the operation of the terms of its charter or any Contractual Obligation, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary, and (e) income or losses attributable to (i) Unrestricted Subsidiaries, their subsidiaries and Equity Interests owned by them in other entities, (ii) unconsolidated Subsidiaries, (iii) Joint Ventures, and (iv) any Person accounted for by the equity method of accounting or any other Person that is not a Subsidiary, *provided that* Consolidated Net Income shall include any cash distributions received by the MLP or its Subsidiaries from (I) Unrestricted Subsidiaries, their subsidiaries and Equity Interests owned by them in other entities, (II) unconsolidated Subsidiaries, (III) Joint Ventures, or (IV) any Person accounted for by the equity method of accounting or any other Person that is not a Subsidiary, in each case during such period (adjusted as provided in the following clauses (1) and (2) of this definition). The amount of Consolidated Net Income attributable to cash distributions with respect to any Person referred to in clause (e) (including in respect of any newly-acquired Equity Interests owned by the MLP or any Subsidiary in respect of any Person that is an Unrestricted Subsidiary, an unconsolidated Subsidiary or Joint Venture, any Person accounted for by the equity method of accounting, or any other Person that is not a Subsidiary) shall be subject to the adjustments set forth in the following clauses (1) and (2) for all purposes under this Agreement:

(1) If, since the beginning of the four Fiscal Quarter period ending on the date for which Consolidated Net Income is determined, such Person shall have made any disposition or acquisition of assets, shall have consolidated or merged with or into another Person (other than a Subsidiary), or shall have made any disposition or an acquisition of Equity Interests, Consolidated Net Income shall be calculated giving pro forma effect to the cash distributions that would have been made to the MLP or its Subsidiaries as if the disposition, acquisition, consolidation or merger had occurred on the first day of such period. Such pro forma effect shall be determined (A) in good faith by the chief financial officer, principal accounting officer or treasurer of the MLP and (B) giving effect to any anticipated or proposed cost savings related to such disposition, acquisition, consolidation or merger, to the extent approved by Administrative Agent, such approval not to be unreasonably withheld or delayed; and

(2) Consolidated Net Income shall be increased by the amount of any projected cash distributions from such Person attributable to any applicable Material Project EBITDA Adjustments in respect of any Material Project of such Person applicable to such period.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of Consolidated assets of the MLP and its Subsidiaries after deducting therefrom: (a) all current liabilities (excluding (i) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (ii) current maturities of long-term debt); and (b) the value (net of any applicable reserves and accumulated amortization) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on the Consolidated balance sheet of the MLP and its Subsidiaries for the most recently completed Fiscal Quarter, prepared in accordance with GAAP.

"Contingent Obligor" has the meaning specified in the definition of "Contingent Residual Support Agreements".

"Contingent Residual Support Agreements" means any agreement entered into by the MLP or any of its subsidiaries (the "Contingent Obligor"), in which the Contingent Obligor agrees to provide contingent residual support with respect to obligations (the "Original Obligation") of another Person (the "Original Obligor"); provided that, the Contingent Obligor is required to make a payment pursuant to such agreement only to the extent that the obligee on the Original Obligation cannot obtain repayment of the Original Obligation from the Original Obligor after exhausting all other remedies and recourse available to such obligee.

"Continue," "Continuation," and "Continued" shall refer to the continuation pursuant to Section 2.04 of a Eurodollar Loan as a Eurodollar Loan from one Interest Period to the next Interest Period.

"Continuing Directors" means, as of any date of determination, any member of the board of directors of the MLP General Partner who:

(a) was a member of such board of directors on the Closing Date; or

(b) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound pursuant to which such Person is obligated to perform an agreement or other undertaking.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Convert," "Conversion," and "Converted" shall refer to a conversion pursuant to Section 2.04 or Article III of one Type of Loan into another Type of Loan.

"Credit Extension" means each of the following: (a) a Borrowing that is not a Continuation or Conversion, and (b) a LC Credit Extension.

"Daily Floating Eurodollar Loan" means a Swingline Loan that bears interest at a rate based upon the Daily Floating Eurodollar Rate.

"Daily Floating Eurodollar Rate" means, with respect to any Swingline Loan that is a Daily Floating Eurodollar Loan, a rate of interest determined by reference to the Fixed Period Eurodollar Rate for a one (1) month interest period that would be applicable for a Revolving Credit Loan, as that rate may fluctuate in accordance with changes in the Fixed Period Eurodollar Rate as determined on a day-to-day basis.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United

States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means, at the time in question, (a) for any Eurodollar Loan (up to the end of the applicable Interest Period), two percent (2%) per annum plus the interest rate (including the Applicable Rate) then in effect for such Loan, (b) for each Base Rate Loan or LC Obligation, two percent (2%) per annum plus the Applicable Rate for Base Rate Loans plus the Base Rate then in effect or (c) for each Letter of Credit, the Letter of Credit Fee otherwise applicable to such Letter of Credit plus two percent (2%) per annum; provided, however, the Default Rate shall never exceed the Maximum Rate.

"Default Rate Period" means (i) any period during which any Event of Default specified in Section 8.01(a), (b) or (i) is continuing and (ii) upon the request of the Required Lenders, any period during which any other Event of Default is continuing.

"Defaulting Lender" means, subject to Section 2.20(b) , any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any LC Issuer, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, any LC Issuer or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such

Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.20(b)2.20(a)) upon delivery of written notice of such determination to the Borrower, each LC Issuer, the Swingline Lender and each Lender.

"Disclosure Schedule" means Schedule 2 hereto.

"Distribution" means, as to any Person, with respect to any Equity Interests issued by such Person, (a) the retirement, redemption, purchase or other acquisition for value of any such Equity Interests, (b) the declaration or payment of any dividend on or with respect to any such Equity Interests, and (c) any other payment by such Person with respect to such Equity Interests.

"Dollar" and "$" mean lawful money of the United States.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and each LC Issuer, and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the MLP or any of the MLP's Affiliates or Subsidiaries.

"Environmental Laws" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, together with all rules and regulations promulgated with respect thereto.

"ERISA Affiliate" means the MLP and its Subsidiaries and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with such entity, are treated as a single employer under Section 414 of the Code.

"ERISA Plan" means any employee pension benefit plan subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any of the MLP or any Subsidiary has a fixed or contingent liability.

"Eurodollar Loan" means a Fixed Period Eurodollar Loan or a Daily Floating Eurodollar Loan. Each reference to a Eurodollar Loan when used in connection with Revolving Credit Loans shall mean a Fixed Period Eurodollar Loan. Each reference to a Eurodollar Loan when used in connection with Swingline Loans shall mean a Daily Floating Eurodollar Loan.

"Eurodollar Rate" means the Fixed Period Eurodollar Rate or the Daily Floating Eurodollar Rate, as the case may be.

"Event of Default" has the meaning given to such term in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Inventory Indebtedness" means Indebtedness of the MLP, the Borrower or any Subsidiary (whether under this Agreement or other Indebtedness permitted to be incurred under the terms of this Agreement) incurred to finance the purchase or holding by one or more of the MLP, the Borrower or any Subsidiary of inventories of Petroleum Products held in storage at an Approved Location for sale and delivery in the ordinary course of business, that is designated by the MLP as Excluded Inventory Indebtedness, subject to the following conditions: (i) the MLP will designate the amount of Indebtedness that is Excluded Inventory Indebtedness in connection with each determination of Consolidated Funded Indebtedness, (ii) the aggregate amount of Excluded Inventory Indebtedness on any day shall not exceed the value of inventory then owned by the MLP, the Borrower or any Subsidiary on such day which is held in storage at an Approved Location for sale and delivery in the ordinary course of business and with respect to which the price has been hedged to substantially eliminate price risk in compliance with the Risk Management Policy, the value of such inventory determined based on the price as so hedged and any margin calls relating to such hedges, and (iii) the aggregate amount of Excluded Inventory Indebtedness on any day shall not exceed $500,000,000.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits and similar Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to Laws in effect on the date on which (i) such Lender becomes a party hereto (other than pursuant to an assignment request by the Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreements" means the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement.

"Existing Letters of Credit" means the Letters of Credit (as defined in the Existing Credit Agreement) issued under the Existing Credit Agreement by issuers that are LC Issuers as defined in this Agreement and that are that are outstanding on the Closing Date. The Existing Letters of Credit shall constitute Letters of Credit for purposes of this Agreement.

"Facility Fee" has the meaning set forth in Section 2.12(b).

"Facility Usage" means, at the time in question, the aggregate amount of outstanding Loans and LC Obligations at such time.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"Fee Letters" means, collectively, (a) the letter agreement, dated October 23, 2013, among the Borrower and the Arrangers, and (b) the letter agreement, dated October 23, 2013, between the Borrower and Citigroup.

"First Purchaser Payables" means statutory Liens in favor of a seller of Petroleum Products to secure the payment of the purchase price thereof, including but not limited to statutory Liens, if any, created under the laws of Texas, New Mexico, Wyoming, Kansas, Oklahoma or any other state.

"Fiscal Quarter" means a fiscal quarter of the MLP, ending on the last day of March, June, September or December.

"Fiscal Year" means a fiscal year of the MLP ending on December 31.

"Fitch" means Fitch, Inc., or its successor.

"Fixed Period Eurodollar Loan" means a Loan or portion of a Loan that bears interest at a rate based on the Fixed Period Eurodollar Rate.

"Fixed Period Eurodollar Rate" means:

(a) for any Interest Period with respect to any Eurodollar Loan, the rate per annum appearing at Reuters Reference LIBOR01 page (or on any successor or substitute page as determined by the Administrative Agent) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum appearing at Reuters Reference LIBOR01 page (or on any successor or substitute page as determined by the Administrative Agent) at approximately 11:00 a.m., London time, on such date for a term of one month commencing on that day.

"Foreign Lender" means any Lender or LC Issuer that is not a U.S. Person.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to a LC Issuer, such Defaulting Lender's Applicable Percentage of the outstanding LC Obligations with respect to Letters of Credit issued by such LC Issuer other than LC Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender's Applicable Percentage of Swingline Loans other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means those generally accepted accounting principles and practices in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of the MLP and its Consolidated Subsidiaries, are applied for all periods after the date hereof in a manner consistent with the manner in which such principles and practices were applied to the

Initial Financial Statements. If any change in any such accounting principle or practice is required in order for such principle or practice to continue as a generally accepted accounting principle or practice, all reports and financial statements required hereunder with respect to the MLP or with respect to the MLP and its Consolidated Subsidiaries may be prepared in accordance with such change, but all calculations and determinations to be made hereunder may be made in accordance with such change only after notice of such change is given to each Lender, and the MLP, the Borrower and Required Lenders agree to such change insofar as it affects the accounting of the MLP and its Consolidated Subsidiaries.

"General Partners" means the Borrower General Partner and the MLP General Partner.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The term "Guarantee" shall exclude endorsements in the ordinary course of business of negotiable instruments in the course of collection. The amount of any Guarantee shall be deemed to be an amount equal to the lesser of (i) the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made, or (ii) if not stated or determinable or if such Guarantee by its terms is limited to less than the full amount of such primary obligation, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith or the amount to which such Guarantee is limited. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" means the MLP.

"Guaranty" means that certain Guaranty, substantially in the form of Exhibit E hereto, dated as of even date herewith made by the Guarantor in favor of the Administrative Agent on behalf of the Lenders and the LC Issuers guaranteeing the Obligations.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Hedging Contract" means (a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing, (b) any option, futures or forward contract traded on an exchange, and (c) any other derivative agreement or other similar agreement or arrangement.

"Hybrid Securities" means any hybrid securities consisting of trust preferred securities or deferrable interest subordinated debt securities with maturities of at least 20 years issued either by the MLP or by wholly owned special purpose entities that are Subsidiaries.

"Increase Effective Date" has the meaning given to such term in Section 2.17(a).

"Indebtedness" of any Person at any date means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all mandatorily redeemable preferred Equity Interests of such Person, (h) all Guarantees of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Section 8.01(g) only, all obligations of such Person in respect of Hedging Contracts.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" or "Indemnitees" has the meaning given to such term in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Initial Financial Statements" means (i) the audited Consolidated annual financial statements of the MLP as of December 31, 2012 and (ii) the unaudited interim Consolidated quarterly financial statements of the MLP as of September 30, 2013.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan and other than a Daily Floating Eurodollar Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December, and the Maturity Date; and (c) as to any Daily Floating Eurodollar Loan, the last Business Day of each calendar month and the Maturity Date.

"Interest Period" means, (a) as to each Fixed Period Eurodollar Loan, the period commencing on the date such Fixed Period Eurodollar Loan is disbursed or converted to or continued as a Fixed Period Eurodollar Loan and ending on the date one, two, three or six months thereafter (or twelve months thereafter or less than one month, in either case if consented to by all the Lenders), as selected by the Borrower in its Loan Notice, or (b) as to any Daily Floating Eurodollar Loan, the period commencing on the date such Daily Floating Eurodollar Loan commences and ending on the date one month thereafter; provided that: (i) any Interest Period applicable to a Fixed Period Eurodollar Loan that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (ii) any Interest Period applicable to a Daily Floating Eurodollar Loan that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day; (iii) any Interest Period pertaining to a Fixed Period Eurodollar Loan or a Daily Floating Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and (iv) no Interest Period shall extend beyond the Maturity Date.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, or a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or Joint Venture, and any arrangement pursuant to which the investor Guarantees obligations of such other Person, or (b) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Laws & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuer Documents" means with respect to any Letter of Credit, the LC Application, and any other document, agreement and instrument entered into by a LC Issuer and the Borrower (or any Subsidiary) or in favor of such LC Issuer and relating to any such Letter of Credit.

"Joint Venture" means a Person incorporated or otherwise formed pursuant to the laws of the United States or Canada or any state or province thereof or the District of Columbia, in which one of more Loan Parties holds, directly or indirectly, an Equity Interest, and that is not a Subsidiary or Unrestricted Subsidiary.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"LC Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by a LC Issuer.

"LC Conditions" has the meaning given to such term in Section 2.07(g).

"LC Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"LC Issuer" means each of Citibank, N.A., Barclays Bank PLC, PNC Bank, National Association, The Bank of Tokyo-Mitsubishi UFJ, Ltd., TD Bank, N.A., and Wells Fargo Bank, N.A. in its capacity as an issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder, and one or more other Lenders selected by the Borrower who agree to act as an issuer of Letters of Credit and are approved by Administrative Agent in its reasonable discretion. As used herein, the terms "LC Issuer" and "the LC Issuer" shall mean "each LC Issuer" or "the applicable LC Issuer," as the context may require.

"LC Issuer Commitment" means (a) with respect to each LC Issuer as of the Closing Date, $50,000,000, or such other amount as shall be agreed after the Closing Date in writing by such LC Issuer and the Borrower (with prompt notice to the Administrative Agent), and (b) with respect to any Lender which agrees to be a LC Issuer after the Closing Date, the aggregate face amount of Letters of Credit that such LC Issuer has agreed in writing to issue pursuant to a written agreement between such LC Issuer and the Borrower (with prompt notice thereof to the Administrative Agent).

"LC Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Matured LC Obligations. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Lender" has the meaning given to such term in the introductory paragraph hereto. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"Letter of Credit" means any standby letter of credit denominated in Dollars issued hereunder and shall include the Existing Letters of Credit.

"Letter of Credit Expiration Date" means the day that is five Business Days prior to the end of the Commitment Period of the applicable LC Issuer (or if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Fee" has the meaning specified in Section 2.12(c).

"Letter of Credit Sublimit" means an amount equal to $300,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

"Leverage Ratio" means the ratio of (a) Consolidated Funded Indebtedness outstanding on the specified date to (b) Consolidated EBITDA for the specified four Fiscal Quarter period.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement (including any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Loan Documents" means this Agreement, each Note, the Guaranty, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.19 of this Agreement, the Fee Letters, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"Loan Notice" means a notice of (a) a Borrowing, (b) a Conversion of Loans from one Type to the other, pursuant to Section 2.04, or (c) a Continuation of Eurodollar Loans, pursuant to Section 2.04, which, if in writing, shall be substantially in the form of Exhibit C.

"Loan Parties" means, collectively, the Borrower and the Guarantor.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement, including the Revolving Credit Loans and the Swingline Loans.

"Material Adverse Effect" means a material adverse change in, or a material adverse effect on (i) the results of operations, business, financial condition or assets of the MLP and its Subsidiaries, taken as a whole, or (ii) the ability of the Borrower and the MLP, collectively, to perform their obligations under the Loan Documents, or (iii) the legality, validity, binding effect or enforceability of this Agreement or any other Loan Document.

"Material Project" means, in respect of a Person, the construction or expansion of any capital project of such Person with multi-year customer contracts, the aggregate capital cost of which is reasonably expected by the Borrower to exceed $30,000,000.

"Material Project EBITDA Adjustments" shall mean, with respect to each Material Project of a Person:

(A) prior to the Commercial Operation Date of a Material Project (and including the Fiscal Quarter in which such Commercial Operation Date occurs) a percentage (based on the then-current completion percentage of such Material Project) of an amount determined by the Borrower (and approved by the Administrative Agent) as the projected Consolidated EBITDA attributable to such Material Project for the first 12-month period (except that an annualized amount may be proposed by the Borrower for a particular project for a particular period and, if approved by Required Lenders, shall be used) following the scheduled Commercial Operation Date of such Material Project (such amount to be determined based on customer contracts relating to such Material Project, the creditworthiness of the other parties to such contracts, projected revenues from such contracts, capital costs and expenses, scheduled Commercial Operation Date and other factors deemed appropriate by the Administrative Agent) which may, at the Borrower's option, be added to actual Consolidated EBITDA for the Fiscal Quarter in which construction or expansion of such Material Project commences and for each Fiscal Quarter thereafter until the Commercial Operation Date of such Material Project (including the Fiscal Quarter in which such Commercial Operation Date occurs, but without duplication of any actual Consolidated EBITDA attributable to such Material Project following such Commercial Operation Date); provided that if the actual Commercial Operation Date does not occur by the scheduled Commercial Operation Date, the foregoing amount shall be reduced, for quarters ending after the scheduled Commercial Operation Date to (but excluding) the first full quarter after the actual Commercial Operation Date, by the following percentage amounts depending on the period of delay (based on the actual period of delay or then-estimated delay, whichever is longer): (i) 90 days or less, 0%, (ii) longer than 90 days, but not more than 180 days, 25%, (iii) longer than 180 days but not more than 270 days, 50%, (iv) longer than 270 days but not more than 365 days, 75%, and (v) longer than 365 days, 100%; and

(B) beginning with the first full Fiscal Quarter following the Commercial Operation Date of a Material Project and for the two immediately succeeding Fiscal Quarters, an amount to be approved by the Administrative Agent as the projected Consolidated EBITDA attributable to such Material Project (determined in the same manner set forth in clause (A) above) for the balance of the four full Fiscal Quarter period following such Commercial Operation Date, may, at the Borrower's option, be added to actual Consolidated EBITDA for such Fiscal Quarters.

Notwithstanding the foregoing:

(i) no such additions shall be allowed with respect to any Material Project unless:

(a) not later than 20 days (or such shorter time period as may be agreed by the Administrative Agent) prior to the delivery of a certificate required by the terms and provisions of Section 6.01(b) if Material Project EBITDA Adjustments will be made to Consolidated EBITDA in determining compliance with Section 7.10, the Borrower shall have delivered to the Administrative Agent a proposed determination of Material Project EBITDA Adjustments setting forth (i) the scheduled Commercial Operation Date for such Material Project and (ii) projections of Consolidated EBITDA attributable to such Material Project, along with a reasonably detailed explanation of the basis therefor, and

(b) prior to the date such certificate is required to be delivered, the Administrative Agent shall have approved (such approval not to be unreasonably withheld or delayed) such projections and shall have received such other information and documentation as the Administrative Agent may reasonably request, all in form and substance satisfactory to the Administrative Agent; and

(ii) the aggregate amount of all Material Project EBITDA Adjustments during any period shall be limited to 20% of the total actual Consolidated EBITDA of the MLP and its Subsidiaries for such period (which total actual Consolidated EBITDA shall be determined without including any Material Project EBITDA Adjustments).

"Material Subsidiary" means any Subsidiary that is a "significant subsidiary" as defined in Article I, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act of 1933, as amended, as such regulation is in effect on any date of determination.

"Matured LC Obligations" means all amounts paid by LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit and all other amounts due and owing to LC Issuer under any LC Application, to the extent the same have not been repaid to LC Issuer (with the proceeds of Loans or otherwise).

"Maturity Date" means November 19, 2018, as may be extended pursuant to Section 2.18.

"Maximum Rate" has the meaning given to such term in Section 10.09.

"Minimum Collateral Amount" means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 102% of the Fronting Exposure of the LC Issuers and the Swingline Lender with respect to Letters of Credit or Swingline Loans issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent, the applicable LC Issuers and the Swingline Lender in their sole discretion.

"MLP General Partner" means Sunoco Partners LLC, a Pennsylvania limited liability company, or the corporate, partnership or limited liability successors thereto.

"Moody's" means Moody's Investors Service, Inc., or its successor.

"New Lenders" has the meaning given to such term in Section 2.17(a).

"Note" means a promissory note made by the Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit D.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any of the Borrower arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any of the Borrower thereof of any proceeding under any Debtor Relief Laws naming it as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06(b)).

"Participant" has the meaning given to such term in Section 10.06(d).

"Participant Register" has the meaning specified in Section 10.06(d).

"Patriot Act" has the meaning specified in Section 10.19.

"Performance Guaranties" means, collectively, guaranties by the MLP or any of its Subsidiaries of obligations of any Unrestricted Subsidiary (but not of Indebtedness of any Unrestricted Subsidiary) not to exceed in the aggregate amount outstanding of $100,000,000 at any time.

"Permitted Lien" has the meaning given to such term in Section 7.02.

"Permitted Priority Debt" means (i) Indebtedness of a Subsidiary, whether or not secured, other than Indebtedness permitted under subsections (a) through (f) of Section 7.01 and (ii) Indebtedness of the MLP or any Subsidiary secured by Liens on property of the MLP or any Subsidiary, other than Liens permitted under subsections (a) through (n) of Section 7.02, not to exceed at any one time outstanding in the aggregate under clause (i) and (ii), but without duplication, an aggregate principal amount equal to 20% of Consolidated Net Tangible Assets.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Petroleum Products" means crude oil, condensate, intermediaries, distillates, natural gas, natural gas liquids (NGLs), liquefied petroleum gases (LPGs), refined petroleum products or any blend thereof.

"Platform" has the meaning specified in Section 6.02.

"Present and Related Businesses" means all businesses engaged in by the MLP or any of its Subsidiaries as of the Closing Date, including the storage, marketing, blending, gathering, transportation and distribution of hydrocarbons, and businesses related thereto.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Citibank, N.A. as its prime rate in effect. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Public Lender" has the meaning specified in Section 6.02.

"Quarterly Testing Date" means the last day of each Fiscal Quarter.

"Rating" means, as to each Rating Agency and on any day, the rating maintained by such Rating Agency on such day for senior, unsecured, non-credit enhanced long-term debt of the MLP.

"Rating Agency" means Fitch, S&P or Moody's.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any LC Issuer, as applicable.

"Register" has the meaning given to such term in Section 10.06(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the Aggregate Commitments or, if the Commitment of each Lender to make Loans and the obligation of each LC Issuer to make LC Credit Extensions have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than 50% of the Facility Usage (with the aggregate amount of each Lender's risk participation and funded participation in LC Obligations and Swingline Loans being deemed "held" by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the Facility Usage held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Responsible Officer" of a Loan Party means the chief executive officer, president, chief financial officer, or treasurer of such Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such entity and such Responsible Officer shall be conclusively presumed to have acted on behalf of such entity.

"Revolving Credit Loan" means a Loan made pursuant to Section 2.01.

"Risk Management Policy" means the Risk Management Policy of the MLP in effect on the date of this Agreement as amended from time to time.

"S&P" means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw Hill Companies, Inc., or its successor.

"Specified Acquisition" means an acquisition of assets, Equity Interests, operating lines or divisions by the MLP, the Borrower, a Subsidiary, an Unrestricted Subsidiary or a Joint Venture for a purchase price of not less than $100,000,000.

"Specified Acquisition Period" means a period elected by the Borrower that commences on the date elected by the Borrower, by notice to the Administrative Agent, following the occurrence of a Specified Acquisition and ending on the earliest of (a) the third Quarterly Testing Date occurring after the consummation of such Specified Acquisition, (b) the date designated by the Borrower as the termination date of such Specified Acquisition Period, or (c) the Quarterly Testing Date on which the Borrower is in compliance with Section 7.10 as such compliance is determined as if such period was not a Specified Acquisition Period; provided, in the event the Leverage Ratio exceeds 5.00 to 1.00 as of the end of any Fiscal Quarter in which a Specified Acquisition has occurred, the Borrower shall be deemed to have so elected a Specified Acquisition Period with respect thereto on such last day of such Fiscal Quarter, and provided, further, following the election (or deemed election) of a Specified Acquisition Period, the Borrower may not elect (or be deemed to have elected) a subsequent Specified Acquisition Period unless, at the time of such subsequent election, the Leverage Ratio does not exceed 5.00 to 1.00; and provided further with respect to a Specified Acquisition by an Unrestricted Subsidiary or a Joint Venture, a Specified Acquisition Period may be elected by the Borrower (or may be deemed elected by the Borrower) only if the consideration for such Specified Acquisition is raised by the MLP or a Subsidiary. Only one Specified Acquisition Period may be elected (or deemed elected) with respect to any particular Specified Acquisition.

"subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

"Subsidiary" means any subsidiary of the MLP, other than an Unrestricted Subsidiary.

"Sunoco Partners Marketing Existing Credit Agreement" means that certain Credit Agreement dated as of August 9, 2013, among Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership, the Borrower, the Guarantor, Citibank, N.A. as administrative agent and the lenders therein named.

"Swingline Lender" means Citibank, N.A.

"Swingline Loan" means a Loan made pursuant to Section 2.02.

"Swingline Sublimit" means an amount equal to the lesser of (a) $100,000,000 and (b) the Aggregate Commitments. The Swingline Sublimit is part of, and not in addition to, the Aggregate Commitments.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(c)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30 day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means, (a) with respect to a Revolving Credit Loan, its character as a Base Rate Loan or a Fixed Period Eurodollar Loan, and (b) with respect to a Swingline Loan, its character as a Base Rate Loan or a Daily Floating Eurodollar Loan.

"United States" and "U.S." mean the United States of America.

"Unrestricted Subsidiaries" means any subsidiary of the MLP, including any subsidiary of the Borrower, which is designated as an Unrestricted Subsidiary pursuant to Section 6.09.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in subsection (g) of Section 3.01.

"Wholly Owned Subsidiary" means, with respect to a Person, any subsidiary of such Person, all of the issued and outstanding stock, limited liability company membership interests, or partnership interests of which (including all rights or options to acquire such stock or interests) are directly or indirectly (through one or more subsidiaries) owned by such Person, excluding any general partner interests owned, directly or indirectly, by or under common control with the MLP General Partner in any such subsidiary that is a partnership and directors' qualifying shares if applicable.

"Withholding Agent" means the Borrower and the Administrative Agent.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Initial Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the MLP and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect any provision set forth in any Loan Document, and either a Loan Party or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Loan Parties shall negotiate in good faith to amend such provision to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such provision shall continue to be interpreted in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders a reconciliation between calculations of any applicable ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by the Loan Parties pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Letter of Credit Amounts. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans.

Subject to the terms and conditions hereof, each Lender agrees to make Revolving Credit Loans ("Revolving Credit Loans") to the Borrower upon the Borrower’s request from time to time during the Commitment Period, provided that (a) subject to Sections 3.03, 3.04 and 3.06, all Lenders are requested to make Revolving Credit Loans of the same Type in accordance with their respective Applicable Percentages and as part of the same Borrowing, and (b) after giving effect to such Revolving Credit Loans, the Facility Usage does not exceed the Aggregate Commitments, and the Loans of any Lender plus such Lender’s Applicable Percentage of all LC Obligations does not exceed such Lender’s Commitment. The aggregate amount of all Revolving Credit Loans that are Base Rate Loans in any Borrowing must be equal to $5,000,000 or any higher integral multiple of $1,000,000. The aggregate amount of all Eurodollar Loans in any Borrowing must be equal to $5,000,000 or any higher integral multiple of $1,000,000. The Borrower may have no more than twelve (12) Borrowings of Eurodollar Loans outstanding at any time. Subject to the terms and conditions of this Agreement, the Borrower may borrow, repay, and reborrow under this Section 2.01.

2.02 Swingline Loans.

(a) Subject to the terms and conditions of this Agreement, the Swingline Lender agrees, in reliance on the agreement of the other Lenders in this Section 2.02, to make Swingline Loans to the Borrower from time to time during the Commitment Period in an aggregate amount not to exceed at any time outstanding the amount of the Swingline Sublimit, notwithstanding the fact that such Swingline Loans, when aggregated with the Applicable Percentage of the outstanding amount of Loans and LC Obligations of the Lender acting as Swingline Lender, may exceed the amount of such Lender’s Commitment; provided, that (i) after giving effect to any amount requested, (x) the Facility Usage does not exceed the Aggregate Commitments, and (y) the aggregate outstanding amount of the Loans of any Lender, plus such Lender’s Applicable Percentage of the outstanding amount of all LC Obligations, plus such Lender’s Applicable Percentage of the outstanding amount of all Swingline Loans does not exceed such Lender’s Commitment; and (ii) the Swingline Lender has not received written notice from the Borrower or any Lender at least one (1) Business Day prior to making such Swingline Loan that one or more of the applicable conditions to Credit Extensions specified in Section 4.02 is not then satisfied or waived in accordance with the provisions of this Agreement (and the Swingline Lender shall be entitled to conclusively rely on any such notice and shall have no obligation to independently investigate the accuracy of such notice and shall have no liability to the Borrower in respect thereof if such notice proves to be inaccurate); and provided further that the Borrower will not use the proceeds of any Swingline Loan to refinance any existing Swingline Loan. The Borrower will have the option to choose whether each Swingline Loan is (A) a Base Rate Loan, or (B) a Daily Floating Eurodollar Loan. The aggregate amount of Swingline Loans in any Borrowing shall be a minimum of $500,000. Each Swingline Loan accruing interest at the Daily Floating Eurodollar Rate shall continue to accrue interest as a Daily Floating Eurodollar Loan at the end of each Interest Period applicable thereto unless and until (x) the Borrower has given notice of conversion to a Base Rate Loan in accordance with Section 2.04, or (y) such Swingline Loan is refunded pursuant to Section 2.02(b).

(b) Immediately upon the making of a Swingline Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swingline Lender a risk participation in such Swingline Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swingline Loan. The Swingline Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swingline Lender to so request on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Percentage of the Swingline Loans then outstanding. Such request shall be deemed to be a Loan Notice under Section 2.03 without regard to the minimum and multiples specified therein of the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02. Each Lender shall fund its Applicable Percentage of Revolving Credit Loans as required to repay Swingline Loans outstanding to the Swingline Lender upon demand by the Swingline Lender, by delivery of immediately available funds to the Administrative Agent, to the account designated by the Administrative Agent, for the account of the Swingline Lender not later than 1:00 p.m. on the day specified in such a Loan Notice (or, if such Loan Notice is given after 11:00 a.m., then such delivery of funds shall be made no later than 1:00 p.m. on the next Business Day), whereupon each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount.

(c) If for any reason any Swingline Loan cannot be refinanced by such a borrowing of Base Rate Loans in accordance with Section 2.02(b), the request for Base Rate Loans submitted by the Swingline Lender as set forth herein shall be deemed to be a request by the Swingline Lender that each Lender fund its risk participation in the relevant Swingline Loan and each Lender's payment to the Administrative Agent for the account of the Swingline Lender pursuant to Section 2.02(b) shall be deemed payment in respect of such participation. No Lender's obligation to fund its Applicable Percentage of a Swingline Loan shall be affected by any other Lender's failure to fund its Applicable Percentage of a Swingline Loan, nor shall any Lender's Applicable Percentage be increased as a result of any such failure of any other Lender to fund its Applicable Percentage of a Swingline Loan.

(d) If any Lender fails to make available to the Administrative Agent for the account of the Swingline Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.02 by the time required by the terms hereof, the Swingline Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swingline Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swingline Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swingline Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Loan included in the relevant Borrowing or funded participation in the relevant Swingline Loan, as the case may be. A certificate of the Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (d) shall be conclusive absent manifest error.

(e) The Borrower shall pay to the Swingline Lender the amount of each Swingline Loan (unless such Swingline Loan is fully refunded by the Lenders pursuant to Section 2.02(b)): on the earliest to occur of (i) demand by the Swingline Lender and (ii) the Maturity Date applicable to the Swingline Lender. If any portion of any such amount paid to the Swingline Lender shall be recovered by or on behalf of the Borrower from the Swingline Lender in bankruptcy or otherwise, the loss of the amount so recovered shall be ratably shared among all the Lenders in accordance with their Applicable Percentages.

(f) Each Lender acknowledges and agrees that its obligation to refund Swingline Loans in accordance with the terms of this Section 2.02 is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, non-satisfaction of the conditions set forth in Article IV. Whenever, at any time after the Swingline Lender has received from any Lender such Lender's participating interest in a Swingline Loan, the Swingline Lender receives any payment on account thereof, the Swingline Lender will distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded). Until each Lender funds its Base Rate Loan or risk participation pursuant to this Section to refinance such Lender's Applicable Percentage of any Swingline Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swingline Lender.

2.03 Requests for New Loans.

The Borrower must give to the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of Loans to be funded by Lenders. Each such notice constitutes a "Loan Notice" hereunder and must:

(a) specify (i) the aggregate amount of any such Borrowing of Base Rate Loans and the date on which such Base Rate Loans are to be advanced, (ii) the aggregate amount of any such Borrowing of Fixed Period Eurodollar Loans, the date on which such Fixed Period Eurodollar Loans are to be advanced (which shall be the first day of the Interest Period which is to apply thereto), and the length of the applicable Interest Period, or (iii) the aggregate amount of any such Borrowing of Swingline Loans, the date on which such Swingline Loans are to be advanced, and whether such Swingline Loans are Base Rate Loans or Daily Floating Eurodollar Loans; and

(b) be received by the Administrative Agent not later than (i) 11:00 a.m. on the day on which any such Base Rate Loans is to be made, (ii) 3:00 p.m. on the day on which any Swingline Loan is to be made, or (iii) 11:00 a.m. on the third Business Day preceding the day on which any such Eurodollar Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the Loan Notice attached as Exhibit C hereto, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Loan Notice requesting Revolving Credit Loans, the Administrative Agent shall give each Lender prompt notice of the terms thereof. Upon receipt of any such Loan Notice requesting Swingline Loans, the Administrative Agent shall give the Swingline Lender prompt notice of the terms thereof. In the case of Revolving Credit Loans, if all conditions precedent to such new Loans have been met, each Lender will on the date requested promptly, and in no event later than 2:00 p.m., remit to the Administrative Agent, to the account designated by the Administrative Agent, the amount of such Lender's Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Loans have been neither met nor waived as provided herein, the Administrative Agent shall promptly make such Loans available to the Borrower. In the case of Swingline Loans, unless the Swingline Lender has received notice from the Administrative Agent (including at the request of any Lender) that any condition precedent to such new Loans has not been met, the Swingline Lender will on the date requested promptly make the amount of its Swingline Loan available to the Borrower by crediting the account of the Borrower on the books of the Swingline Lender the amount of such Swingline Loan in immediately available funds. Revolving Credit Loans to be made for the purpose of refunding Swingline Loans shall be made by the Lenders as provided in Section 2.02(b).

2.04 Continuations and Conversions of Existing Loans.

The Borrower may make the following elections with respect to Revolving Credit Loans already outstanding: to Convert, in whole or in part, Base Rate Loans to Eurodollar Loans, to Convert, in whole or in part, Eurodollar Loans to Base Rate Loans on the last day of the Interest Period applicable thereto, and to Continue, in whole or in part, Eurodollar Loans beyond the expiration of such Interest Period by designating a new Interest Period to take effect at the time of such expiration. In making such elections, the Borrower may combine existing Revolving Credit Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Revolving Credit Loans made pursuant to one Borrowing into separate new Borrowings, provided, that (i) the Borrower may have no more than twelve (12) Borrowings of Eurodollar Loans outstanding at any time, (ii) the aggregate amount of all Base Rate Loans in any Borrowing must be equal to $1,000,000 or any higher integral multiple of $500,000, and (iii) the aggregate amount of all Eurodollar Loans in any Borrowing must be equal to $5,000,000 or any higher integral multiple of $1,000,000. To make any such election, the Borrower must give to the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Loans, with a separate notice given for each new Borrowing. Each such notice must:

(a) specify the existing Loans which are to be Continued or Converted;

(b) specify (i) the aggregate amount of any Borrowing of Base Rate Loans into which such existing Loans are to be Continued or Converted and the date on which such Continuation or Conversion is to occur, or (ii) the aggregate amount of any Borrowing of Eurodollar Loans into which such existing Loans are to be Continued or Converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Interest Period which is to apply to such Eurodollar Loans), and the length of the applicable Interest Period; and

(c) be received by the Administrative Agent not later than 11:00 a.m. on (i) the day on which any such Conversion to Base Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such Continuation or Conversion to Eurodollar Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the Loan Notice, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Loan Notice, the Administrative Agent shall give each Lender prompt notice of the terms thereof. Each Loan Notice shall be irrevocable and binding on the Borrower. During the continuance of any Event of Default, the Borrower may not make any election to Convert existing Loans into Eurodollar Loans or Continue existing Loans as Eurodollar Loans beyond the expiration of their respective and corresponding Interest Period then in effect without the consent of the Required Lenders. If (due to the existence of an Event of Default or for any other reason) the Borrower fails to timely and properly give any Loan Notice with respect to a Borrowing of existing Fixed Period Eurodollar Loans at least three days prior to the end of the Interest Period applicable thereto, such Fixed Period Eurodollar Loans, to the extent not prepaid at the end of such Interest Period, shall automatically be Converted into Base Rate Loans at the end of such Interest Period. No new funds shall be repaid by the Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in the interest rate, Interest Period or Type applicable to already outstanding Loans.

2.05 Use of Proceeds.

The Loan Parties shall use the proceeds of all Loans (a) to refinance the Existing Credit Agreements, (b) for working capital requirements of the MLP and its Subsidiaries, (c) for purchases of common Equity Interests of the MLP or other Distributions, (d) for acquisitions of assets or Equity Interests otherwise permitted under the terms of this Agreement and (e) for general business purposes. The Letters of Credit shall be used for general business purposes of the MLP and its Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the FRB, including Regulations T, U and X. Each Loan Party represents and warrants that it is not engaged principally, or as one of its important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock.

2.06 Repayment and Prepayments of Loans.

The Borrower shall repay to the Lenders on the Maturity Date the aggregate outstanding principal amount of Revolving Credit Loans. The Borrower may, upon three Business Days' notice to the Administrative Agent (which notice shall be irrevocable except that such notice may state that such notice is conditioned upon the effectiveness of other credit facilities or the receipt of the proceeds from the incurrence of other Indebtedness or any other event, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified date) if such condition is not satisfied, and the Administrative Agent will promptly give notice to the other Lenders), from time to time and without premium or penalty (other than Eurodollar Loan breakage costs, if any, pursuant to Section 3.05) prepay the Loans, in whole or in part, so long as the aggregate amounts of all partial prepayments of principal on the Loans equals $5,000,000 or any higher integral multiple of $1,000,000. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

2.07 Letters of Credit.

Subject to the terms and conditions hereof, during the Commitment Period the Borrower may request any LC Issuer to issue, amend, or extend the expiration date of, one or more Letters of Credit for the account of the Borrower or any or its Subsidiaries, provided that:

(a) after taking such Letter of Credit into account, (i) the Facility Usage does not exceed the Aggregate Commitments at such time, (ii) the aggregate outstanding amount of the Loans of any Lender, plus such Lender's Applicable Percentage of the outstanding amount of all LC Obligations, plus such Lender's Applicable Percentage of the outstanding amount of all Swingline Loans does not exceed such Lender's Commitment, (iii) the outstanding amount of the LC Obligations does not exceed the Letter of Credit Sublimit, and (iv) no LC Issuer shall be required to issue or amend any Letter of Credit if the outstanding amount of the LC Obligations under Letters of Credit issued by such LC Issuer would exceed the LC Issuer Commitment of such LC Issuer;

(b) the expiration date of such Letter of Credit is (i) prior to the Letter of Credit Expiration Date with respect to Letters of Credit not to exceed an aggregate face amount of $30,000,000, and (ii) otherwise, prior to the earlier of (A) 365 days after the issuance thereof, provided that such Letter of Credit may provide for automatic extensions of such expiration date (such Letter of Credit an "Auto-Extension Letter of Credit") for additional periods of 365 days thereafter, and (B) the Letter of Credit Expiration Date;

(c) the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject such LC Issuer to any cost which is not reimbursable under Article III;

(d) such Letter of Credit is in form and upon terms as shall be acceptable to such LC Issuer in its sole and absolute discretion;

(e) no Lender is at the time of such request a Defaulting Lender or, if a Defaulting Lender then exists, such LC Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such LC Issuer (in its sole discretion) with the Borrower or such Defaulting Lender to eliminate such LC Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.20(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other LC Obligations as to which such LC Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion;

(f) all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied; and

(g) LC Issuer will honor any such request if the foregoing conditions (a) through (f) (the "LC Conditions") have been met as of the date of issuance, amendment, or extension of such Letter of Credit.

2.08 Requesting Letters of Credit.

The Borrower must make written application for any Letter of Credit at least three Business Days (or such shorter period as may be agreed upon by the applicable LC Issuer) before the date on which the Borrower desires for a LC Issuer to issue such Letter of Credit. By making any such written application, unless otherwise expressly stated therein, the Borrower shall be deemed to have represented and warranted that the LC Conditions will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in the form of a LC Application appropriately completed and signed by a Responsible Officer of the Borrower. In the case of a request for an initial issuance of a Letter of Credit, such LC Application shall specify in form and detail satisfactory to the applicable LC Issuer: (i) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (ii) the amount thereof; (iii) the expiry date thereof; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by such beneficiary in case of any drawing thereunder; (vi) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (vii) the purpose and nature of the requested Letter of Credit; and (viii) such other matters as the applicable LC Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such LC Application shall specify in form and detail satisfactory to the applicable LC Issuer (i) the Letter of Credit to be amended; (ii) the proposed date of amendment thereof (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the applicable LC Issuer may require. Additionally, the Borrower shall furnish to the applicable LC Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the applicable LC Issuer or the Administrative Agent may require. If all LC Conditions for a Letter of Credit have been met on any Business Day before 11:00 a.m. (or such later time as may be agreed upon by the applicable LC Issuer), the applicable LC Issuer will issue such Letter of Credit on the same Business Day at such LC Issuer’s Lending Office. If the LC Conditions are met on any Business Day on or after 11:00 a.m., the applicable LC Issuer will issue such Letter of Credit on the next succeeding Business Day at such LC Issuer’s Lending Office. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control. Unless otherwise directed by the applicable LC Issuer, the Borrower shall not be required to make a specific request to such LC Issuer for any extension of an Auto-Extension Letter of Credit. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) such LC Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that a LC Issuer shall not permit any such extension if (A) such LC Issuer has determined that it would not be permitted at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) from the Administrative Agent, any Lender or the Borrower on or before the day that is five Business Days before the last day in which notice of non-extension for such Letter of Credit may be given that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and directing such LC Issuer not to permit such extension.

2.09 Reimbursement and Participations.

(a) Reimbursement. Each Matured LC Obligation shall constitute a loan by LC Issuer to the Borrower. The Borrower promises to pay to LC Issuer, or to LC Issuer's order, on demand, the full amount of each Matured LC Obligation together with interest thereon (i) at the Base Rate plus the Applicable Rate for Base Rate Loans to and including the second Business Day after the Matured LC Obligation is incurred, subject to Section 2.09(b), and (ii) at the Default Rate applicable to Base Rate Loans on each day thereafter.

(b) Letter of Credit Advances. If the beneficiary of any Letter of Credit makes a draft or other demand for payment thereunder, then the Borrower shall be deemed to have requested the Lenders make Loans to the Borrower in the amount of such draft or demand, which Loans shall be made concurrently with LC Issuer's payment of such draft or demand and shall be immediately used by LC Issuer to repay the amount of the resulting Matured LC Obligation. Such deemed request by the Borrower shall be made in compliance with all of the provisions hereof, provided that for the purposes of the first sentence of Section 2.01, the amount of such Loans shall be considered, but the amount of the Matured LC Obligation to be concurrently paid by such Loans shall not be considered.

(c) Participation by Lenders. Each LC Issuer irrevocably agrees to grant and hereby grants to each Lender, and – to induce the LC Issuers to issue Letters of Credit hereunder – each Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from each LC Issuer, on the terms and conditions hereinafter stated and for such Lender's own account and risk an undivided interest equal to such Lender's Applicable Percentage of such LC Issuer's obligations and rights under each Letter of Credit issued by it hereunder and the amount of each Matured LC Obligation paid by such LC Issuer thereunder. Each Lender unconditionally and irrevocably agrees with each LC Issuer that, if a Matured LC Obligation is paid under any Letter of Credit for which LC Issuer is not reimbursed in full by the Borrower in accordance with the terms of this Agreement and the related LC Application (including any reimbursement by means of concurrent Loans or by the application of Cash Collateral), such Lender shall (in all circumstances and without set-off or counterclaim) pay to such LC Issuer on demand, in immediately available funds at such LC Issuer's Lending Office, such Lender's Applicable Percentage of such Matured LC Obligation (or any portion thereof which has not been reimbursed by the Borrower). Each Lender's obligation to pay each LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Lender to any LC Issuer pursuant to this subsection is paid by such Lender to such LC Issuer within three Business Days after the date such payment is due, such LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the greater of (i) the Federal Funds Rate and (ii) a rate determined by such LC Issuer in accordance with banking industry rules on interbank compensation.

If any amount required to be paid by any Lender to any LC Issuer pursuant to this subsection is not paid by such Lender to such LC Issuer within three Business Days after the date such payment is due, such LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Base Rate.

(d) Distributions to Participants. Whenever a LC Issuer has in accordance with this Section received from any Lender payment of such Lender's Applicable Percentage of any Matured LC Obligation, if such LC Issuer thereafter receives any payment of such Matured LC Obligation or any payment of interest thereon (whether directly from the Borrower or by application of Cash Collateral or otherwise, and excluding only interest for any period prior to such LC Issuer's demand that such Lender make such payment of its Applicable Percentage), such LC Issuer will distribute to such Lender its Applicable Percentage of the amounts so received by such LC Issuer; provided, however, that if any such payment received by such LC Issuer must thereafter be returned by such LC Issuer, such Lender shall return to such LC Issuer the portion thereof which such LC Issuer has previously distributed to it.

(e) Calculations. A written advice setting forth in reasonable detail the amounts owing under this Section, submitted by a LC Issuer to the Borrower or any Lender from time to time, shall be conclusive, absent manifest error, as to the amounts thereof.

(f) Obligations Absolute. The Borrower's obligation to reimburse Matured LC Obligations shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable LC Issuer under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the LC Issuers, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable LC Issuer; provided that the foregoing shall not be construed to excuse a LC Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable Law) suffered by the Borrower that are caused by such LC Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of a LC Issuer (as finally determined by a court of competent jurisdiction), such LC Issuer shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, a LC Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

2.10 No Duty to Inquire.

(a) Drafts and Demands. Each LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. No LC Issuer is under a duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by a LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. The Borrower releases each LC Issuer and each Lender from, and agrees to hold each LC Issuer and each Lender harmless and indemnified against, any liability or claim in connection with or arising out of the subject matter of this section, which indemnity shall apply whether or not any such liability or claim is in any way or to any extent caused, in whole or in part, by any negligent act or omission of any kind by any LC Issuer or Lender, provided only that no LC Issuer or Lender shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final and nonappealable judgment.

(b) Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of the Borrower, or if the amount of any Letter of Credit is increased or decreased at the request of the Borrower, this Agreement shall be binding upon the Loan Parties with respect to such Letter of Credit as so extended, increased, decreased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by a LC Issuer, such LC Issuer's correspondents, or any Lender in accordance with such extension, increase, decrease or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, no LC Issuer shall have a duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall any LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by a LC Issuer to any purported transferee or transferees as determined by such LC Issuer is hereby authorized and approved, and the Borrower releases each LC Issuer and each Lender from, and agrees to hold each LC Issuer and each Lender harmless and indemnified against, any liability or claim in connection with or arising out of the foregoing, which indemnity shall apply whether or not any such liability or claim is in any way or to any extent caused, in whole or in part, by any negligent act or omission of any kind by any LC Issuer or Lender, provided only that no LC Issuer or any Lender shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final and nonappealable judgment.

2.11 Reserved.

2.12 Interest Rates and Fees.

(a) Interest Rates. Unless the Default Rate shall apply, (i) each Base Rate Loan shall bear interest on each day outstanding at the Base Rate plus the Applicable Rate for Base Rate Loans in effect on such day, (ii) each Fixed Period Eurodollar Loan shall bear interest on each day during the related Interest Period at the related Fixed Period Eurodollar Rate plus the Applicable Rate for Eurodollar Loans in effect on such day, and (iii) each Swingline Loan shall bear interest on each day outstanding at (A) the Base Rate plus the Applicable Rate for Base Rate Loans in effect on such day or (B) the Daily Floating Eurodollar Rate plus the Applicable Rate for Eurodollar Loans in effect on such day, as applicable. During a Default Rate Period, the portion of all Loans and other Obligations that are then overdue shall bear interest on each day outstanding at the applicable Default Rate. The interest rate shall change whenever the applicable Base Rate, the Fixed Period Eurodollar Rate, the Daily Floating Eurodollar Rate or the Applicable Rate for Base Rate Loans or Eurodollar Loans changes. In no event shall the interest rate on any Loan exceed the Maximum Rate.

(b) Facility Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with such Lender’s Applicable Percentage, a facility fee (the "Facility Fee") equal to the Applicable Rate for Facility Fees in effect on such day times the actual daily amount of Aggregate Commitments, regardless of usage, subject to adjustment as provided in Section 2.20. The Facility Fee payable to each Lender shall accrue at all times from the Closing Date until the Maturity Date for such Lender and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, and on the Maturity Date for such Lender. The Facility Fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any calendar quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such calendar quarter that such Applicable Rate was in effect. The Facility Fees shall accrue at all times from and after the Closing Date, including at any time during which one or more of the conditions in Article IV is not met.

(c) Letter of Credit Fees; Fronting Fees and Processing Charges. In consideration of a LC Issuer’s issuance of any Letter of Credit, the Borrower agrees to pay to the Administrative Agent, for the account of all Lenders in accordance with their respective Applicable Percentages, a Letter of Credit fee (the "Letter of Credit Fee") equal to the Applicable Rate for Fixed Period Eurodollar Loans then in effect (or the Default Rate during the Default Rate Period) applicable each day times the face amount of such Letter of Credit; provided, however, any Letter of Credit Fee otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the applicable LC Issuer pursuant to Section 2.07 shall be payable, to the maximum extent permitted by applicable Law, to the other

Lenders in accordance with the upward adjustments in their respective Applicable Percentages allocable to such Letter of Credit pursuant to Section 2.20(a)(iv), with the balance of such fee, if any, payable to the applicable LC Issuer for its own account. The Letter of Credit Fee will be calculated on the face amount of each Letter of Credit outstanding on each day at the above applicable rates and will be payable in arrears on the last Business Day of each March, June, September and December. In addition, the Borrower will pay (i) directly to each LC Issuer for its own account a fronting fee with respect to each Letter of Credit issued by it at the rate or rates agreed upon by the Borrower and such LC Issuer in the applicable Fee Letter or otherwise, payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date, and (ii) to the Administrative Agent for the account of the LC Issuers such other fees and charges from time to time in effect customarily charged by such LC Issuer in respect of any issuance, presentation, amendment, negotiation or other processing of any Letter of Credit issued by it, payable quarterly in arrears on the last Business Day of each March, June, September and December.

(d) Administrative Agent's Fees. In addition to all other amounts due to the Administrative Agent under the Loan Documents, the Borrower will pay fees to the Administrative Agent as described in its Fee Letter.

(e) Calculations and Determinations. All calculations of interest chargeable with respect to the Eurodollar Rate, the Federal Funds Rate and of fees shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All calculations under the Loan Documents of interest chargeable with respect to the Prime Rate shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate.

(f) Past Due Obligations. The Borrower hereby promises to each Lender to pay interest at the Default Rate on all Obligations (including Obligations to pay fees or to reimburse or indemnify any Lender) which the Borrower has in this Agreement promised to pay to such Lender and which are not paid when due. Such interest shall accrue from the date such Obligations become due until they are paid.

2.13 Evidence of Debt.

(a) Credit Extensions. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. Such accounts or records shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records maintained by the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type, amount and maturity of its Loans and payments with respect thereto.

(b) Letters of Credit; Swingline Loans. In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swingline Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.14 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made (i) with respect to Revolving Credit Loans, to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, and (ii) with respect to Swingline Loans, to the Administrative Agent, for the account of the Swingline Lender. Each such payment shall be made, to the account designated by the Administrative Agent, in Dollars and in immediately available funds not later than 3:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of each such payment with respect to Revolving Credit Loans in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 3:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Loans (or, in the case of any of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.03 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and

(B) in the case of a payment to be made by the Borrower, the interest rate applicable to the applicable Borrowing. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or a LC Issuer hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or a LC Issuer, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the applicable LC Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such LC Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.15 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in LC Obligations held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in LC Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(a) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(b) the provisions of this Section shall not be construed to apply to (i) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (ii) the application of Cash Collateral provided for in Section 2.19, or (iii) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in LC Obligations or Swingline Loans to any assignee or participant, other than an assignment to the Borrower, any Subsidiary or Unrestricted Subsidiary thereof (as to which the provisions of this Section shall apply).

The Loan Parties consent to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such entity rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such entity in the amount of such participation.

2.16 Reductions in Commitment.

The Borrower shall have the right from time to time to permanently reduce the Aggregate Commitments, provided that (i) notice of such reduction is given not less than two Business Days prior to such reduction, (ii) the resulting Aggregate Commitments are not less than the Facility Usage, and (iii) each partial reduction shall be in an amount at least equal to $5,000,000 and in multiples of $1,000,000 in excess thereof. Such notice may state that such notice is conditioned upon the effectiveness of other credit facilities or the receipt of the proceeds from the incurrence of other Indebtedness or any other event, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified date) if such condition is not satisfied.

2.17 Increase in Aggregate Commitments.

(a) The Borrower shall have the option, without the consent of the Lenders, from time to time to cause one or more increases in the Aggregate Commitments by adding to this Agreement one or more financial institutions as Lenders (collectively, the "New Lenders") or by allowing one or more Lenders to increase their respective Commitments, in each case subject to the prior approval of the Administrative Agent, each LC Issuer and the Swingline Lender (such approvals not to be unreasonably withheld or delayed); provided however that: (i) prior to and after giving effect to the increase, no Event of Default shall have occurred hereunder and be continuing, (ii) no such increase shall cause the Aggregate Commitments to exceed $2,250,000,000, (iii) no Lender’s Commitment shall be increased without such Lender’s consent, and (iv) such increase shall be evidenced by a commitment increase agreement in form and substance acceptable to the Administrative Agent and executed by the Loan Parties, the Administrative Agent, New Lenders, if any, and Lenders increasing their Commitments, if any, and which shall indicate the amount and allocation of such increase in the Aggregate Commitments and the effective date of such increase (the "Increase Effective Date"). Each financial institution that becomes a New Lender pursuant to this Section by the execution and delivery to the Administrative Agent of the applicable commitment increase agreement shall be a "Lender" for all purposes under this Agreement on the applicable Increase Effective Date. The Borrower shall borrow and prepay Loans on each Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Loans of each Lender ratable with such Lender’s revised Applicable Percentage after giving effect to any nonratable increase in the Aggregate Commitments under this Section.

(b) As a condition precedent to each increase pursuant to subsection (a) above, the Borrower shall deliver to the Administrative Agent, to the extent requested by the Administrative Agent, the following in form and substance satisfactory to the Administrative Agent:

(i) a certificate dated as of the Increase Effective Date, signed by a Responsible Officer of the Borrower certifying that each of the conditions to such increase set forth in this Section shall have occurred and been complied with and that, before and after giving effect to such increase, (A) the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not apply to the extent that any such representation or warranty is qualified by materiality) on and as of the Increase Effective Date after giving effect to such increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects as of such earlier date, and (B) no Event of Default exists;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Loan Parties as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible

Officer thereof authorized to act as a Responsible Officer in connection with such increase agreement, and such documents and certifications as the Administrative Agent may require to evidence that the Borrower is validly existing and in good standing in its jurisdiction of organization; and

(iii) a favorable opinion of counsel to the Loan Parties, relating to such increase agreement, addressed to the Administrative Agent and each Lender.

2.18 Extension of Maturity Date; Removal of Lenders.

(a) Subject to the remaining terms and provisions of this Section 2.18, the Borrower shall have the option to twice extend the Maturity Date for a period of one year (each such option shall be referred to herein as an "Extension Option"). In connection with the Extension Option, the Borrower may, by written notice to the Administrative Agent (a "Notice of Extension"), not later than 30 days prior to the then effective Maturity Date, advise the Lenders that it requests an extension of the then effective Maturity Date (such then effective Maturity Date being the "Existing Maturity Date") by one year, effective on the Existing Maturity Date. The Administrative Agent will promptly, and in any event within five Business Days of the receipt of any such Notice of Extension, notify the Lenders of the contents of each such Notice of Extension.

(b) Each Notice of Extension shall (i) be irrevocable and (ii) constitute a representation by the Borrower that (A) no Event of Default or Default has occurred and is continuing, and (B) the representations and warranties contained in Article V are correct in all material respects (except that such materiality qualifier shall not apply to the extent that any such representation or warranty is qualified by materiality) on and as of the date Borrower provides any Notice of Extension, as though made on and as of such date (unless any representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall be correct in all material respects as of such earlier date).

(c) In the event a Notice of Extension is given to the Administrative Agent as provided in Section 2.18(a) and the Administrative Agent notifies a Lender of the contents thereof, such Lender shall, on or before the day that is 15 days following the date of Administrative Agent's receipt of said Notice of Extension, advise the Administrative Agent in writing whether or not such Lender consents to the extension requested thereby and if any Lender fails so to advise the Administrative Agent, such Lender shall be deemed to have not consented to such extension. If the Required Lenders so consent (the "Consenting Lenders") to such extension, which consent may be withheld in their sole and absolute discretion, the Maturity Date and the Commitments of the Consenting Lenders shall be automatically extended to the same date in the year following the Existing Maturity Date,(the "Extended Maturity Date") and the Maturity Date as to any and all Lenders who have not consented (the "Non-Consenting Lenders") shall remain as the Existing Maturity Date, subject to Section 2.18(d). On the Existing Maturity Date applicable to each Non-Consenting Lender, all or any part of such Non-Consenting Lenders' Applicable Percentage of the outstanding amount of LC Obligations shall be reallocated among the Consenting Lenders in accordance with their respective Applicable Percentages (calculated without regard to the Non-

Consenting Lenders' Commitments) but only to the extent that such reallocation does not cause, with respect to any Consenting Lender, the aggregate outstanding amount of the Loans of such Lender, plus such Lender's Applicable Percentage of the outstanding amount of all LC Obligations, plus such Lender's Applicable Percentage of the outstanding amount of all Swingline Loans to exceed such Lender's Commitments as in effect at such time. If the reallocation described in the preceding sentence cannot, or can only partially, be effected, the Borrower shall Cash Collateralize the LC Obligations to the extent that, after giving effect to the reallocation pursuant to the preceding sentence and the payment required by the preceding sentence, the outstanding amounts of all Loans and LC Obligations do not exceed the Commitments of the Consenting Lenders. The amount of Cash Collateral provided by the Borrower pursuant to this sentence shall reduce the Non-Consenting Lenders' Applicable Percentage of the outstanding amount of LC Obligations (after giving effect to any partial reallocation above) on a pro rata basis; and each Non-Consenting Lender's Commitment to make Loans, purchase participations in Swingline Loans, and purchase participations in LC Obligations with respect to Letters of Credit issued after such Existing Maturity Date shall terminate. On the Existing Maturity Date applicable to each Non-Consenting Lender, the Borrower shall prepay any Loans outstanding on such date (and pay any additional amounts required by Section 3.05) to the extent necessary to keep outstanding Loans ratable with any revised Applicable Percentage of the respective Lenders applicable on such date.

(d) The Borrower may replace any Non-Consenting Lender at any time on or before the Existing Maturity Date with an assignee (including, for the avoidance of doubt, with a Consenting Lender) in accordance with and subject to Section 10.13 and Section 10.06, including consents required under Section 10.06, provided that such assignee has consented to the extension of the Existing Maturity Date to the Extended Maturity Date then in effect, and upon such replacement, the Maturity Date with respect to the Loans and Commitments of such replacement Lender shall be the Extended Maturity Date.

(e) If all of the Commitments of the Non-Consenting Lenders are not replaced on or before the Existing Maturity Date, then the Commitments of each Non-Consenting Lender not so replaced shall terminate on the Existing Maturity Date, and the Borrower shall fully repay on the Existing Maturity Date the Loans (including, without limitation, all accrued and unpaid interest and unpaid fees), if any, of such Non-Consenting Lenders, which shall reduce the aggregate Commitments accordingly. Following the Existing Maturity Date, the Non-Consenting Lenders shall have no further obligations under this Agreement, including, without limitation, that such Non-Consenting Lenders shall have no obligation to purchase participations in Letters of Credit.

(f) In the event that any Non-Consenting Lender is a LC Issuer and any one or more Letters of Credit issued by such LC Issuer under this Agreement remain outstanding on such LC Issuer's Maturity Date, the Borrower shall deposit cash collateral with such LC Issuer in an amount equal to the aggregate face amount of such Letters of Credit upon terms reasonably satisfactory to such LC Issuer to secure the Borrower's obligations to reimburse for drawings under such Letters of Credit or make other arrangements satisfactory to such LC Issuer with respect to such Letters of Credit including providing other credit support.

2.19 Cash Collateral

(a) Certain Credit Support Events. Upon the request of the Administrative Agent or a LC Issuer (i) if such LC Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in a Matured LC Obligation, or (ii) if, as of the Letter of Credit Expiration Date, any LC Obligation of such LC Issuer for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then outstanding LC Obligations of such LC Issuer in an amount not less than the Minimum Collateral Amount. At any time that there shall exist a Defaulting Lender, immediately upon the request of the Administrative Agent, a LC Issuer or the Swingline Lender, the Borrower shall deliver to the Administrative Agent Cash Collateral in an amount not less than the Minimum Collateral Amount to cover all Fronting Exposure (after giving effect to Section 2.20(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Citibank, N.A. or an Affiliate thereof, provided that Administrative Agent may invest any Cash Collateral provided by the Borrower in such Cash Equivalents as the Administrative Agent may choose in its sole discretion. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the LC Issuers and the Lenders (including the Swingline Lender), and agrees to maintain, a first priority security interest in all such cash, Cash Equivalents, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.19(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.19 or Sections 2.02, 2.07, 2.20 or 8.02 in respect of Letters of Credit or Swingline Loans shall be held and applied to the satisfaction of the specific LC Obligations, Swingline Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)(vi))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of the Borrower shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.192.19(d) may be otherwise applied in accordance with Section 8.03), and (y) the Person providing Cash Collateral and the LC Issuers or Swingline Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.20 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 10.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to any LC Issuer or Swingline Lender hereunder; third, if so determined by the Administrative Agent or requested by any LC Issuer or Swingline Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swingline Loan or Letter of Credit; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; sixth, to the payment of any amounts owing to the Lenders, the LC Issuers or Swingline Lender as a result of any final and non-appealable judgment of a court of competent jurisdiction obtained by any Lender, any LC Issuer or Swingline Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any final and non-appealable judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and eighth, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or Matured LC Obligations in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such

Loans or Matured LC Obligations were made or created at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and Matured LC Obligations owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or Matured LC Obligations owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.20(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) Each Defaulting Lender shall be entitled to receive a Facility Fee for any period during which that Lender is a Defaulting Lender only to the extent allocable to the sum of (x) the outstanding principal amount of the Revolving Credit Loans funded by it, and (y) its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.19.

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.19.

(C) With respect to any Facility Fee or Letter of Credit Fees not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender’s participation in LC Obligations or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each LC Issuer and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such LC Issuer’s or the Swingline Lender’s Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swingline Loans pursuant to Sections 2.02 and 2.09, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; provided, that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, the conditions set forth in Section 4.02 are satisfied; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swingline Loans shall not exceed the positive difference, if any, of (1) the Commitment of that non-Defaulting Lender minus (2) the aggregate outstanding amount of the Loans of that Lender.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under Law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lenders' Fronting Exposure and (y) second, Cash Collateralize the LC Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.19.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, Swingline Lender and the LC Issuers agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.20(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no LC Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Defined Terms. For purposes of this Section 3.01, the term "Lender" includes the LC Issuers and the term "applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment to a Recipient by a Withholding Agent, then the applicable Withholding

Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. Without duplication of Section 3.01(b), the Borrower shall indemnify each Recipient, within 15 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided however, that the Borrower shall not be required to indemnify any Recipient for any penalties, interest and reasonable expenses arising solely from (i) such Recipient's failure to notify the Borrower of such Indemnified Taxes within 180 days after such Recipient has actual knowledge of such Indemnified Taxes or (ii) such Recipient's gross negligence or willful misconduct. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.01, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) If any Lender or the Administrative Agent is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document, such Lender or Administrative Agent shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender or Administrative Agent, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender or Administrative Agent is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing,

(A) if any Lender or the Administrative Agent is a U.S. Person, such Lender or Administrative Agent shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) if any Foreign Lender or an Administrative Agent that is not a U.S. Person is legally entitled to do so, it shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender or Administrative Agent claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender or Administrative Agent is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender or Administrative Agent that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender or Administrative Agent becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Recipient under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Recipient were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Recipient shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Recipient agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.01 (including by the payment of additional amounts pursuant to this Section 3.01), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made or additional amounts paid under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party’s obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Loans or to convert Base Rate Loans to Eurodollar Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to Base Rate Loans (the interest on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Loan or in connection with an existing or proposed Base Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on Eurodollar Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any LC Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) taxes described in clauses (b) through (d) of the definition of Excluded Taxes, and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, or other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any LC Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such LC Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, such LC Issuer or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, such LC Issuer or other Recipient, the Borrower will pay to such Lender, such LC Issuer or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such LC Issuer or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any LC Issuer determines that any Change in Law affecting such Lender or such LC Issuer or any Lending Office of such Lender or such Lender's or such LC Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such LC Issuer's capital or on the capital of such Lender's or such LC Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by such LC Issuer, to a level below that which such Lender or such LC Issuer or such Lender's or such LC Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such LC Issuer's policies and the policies of such Lender's or such LC Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such LC Issuer or such Lender's or such LC Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. Any Lender or LC Issuer that makes a demand for additional amounts under this Section 3.04 shall deliver to the Borrower a certificate setting forth the amount or amounts necessary to compensate such Lender or the LC Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section 3.04, and setting forth in reasonable detail the basis for calculating such amounts, which certificate shall be conclusive absent manifest error. The Borrower shall pay such Lender or such LC Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any LC Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or such LC Issuer's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or a LC Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or such LC Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such LC Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Loans. The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any Continuation, Conversion, payment or prepayment of any Loan other than a Base Rate Loan or a Daily Floating Eurodollar Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, Continue or Convert any Loan other than a Base Rate Loan or a Daily Floating Eurodollar Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Fixed Period Eurodollar Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 10.13;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (but excluding any loss of anticipated profits). The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Fixed Period Eurodollar Loan made by it at the Fixed Period Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Fixed Period Eurodollar Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any additional amount to any Lender, any LC Issuer, or any Governmental Authority for the account of any Lender or any LC Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or such LC Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or such LC Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or such LC Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or such LC Issuer, as the case may be. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or any LC Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrower may replace such Lender in accordance with Section 10.13.

3.07 Survival. All of the Borrower’s obligations under this Article III shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Aggregate Commitments and repayment of all other Obligations hereunder.

ARTICLE IV
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the LC Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received all of the following, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent:

(i) counterparts of this Agreement executed by the Borrower, the Guarantor and each Lender;

(ii) a Note executed by the Borrower in favor of each Lender requesting a Note;

(iii) counterparts of the Guaranty executed by the Guarantor;

(iv) such certificate of resolutions or other action, incumbency certificate and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(v) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party and the General Partners are duly organized or formed, and that each Loan Party and each General Partner is validly existing, in good standing and qualified to engage in business in its jurisdiction of formation;

(vi) a favorable opinion of (A) Latham & Watkins LLP, counsel to each Loan Party and the General Partners, and (B) the Vice President, General Counsel and Secretary of the MLP General Partner, in each case in form and substance satisfactory to Administrative Agent and the Lenders, addressed to the Administrative Agent and each Lender;

(vii) a certificate of a Responsible Officer of each Loan Party, (A) either (i) certifying that all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, are in full force and effect, or (ii) stating that no such consents, licenses or approvals are so required; and (B) certifying as to the matters set forth in clauses (A), (B) and (C) below;

(A) the representations and warranties of each Loan Party set forth in this Agreement shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to the extent that any such representation or warranty is qualified by materiality) on the Closing Date, both before and after giving effect to any Credit Extension being made on such date;

(B) no Default shall exist on the Closing Date, before and after giving effect to any Credit Extension being made on such date; and

(C) there does not exist any pending or threatened (i) proceeding under any Debtor Relief Law in respect of any Loan Party or any Subsidiary, or (ii) litigation or other proceeding in respect of the initial Credit Extension or that could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(viii) evidence that (A) all Loans under and as defined in the Borrower Existing Credit Agreement shall have been or shall concurrently be repaid in full or refinanced with Loans under this Agreement, together with accrued interest thereon and any accrued fees due, and the commitments of the lenders thereunder shall have been or shall concurrently be terminated, (B) all Loans under and as defined in the Sunoco Partners Marketing Existing Credit Agreement shall have been or shall concurrently be repaid in full, together with accrued interest thereon and any accrued fees due, and the commitments of the lenders thereunder shall have been or shall concurrently be terminated; and

(ix) the Initial Financial Statements.

(b) Any fees required to be paid on or before the Closing Date shall have been paid.

(c) Unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has executed and delivered this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. No Lender has any obligation to make any Credit Extension (including its first), and no LC Issuer has any obligation to make any LC Credit Extension (including its first), unless the following conditions precedent have been satisfied:

(a) The representations and warranties of the Loan Parties set forth in this Agreement shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to the extent that any such representation or warranty is qualified by materiality) on and as of the date of such Credit Extension, both before and after giving effect to such Credit Extension, provided, however, for purposes of this Section 4.02, (i) to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct as of such earlier date, (ii) the representations and warranties contained in Section 5.06(a) shall be deemed to refer to the most recent financial statements furnished pursuant to Section 6.01 and (iii) the representation and warranty contained in Section 5.06(b) shall not need to be true and correct on any date after the date of the initial Credit Extension; and

(b) At the time of and immediately after giving effect to such Credit Extension, no Default shall have occurred and be continuing.

(c) An executed Loan Notice or LC Application shall have been received by the Administrative Agent.

Each Credit Extension shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Each of the Borrower and the MLP represents and warrants to each Lender that:

5.01 No Default. No event has occurred and is continuing which constitutes a Default.

5.02 Organization and Good Standing. Each Loan Party and each Subsidiary is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Loan Party and each Subsidiary is duly qualified, in good standing, and authorized to do business in all other jurisdictions wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect.

5.03 Authorization. Each Loan Party has duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder.

5.04 No Conflicts or Consents. The execution and delivery by each Loan Party of the Loan Documents to which it is a party, the performance each Loan Party of its respective obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not (i) conflict with any provision of (1) any Law, (2) the organizational documents of such Loan Party or any General Partner, or (3) any material Contractual Obligation, judgment, license, order or permit applicable to or binding upon such Loan Party, any Subsidiary or any General Partner, (ii) result in the acceleration of any Indebtedness owed by any Loan Party, any of its Subsidiaries, any of its Unrestricted Subsidiaries, or any General Partner, or (iii) result in or require the creation of any Lien upon any assets or properties of any Loan Party, any of its Subsidiaries or any General Partner, except, in each case, with respect to the preceding clauses (i) through (iii), as could not reasonably be expected to have a Material Adverse Effect. Except as expressly contemplated in the Loan Documents or disclosed in the Disclosure Schedule, no permit, consent, approval, authorization or order of, and no notice to or filing, registration or qualification with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Loan Party of any Loan Document or to consummate any transactions contemplated by the Loan Documents. No Loan Party or any Subsidiary is in breach of or in default under any instrument, license or other agreement applicable to or binding upon such entity, which breach or default has had, or could reasonably be expected to have a Material Adverse Effect.

5.05 Enforceable Obligations. This Agreement is, and the other Loan Documents to which each Loan Party is a party when duly executed and delivered will be, legal, valid and binding obligations of each such Loan Party enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

5.06 Initial Financial Statements; No Material Adverse Effect.

(a) The MLP has heretofore delivered to the Lenders true, correct and complete copies of the Initial Financial Statements. The Initial Financial Statements were prepared in accordance with GAAP, subject, in the case of unaudited financial statements, to changes resulting from normal year-end adjustments and absence of footnotes. The Initial Financial Statements fairly present in all material respects the MLP's Consolidated financial position at the date thereof, the Consolidated results of the MLP's operations for the periods thereof and the MLP's Consolidated cash flows for the period thereof.

(b) Since December 31, 2012, no event or circumstance has occurred that has had a Material Adverse Effect.

5.07 Taxes. Each Loan Party and each Subsidiary has timely filed all tax returns and reports required to have been filed and has paid all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property, except to the extent that any of the foregoing (i) is not yet due, is being in good faith contested as permitted by Section 6.06 or (ii) could not reasonably be expected to have a Material Adverse Effect.

5.08 Full Disclosure. No written certificate, statement or other information (other than projections and other forward looking information and information of a general economic or industry-specific nature), taken as a whole, delivered herewith or heretofore by a Loan Party to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not materially misleading as of the date made or deemed made.

5.09 Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule and except for matters that could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, judgments, injunctions, orders, suits or legal, equitable, arbitrative or administrative proceedings pending or, to the knowledge of any Loan Party, threatened, by or before any Tribunal against any Loan Party or any Subsidiary or against any property of any Loan Party or any of its Subsidiaries.

5.10 ERISA. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule, no Termination Event has occurred with respect to any ERISA Plan, and all ERISA Affiliates are in compliance with ERISA in all material respects. No ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure Schedule: (i) no "accumulated funding deficiency" (as defined in Section 412(a) of the Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and (ii) the current value of each ERISA Plan’s benefits does not exceed the current value of such ERISA Plan’s assets available for the payment of such benefits by more than $5,000,000.

5.11 Compliance with Laws. Each Loan Party and each of its Subsidiaries is in compliance with all Laws applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.12 Environmental Compliance. Each Loan Party and its Material Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof have reasonably concluded that, except as specifically disclosed in Schedule 5.09, they: (a) to the best of their knowledge, are in compliance with all applicable Environmental Laws, except to the extent that any non-compliance would not reasonably be expected to have a Material Adverse Effect; (b) to the best of their knowledge, are not subject to any judicial, administrative, government, regulatory or arbitration proceeding alleging the violation of any applicable Environmental Laws or that may lead to claim for cleanup costs, remedial work, reclamation, conservation, damage to natural resources or personal injury or to the issuance of a stop-work order, suspension order, control order, prevention order or clean-up order, except to the extent that any such proceeding would not reasonably be expected to have a Material Adverse Effect; (c) to the best of their knowledge, are not subject to any federal, state, local or foreign review, audit or investigation which may lead to a proceeding referred to in (b) above; (d) have no actual knowledge that any of their predecessors in title to any of their property and assets are the subject of any currently pending federal, state, local or foreign review, audit or investigation which may lead to a proceeding referred to in (b) above; (e) have not filed any notice under any applicable Environmental Laws indicating past or present treatment, storage or disposal of, or reporting a release or Hazardous Materials into the environment where the circumstances surrounding such notice would reasonably be expected to have a Material Adverse Effect; and (f) possess, and are in compliance with, all approvals, licenses, permits, consents and other authorizations which are necessary under any applicable Environmental Laws to conduct their business, except to the extent that the failure to possess, or be in compliance with, such authorizations would not reasonably be expected to have a Material Adverse Effect.

5.13 Margin Regulations; Investment Company Act.

(a) No Loan Party is engaged and neither will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Margin stock constitutes less than 25% of those assets of the MLP and its Consolidated Subsidiaries which are subject to any limitation on a sale, pledge or other restrictions hereunder.

(b) No Loan Party is an "investment company" or a company "controlled by" an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.14 Patriot Act, Etc.

(a) To the extent applicable, each Loan Party and its Subsidiaries are in compliance in all material respects with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), and any other enabling legislation or executive order relating thereto, and (ii) the Patriot Act. No Loan Party or any Subsidiary, or to the knowledge of any Loan Party, any director or officer of any Loan Party or any Subsidiary, is subject to any sanctions administered by Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC").

(b) No Loan, nor the proceeds from any Loan, has been used, directly or indirectly, to lend, contribute or provide for, or has otherwise made available to, (i) fund any activity or business in a Designated Jurisdiction, that, at the time of the Credit Extension, is the subject of Sanctions or (ii) fund any activity or business of any Person located, organized or residing in any Designated Jurisdiction, that, at the time of the Credit Extension, is the subject of Sanctions or (iii) in any other manner that will result in a violation by the MLP or any of its Subsidiaries of Sanctions. As used in this subsection (b), "Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanctions, and "Sanctions" means international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

ARTICLE VI
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any LC Issuer shall have any obligation to make any LC Credit Extension, any Loan or other Obligation (other than contingent obligations not yet due and payable) shall remain unpaid, or any Letter of Credit shall remain outstanding and shall not have been Cash Collateralized, each of the MLP and the Borrower covenants and agrees that:

6.01 Books, Financial Statements and Reports. The MLP and the Borrower will maintain and will cause their respective Subsidiaries to maintain a standard system of accounting and proper books of record and account in accordance with GAAP and will furnish the following statements and reports to the Administrative Agent, for distribution to each Lender, at the Borrower's expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated financial statements of the MLP together with all notes thereto, prepared in reasonable detail in accordance with GAAP, together with an unqualified opinion relating to such financial statements, based on an audit using generally accepted auditing standards, by independent certified public accountants selected by the MLP General Partner and acceptable to the Administrative Agent, stating that such Consolidated financial statements have been so prepared; provided, however, that at any time when the MLP shall be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, delivery within the time period specified above of copies of the Annual Report on Form 10-K of the MLP for such Fiscal Year prepared in compliance with the requirements therefor and filed with the Commission shall be deemed to satisfy the requirements of this clause (a). Such financial statements shall set forth in comparative form the corresponding figures for the preceding Fiscal Year.

(b) As soon as available, and in any event within fifty (50) days after the end of each of the first three Fiscal Quarters of each Fiscal Year, the MLP's Consolidated balance sheet as of the end of such Fiscal Quarter and the MLP's Consolidated statements of income, partners' capital and cash flows for such Fiscal Quarter (except in the case of the statement of cash flows) and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with GAAP, subject to changes resulting from normal year-end adjustments and the absence of footnotes; provided, however, that at any time when the MLP shall be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, delivery within the time period specified above of copies of the Quarterly Report on Form 10-Q of the MLP for such Fiscal Quarter prepared in accordance with the requirements therefor and filed with the Commission shall be deemed to satisfy the requirements of this clause (b) for any of the first three Fiscal Quarters of a Fiscal Year. Such financial statements shall set forth in comparative form the corresponding figures for the same period of the preceding Fiscal Year.

(c) The MLP will, together with each such set of financial statements and each set of financial statements furnished under subsections (a) and (b) of this section, furnish a Compliance Certificate, signed on behalf of the MLP by the chief financial officer, principal accounting officer or treasurer of the MLP, setting forth that such financial statements are accurate and complete in all material respects (subject, in the case of Fiscal Quarter-end statements, to normal year-end adjustments and the absence of footnotes), stating that he has reviewed the Loan Documents, containing calculations showing compliance (or non-compliance) at the end of such Fiscal Quarter with the requirements of Section 7.10, stating that no Default exists at the end of such Fiscal Quarter or at the time of such certificate or specifying the nature and period of existence of any such Default. Each Compliance Certificate shall contain with respect to any financial statements relating to a period during which any Unrestricted Subsidiary is a Consolidated subsidiary of the MLP, a reasonably detailed reconciliation of each of the components reflected in the calculations of compliance with Section 7.10 to the corresponding amounts set forth in such financial statements.

(d) If for any Fiscal Quarter, Consolidated Funded Indebtedness used by the Borrower to determine compliance with Section 7.10 excludes Excluded Inventory Indebtedness, then together with the Compliance Certificate required pursuant to subsection (c) above for such Fiscal Quarter, the MLP will furnish a report describing the Petroleum Products inventory financed with such Excluded Inventory Indebtedness, identified by location, type of Petroleum Product, volume and hedged price, certified in the Compliance Certificate as true and correct in all material respects.

(e) Promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the MLP, the Borrower or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such Lender), and each prospectus and all amendments thereto filed by the MLP, the Borrower or any Subsidiary with the Commission and of all press releases and other statements made available generally by the MLP, the Borrower or any of their respective Subsidiaries to the public concerning material developments; provided that the MLP and the Borrower shall be deemed to have furnished the information specified in this clause (c) above on the date that such information is posted at the MLP's website on the Internet or at such other website as notified to the Lenders.

6.02 Other Information and Inspections. The MLP and the Borrower will furnish to the Administrative Agent any information which the Administrative Agent, at the request of any Lender, may from time to time reasonably request concerning any representation, warranty, covenant, provision or condition of the Loan Documents or any matter in connection with businesses and operations of the MLP, the Borrower or any of their respective subsidiaries. The MLP and the Borrower will permit representatives appointed by the Administrative Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect during normal business hours (which right to visit and inspect shall be limited to once during any Fiscal Year unless a Default has occurred and is continuing) any of the MLP's or the Borrower's property, including their books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and the MLP and the Borrower shall permit the Administrative Agent or its representatives to investigate and verify the accuracy of the information furnished to the Administrative Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and, upon prior notice to the Borrower and the MLP.

Each of the MLP and the Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the LC Issuers materials and/or information provided by or on behalf of the Borrower and the MLP hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on DebtDomain or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the MLP, the Borrower or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees to use commercially reasonable efforts to identify that portion of the

Borrower Materials that may be distributed to Public Lenders and that (w) all such Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the MLP and the Borrower shall be deemed to have authorized the Administrative Agent, the Arranger, the LC Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the MLP, Borrower or their securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

6.03 Notice of Material Events. The Borrower will notify the Administrative Agent, for distribution to each LC Issuer and each Lender, promptly, and not later than five (5) Business Days in the case of subsection (b) below and not later than thirty (30) days in the case of any other subsection below, after any Responsible Officer of the MLP or of the Borrower has knowledge thereof, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any event or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by the MLP, the Borrower or any of their respective Subsidiaries or of any default by the MLP, the Borrower or any of their respective Subsidiaries under any Contractual Obligation of the MLP, the Borrower or such Subsidiary, if such acceleration or default has had or could reasonably be expected to have a Material Adverse Effect,

(d) the occurrence of any Termination Event,

(e) the filing of any suit or proceeding, or the assertion in writing of a claim against the MLP, the Borrower or any Material Subsidiary or with respect to the MLP's, the Borrower's or any Material Subsidiary's properties which could reasonably be expected to result in liability to any one or more of the MLP, the Borrower and any Material Subsidiary in excess of $100,000,000 in the aggregate;

(f) the occurrence of any event of default by the MLP, the Borrower or any of their respective Subsidiaries in the payment or performance of (i) any material obligations such Person is required to pay or perform under the terms of any indenture, mortgage, deed of trust, security agreement, lease, and franchise, or other agreement, contract or other instrument or obligation to which it is a party or by which it or any of its properties is bound, or (ii) any Indebtedness, to the extent, in the case of clauses (i) and (ii), such event of default could reasonably be expected to have a Material Adverse Effect; and

(g) any announcement of any change in a Rating.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower or of the MLP setting forth details of the occurrence referred to herein and stating what action the Borrower, the MLP, Subsidiary or Material Subsidiary, as applicable, has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(b) shall describe with particularity any all provisions of this Agreement and if, applicable, other Loan Documents, that have been breached.

6.04 Maintenance of Properties. Except where it will not have a Material Adverse Effect, the MLP, the Borrower and each Subsidiary will (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, (b) make all necessary repairs thereto and renewals and replacements thereof, and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.05 Maintenance of Existence and Qualifications. The MLP and the Borrower will maintain and preserve its existence, except where the failure is otherwise not prohibited by Section 7.03. The MLP, the Borrower and each Subsidiary will maintain and preserve its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to maintain, preserve or qualify has not had, and could not reasonably be expected to have, a Material Adverse Effect or such failure is otherwise not prohibited by Section 7.03.

6.06 Payment of Obligations. The MLP, the Borrower and each Subsidiary will pay, before the same shall become delinquent or in default, its obligations, including tax liabilities, except where (a) the validity or amount thereof is being contested by the MLP, the Borrower or such Subsidiary in good faith by appropriate proceedings and the MLP, the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, or (b) the failure to make payment pending such contest could not reasonably be expected to have a Material Adverse Effect.

6.07 Insurance. The MLP and the Borrower will maintain or cause to be maintained with financially sound and reputable insurers which are not affiliates of the MLP or the Borrower, insurance with respect to its properties and business and the properties and businesses of their respective Subsidiaries against loss or damage of the kinds customarily insured against by companies of established reputation engaged in the same or similar business and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other business. Such insurance may include self-insurance or be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses, provided that such self-insurance is in accord with the approved practices of business enterprises of established reputation similarly situated and adequate insurance reserves are maintained in connection with such self-insurance, and, notwithstanding the foregoing provisions of this Section the MLP, the Borrower or any Subsidiary may effect workers' compensation or similar insurance in respect of operations in any state or other jurisdiction through any insurance fund operated by such state or other jurisdiction or by causing to be maintained a system or systems of self-insurance in accord with applicable Laws.

6.08 Compliance with Law. The MLP, the Borrower and each Subsidiary will comply in all material respects with the requirements of all Laws applicable to it or to its business or property, except in such instances in which (a) such requirement of Law is being contested in good faith or a bona fide dispute exists with respect thereto, or (b) the failure to comply therewith could not be reasonably expected to have a Material Adverse Effect.

6.09 Subsidiaries and Unrestricted Subsidiaries.

(a) The MLP and the Borrower may designate any Unrestricted Subsidiary to be a Subsidiary, provided that such designation may not be made unless at the time of such action and after giving effect thereto, (i) none of such Unrestricted Subsidiaries have outstanding Indebtedness, other than Indebtedness permitted under Section 7.01, or Liens on any of their property, other than Permitted Liens (in each case taking into account the other Indebtedness and Liens of the MLP, the Borrower and their respective Subsidiaries), (ii) no Default or Event of Default shall exist, (iii) all representations and warranties herein will be true and correct in all material respects as if remade at the time of such designation, except to the extent such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects as of such earlier date, and (iv) the Borrower or the MLP, as applicable, has provided to the Administrative Agent a Responsible Officer's certificate in form satisfactory to the Administrative Agent to the effect that each of the foregoing conditions has been satisfied. The designation of any Unrestricted Subsidiary as a Subsidiary shall constitute the incurrence by such Subsidiary, at the time of designation, of (x) all Indebtedness of such Subsidiary and (y) all Liens on property of such Subsidiary existing at such time.

(b) The MLP may designate any Subsidiary of the MLP to be an Unrestricted Subsidiary, provided that all Investments in such Subsidiary at the time of such designation shall be treated as Investments made on the date of such designation, and provided further that the MLP may not make such designation unless at the time of such action and immediately after giving effect thereto (i) no Default or Event of Default shall exist, (ii) all representations and warranties herein will be true and correct in all material respects if remade at the time of such designation, except to the extent such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects as of such earlier date, (iii) the Investment represented by such designation is permitted under Section 7.06, (iv) such Subsidiary does not, at the time of designation and does not at any time thereafter while it is an Unrestricted Subsidiary, Guarantee or otherwise become directly or indirectly liable with respect to, or grant any Liens on any of its property to secure, any Consolidated Funded Indebtedness or Excluded Inventory Indebtedness of the MLP, the Borrower or any Subsidiary, and (v) the Borrower or the MLP, as applicable, has provided to the Administrative Agent a Responsible Officer's certificate in form satisfactory to the Administrative Agent to the effect that each of the foregoing conditions have been satisfied.

(c) None of the MLP, the Borrower or any Subsidiary shall (x) guarantee or otherwise become liable in respect of any Indebtedness of, (y) grant any Lien on any of its property (other than Liens on Equity Interests of an Unrestricted Subsidiary owned by the MLP, the Borrower or such Subsidiary to secure Indebtedness of such Unrestricted Subsidiary that is non-recourse to the MLP, the Borrower and the Subsidiaries) to secure any Indebtedness of or other obligation of, or (z) provide any other form of credit support (including guarantees of performance) to, any Unrestricted Subsidiary, other than (i) Guarantees for the benefit of Unrestricted Subsidiaries not to exceed $50,000,000 at any one time outstanding and (ii) Performance Guaranties.

(d) If, at any time, any Unrestricted Subsidiary fails to meet any of the requirements set forth in clause (b) or (c) above, it will thereafter automatically cease to be an Unrestricted Subsidiary and shall constitute a Subsidiary for all purposes of this Agreement, and any Indebtedness and Liens of such Subsidiary will be deemed to be incurred by such Subsidiary as of such date.

6.10 Use of Proceeds. The Borrower will use all proceeds of the Loans in the manner set forth in Section 2.05.

ARTICLE VII
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any LC Issuer shall have any obligation to make any LC Credit Extension, any Loan or other Obligation (other than contingent obligations not yet due and payable) shall remain unpaid, or any Letter of Credit shall remain outstanding and shall not have been Cash Collateralized, each of the MLP and the Borrower covenants and agrees that:

7.01 Indebtedness. No Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Obligations;

(b) Indebtedness of any Subsidiary owing to the MLP, the Borrower or another Subsidiary;

(c) Indebtedness in respect of bonds that are performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(d) Indebtedness in respect to future payment for non-competition covenants and similar payments under agreements governing an acquisition, merger or consolidation by a Subsidiary;

(e) Indebtedness of any Person that becomes a Subsidiary after the date hereof, incurred prior to the time such Person becomes a Subsidiary, that is not created in contemplation of or in connection with such Person becoming a Subsidiary and that is not assumed or Guaranteed by any other Subsidiary; and Indebtedness secured by a Lien on property acquired by a Subsidiary, incurred prior to the acquisition thereof by such Subsidiary, that is not created in contemplation of or in connection with such acquisition and that is not assumed or Guaranteed by any other Subsidiary; and Indebtedness refinancing (but not increasing the principal amount thereof, except by an amount equal to amounts paid for any accrued interest, breakage, premium, fees and expenses in connection with such refinancing) the Indebtedness described in this clause (e);

(f) Indebtedness existing on the Closing Date which is described on Schedule 7.01 and any renewals or extensions thereof (but not increasing the principal amount thereof, except by an amount equal to amounts paid for any accrued interest, breakage, premium, fees and expenses in connection with such refinancing); and

(g) Permitted Priority Debt.

7.02 Limitation on Liens. None of the MLP, the Borrower or any Subsidiary will create, assume or permit to exist any Lien upon or with respect to any of its properties or assets now owned or hereafter acquired, except the following Liens (to the extent permitted by this Section, herein called "Permitted Liens"):

(a) Liens existing on the date of this Agreement that are listed in the Disclosure Schedule, and any renewals or extensions thereof; provided that the property covered thereby is not increased, the amount of the Indebtedness secured thereby is not increased and any renewal or extension of the obligations secured or benefitted thereby is permitted under this Agreement;

(b) Liens imposed by any Governmental Authority for Taxes, assessments or charges not yet delinquent or the validity of which is being contested in good faith and by appropriate proceedings, if necessary, for which adequate reserves are maintained on the books of the MLP, the Borrower or any Subsidiary in accordance with GAAP;

(c) pledges or deposits of cash or securities under worker’s compensation, unemployment insurance or other social security legislation;

(d) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, landlord’s, or other like Liens (including, without limitation, Liens on property of the MLP, the Borrower or any Subsidiary in the possession of storage facilities, pipelines or barges) arising in the ordinary course of business for amounts which are not more than 60 days past due or the validity of which is being contested in good faith and by appropriate proceedings, if necessary, and for which adequate reserves are maintained on the books of the MLP, the Borrower or any Subsidiary in accordance with GAAP;

(e) deposits of cash or securities to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of real property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the MLP, the Borrower or any Subsidiary;

(g) rights reserved to or vested in any Governmental Authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to revoke or terminate any such right, power, franchise, grant, license or permit or to condemn or acquire by eminent domain or similar process;

(h) rights reserved to or vested by Law in any Governmental Authority to in any manner, control or regulate in any manner any of the properties of the MLP, the Borrower or any Subsidiary or the use thereof or the rights and interests of the MLP, the Borrower or any Subsidiary therein, in any manner under any and all Laws;

(i) rights reserved to the grantors of any properties of the MLP, the Borrower or any Subsidiary, and the restrictions, conditions, restrictive covenants and limitations, in respect thereto, pursuant to the terms, conditions and provisions of any rights-of-way agreements, contracts or other agreements therewith;

(j) inchoate Liens in respect of pending litigation or with respect to a judgment which has not resulted in an Event of Default under Section 8.01;

(k) statutory Liens in respect of First Purchaser Payables;

(l) Liens securing Indebtedness permitted by Section 7.01(e) or other obligations of any Person that becomes a Subsidiary after the date hereof; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, (ii) such Lien shall not apply to any other property of the MLP, the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and Indebtedness refinancing such obligations (but no increase to the principal amount thereof, except by an amount equal to amounts paid for any accrued interest, breakage, premium, fees and expenses in connection with such refinancing);

(m) Liens on cash margin collateral or securities securing Hedging Contracts;

(n) Liens in respect of operating leases covering only the property subject thereto;

(o) Liens on Equity Interests of Unrestricted Subsidiaries or Joint Ventures securing Indebtedness of such Unrestricted Subsidiary or Joint Venture;

(p) Liens securing Obligations; and

(q) Liens in respect of Permitted Priority Debt.

7.03 Fundamental Changes

. Neither the MLP nor the Borrower will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of related transactions) all (or substantially all) of its assets, in each case, whether now owned or hereafter acquired; provided that if at the time thereof and immediately after giving effect thereto, no Event of Default shall have occurred and be continuing, any Person may merge or consolidate with or into the MLP or the Borrower in a transaction in which, (a) if the MLP is a party, the MLP is the surviving or resultant entity, and if the Borrower (but not the MLP) is a party, the Borrower is the surviving or resultant entity or (b) another solvent Person organized or existing under the laws of the United States of America, any State thereof or the District of Columbia; provided that in the case of this clause (b), (i) such Person expressly assumes every obligation and covenant of the MLP or the Borrower, as applicable, under this Agreement and the Loan Documents, pursuant to an assumption agreement reasonably acceptable to the Administrative Agent, and (ii) the MLP or the Borrower, as applicable, shall deliver to the Administrative Agent (A) a certificate of a Responsible Officer stating that such transaction complies with this Section and (B) all documentation and other information in respect of the surviving Person required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, that has been requested (provided that the Borrower or the MLP, as applicable, and such surviving Person shall have been given at least two (2) Business Days to comply with any such request). Upon any consolidation by the MLP or the Borrower with, or merger into, any Person described in clause (ii) above and the satisfaction of the conditions specified in this Section, such Person will succeed to, and be substituted for, the MLP or the Borrower, as applicable.

7.04 Reserved.

7.05 Distributions. During the existence of a Default under Section 8.01(b) or Section 8.01(i) or of any Event of Default (a) the MLP will not declare, pay or make any Distribution (in cash, property or obligations) on any interests (now or hereafter outstanding) in the MLP or apply any of its funds, property or assets to the purchase or redemption of any partnership interests in the MLP, and (b) the Borrower will not declare, pay or make any Distribution (in cash, property or obligations) on any interests (now or hereafter outstanding) in the Borrower or apply any of its funds, property or assets to the purchase or redemption of any partnership interests in the Borrower.

7.06 Investments. None of the MLP, the Borrower or any of their respective Subsidiaries will purchase or otherwise acquire the Equity Interest of any other Person if (a) such purchase or other acquisition violates the MLP's, the Borrower's or such Subsidiary's partnership or other governing agreement, and (b) after giving effect to such purchase or other acquisition, the MLP, the Borrower or such Subsidiary is not in compliance with Section 7.07.

7.07 Change in Nature of Businesses. None of the MLP, the Borrower or any Subsidiary will engage in any line of business other than (a) Present and Related Businesses, and (b) any other business (other than exploration and production) complementary, synergistic or ancillary thereto (including, complementary, synergistic or ancillary technologies) or reasonable extensions thereof.

7.08 Transactions with Affiliates. None of the MLP, the Borrower or any Subsidiary will directly or indirectly engage in any material transaction or material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any of its Affiliates except: (a) transactions among or between the MLP General Partner, the MLP and its Subsidiaries or among the MLP's Subsidiaries, in each case subject to the other provisions of this Agreement, (b) transactions on terms which are no less favorable to the MLP, the Borrower or such Subsidiary than those which would have been obtainable at the time in arm's-length transactions with Persons that are not Affiliates, (c) investments in or Guarantees in favor of Unrestricted Subsidiaries or Joint Ventures, in each case, not prohibited under this Agreement, (d) Contingent Residual Support Agreements and (e) the transactions described on Schedule 7.08.

7.09 Burdensome Agreements. None of the MLP, the Borrower or any Subsidiary will enter into any material Contractual Obligation restricting the ability of any Subsidiary to make any payments, directly or indirectly, to the MLP, the Borrower or a Material Subsidiary by way of Distributions, loans, advances, repayments of loans or advances, reimbursements of management and other intercompany changes, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any Subsidiary to make any payment, directly or indirectly, to the MLP, the Borrower or a Material Subsidiary, other than (a) agreements permitted by Section 7.01(e), (b) restrictions imposed by law or this Agreement, (c) customary restrictions and conditions contained in agreements relating to the purchase or sale of Equity Interests or assets pending such purchase or sale, provided such restrictions and conditions apply only to the Equity Interests and assets to be sold and such sale is permitted hereunder, (d) restrictions contained in, or existing by reason of, any agreement or instrument relating to any Subsidiary at the time such Subsidiary was merged or consolidated with or into, or acquired by, the MLP, the Borrower or a Subsidiary or became a Subsidiary and not created in contemplation thereof, (e) restrictions contained in the governing documents of Subsidiaries that are not Wholly Owned Subsidiaries and (f) the transactions described on Schedule 7.09.

7.10 Leverage Ratio. On each Quarterly Testing Date, the Leverage Ratio will not exceed (A) 5.00 to 1.00 at any time other than during a Specified Acquisition Period and (B) 5.50 to 1.00 during a Specified Acquisition Period.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Each of the following events constitutes an Event of Default under this Agreement (each an "Event of Default"):

(a) The Borrower fails to pay the principal component of any Loan or any reimbursement obligation with respect to any Letter of Credit when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) The Borrower fails to pay any Obligation (other than the Obligations in subsection (a) above), whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise, within five Business Days after the same becomes due;

(c) Any Loan Party fails to duly observe, perform or comply with any covenant, agreement or provision of Section 6.03 or Article VII;

(d) Any Loan Party fails (other than as referred to in subsections (a), (b) or (c) above) to duly observe, perform or comply with any covenant, agreement, condition or provision of any Loan Document to which it is a party, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by the Administrative Agent to the Borrower;

(e) Any representation or warranty previously, presently or hereafter made in writing by the Borrower or any other Loan Party in connection with any Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made;

(f) Any Loan Document at any time ceases to be valid, binding and enforceable as warranted in Section 5.05 for any reason, or shall be declared null and void or any Loan Party shall repudiate in writing its obligations thereunder, or any Loan Party shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, under any Loan Document to which it is a party;

(g) Any one or more Loan Parties or Subsidiaries (i) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder but including obligations under Hedging Contracts), beyond any grace period provided with respect thereto; provided that the aggregate outstanding principal amount of all such Indebtedness (including payment obligations in respect of such Hedging Contracts) as to which such payment default shall occur and be continuing exceeds $50,000,000, or (ii) fails to observe or perform any other agreement or condition relating to any Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, in each case, if such default or other event shall have resulted in the acceleration of the payment of any Indebtedness with an aggregate face amount that exceeds $50,000,000;

(h) Either (i) any failure to satisfy the minimum funding standard (as defined in Section 412(a) of the Code) in excess of $100,000,000 with respect to any ERISA Plan, whether or not waived, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than $10,000,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(i) The MLP, the Borrower or any Material Subsidiary:

(i) has entered against it a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended, or has any such proceeding commenced against it, in each case, which remains undismissed for a period of sixty days; or

(ii) (A) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or (B) is generally unable to pay (or admits in writing its inability to so pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) has entered against it the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its assets in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within sixty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) has entered against it one or more final judgments for the payment of money in an aggregate amount (as to all such judgments against the MLP, the Borrower and Material Subsidiaries) in excess of $50,000,000 (in each case not covered by insurance or third party indemnification obligations satisfactory to the Administrative Agent), unless the same is discharged within sixty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers one or more writs or warrants of attachment or any similar process to be issued by any Tribunal against all or any substantial part of its assets, which assets have a value in the aggregate (as to all such writs, warrants and similar process against assets of the MLP, the Borrower and Material Subsidiaries) exceeding $50,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within sixty days after the entry or levy thereof or after any stay is vacated or set aside; or

(j) Any Change of Control occurs.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of each LC Issuer to make LC Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the LC Obligations (in an amount equal to the Minimum Collateral Amount); and

(d) exercise on behalf of itself and the Lenders and LC Issuers all rights and remedies available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an Event of Default described in subsections (i)(i), (i)(ii) (A) or (i)(iii) of Section 8.01, the obligation of each Lender to make Loans and any obligation of the LC Issuers to make LC Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the LC Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the LC Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.19 and 2.20, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the LC Issuers (including fees, charges and disbursements of counsel to the respective Lenders and the LC Issuers (including fees and time charges for attorneys who may be employees of any Lender or LC Issuer) and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, Matured LC Obligations and other Obligations, ratably among the Lenders and the LC Issuers in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and Matured LC Obligations, ratably among the Lenders and the LC Issuers in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the LC Issuers, to Cash Collateralize that portion of LC Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Sections 2.07 and 2.19; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Sections 2.09 and 2.19, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX
ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Lenders and the LC Issuers hereby irrevocably appoints Citibank, N.A. to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the LC Issuers, and the Loan Parties shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the MLP, the Borrower, any Subsidiary or Unrestricted Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the MLP, the Borrower, a Lender or a LC Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or a LC Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such LC Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such LC Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, the LC Issuers and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the LC Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; <u>provided</u> that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Cash Collateral held by the Administrative Agent on behalf of the Lenders or the LC Issuers under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such Cash Collateral until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each LC Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Citibank, N.A. as Administrative Agent pursuant to this Section shall also constitute its resignation as a LC Issuer and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring LC Issuer and the retiring Swingline Lender, (b) the retiring LC Issuer and the retiring Swingline Lender shall each be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor LC Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring LC Issuer to effectively assume the obligations of the retiring LC Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and each LC Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each LC Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, Documentation Agents, or other Agents named herein shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or a LC Issuer hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party or any Material Subsidiary, the Administrative Agent (irrespective of whether the principal of any Loan or LC Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Loan Party) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the LC Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the LC Issuers and the Administrative Agent and their respective agents and counsel and all other amounts, in each case, to the extent due the Lenders, the LC Issuers and the Administrative Agent under Sections 2.12 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each LC Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the LC Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.12 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any LC Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any LC Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or any LC Issuer in any such proceeding.

ARTICLE X
MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by a Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the applicable Loan Party, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01(a) without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or LC Obligation, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate;

(e) change Section 2.15 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or

(g) release the Guarantor from the Guaranty, or agree to limit the Guarantor’s liability thereunder, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the applicable LC Issuer in addition to the Lenders required above, affect the rights or duties of such LC Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Swingline Lender in addition to the Lenders required above, affect the rights or duties of the Swingline Lender under this Agreement or any other Loan Document; and (iv) any Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended nor the principal owed to such Lender reduced nor the final maturity thereof extended without the consent of such Lender, (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender and (z) any modification of this sentence shall require the consent of all Lenders, including any Defaulting Lenders.

10.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the MLP, the Administrative Agent or the Swingline Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender or to any LC Issuer, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the LC Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the LC Issuers pursuant to Article II if such Lender or such LC Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually signed originals and shall be binding on the Borrower, the Guarantor, the Administrative Agent, the LC Issuers, and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(d) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender, any LC Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender, any LC Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(e) Change of Address, Etc. Each of the Borrower, the Guarantor, the Administrative Agent, each LC Issuer and the Swingline Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Guarantor, the Administrative Agent, the LC Issuers and the Swingline Lender.

(f) Reliance by Administrative Agent, LC Issuer and Lenders. The Administrative Agent, the LC Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each LC Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the

Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, any LC Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrower and the Guarantor shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the LC Issuers; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) a LC Issuer or the Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as LC Issuer or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender or LC Issuer from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.15), or (d) any Lender or LC Issuer from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrower under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.15, any Lender or LC Issuer may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of a single counsel for the Administrative Agent and a single local counsel to Administrative Agent in each applicable jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by a LC Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or any LC Issuer (including the reasonable and documented fees, charges and disbursements of a single counsel for the Administrative Agent, all Lenders and the LC Issuers and a single local counsel to all such Persons in each applicable jurisdiction, and, where separate counsel is reasonable as a result of conflicts between or among the Administrative Agent, Lenders and/or LC Issuers, the reasonable and documented fees, charges and disbursements of separate counsel), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or any LC Issuer, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), the Arrangers, each Lender and LC Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees, charges and disbursements of a single counsel for all such Indemnitees and a single local counsel for all such Indemnitees in each applicable jurisdiction, and, where separate counsel and/or separate local counsel is reasonable as a result of conflicts between or among Indemnitees, the reasonable and documented fees, charges and disbursements of separate counsel and/or separate local counsel), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower, the MLP or any Subsidiary arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by a LC Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Loan Party or any of its Subsidiaries, or any liability under Environmental Law related in any way to a Loan Party or any of its Subsidiaries, (iv) any civil penalty or fine assessed by the U. S. Department of the Treasury’s Office of Foreign Assets Control against, and all reasonable costs and expenses (including the reasonable and documented fees and disbursements of a single counsel for Administrative Agent and any Lender and LC Issuer and a single local counsel for all such Persons in each applicable jurisdiction, and, where separate counsel and/or separate local counsel is reasonable as a result of conflicts between or among Indemnitees, the reasonable and documented fees, charges and disbursements of separate counsel and/or separate local counsel), incurred in connection with defense thereof by the Administrative Agent or any Lender as a result of the funding of Loans, the issuance of Letters of Credit or the acceptance of payments under the Loan Documents, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Loan Party or any Subsidiary, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee (other than, with respect to clause (z), the Administrative Agent and each Arranger in its capacity as such), be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by any Loan Party or any Subsidiary against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Loan Party or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from any dispute among Indemnitees other than as a result of any act or omission by a Loan Party or its Affiliates. This Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), a LC Issuer, the Swingline Lender, or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such LC Issuer, the Swingline Lender, or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Swingline Lender, or a LC Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Swingline Lender, or LC Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.14(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, but without limiting the indemnification in Section 10.04(b), none of the Borrower, the Guarantor, the Administrative Agent, any LC Issuer, the Swingline Lender or any other Lender shall assert, and each of the foregoing hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent that such damages are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of, or a breach in bad faith of this Agreement by, such Indemnitee.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the LC Issuers and the Swingline Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of a Loan Party is made to the Administrative Agent, any LC Issuer or any Lender, or the Administrative Agent, any LC Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such LC Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and LC Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the LC Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the LC Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in LC Obligations and in Swingline Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in subsection (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swingline Lender's rights and obligations in respect of Swingline Loans.

(iii) No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of each LC Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment; and

(D) the consent of the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the MLP or any of the MLP's Affiliates, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, any LC Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and LC Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower, the MLP or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in LC Obligations and/or Swingline Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the LC Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to

Section 10.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein, including the requirements under Section 3.01(g) (it being understood that the documentation required under Section 3.01(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 10.13 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Resignation as LC Issuer or Swingline Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time a Lender that is an LC Issuer and/or the Swingline Lender assigns all of its Commitment and Loans pursuant to subsection (b) above, such assigning Lender may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as LC Issuer and/or (ii) upon 30 days' notice to the Borrower, resign as Swingline Lender. In the event of any such resignation as LC Issuer or Swingline Lender, the Borrower shall be entitled to appoint from among the Lenders a successor LC Issuer or Swingline Lender hereunder, subject, however, to the acceptance of such appointment by the Lender selected by the Borrower; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of the resigning Lender as LC Issuer or Swingline Lender, as the case may be. If a Lender resigns as a LC Issuer, it shall retain all the rights, powers, privileges and duties of a LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as a LC Issuer and all LC Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Matured LC Obligations pursuant to Section 2.09). If a Lender resigns as Swingline Lender, it shall retain all the rights of the Swingline Lender provided for hereunder with respect to Swingline Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swingline Loans pursuant to Section 2.02(b). Upon the appointment of a successor LC Issuer and/or Swingline Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring LC Issuer or Swingline Lender, as the case may be, and (b) the successor LC Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the resigning LC Issuer to effectively assume the obligations of the resigning LC Issuer with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders and LC Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority) purporting to have jurisdiction over it or its Affiliates or to any such regulatory authority in accordance with such Lender's regulatory compliance policy, (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.17 or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to a Loan Party and its obligations or to any credit insurance provider relating to a Loan Party and its Obligations, (g) with the consent of the Borrower, (h) on a confidential basis to (i) any rating agency in connection with rating the MLP or its Subsidiaries or the Indebtedness under this Agreement, or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facility established by this Agreement; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, any LC Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the MLP or any Subsidiary or any Unrestricted Subsidiary relating to a Loan Party or any Subsidiary or any Unrestricted Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or LC Issuer on a nonconfidential basis prior to disclosure by a Loan Party or any Subsidiary or any Unrestricted Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the LC Issuers acknowledges that (a) the Information may include material non-public information concerning a Loan Party or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each LC Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or LC Issuer or any such Affiliate to or for the credit or the account of a Loan Party against any and all of the obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or LC Issuer, irrespective of whether or not such Lender or LC Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or LC Issuer different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff hereunder, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.20 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Lenders and LC Issuers, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and LC Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, LC Issuer or their respective Affiliates may have. Each Lender and LC Issuer agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender or LC Issuer shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or Matured LC Obligations, as applicable, or if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender or LC Issuer exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the LC Issuers or the Swingline Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

10.13 Replacement of Lenders. If (a) any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, (b) if any Lender is a Non-Consenting Lender under Section 2.18 or is a Defaulting Lender, (c) in connection with any proposed amendment, modification, waiver or consent with respect to the provisions of this Agreement or the Loan Documents, the consent of the Required Lenders shall have been obtained but the consent of one or more such other Lenders whose consent is required shall not have been obtained or (d) if any other circumstance exists hereunder that gives the Borrower the right to replace a Lender as a party hereto, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(1) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);

(2) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and Letter of Credit participations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(3) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(4) such assignment does not conflict with applicable Laws; and

(5) in the event that such Lender is a LC Issuer and any one or more Letters of Credit issued by such LC Issuer under this Agreement are then outstanding, the Borrower shall deposit cash collateral with such LC Issuer in an amount equal to the aggregate face amount of such Letters of Credit upon terms reasonably satisfactory to such LC Issuer to secure the Borrower's obligations to reimburse for drawings under such Letters of Credit or make other arrangements satisfactory to such LC Issuer with respect to such Letters of Credit including providing other credit support.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OTHER PARTY HERETO, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY LC ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY

(WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 Termination of Commitments under Borrower Existing Credit Agreement and Sunoco Partners Marketing Existing Credit Agreement. The Borrower has given, or contemporaneously with the execution and delivery of this Agreement is giving, to the administrative agent under each of the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement, respectively, notice of the termination of commitments of the lenders under each of the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement, so that such commitments terminate on the Closing Date. Execution of this Agreement by Lenders who are lenders under each of the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement, respectively, shall constitute a waiver of the notice provisions in Section 2.05 of each the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement that would otherwise be applicable to such termination, and the administrative agent under each of the Borrower Existing Credit Agreement and the Sunoco Partners Marketing Existing Credit Agreement may rely on this Section 10.16.

10.17 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Loan Parties and their Affiliates, on the one hand, and the Administrative Agent, the Arrangers, and the Lenders, on the other hand, (B) each Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent, the Arrangers and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Loan Party or any of its Affiliates, or any other Person and (B) none of the Administrative Agent, any Arranger or any Lender has any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their Affiliates, and none of the Administrative Agent, any Arranger or any Lender has any obligation to disclose any of such interests to any Loan Party or its Affiliates. To the fullest extent permitted by law, each Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, and Arranger and any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.18 Electronic Execution of Assignments and other Documents. The words "execution," "signed," "signature," and words of like import in this Agreement, in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.19 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the Patriot Act. Each Loan Party will comply with reasonable requests of any Lender for such information.

10.20 Time of the Essence. Time is of the essence in connection with the Loan Documents.

10.21 No Recourse. The parties hereto hereby acknowledge and agree that neither the MLP General Partner nor any director, officer, employee, limited partner or shareholder of the Loan Parties or the General Partners shall have any personal liability in respect of the obligations of the Loan Parties under this Agreement and the other Loan Documents by reason of his, her or its status as such.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P., as Borrower

By: Sunoco Logistics Partners GP LLC,
its general partner

By: ______________________________
Name:
Title:

SUNOCO LOGISTICS PARTNERS L.P., as Guarantor

By: SUNOCO PARTNERS LLC, its General Partner

By: ______________________________
Name:
Title:

[THIS IS A SIGNATURE PAGE TO THE SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

CITIBANK, N.A., as Administrative Agent, a LC Issuer, Swingline Lender and a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

[THIS IS A SIGNATURE PAGE TO THE SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

BARCLAYS BANK PLC, as a LC Issuer and a Lender

By: ____________________________
Name: ____________________________
Title: ____________________________

PNC BANK, NATIONAL ASSOCIATION, as a LC Issuer and a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a LC Issuer and a Lender

By: ______________________________
Name: ______________________________
Title: ______________________________

TD BANK, N.A.,
as a LC Issuer and a Lender

By: ____________________________
Name: ____________________________
Title: ____________________________

[THIS IS A SIGNATURE PAGE TO THE SUNOCO LOGISTICS PARTNERS OPERATIONS L.P. CREDIT AGREEMENT]

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a LC Issuer and a Lender

By: ________________________________
Name: ______________________________
Title: _______________________________

[other Lender signature pages to be added]

SCHEDULE 1

COMMITMENTS
AND APPLICABLE PERCENTAGES

Lender	Commitment	Applicable Percentage
Citibank, N.A.	$100,000,000.00	6.666666670%
Barclays Bank PLC	$100,000,000.00	6.666666670%
PNC Bank, National Association	$100,000,000.00	6.666666670%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$100,000,000.00	6.666666670%
TD Bank, N.A.	$100,000,000.00	6.666666670%
Wells Fargo Bank, National Association	$100,000,000.00	6.666666670%
Bank of America, N.A.	$64,000,000.00	4.266666670%
JPMorgan Chase Bank, N.A.	$64,000,000.00	4.266666670%
Mizuho Bank, Ltd.	$64,000,000.00	4.266666670%
The Royal Bank of Scotland plc	$64,000,000.00	4.266666670%
UBS AG, Stamford Branch	$64,000,000.00	4.266666670%
U.S. Bank National Association	$64,000,000.00	4.266666670%
Credit Suisse AG, Cayman Islands Branch	$64,000,000.00	4.266666670%
Compass Bank	$64,000,000.00	4.266666670%
Royal Bank of Canada	$64,000,000.00	4.266666670%
Goldman Sachs Bank USA	$40,500,000.00	2.700000000%
Deutsche Bank AG New York Branch	$40,500,000.00	2.700000000%
BNP Paribas	$40,500,000.00	2.700000000%
Comerica Bank	$40,500,000.00	2.700000000%
DNB Capital LLC	$40,500,000.00	2.700000000%
Morgan Stanley Senior Funding, Inc.	$40,500,000.00	2.700000000%
SunTrust Bank	$40,500,000.00	2.700000000%
The Bank of Nova Scotia	$40,500,000.00	2.700000000%
TOTAL:	**$1,500,000,000**	**100.000000000%**

SCHEDULE 2

DISCLOSURE SCHEDULE

Section 5.04 – No Conflicts or Consents

None.

Section 5.09 – Litigation

None.

Section 5.10 – ERISA

None.

Section 7.02(a) – Limitation on Liens

None.

SCHEDULE 5.12

ENVIRONMENTAL COMPLIANCE

None.

SCHEDULE 7.01

EXISTING INDEBTEDNESS

Description	Approximate Outstanding Amount as of September 30, 2013
Senior Notes	
8.75% Senior Notes due February 2014	$175,000,000
6.125% Senior Notes due May 2016	$175,000,000
5.50% Senior Notes due February 2020	$250,000,000
4.65% Senior Notes due February 2022	$300,000,000
3.45% Senior Notes due January 2023	$350,000,000
6.85% Senior Notes due February 2040	$250,000,000
6.10% Senior Notes due February 2042	$300,000,000
4.95% Senior Notes due January 2043	$350,000,000
Credit Facilities	
$35 million West Texas Gulf Credit Facility due April 2015	$35,000,000

SCHEDULE 7.08

TRANSACTIONS WITH AFFILIATES

None.

SCHEDULE 7.09

BURDENSOME AGREEMENTS

1. $35,000,000 Revolving Credit Agreement, dated May 1, 2012, by and among West Texas Gulf Pipe Line Company, the Guarantors, the Lenders and PNC Bank, National Association, as Administrative Agent

SCHEDULE 10.02

NOTICES

ADDRESS FOR NOTICES TO BORROWER

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

1818 Market Street, Ste. 1500
Philadelphia, PA 19103
Attn: Peter Gvazdauskas
Telephone: (215) 977-6322
Facsimile: (866) 299-8665
Electronic Mail: *pjvazdauskas@sunocologistics.com*

ADDRESS FOR NOTICES TO GUARANTOR

SUNOCO LOGISTICS PARTNERS L.P.

1818 Market Street, Ste. 1500
Philadelphia, PA 19103
Attn: Peter Gvazdauskas
Telephone: (215) 977-6322
Facsimile: (866) 299-8665
Electronic Mail: *pjgvazdauskas@sunocologistics.com*

ADDRESS FOR ADMINISTRATIVE AGENT

Citibank Delaware
1615 Brett Road
OPS III
New Castle, DE 19720
Attn: Lynn T. Baronsky
Telephone: (302) 323-5871
Facsimile: (212) 994-0961
Electronic Mail: Lynn.Baronsky@citi.com
Electronic Mail for faxes: glagentofficeops@citigroup.com

ADDRESS FOR SWINGLINE LENDER

Citibank Delaware
1615 Brett Road OPS III
New Castle, DE 19720
Attn: Lynn T. Baronsky
Telephone: (302) 323-5871
Facsimile: (212) 994-0961
Electronic Mail: Lynn.Baronsky@citi.com
Electronic Mail for faxes: glagentofficeops@citigroup.com

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the][each][1] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each][2] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees][3] hereunder are several and not joint.][4] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: ___________

____

[Assignor [is] [is not] a Defaulting Lender]

---

[1] For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

[2] For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

[3] Select as appropriate.

[4] Include bracketed language if there are either multiple Assignors or multiple Assignees.

2. Assignee[s]: ___________

____

[for each Assignee, indicate [Lender] [Affiliate] [Approved Fund] of [*identify Lender*]

3. Borrower: Sunoco Logistics Partners Operations L.P., a Delaware limited partnership

4. Administrative Agent: Citibank, N.A., as the Administrative Agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of November 19, 2013 among Sunoco Logistics Partners Operations L.P., Sunoco Logistics Partners L.P., as guarantor, Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer and the Lenders and other agents from time to time parties thereto

6. Assigned Interest[s]:

Facility	Assignor[s][5]	Assignee[s][6]	Aggregate Amount of Commitment/Loans for all Lenders[7]	Amount of Commitment/Loans Assigned[8]	Percentage Assigned of Commitment/ Loans[8]	CUSIP Number

[7. Trade Date: ____][9]

[Page Break]

[5] List each Assignor, as appropriate.
[6] List each Assignee, as appropriate.
[7] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
[8] Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
[9] To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _______________ __, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S][10]
[NAME OF ASSIGNOR]

By: ______________________________
Title
[NAME OF ASSIGNOR]

By: ______________________________
Title

ASSIGNEE[S][11]
[NAME OF ASSIGNEE]

By: ______________________________
Title
[NAME OF ASSIGNEE]

By: ______________________________
Title

[10] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).
[11] Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[Consented to and][12] Accepted:

CITBANK, N.A.,
as Administrative Agent

By: ______________________________
Name:
Title:

[SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC,
its general partner

By: ______________________________
Name:
Title:][13]

[Consented to:][14]

[NAME OF RELEVANT PARTY]

By: ______________________________
Name:
Title:

[12] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
[13] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement
[14] To be added only if the consent of other parties (e.g. Swingline Lender, LC Issuer) is required by the terms of the Credit Agreement.

[______________][15]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 10.06(b) of the Credit Agreement (subject to such consents, if any, as may be required under Section 10.06(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vii) if it is not already a Lender under the Credit Agreement, attached to the Assignment and Assumption is an Administrative Questionnaire, and (viii) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit ___________________

[15] Describe Credit Agreement at option of Administrative Agent.

Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.[16] Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or other electronic transmission (including pdf) shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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[16] The Administrative Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate:

"From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves."

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

To: Citibank, N.A., as the Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"), among Sunoco Logistics Partners Operations, L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto. Terms that are defined in the Agreement are used herein with the meanings given to them in the Agreement.

The undersigned Responsible Officer hereby certifies as of the date hereof that he is the [chief financial officer/principal accounting officer/treasurer] of Sunoco Partners LLC, the general partner of the Guarantor, and that, as such, he is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on behalf of the Borrower and the Guarantor, and that:

[Use following paragraph 1for fiscal ***year-end*** *financial statements]*

1. Attached hereto as Schedule 1 are the year-end audited financial statements (the "Financial Statements") required by Section 6.0l(a) of the Agreement for the Fiscal Year of the Guarantor ended as of December 31, 201[_] (the "Reporting Date"), together with the report and opinion of an independent certified public accountant required by such section. Such Financial Statements are accurate and complete in all material respects and satisfy the requirements of the Agreement.

[Use following paragraph 1for fiscal ***quarter-end*** *financial statements]*

1. Attached hereto as Schedule 1 are the unaudited financial statements (the "Financial Statements") required by Section 6.0l(b) of the Agreement for the Fiscal Quarter of the Guarantor ended as of _______________, 201[_] (the "Reporting Date"). Such Financial Statements are accurate and complete in all material respects (subject to normal year-end adjustments) and satisfy the requirements of the Agreement.

2. Attached hereto as Schedule 2 are calculations showing [compliance] [non-compliance] as of the Reporting Date with the requirements of Section 7.10 of the Agreement. The financial covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this Certificate. A review of the activities of the Borrower and the Guarantor during such fiscal period has been made under the supervision of the undersigned with a view to determine whether during such fiscal period the Borrower and the Guarantor performed and observed all its obligations under the Loan Documents.

3. If required pursuant to Section 6.01(d) of the Agreement, attached hereto as Schedule 3 is the report required by Section 6.0l(d) of the Agreement.

4. On the Reporting Date, no Default or Event of Default existed or otherwise exists on the date of this instrument *[except for Default(s)/ Event(s) of Default under Section(s) __________ of the Agreement, which *[is/are] more fully described on Schedule 4 attached hereto].

IN WITNESS WHEREOF, this instrument is executed as of _______________, _____.

SUNOCO LOGISTICS PARTNERS L.P.

By: Sunoco Partners LLC,
its general partner

By: ________________________________
Name:
Title:

For the Fiscal Quarter/Year ended _______________ ("Reporting Date")

SCHEDULE 2
to the Compliance Certificate
($in 000's)

I. Section 7.10 – Leverage Ratio.	
A. Consolidated Funded Indebtedness outstanding on the Reporting Date:	$__
B. Consolidated EBITDA for the four Fiscal Quarter period ending on the Reporting Date ("Subject Period"):	
1. Consolidated Net Income for Subject Period (adjustments made as described on the attached schedules for (a) any gain or loss from the sale of assets other than in the ordinary course of business, (b) any extraordinary gains or losses, (c) any non-cash gains or losses resulting from mark to market activity as a result of FASB ASC 815, (d) net income of any Subsidiary to the extent, but only to the extent, that the declaration or payment of cash Distributions by such Subsidiary of such net income is not, as of the date of determination, permitted by the operation of the terms of its charter or any Contractual Obligation, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary, and (e) income or losses attributable to (i) Unrestricted Subsidiaries, their subsidiaries and Equity Interests owned by them in other entities, (ii) unconsolidated Subsidiaries, (iii) Joint Ventures, and (iv) any Person accounted for by the equity method of accounting, or any other Person that is not a Subsidiary, provided that Consolidated Net Income shall include any cash distributions received by the Guarantor or its Subsidiaries from (I) Unrestricted Subsidiaries, their subsidiaries and Equity Interests owned by them in other entities, (II) unconsolidated Subsidiaries, (III) Joint Ventures, or (IV) any Person accounted for by the equity method of accounting, or any other Person that is not a Subsidiary, in each case during such period:	$__
2. Pro forma adjustment or cash distributions that would have been made to the Guarantor or its Subsidiaries as if any disposition, acquisition, consolidation or merger involving a Person described in clause (e) of paragraph 1 above had occurred on the first day of the Subject Period, as described on the attached schedules:	$__
3. Consolidated Interest Expense for Subject Period:	$__

4. Provision for income taxes (including any franchise taxes to the extent based upon net income) for Subject Period:	$_
5. Depreciation and Amortization expenses for Subject Period:	$_
6. Non-cash charges or losses deducted in determining Consolidated Net Income for Subject Period:	$_
7. transaction fees and expenses for acquisitions, investments, dispositions and equity or debt offerings;	$_
8. Non-cash income or gain included in determining Consolidated Net Income for Subject Period:	$_
9. Cash payments in respect of items included in Line 7 subsequent to the Fiscal Quarter in which such non-cash charges or losses were made:	$_
10. Pro forma adjustments for dispositions, acquisitions, consolidations or mergers as described on the attached schedules:	$_
11. Consolidated EBITDA before Material Project EBITDA Adjustments (Lines I.B.1 [+/-] 2 + 3 + 4 + 5 + 6 + 7 – 8 – 9 [+/-] 10):	$_
12. Material Project EBITDA Adjustments: (a) in respect of any Material Project of the MLP and its Subsidiaries as described on the attached schedules: (b) in respect of projected cash distributions from any Person described in clause (e) of paragraph 1 above attributable to Material Project EBITDA Adjustments in respect of any Material Project of such Person applicable to the Subject Period, as described on the attached schedules: (c) 20% of Line I.B.11: (d) Lesser of (a) + (b), and (c) of this Line I.B.12:	$_
13. Consolidated EBITDA (Lines I.B.11 [+/-] 12):	$_
C. Leverage Ratio (Line I.A ÷ Line I.B.13):	__________ to 1
Maximum permitted:	__________ to 1

For the Fiscal Quarter/Year ended _______________ ("Reporting Date")

Quarterly Information for Schedule 2
to the Compliance Certificate
($in 000's)

Consolidated EBITDA
(in accordance with the definition of Consolidated EBITDA
as set forth in the Agreement)

Consolidated EBITDA	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Twelve Months Ended ________
Consolidated Net Income					
[+/-] pro forma adjustments for dispositions, acquisitions, consolidations or mergers (in respect of Equity Interests in Joint Ventures)					
+ Consolidated Interest Expense					
+ income taxes					
+ depreciation and amortization expense					
+ non-cash expense					
+ all transaction fees and expenses for acquisitions, investments, dispositions and equity or debt offerings					
- non-cash income					
- cash payments in respect of non-cash expense previously deducted					
[+/-] pro forma adjustments for dispositions, acquisitions, consolidations or mergers					
[+/-] Material Project EBITDA Adjustments					
= Consolidated EBITDA					

EXHIBIT C

FORM OF LOAN NOTICE

Date:_______________, ____

To: Citibank, N.A., as the Administrative Agent [Citibank, N.A., as the Swingline Lender]

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited Partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto. Terms that are defined in the Agreement are used herein with the meanings given them in the Agreement.

[Pursuant to the terms of the Agreement, the Borrower hereby requests the [Lenders/Swingline Lender] to make [Revolving Credit/Swingline] Loans to Borrower in the aggregate principal amount of $ __________ and specifies ____________________, 20____, as the date Borrower desires for the [Lenders/Swingline Lender] to make such [Revolving Credit/Swingline] Loans and for the Administrative Agent to deliver to the Borrower the proceeds thereof. Such [Revolving Credit/Swingline] Loans are hereby designated as follows:

Type of Loans:

[Fixed Period Eurodollar Loans][Base Rate Loans] [***for Revolving Credit Loans***]
[Daily Floating Eurodollar Loans][Base Rate Loans] [***for Swingline Loans***]

Length of Interest Period for Fixed Period Eurodollar Loan: __ months.]

[Borrower hereby requests a conversion or continuation of existing Loans into a new Borrowing pursuant to Section 2.04 of the Agreement as follows:

Existing Borrowing(s) of Loans to be Continued or Converted:

$__ of Revolving Credit Loans that are Fixed Period Eurodollar Loans with Interest Period ending _______________

$__ of Revolving Credit Loans that are Base Rate Loans

$__ of Swingline Loans that are Daily Floating Eurodollar Loans

$__ of Swingline Loans that are Base Rate Loans

Aggregate amount of new Borrowing: $___________

Type of Loans in new Borrowing: [Fixed Period Eurodollar Loans][Base Rate Loans]

Date of Continuation or Conversion: ____________

Length of Interest Period for Fixed Period Eurodollar Loans: ____ months]

To induce the [Lenders/Swingline Lender] to [make/continue/convert] such Loans, the Borrower hereby represents, warrants, acknowledges, and agrees to and with the Administrative Agent and each Lender that:

(a) The undersigned is the duly elected, qualified and acting officer of Sunoco Logistics Partners GP LLC, the general partner of the Borrower, as indicated below such officer's signature hereto having all necessary authority to act for the Borrower in making the request herein contained.

(b) The representations and warranties made by the Loan Parties in the Agreement are true and correct in all material respects (except to the extent that any such representation or warranty is qualified by materiality) on and as of the date hereof, with the same effect as though such representations and warranties had been made on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects as of such earlier date, and except, for the purposes of this Loan Notice, that (i) the representations and warranties contained in Section 5.06(a) of the Credit Agreement shall be deemed to refer to the most recent financial statements furnished to the Lenders by the Guarantor, and (ii) no representation or warranty is made with respect to Section 5.06(b) of the Credit Agreement.

(c) There does not exist on the date hereof any condition or event that constitutes a Default or Event of Default that has not been waived in writing as provided in Section 10.01 of the Agreement; nor will any such Default or Event of Default exist upon the Borrower's receipt and application of the Loans requested hereby.

(d) The Borrowings requested herein comply with the requirements set forth in [Section 2.02 and] Section 2.03 of the Agreement.

The undersigned hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of the Borrower are true, correct and complete in all material respects.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this instrument is executed as of __________ __, 20__.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC,
its general partner

By: ______________________________
Name:
Title:

EXHIBIT D

FORM OF NOTE

Date: _______________, 20__

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to _________________________ or its registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Borrower under that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"), by and among Borrower, Sunoco Logistics Partners L.P., as guarantor, Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto. Terms that are defined in the Agreement are used herein with the meanings given them in the Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. Except as otherwise provided in Section 2.02 of the Agreement with respect to Swingline Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds to the account designated by the Administrative Agent. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.

By: Sunoco Logistics Partners GP LLC,
its general partner

By: ______________________________
Name:
Title:

EXHIBIT E

FORM OF GUARANTY

THIS GUARANTY is executed as of November 19, 2013, by the undersigned ("Guarantor"), for the benefit of CITIBANK, N.A., a national banking association (in its capacity as Administrative Agent for the benefit of Lenders).

RECITALS

A. Sunoco Logistics Partners Operations L.P., a Delaware limited partnership ("Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "MLP"), Citibank, N.A., as Administrative Agent (including its permitted successors and assigns in such capacity, "Administrative Agent"), and the Lenders now or hereafter party to the Credit Agreement (including their respective permitted successors and assigns, "Lenders") have entered into a Credit Agreement, dated as of even date herewith (as amended, modified, supplemented, or restated from time to time, the "Credit Agreement");

B. Borrower is a Subsidiary of Guarantor, and therefore, Guarantor will derive direct and substantial benefits from the extensions of credit under the Credit Agreement; and

C. This Guaranty is integral to the transactions contemplated by the Loan Documents and the execution and delivery hereof, is a condition precedent to Lenders' obligations to extend credit under the Loan Documents.

ACCORDINGLY, for adequate and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor hereby agrees as follows:

1. DEFINITIONS. Terms defined in the Credit Agreement have the same meanings when used, *unless* otherwise defined, in this Guaranty. As used in this Guaranty:

"Borrower" means Borrower, Borrower as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party appointed for Borrower or for all or substantially all of Borrower's assets under any Debtor Relief Law.

"Credit Agreement" is defined in the recitals to this Guaranty.

"Guaranteed Debt" means, collectively, (a) the Obligations and (b) all present and future costs, attorneys' fees, and expenses reasonably incurred by Administrative Agent or any Lender to enforce Borrower's, the Guarantor's, or any other obligor's payment of any of the Obligations, including, without limitation (to the extent lawful), all present and future amounts that would become due but for the operation of *§§ 502* or *506* or any other provision of *Title 11* of the *United States Code* and all present and future accrued and unpaid interest (including, without limitation, all post-maturity interest and any post-petition interest in any proceeding under Debtor Relief Laws to which Borrower or the Guarantor becomes subject whether or not the claim for such interest is allowed in such proceeding.).

"Guarantor" is defined in the preamble to this Guaranty.

"Lender" means, individually, or "Lenders" means, collectively, on any date of determination, the Lenders and their permitted successors and assigns.

"Rights" means rights, remedies, powers, privileges, and benefits.

2. GUARANTY. The Guarantor hereby guarantees to Administrative Agent and Lenders the prompt payment in full when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, of the Guaranteed Debt. This Guaranty is an absolute, irrevocable, unconditional and continuing guaranty of payment and performance, not collection, and the circumstance that at any time or from time to time the Guaranteed Debt may be paid in full does not affect the obligation of the Guarantor with respect to the Guaranteed Debt incurred after that. This Guaranty remains in effect until the Guaranteed Debt is fully paid and performed (other than contingent obligations not yet due and payable), all commitments to extend any credit under the Loan Documents have terminated and all Letters of Credit have terminated or been Cash Collateralized. The Guarantor may not rescind or revoke its obligations with respect to the Guaranteed Debt. All payments made by Guarantor under this Guaranty shall be made to the Administrative Agent, to the account designated by the Administrative Agent, in Dollars.

3. NO SETOFF OR DEDUCTIONS; TAXES; PAYMENTS. Guarantor represents and warrants that it is organized and resident in the United States of America. Guarantor shall make all payments hereunder (i) without setoff or counterclaim, and (ii) free and clear of and without deduction for any Taxes unless Guarantor is compelled by applicable Law to make such deduction or withholding. If any applicable Law (as determined in the good faith discretion of the Guarantor) requires the deduction or withholding of any Tax from any such payment to a Lender by the Guarantor, then the Guarantor shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Guarantor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable hereunder) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

4. CONSIDERATION. The Guarantor represents and warrants that its liability under this Guaranty will directly benefit it.

5. CUMULATIVE RIGHTS. If the Guarantor becomes liable for any indebtedness owing by Borrower to Administrative Agent or any Lender, *other than* under this Guaranty, that liability may not be in any manner impaired or affected by this Guaranty. The Rights of Administrative Agent or Lenders under this Guaranty are cumulative of any and all other Rights that Administrative Agent or Lenders may ever have against the Guarantor. The exercise by Administrative Agent or Lenders of any Right under this Guaranty or otherwise does not preclude the concurrent or subsequent exercise of any other Right.

6. **PAYMENT UPON DEMAND**. (a) If an Event of Default exists, the Guarantor shall, on demand and without further notice of dishonor and without any notice having been given to the Guarantor previous to that demand of either the acceptance by Administrative Agent or Lenders of this Guaranty or the creation or incurrence of any Guaranteed Debt, pay the amount of the Guaranteed Debt then due and payable to Administrative Agent and Lenders; *provided that*, if an Event of Default exists and Administrative Agent or Lenders cannot accelerate the Guaranteed Debt for any reason (including a stay of acceleration in connection with any case commenced by or against the Guarantor or the Borrower under any Debtor Relief Laws), then the Guaranteed Debt shall be, as among the Guarantor, Administrative Agent, and Lenders, a fully matured, due, and payable obligation of the Guarantor to Administrative Agent and Lenders.

(b) The obligations of the Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Debt and the obligations of any other guarantor, and it is not necessary for Administrative Agent or Lenders, in order to enforce this Guaranty against the Guarantor, first or contemporaneously to institute suit or exhaust remedies against Borrower or others liable on any Guaranteed Debt.

7. **SUBROGATION AND CONTRIBUTION**. Until payment in full of the Guaranteed Debt and the termination of the commitments of Lenders to extend credit under the Loan Documents and the termination or Cash Collateralization of all Letters of Credit, (a) the Guarantor may not assert, enforce, or otherwise exercise any Right of subrogation to any of the Rights or Liens of Administrative Agent or Lenders or any other beneficiary against Borrower or any other obligor on the Guaranteed Debt or any collateral or other security or any Right of recourse, reimbursement, subrogation, contribution, indemnification, or similar Right against Borrower or any other obligor on any Guaranteed Debt or any other guarantor of it, and (b) the Guarantor defers all of the foregoing Rights (whether they arise in equity, under contract, by statute, under common Law, or otherwise). Upon payment in full of the Guaranteed Debt and the termination of the commitments of Lenders to extend credit under the Loan Documents and the termination or Cash Collateralization of all Letters of Credit, the Guarantor shall be subrogated to the rights of the Administrative Agent and Lenders against Borrower and the other obligors.

8. **NO RELEASE**. The Guarantor hereby waives any defense of a surety or guarantor or any other obligor arising in connection with or in respect of any of the following and hereby agrees that its obligations under this Guaranty may not be released, diminished, or affected by the occurrence of any one or more of the following events: (a) any taking or accepting of any additional guaranty or any other security or assurance for any Guaranteed Debt; (b) any release, surrender, exchange, subordination, impairment, or loss of any collateral securing any Guaranteed Debt; (c) any full or partial release of the liability of any other obligor on the Guaranteed Debt, *except* for any final release resulting from payment in full of such Guaranteed Debt; (d) the modification of, or waiver of compliance with, any terms of any other Loan Document; (e) the insolvency, bankruptcy, or lack of corporate or partnership power of any other obligor at any time liable for any Guaranteed Debt, whether now existing or occurring in the future; (f) any renewal, extension, or rearrangement of any Guaranteed Debt or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Administrative Agent or any Lender to any other obligor on the Guaranteed Debt; (g) any neglect, delay, omission, failure, or refusal of Administrative Agent or any Lender to take or prosecute any action in connection with the Guaranteed Debt or to foreclose, take, or prosecute any action in connection with any Loan Document; (h) any failure of Administrative Agent or any Lender to notify the Guarantor of any renewal, extension, or assignment of any Guaranteed Debt, or the release of any security or of any other action taken or refrained from being taken by Administrative Agent or any Lender against Borrower or any new agreement between Administrative Agent, any Lender, and Borrower; *it being understood that* neither Administrative Agent nor any Lender is required to give the Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with any Guaranteed Debt, *other than* any notice required to be given in this Guaranty; (i) the invalidity or unenforceability of any Guaranteed Debt against any other obligor or any security securing same because it exceeds the amount permitted by Law, the act of creating it is *ultra vires*, the officers creating it exceeded their authority or violated their fiduciary duties in connection with it, or otherwise; (j) any payment of the Guaranteed Debt to Administrative Agent or any Lender is held to constitute a preference under any Debtor Relief Law or for any other reason Administrative Agent or any Lender is required to refund that payment or make payment to someone else (and in each such instance this Guaranty will be reinstated in an amount equal to that payment); (k) any Law or other event affecting any term of the Guaranteed Debt; or (l) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Borrower or the Guarantor.

9. **WAIVERS**. By execution hereof, the Guarantor waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to the Guaranteed Debt (or any part thereof) shall not be affected by any renewal or extension in the time of payment of the Guaranteed Debt (or any part thereof). To the maximum extent lawful, the Guarantor waives all Rights by which it might be entitled to require suit on an accrued Right of action in respect of any Guaranteed Debt or require suit against Borrower or others.

10. **TERMINATION; REINSTATEMENT**. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Debt now or hereafter existing and shall remain in full force and effect until payment in full of the Guaranteed Debt and the termination of the commitments of Lenders to extend credit under the Loan Documents and the termination or Cash Collateralization of all Letters of Credit. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrower or any other Loan Party is made, or Administrative Agent or any Lender exercises its right of setoff, in respect of the Guaranteed Debt and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent or any Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not Administrative Agent or Lenders are in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantor under this paragraph shall survive termination of this Guaranty.

11. **LOAN DOCUMENTS**. By execution hereof, the Guarantor covenants and agrees that certain representations, warranties, terms, covenants, and conditions set forth in the Loan

Documents are applicable to the Guarantor by their terms and shall be imposed upon the Guarantor, and the Guarantor reaffirms that each such representation and warranty is true and correct and covenants and agrees to promptly and properly perform, observe, and comply with each such term, covenant, or condition. Moreover, the Guarantor acknowledges and agrees that this Guaranty is subject to the offset provisions of the Loan Documents in favor of Administrative Agent and Lenders. In the event the Credit Agreement or any other Loan Document shall cease to remain in effect for any reason whatsoever during any period when any part of the Guaranteed Debt remains unpaid, the terms, covenants, and agreements of the Credit Agreement or such other Loan Document incorporated herein by reference shall nevertheless continue in full force and effect as obligations of the Guarantor under this Guaranty.

12. **RELIANCE AND DUTY TO REMAIN INFORMED**. The Guarantor confirms that it has executed and delivered this Guaranty after reviewing the terms and conditions of the Loan Documents and such other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this Guaranty. The Guarantor confirms that it has made its own independent investigation with respect to Borrower's creditworthiness and is not executing and delivering this Guaranty in reliance on any representation or warranty by Administrative Agent or any Lender as to that creditworthiness. The Guarantor expressly assumes all responsibilities to remain informed of the financial condition of Borrower and any circumstances affecting Borrower's ability to perform under the Loan Documents to which it is a party.

13. **LOAN DOCUMENT**. This Guaranty is a Loan Document and is subject to the applicable provisions of Articles I and X of the Credit Agreement, including, without limitation, the provisions relating to **GOVERNING LAW; JURISDICTION, ETC., AND WAIVER OF JURY TRIAL**, both of which are incorporated into this Guaranty by reference the same as if set forth in this Guaranty verbatim *provided that* all references therein to "this Agreement" shall for purposes of this Guaranty be deemed references to "this Guaranty".

14. **NOTICES**. All notices required or permitted under this Guaranty, if any, shall be given in the manner set forth in Section 10.02 of the Credit Agreement.

15. **AMENDMENTS, ETC**. No amendment, waiver, or discharge to or under this Guaranty is valid *unless* it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of Section 10.01 of the Credit Agreement. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein.

16. **ADMINISTRATIVE AGENT AND LENDERS**. Administrative Agent is Administrative Agent for each Lender under the Credit Agreement. All Rights granted to Administrative Agent under or in connection with this Guaranty are for each Lender's ratable benefit. Administrative Agent may, without the joinder of any Lender, exercise any Rights in Administrative Agent's or Lenders' favor under or in connection with this Guaranty. Administrative Agent's and each Lender's Rights and obligations *vis-a-vis* each other may be subject to one or more separate agreements between those parties. However, the Guarantor is not required to inquire about any such agreement nor is it subject to any of its terms *unless* the Guarantor specifically joins such agreement Therefore, neither Guarantor nor its successors or assigns is entitled to any benefits or provisions of any such separate agreement or is entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of such agreement.

17. **PARTIES**. This Guaranty benefits Administrative Agent, Lenders, and their respective successors and assigns and binds the Guarantor and their respective successors and assigns. Upon appointment of any successor Administrative Agent under the Credit Agreement, all of the Rights of Administrative Agent under this Guaranty automatically vest in that new Administrative Agent as successor Administrative Agent on behalf of Lenders without any further act, deed, conveyance, or other formality *other than* that appointment. The Rights of Administrative Agent and Lenders under this Guaranty may be transferred with any assignment of the Guaranteed Debt pursuant to and in accordance with the terms of the Credit Agreement. The Credit Agreement contains provisions governing assignments of the Guaranteed Debt and of Rights and obligations under this Guaranty.

Remainder of Page Intentionally Blank.
Signature Page(s) to Follow.

EXECUTED as of the date first stated in this Guaranty.

GUARANTOR:

SUNOCO LOGISTICS PARTNERS L.P., a Delaware limited partnership

By: Sunoco Partners LLC, a Pennsylvania limited liability company, its General Partner

By:
Name:
Title:

EXHIBIT F

FORMS OF U.S. TAX COMPLIANCE CERTIFICATES

EXHIBIT F-1

[FORM OF] U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto.

Pursuant to the provisions of Section 3.01 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B)of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 88l(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate and a duly completed IRS form W-8BEN in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: ____
Name:
Title:

Date: __________ __, 20[ ]

EXHIBIT F-2

[FORM OF] U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto.

Pursuant to the provisions of Section 3.01 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code, and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate and a duly completed IRS form W-8BEN in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: ____
Name:
Title:

Date: ___________ __, 20[ ]

EXHIBIT F-3

[FORM OF] U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto.

Pursuant to the provisions of Section 3.01 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 88l(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 87l(h)(3)(B) or 88l(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 88l(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption, provided that, for the avoidance of doubt, the foregoing shall not limit the obligation of the undersigned to provide, in the case of a partner/member not claiming the portfolio interest exemption, a properly completed IRS Form W-8ECI, Form W-8EXP, Form W-9 or Form W-8IMY (including appropriate underlying certificates from each interest holder of such partner/member, together with a U.S. Tax Compliance Certificate substantially in the form of the relevant Exhibit E-1, E-2, E-3 or E-4, as applicable), in each case establishing such partner/member's available exemption from U.S. federal withholding tax. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate and an IRS Form W-8IMY and accompanying IRS Form W-8BEN or other applicable forms in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: ____
Name:
Title:

Date: ___________ __, 20[ ]

EXHIBIT F-4

[FORM OF] U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of November 19, 2013 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Sunoco Logistics Partners Operations L.P., a Delaware limited partnership (the "Borrower"), Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Guarantor"), Citibank, N.A., as Administrative Agent, Swingline Lender and an LC Issuer, and the Lenders and other agents from time to time parties thereto.

Pursuant to the provisions of Section 3.01 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) or 88l(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption, provided that, for the avoidance of doubt, the foregoing shall not limit the obligation of the undersigned to provide, in the case of a partner/member not claiming the portfolio interest exemption, a properly completed IRS Form W-8ECI, Form W-8EXP, Form W-9 or Form W-8IMY (including appropriate underlying certificates from each interest holder of such partner/member, together with a U.S. Tax Compliance Certificate substantially in the form of the relevant Exhibit E-1, E-2, E-3 or E-4, as applicable), in each case establishing such partner/member's available exemption from U.S. federal withholding tax. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent in writing, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate and an IRS Form W-8IMY and accompanying IRS Form W-8BEN or other applicable forms in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: ____
Name:
Title:

Date: ___________ __, 20[ ]

Exhibit 10.9

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SUNOCO PARTNERS LLC
ANNUAL SHORT-TERM INCENTIVE BONUS PLAN

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SUNOCO PARTNERS LLC
ANNUAL SHORT-TERM INCENTIVE BONUS PLAN

1. **Purpose.** The purpose of this Plan is to motivate management and the employees of the Company and its Affiliates who perform services for the Partnership to earn annual cash awards through the achievement of performance and target goals.

2. **Definitions.** As used in this Plan, the following terms shall have the meanings herein specified:

2.1 Actual Results means the dollar amount of EBITDA or other applicable financial measure specified for the Budget Target for a Plan Year actually achieved for such Plan Year as determined by the Partnership following the end of such Plan Year.

2.2 Annual Bonus means the cash bonus paid to an Eligible Employee for the Plan Year.

2.3 Annual Target Bonus means, for an Eligible Employee, a percentage of such Eligible Employee's Eligible Earnings, and shall be dependent on a number of factors which may include but are not limited to an employee's position title, job responsibilities, and reporting level within the Company. The Company may, but is not required to, specify a specific range for an Eligible Employee at any time prior to or during a Plan Year; provided that any such range may be adjusted from time to time or at any time in the Company's sole discretion, including for the applicable Plan Year.

2.4 Annual Target Bonus Pool means, for a Plan Year, the Target Bonus of the Eligible Employees of the Company for that Plan Year.

2.5 Board means the Board of Directors of the Company.

2.6 Bonus Pool Payout Factor means the multiplier factor applied to the Annual Target Bonus Pool to determine the Funded Bonus Pool for the applicable Plan Year. The payout is determined by the comparison of the Budget Target for the Plan Year to Actual Results. General guidelines for the Budget Target and the Bonus Pool Payout Factor associated with such Budget Target for a Plan Year are set forth below, but each are subject to the sole discretion of the Compensation Committee.

Target and Payout Factor Guidelines

% of Budget Target	**Bonus Pool Payout Factor**
>=110.0	1.20x
109.9 – 105.0	1.10x
104.9 – 95.0	1.00x
94.9 – 90.0	.90x
89.9 – 80.0	.80x
79.9 – 70.0	.70x
69.9 – 50.0	.50x
<50.0	.0x

2.7 Budget Target means the specific dollar amount of EBITDA or other financial measure(s) established by the Compensation Committee for the Company for a Plan Year.

2.8 Company means Sunoco Partners LLC, a Pennsylvania limited liability company. The term "Company" shall include any successor to Sunoco Partners LLC, any subsidiary or affiliate thereof that has adopted the Plan, or any entity succeeding to the business of Sunoco Partners LLC, or any subsidiary or affiliate, by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction.

2.9 Compensation Committee means the Compensation Committee of the Company's Board.

2.10 Eligible Earnings means the aggregate regular earnings plus overtime earnings, if any, received by an Eligible Employee during the Plan Year. For the avoidance of doubt, neither distribution payments or distribution equivalent payments on any Partnership restricted or common units nor any other bonus or sign-on payments received by an Eligible Employee during the Plan Year shall be included in the calculation of Eligible Earnings for an Eligible Employee.

2.11 Funded Bonus Pool means the Annual Target Bonus Pool for a Plan Year multiplied by the Bonus Pool Payout Factor for such Plan Year. The establishment and amount of a Funded Bonus Pool is 100% discretionary and subject to the final approval of and/or adjustment by the Compensation Committee.

2.12 Partnership means Sunoco Logistics Partners L.P., a Delaware limited partnership.

2.13 Person means an individual, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

2.14 Plan means the Company's Annual Short-Term Incentive Bonus Plan as set forth herein, as the same may be amended from time to time.

2.15 Plan Year means the performance (calendar) year for the measurement and determination of the Budget Target and the calculation of Actual Results. Unless otherwise determined by the Compensation Committee, each Plan Year shall be the one year period commencing on January 1 and ending on December 31 of the calendar year.

3. **Plan Guidelines and Administration.** The administration of the Plan and any potential Annual Bonus awarded pursuant to the Plan are subject to the sole determination and discretion of the Compensation Committee. The Compensation Committee will review the Partnership's performance results for the designated Plan Year, the Budget Target and Bonus Pool Payout Factor for each Plan Year and thereafter will determine, in consultation with the Chief Executive Officer, whether or not and to what extent to approve the funding of Annual Bonus awards under the Plan. The Compensation Committee may delegate the responsibility for the administration and operation of the Plan to the Chief Executive Officer of the Company or any participating Affiliate. The Compensation Committee or the person(s) to which administrative authority has been delegated (the Committee or such person referred to as the "Plan Administrator") shall have the authority to interpret and construe any and all provisions of the Plan, including the establishment for any designated Plan Year or from time to time any Budget Targets, Budget Target guidelines, Bonus Pool Payout Factors and/or such other economic or performance factors as the Plan Administrator shall determine and whether and to what extent any such targets, guidelines or factors has been achieved. Any determination made by the Plan Administrator shall be final and conclusive and binding on all persons.

4. **Eligible Employees.** Subject to the discretion of the Compensation Committee and such other criteria as may be established by the Compensation Committee in general or for a particular Plan Year, all regular full-time and part-time employees of the Partnership are eligible to participate in the Annual Target Bonus Pool for a Plan Year. No Eligible Employee shall be entitled to receive an Annual Bonus for a Plan Year unless he or she is actively employed by the Company (or one of its Affiliates) on the date the Annual Bonus for such Plan Year is paid by the Company even if such payment date is after the Plan Year.

5. **Annual Bonus Payments for Eligible Employees**. As soon as reasonably practicable following the end of the Plan Year, management of the Company will determine the Annual Target Bonus for each Eligible Employee. The Funded Bonus Pool from which Annual Bonuses are paid to Eligible Employees shall equal (a) the aggregate of the Annual Target Bonuses of all Eligible Employees multiplied by (b) the Bonus Pool Payout Factor for such Plan Year. The amount of the Annual Bonus for an Eligible Employee from the Funded Bonus Pool shall be determined in management's sole discretion and shall be based on a number of factors including an employee's performance, length of employment and such other factors as may be determined by management in its sole discretion, which factors may not be the same fall all eligible employees. In no event, shall the aggregate amount of the Annual Bonus payments for the Plan Year exceed, in total, the Funded Bonus Pool for such Plan Year Notwithstanding any provision herein, funds allocated under this Plan for distribution to Eligible Employees is 100% discretionary,

6. **Amendment and Termination.** The Compensation Committee, at its sole discretion, may amend the Plan or terminate the Plan at any time.

7. **Indemnification.** Neither the Company, any participating Affiliate, nor the Board, or the Compensation Committee, of the Company or any participating affiliate, nor any officer or employee of the Company or any participating affiliate shall be liable for any act, omission, interpretation, construction or determination made in connection with the Plan in good faith; and the members of the Company's Board, the Compensation Committee and/or management of the Company shall be entitled to indemnification and reimbursement by the Company to the maximum extent permitted by law in respect of any claim, loss, damage or expense (including counsel's fees) arising from their acts, omission and conduct in their official capacity with respect to the Plan.

8. **General provisions.**

8.1 <u>*Non-Guarantee of Employment or Participation in the Plan*</u>. Nothing contained in this Plan shall be construed as a contract of employment between the Company, the Partnership and/or any of its affiliates and any employee of the Company or any of its affiliates, and nothing in this Plan shall confer upon any employee, including an Eligible Employee, any right to continued employment with the Company and/or its affiliate, or interfere with the right of the Company, the Partnership and/or its affiliate to terminate the employment, with or without cause, of an employee, including an Eligible Employee. Nothing in this Plan shall give any employee any right to participate in the Plan and/or to receive an Annual Bonus with respect to any Plan Year.

8.2 <u>*Interests Not Transferable*</u>. No right, interest or benefit under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind, and any attempt to do so shall be void.

8.3 <u>*Controlling Law*</u>. To the extent not superseded by federal law, the law of the State of Texas, without regard to the conflicts of laws provisions thereunder, shall be controlling in all matters relating to the Plan.

8.4 <u>*Severability*</u>. If any Plan provision or any Annual Bonus award hereunder is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or award, or would disqualify the Plan or any award under the law deemed applicable by the Compensation Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Compensation Committee, materially altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person or award and the remainder of the Plan and any such award shall remain in full force and effect.

8.5 <u>*No Trust or Fund Created*</u>. Neither the Plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and its Affiliates and an employee, including an Eligible Employee or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to an Annual Bonus award made hereunder, such right shall be no greater than the right of any general unsecured creditor of the Company.

8.6 *Headings*. Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision of it.

8.7 *Tax Withholding*. The Company and/or any participating Affiliate may deduct from any payment otherwise due under this Plan to a Participant (or beneficiary) amounts required by law to be withheld for purposes of federal, state or local taxes.

8.8 *Off-set.* The Company reserves the right to withhold any or all portions of an award or to reduce an award to a participant up to an amount equal to any amount the participant owes to the Company or any of its Affiliates.

8.9 *Effective Date.* This Plan shall be effective for the Plan Year commencing on January 1, 2013.

Exhibit 12.1

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

	Successor
	Year Ended December 31, 2013
	(in millions)
Fixed Charges:	
Interest cost and debt expense	$ 98
Interest allocable to rental expense [1]	4
Total	$ 102
Earnings:	
Income before income tax expense [2]	$ 504
Income before income tax expense attributable to noncontrolling interests	(16)
Equity in income of 50 percent or less owned affiliated companies	(21)
Dividends received from 50 percent or less owned affiliated companies [3]	14
Fixed charges	102
Interest capitalized	(21)
Amortization of previously capitalized interest	1
Total	$ 563
Ratio of Earnings to Fixed Charges	5.5

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

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

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

Exhibit 21.1

Sunoco Logistics Partners L.P.

Subsidiaries of the Registrant
(50.1% or greater ownership)

Legal Entity Name	Inc./Org./Reg.
Sunoco Partners LLC	Pennsylvania
Sunoco Logistics Partners L.P.	Delaware
Sunoco Logistics Partners GP LLC	Delaware
Sunoco Logistics Partners Operations L.P.	Delaware
Sunoco Logistics Partners Operations GP LLC	Delaware
Sunoco Partners Lease Acquisition & Marketing LLC	Delaware
Sunoco Partners Marketing & Terminals L.P.	Texas
Sunoco Pipeline L.P.	Texas
Sunoco Pipeline Acquisition LLC	Delaware
Sun Pipe Line Company of Delaware LLC	Delaware
Mid-Valley Pipeline Company	Ohio
West Texas Gulf Pipe Line Company	Delaware
Excel Pipeline LLC	Delaware
Inland Corporation	Ohio
Sunoco Partners Real Estate Acquisition LLC	Delaware
Sunoco Partners Operating LLC	Delaware
Sunoco Partners Rockies LLC	Delaware
Sunoco Partners NGL Facilities LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 27, 2014, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Sunoco Logistics Partners L.P. on Form 10-K for the year ended December 31, 2013. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Sunoco Logistics Partners L.P. on Form S-3 (File No. 333-185192) and on Form S-8 (File No. 333-96897).

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
February 27, 2014

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-185192) 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 reports dated March 1, 2013, with respect to the consolidated financial statements of Sunoco Logistics Partners L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2013.

/s/ Ernst &Young LLP

Philadelphia, Pennsylvania
February 27, 2014

Exhibit 24.1

SUNOCO PARTNERS LLC
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that:

1. each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of SUNOCO PARTNERS LLC, a Pennsylvania limited liability company as the general partner of Sunoco Logistics Partners L.P. (the "Company"), does hereby constitute and appoint MARTIN SALINAS, JR. his or her true and lawful attorney-in-fact and agent, for him or her and in his or her name, place and stead in his or her respective capacity as a director or officer, or both, of the Company, as hereinafter set forth opposite his or her signature, to sign and to file the Sunoco Logistics Partners L.P. Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2013, and any and all amendments, with all exhibits, thereto and any and all other documents or instruments necessary or incidental in connection therewith; and

2. the undersigned Company does hereby constitute and appoint MARTIN SALINAS, JR. its true and lawful attorney-in-fact and agent for it and in its name and on its behalf to sign and to file said Form 10-K and any and all amendments thereto and any and all instruments necessary or incidental in connection therewith.

Said attorney-in-fact shall have full power of substitution and re-substitution, and said attorney-in-fact or any substitute appointed by him hereunder shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully to all intents and purposes as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys or any of them or of any such substitute pursuant hereto.

This Power of Attorney may be executed in one or more counterparts, each of which shall be an original and all of which, taken together, shall constitute but one and the same document.

[COUNTERPART SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 27th day of February, 2014.

/s/ MICHAEL J. HENNIGAN **Michael J. Hennigan**	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ STEVEN R. ANDERSON **Steven R. Anderson**	Director
/s/ SCOTT A. ANGELLE **Scott A. Angelle**	Director
/s/ BASIL LEON BRAY **Basil Leon Bray**	Director
/s/ THOMAS P. MASON **Thomas P. Mason**	Director
/s/ MARSHALL S. MCCREA III **Marshall S. McCrea III**	Director (Chairman)
/s/ JAMIE WELCH **Jamie Welch**	Director
/s/ MICHAEL D. GALTMAN **Michael D. Galtman**	Chief Accounting Officer and Controller (Principal Accounting Officer)

ATTEST:

/s/ KATHLEEN SHEA-BALLAY

Kathleen Shea-Ballay

Senior Vice President,

General Counsel and Secretary

Exhibit 31.1

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

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

1. I have reviewed this annual report on Form 10-K of Sunoco Logistics Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL J. HENNIGAN
Name: Michael J. Hennigan
Title: President and Chief Executive Officer

Date: February 27, 2014

Exhibit 31.2

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

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

1. I have reviewed this annual report on Form 10-K of Sunoco Logistics Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARTIN SALINAS, JR.

Name: Martin Salinas, Jr.
Title: Chief Financial Officer

Date: February 27, 2014

Exhibit 32.1

CERTIFICATION
18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

We, the undersigned Michael J. Hennigan, being, respectively, the President and Chief Executive Officer and Martin Salinas, Jr., being respectively, the Chief Financial Officer, of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., do each certify that the registrant’s Annual Report on Form 10-K for the year ended December 31, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this annual report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: February 27, 2014

/s/ MICHAEL J. HENNIGAN

Name: Michael J. Hennigan
Title: President and Chief Executive Officer

Date: February 27, 2014

/s/ MARTIN SALINAS, JR.

Name: Martin Salinas, Jr.
Title: Chief Financial Officer

Date: February 27, 2014