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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ___ TO ____

Commission file number **1-31219**

SUNOCO LOGISTICS PARTNERS L.P.

(Exact name of registrant as specified in its charter)

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

(215) 977-3000

(Registrant’s telephone number, including area code)

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 [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES [X] NO [ ]

At October 29, 2004, the number of the registrant’s Common Units outstanding were 12,605,095, and its Subordinated Units outstanding were 11,383,639.

SUNOCO LOGISTICS PARTNERS L.P.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(in thousands, except unit and per unit amounts)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003
Revenues		
Sales and other operating revenue:		
Affiliates	$ 458,592	$ 352,981
Unaffiliated customers	399,011	300,179
Other income	4,172	4,780
Total Revenues	861,775	657,940
Costs and Expenses		
Cost of products sold and operating expenses	824,325	617,221
Depreciation and amortization	7,886	6,918
Selling, general and administrative expenses	11,597	11,665
Total Costs and Expenses	843,808	635,804
Operating Income	17,967	22,136
Net interest cost paid to affiliates	142	89
Other interest cost and debt expense, net	5,060	5,179
Net Income	$ 12,765	$ 16,868
Calculation of Limited Partners' interest in Net Income:		
Net Income	$ 12,765	$ 16,868
Less: General Partner's interest in Net Income	(707)	(399)
Limited Partners' interest in Net Income	$ 12,058	$ 16,469
Net Income per Limited Partner unit:		
Basic	$ 0.50	$ 0.72
Diluted	$ 0.50	$ 0.72
Weighted average Limited Partners' units outstanding:		
Basic	23,988,734	22,771,793
Diluted	24,238,763	22,908,454

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(in thousands, except unit and per unit amounts)

	Nine Months Ended September 30,	
	2004	2003
Revenues		
Sales and other operating revenue:		
Affiliates	$ 1,239,033	$ 1,020,048
Unaffiliated customers	1,180,457	1,006,072
Other income	11,049	11,619
Total Revenues	2,430,539	2,037,739
Costs and Expenses		
Cost of products sold and operating expenses	2,313,172	1,919,893
Depreciation and amortization	22,098	20,512
Selling, general and administrative expenses	36,293	35,939
Total Costs and Expenses	2,371,563	1,976,344
Operating Income	58,976	61,395
Net interest cost paid to/(received from)affiliates	381	(78)
Other interest cost and debt expense, net	14,749	15,393
Capitalized interest	—	(493)
Net Income	$ 43,846	$ 46,573
Calculation of Limited Partners' interest in Net Income:		
Net Income	$ 43,846	$ 46,573
Less: General Partner's interest in Net Income	(2,009)	(993)
Limited Partners' interest in Net Income	$ 41,837	$ 45,580
Net Income per Limited Partner unit:		
Basic	$ 1.78	$ 2.00
Diluted	$ 1.76	$ 1.99
Weighted average Limited Partners' units outstanding:		
Basic	23,557,919	22,771,793
Diluted	23,786,248	22,880,382

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2004	December 31, 2003
Assets	(UNAUDITED)	
Current Assets		
Cash and cash equivalents	$ 59,785	$ 50,081
Advances to affiliates (Note 3)	4,478	7,288
Accounts receivable, affiliated companies (Note 3)	141,138	116,936
Accounts receivable, net	408,762	302,235
Inventories:		
Crude oil	29,809	26,543
Materials, supplies and other	684	725
Total Current Assets	644,656	503,808
Properties, plants and equipment	1,068,637	1,005,745
Less accumulated depreciation and amortization	(441,843)	(422,581)
Properties, plants and equipment, net	626,794	583,164
Investment in affiliates (Note 6)	72,907	70,490
Deferred charges and other assets	23,241	23,544
Total Assets	$ 1,367,598	$1,181,006
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	$ 557,108	$ 426,863
Accrued liabilities	30,365	27,824
Current portion of long-term debt (Note 7)	64,500	—
Accrued taxes other than income	13,524	11,312
Total Current Liabilities	665,497	465,999
Long-term debt (Note 7)	248,763	313,136
Other deferred credits and liabilities	874	1,000
Commitments and contingent liabilities (Note 8)		
Total Liabilities	915,134	780,135
Partners' Capital:		
Limited partners' interest	444,765	394,592
General partner's interest	7,699	6,279
Total Partners' Capital	452,464	400,871
Total Liabilities and Partners' Capital	$ 1,367,598	$1,181,006

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Cash Flows from Operating Activities:		
Net Income	$ 43,846	$ 46,573
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,098	20,512
Changes in working capital pertaining to operating activities:		
Accounts receivable, affiliated companies	(24,202)	11,066
Accounts receivable, net	(106,527)	(22,574)
Inventories	(3,225)	(522)
Accounts payable and accrued liabilities	132,786	11,981
Accrued taxes other than income	2,212	(1,909)
Other	(2,474)	233
Net cash provided by operating activities	64,514	65,360
Cash Flows from Investing Activities:		
Capital expenditures	(24,289)	(22,415)
Acquisitions	(41,078)	(3,699)
Net cash used in investing activities	(65,367)	(26,114)
Cash Flows from Financing Activities:		
Distributions paid to Limited Partners and General Partner	(41,928)	(34,274)
Net proceeds from issuance of Limited Partner units	128,739	—
Redemption of Limited Partner units from Sunoco	(83,087)	—
Contribution from General Partner	987	—
Advances to affiliates, net	2,810	9,625
Contributions from affiliate	3,036	1,510
Repayments of long-term debt	—	(302)
Net cash provided by/(used in) financing activities	10,557	(23,441)
Net change in cash and cash equivalents	9,704	15,805
Cash and cash equivalents at beginning of period	50,081	33,840
Cash and cash equivalents at end of period	$ 59,785	$ 49,645

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

Sunoco Logistics Partners L.P. (the "Partnership") is a Delaware limited partnership formed by Sunoco, Inc. ("Sunoco") in October 2001 to acquire, own, and operate a substantial portion of Sunoco's logistics business, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets located in the Northeast, Midwest and South Central United States. On February 8, 2002, Sunoco contributed these assets to the Partnership in connection with the Partnership's initial public offering ("IPO").

The consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned partnerships, including Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"). Equity ownership interests in corporate joint ventures, which are not consolidated, are accounted for under the equity method.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in financial statements contained in Form 10-K. In management's opinion, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for the periods shown have been made. All such adjustments are of a normal recurring nature. Results for the three and nine months ended September 30, 2004 are not necessarily indicative of results for the full year 2004. Certain previously reported amounts have been reclassified to conform to the 2004 presentation.

2. Equity Offering

On April 7, 2004, the Partnership sold 3.4 million common units in a public offering for total gross proceeds of $135.1 million. The units were issued under the Partnership's previously filed Form S-3 shelf registration statement. The sale of the units resulted in net proceeds of $128.7 million, after underwriters' commissions and legal, accounting, and other transaction expenses. Net proceeds from the sale were used to (a) redeem approximately 2.2 million common units from Sunoco for $83.1 million, (b) replenish cash utilized to acquire the Eagle Point logistics assets for $20.0 million, (c) finance the acquisition of the two refined product terminals from ConocoPhillips for $12.0 million, (d) finance the acquisition of an additional 33.3 percent undivided interest in the Harbor pipeline for $7.3 million, and (e) for general partnership purposes, including to replenish cash used for past acquisitions and capital improvements, and for other expansion, capital improvements or acquisition projects. As a result of this net issuance of 1.2 million common units, the Partnership also received $1.0 million from its general partner as a capital contribution to maintain its 2.0 percent general partner interest. After the redemption of its units, Sunoco's ownership interest in the Partnership decreased from 75.3 percent to 62.6 percent, including its 2.0 percent general partner interest.

3. Related Party Transactions

Advances to Affiliate

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco's centralized cash management program. Under this program, all of the Partnership's cash receipts and cash disbursements are processed, together with those of Sunoco and its other subsidiaries, through Sunoco's cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco earn interest at a rate equal to the average rate of the Partnership's third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate provided in the Partnership's revolving credit facility (see Note 7).

Selling, general and administrative expenses in the condensed consolidated statements of income include costs incurred by Sunoco for the provision of certain centralized corporate functions such as legal, accounting, treasury, engineering, information technology, insurance and other corporate services. These services are provided to the Partnership under an omnibus agreement ("Omnibus Agreement") with Sunoco for an annual administrative fee, which may be increased annually by the lesser of 2.5 percent or the consumer price index for the applicable year. The fee for the annual period ending December 31, 2004 is $8.4 million. These costs may also increase if the Partnership consummates an acquisition or constructs additional assets that require an increase in the level of general and administrative services received by the Partnership from the general partner or Sunoco. This fee does not include the costs of shared insurance programs, which are allocated to the Partnership based upon its share of the premiums incurred. This fee also does not include salaries of pipeline and terminal personnel or other employees of the general partner, including senior executives, or the cost of their employee benefits. The Partnership is reimbursing Sunoco for these costs and other direct expenses incurred on its behalf.

Allocated Sunoco employee benefit plan expenses for employees who work in the pipeline, terminalling, storage and crude oil gathering operations, including senior executives, include 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. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the condensed consolidated statements of income. These employees, including senior executives, are employees of the Partnership's general partner or its affiliates, which are wholly-owned subsidiaries of Sunoco. The Partnership has no employees.

Accounts Receivable, Affiliated Companies

Affiliated revenues in the condensed consolidated statements of income consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco, Inc. (R&M)("Sunoco R&M"). Sales of crude oil are computed using the formula-based pricing mechanism of a supply agreement with Sunoco R&M. Management of the Partnership believes these terms in the aggregate to be comparable to those that could be negotiated with an unrelated third party.

Pipeline revenues are generally determined using posted tariffs. The Partnership has throughput agreements with Sunoco R&M under which the Partnership is charging Sunoco R&M fees for services provided under these agreements comparable to those charged in arm's-length, third-party transactions. Under these agreements, Sunoco R&M has agreed to pay the Partnership a minimum level of revenues for transporting and terminalling refined products and crude oil for the period specified in the agreements.

Under other agreements between the parties, Sunoco R&M is, among other things, purchasing from the Partnership, at market-based rates, particular grades of crude oil that the Partnership's crude oil acquisition and marketing business purchases for delivery to certain pipelines. These agreements automatically renew on a monthly basis unless terminated by either party on 30 days written notice. Sunoco R&M also leases the Partnership's 58 miles of interrefinery pipelines between Sunoco R&M's Philadelphia and Marcus Hook refineries for a term of 20 years, ending in 2022.

Asset Acquisition

On March 30, 2004, the Partnership acquired the Eagle Point refinery logistics assets from Sunoco R&M for $20 million (see Note 9). In connection with the acquisition, the Partnership entered into a throughput agreement with Sunoco R&M under which the Partnership is charging Sunoco R&M fees for services provided under this agreement comparable to those charged in arm's length, third-party transactions. Sunoco R&M has also agreed to minimum volumes on the truck rack acquired in this transaction upon completion of certain capital improvements expected to be completed during the fourth quarter of 2004.

Redemption of Common Units and Capital Contributions

In April 2004, the Partnership sold 3.4 million common units in a public offering (see Note 2). The proceeds of this offering were partially utilized to redeem approximately 2.2 million common units from Sunoco for $83.1 million. The redemption price per unit was equal to the public offering price per unit after the underwriters' commissions. As a result of this net issuance of 1.2 million common units, the general partner contributed $1.0 million to the Partnership to maintain its 2.0 percent ownership interest. The Partnership recorded this amount as a capital contribution within Partners' Capital on the consolidated balance sheet at September 30, 2004.

In connection with the equity offering, the Partnership and Sunoco entered into an agreement whereby Sunoco has agreed to reimburse the Partnership for transaction costs incurred by the Partnership based upon the percentage of Sunoco's net redemption proceeds received from the total gross proceeds of the Partnership's offering (approximately 64.2 percent). Reimbursement will occur during the fourth quarter of 2004 when the transaction costs are expected to be finalized. The reimbursement will be accounted for as an increase to Partners' Capital in the condensed consolidated balance sheet.

The Omnibus Agreement requires Sunoco R&M to, among other things, reimburse the Partnership for up to $10.0 million of expenditures required at the Marcus Hook Tank Farm and the Darby Creek Tank Farm to maintain compliance with existing industry standards and regulatory requirements. These expenditures, which were recorded as maintenance capital and operating expenses, were as follows:

	Nine Months Ended September 30,	
	2004	2003
	(amounts in thousands)	
Maintenance capital	$ 2,503	$ 1,043
Operating expenses	533	467
	$ 3,036	$ 1,510

The reimbursement of these amounts were recorded by the Partnership as capital contributions within Partners' Capital on the consolidated balance sheets at September 30, 2004 and 2003.

4. Changes in Accounting Principles

In January 2003, Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FASB Interpretation No. 46"), was issued. Among other things, FASB Interpretation No. 46 defines a variable interest entity ("VIE") as an entity that either has investor voting rights that are not proportional to their economic interests or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FASB Interpretation No. 46 requires a VIE to be consolidated by an entity if that entity is the primary beneficiary. The primary beneficiary is the entity that is subject to a majority of the risk of loss from the VIE's activities or, if no entity is subject to a majority of such risk, the entity that is entitled to receive a majority of the VIE's residual returns. As the Partnership has no VIE's, this change had no impact on the Partnership's financial statements during the nine months ended September 30, 2004.

5. Net Income Per Unit Data

The computation of basic net income per limited partner unit is calculated by dividing net income, after the deduction of the general partner's interest in net income, by the weighted-average number of common and subordinated units outstanding during the period. The general partner's interest in net income is calculated on a quarterly basis, based upon its percentage interest in the quarterly distribution declared. The general partner's interest in quarterly distributions consists of its 2.0 percent general partner interest and "incentive distributions", which are increasing percentages of quarterly cash distributions it will receive in excess of $0.50 per limited partner unit (see Note 10). The general partner was allocated net income of $0.7 million (representing 5.5 percent) and $0.4 million (representing 2.4 percent) for the three months ended September 30, 2004 and 2003, respectively, and $2.0 million (representing 4.6 percent) and $1.0 million (representing 2.1 percent) for the nine months ended September 30, 2004 and 2003, respectively. Diluted net income per limited partner unit is calculated by dividing net income applicable to limited partners' by the sum of the weighted-average number of common and subordinated units outstanding and the dilutive effect of incentive unit awards, as calculated by the treasury stock method.

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

partner unit for the three and nine months ended September 30, 2004 and 2003:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Weighted average number of limited partner units outstanding — basic	23,988,734	22,771,793	23,557,919	22,771,793
Add effect of dilutive unit incentive awards	250,029	136,661	228,329	108,589
Weighted average number of limited partner units – diluted	24,238,763	22,908,454	23,786,248	22,880,382

6. Investment in Affiliates

The Partnership's ownership percentages in corporate joint ventures as of September 30, 2004 and December 31, 2003 are as follows:

	Equity Ownership Percentage
Explorer Pipeline Company	9.4%
Wolverine Pipe Line Company	31.5%
West Shore Pipe Line Company	12.3%
Yellowstone Pipe Line Company	14.0%
West Texas Gulf Pipe Line Company	43.8%

The following table provides summarized combined statement of income data on a 100 percent basis for the Partnership's corporate joint venture interests for the three and nine months ended September 30, 2004 and 2003 (in thousands of dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Income Statement Data:				
Total revenues	$102,140	$95,780	$284,141	$248,847
Net income	$ 29,502	$29,474	$ 82,292	$ 73,744

The following table provides summarized combined balance sheet data on a 100 percent basis for the Partnership's corporate joint venture interests as of September 30, 2004 and December 31, 2003 (in thousands of dollars):

	September 30, 2004	December 31, 2003
Balance Sheet Data:		
Current assets	$ 94,008	$ 90,291
Non-current assets	469,746	477,467
Current liabilities	58,459	87,199
Non-current liabilities	444,111	423,763
Net equity	61,184	56,796

The Partnership's investments in Wolverine, West Shore, Yellowstone, and West Texas Gulf at September 30, 2004 include an excess investment amount of approximately $56.4 million, net of accumulated amortization of $1.2 million. The excess investment is the difference between the investment balance and the Partnership's proportionate share of the net assets of the entities. The excess investment was allocated to the underlying tangible and intangible assets. 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 and included within depreciation and amortization in the condensed consolidated statements of income.

7. Long-Term Debt

The components of long-term debt (including current portion) are as follows (in thousands of dollars):

	September 30, 2004	December 31, 2003
Credit Facility	$ 64,500	$ 64,500
Senior Notes	250,000	250,000
Less unamortized bond discount	(1,237)	(1,364)
	313,263	313,136
Less current portion	(64,500)	—
	$ 248,763	$ 313,136

The Credit Facility (the "Credit Facility"), which currently has an aggregate committed sum of $250 million and matures January 31, 2005, is available to fund the Operating Partnership's working capital requirements, to finance future acquisitions and for general partnership purposes. It may also be used to fund the quarterly distribution to a maximum of $20.0 million. Borrowings under this distribution sublimit must be reduced to zero each year for a 15-day period. The Credit Facility bears interest at the Operating Partnership's option, at either (i) LIBOR plus an applicable margin or (ii) the higher of the federal funds rate plus 0.50 percent or the Bank of America prime rate (each plus the applicable margin). The interest rate on the outstanding borrowings at September 30, 2004 was 2.4 percent. The Credit Facility may be prepaid at any time. The Credit Facility contains various covenants limiting the Operating Partnership's ability to incur indebtedness; grant certain liens; make certain loans, acquisitions and investments; make any material change to the nature of its business; acquire another company; or enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. The Credit Facility also contains covenants requiring the Operating Partnership to maintain, on a rolling four-quarter basis, a maximum total debt to EBITDA ratio (each as defined in the credit agreement) of 4.0 to 1 and an interest coverage ratio (as defined in the credit agreement) of at least 3.5 to 1. The Operating Partnership is in compliance with these covenants as of September 30, 2004. The Partnership's ratio of total debt to EBITDA was 2.9 to 1 and the interest coverage ratio was 5.2 to 1 at September 30, 2004.

The Credit Facility matures on January 31, 2005. It is management's intent to renew the Credit Facility during the fourth quarter of 2004.

The Senior Notes are at 7.25 percent, due February 15, 2012, and were issued by the Operating Partnership at a discount of 99.325 percent of the

principal amount. The discount is amortized on a straight-line basis over the term of the Senior Notes and is included within interest expense in the condensed consolidated statements of income. The Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The Operating Partnership is in compliance with these covenants as of September 30, 2004. In addition, the Senior Notes are also subject to repurchase by the Operating Partnership at a price equal to 100 percent of their principal amount, plus accrued and unpaid interest upon a change of control to a non-investment grade entity.

The Partnership and the operating partnerships of the Operating Partnership serve as joint and several guarantors of the Senior Notes and of any obligations under the Credit Facility. The guarantees are full and unconditional.

The Partnership has no operations and its only assets are investments in its wholly-owned partnerships. The Operating Partnership also has no operations and its assets as of September 30, 2004 are limited primarily to investments in its wholly-owned operating partnerships, deferred charges, and cash and cash equivalents of $59.8 million. Except for amounts associated with the Senior Notes, the Credit Facility, cash and cash equivalents and advances to affiliate, the assets and liabilities in the condensed consolidated balance sheets and the revenues and costs and expenses in the condensed consolidated statements of income are primarily attributable to the operating partnerships.

8. Commitments and Contingent Liabilities

The Partnership participates in an agreement along with the other owners of Wolverine to guarantee certain outstanding debt instruments of Wolverine based upon ownership percentage. Based upon outstanding indebtedness of these instruments of approximately $3.8 million at September 30, 2004, the approximate amount of the Partnership's guarantee is $1.2 million.

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. The accrued liability for environmental remediation in the condensed consolidated balance sheets at September 30, 2004 and December 31, 2003 was $0.9 million and $0.5 million, respectively. These liabilities do not include any amounts attributable to unasserted claims, nor have any recoveries from insurance been assumed. Management does not believe that any liabilities that may arise from these unasserted claims would be material in relation to the financial position of the Partnership at September 30, 2004.

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 any contamination at each site, the timing and nature of required remedial actions, the technology available and needed to meet the various existing legal requirements, the nature and extent of future environmental laws, inflation rates and the determination of the Partnership's liability at multi-party sites, if any, in light of

uncertainties with respect to joint and several liability, and the number, participation levels and financial viability of other parties. As discussed below, the Partnership's future costs will also be impacted by an indemnification from Sunoco.

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

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

Management of the Partnership does not believe that any liabilities which may arise from claims indemnified by Sunoco would be material in relation to the financial position of the Partnership at September 30, 2004.

There are certain other pending legal proceedings related to matters arising after the February 2002 IPO that are not indemnified by Sunoco. Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the financial position of the Partnership at September 30, 2004.

9. Acquisitions

On June 28, 2004, the Partnership purchased an additional 33.3 percent undivided interest in the Harbor pipeline from an affiliate of El Paso Corporation for $7.3 million. The Harbor pipeline is an approximately 80-mile, 180,000 bpd refined product, common carrier pipeline originating near Woodbury, New Jersey and terminating in Linden, New Jersey. As a result of this transaction, the Partnership increased its ownership to 66.7 percent and will continue to be the operator of the pipeline. The purchase price was funded through the proceeds of the April 7, 2004 sale of common units (see Note 2). The purchase price was allocated on a preliminary basis to property, plant and equipment and has been included within the Eastern Pipeline System business segment. The results of the acquisition are included in the consolidated financial statements from the date of acquisition.

On April 28, 2004, the Partnership purchased two refined product terminals located in Baltimore, Maryland and Manassas, Virginia from ConocoPhillips for $12.0 million. The purchase price was funded through the proceeds of the April 7, 2004 sale of common units (see Note 2). The purchase price was allocated on a preliminary basis to property, plant and equipment and has been included within the Terminal Facilities business segment. The results of the acquisition are included in the consolidated financial statements from the date of acquisition.

On March 30, 2004, the Partnership acquired the Eagle Point refinery logistics assets from Sunoco R&M for $20 million. The Eagle Point logistics assets consist of crude and refined product ship and barge docks, a refined product truck rack, and a 4.5 mile, refined product pipeline from the Eagle Point refinery to the origin of the Harbor pipeline. In connection with the acquisition, the Partnership entered into a throughput agreement with Sunoco R&M whereby they have agreed to minimum volumes on the truck rack upon completion of certain capital improvements expected to be completed during the fourth quarter of 2004. The purchase price was funded initially through cash on hand. A portion of the proceeds of the April 7, 2004 sale of common units was subsequently utilized to replenish cash used to fund this acquisition (see Note 2). The purchase price was allocated on a preliminary basis to property, plant and equipment. The ship and barge docks and the truck rack have been included within the Terminal Facilities business segment, while the pipeline has been included within the Eastern Pipeline System. The results of the acquisition are included in the consolidated financial statements from the date of acquisition.

On September 30, 2003, the Partnership acquired an additional 3.1 percent interest in West Shore Pipe Line Company, a Midwestern United States products pipeline company, for $3.7 million. The acquisition of this additional interest raised the Partnership's overall ownership percentage in West Shore from 9.2 percent to 12.3 percent. The results from the additional interest are included within the Eastern Pipeline System business segment in the consolidated financial statements from the date of acquisition.

10. Cash Distributions

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

The Partnership has 11,383,639 subordinated units issued, all of which are held by the general partner and for which there is no established public trading market. During the subordination period the Partnership will pay cash distributions each quarter in the following manner:

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

- Second, 98 percent to the holders of subordinated units and 2 percent to the general partner, until each subordinated unit has received a minimum quarterly distribution of $0.45; and
- Thereafter, in the manner described in the table below.

The subordination period is generally defined as the period that ends on the first day of any quarter beginning after December 31, 2006 if (1) the Partnership has distributed at least the minimum quarterly distribution on all outstanding units with respect to each of the immediately preceding three consecutive, non-overlapping four quarter periods; and (2) the adjusted operating surplus, as defined in the partnership agreement, during such periods equals or exceeds the amount that would have been sufficient to enable the Partnership to distribute the minimum quarterly distribution on all outstanding units on a fully diluted basis and the related distribution on the 2 percent general partner interest during those periods. The Partnership has met the minimum quarterly distribution requirements on all outstanding units for each quarter since its February 2002 IPO. In addition, one-quarter of the subordinated units may convert to common units on a one-for-one basis after December 31, 2004, and one-quarter of the subordinated units may convert to common units on a one-for-one basis after December 31, 2005, if the Partnership meets the tests set forth in the partnership agreement. If the subordination period ends, the rights of the holders of subordinated units will no longer be subordinated to the rights of the holders of common units and the subordinated units may be converted into common units.

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

- First, 98 percent to all unitholders, pro rata, and 2 percent to the general partner, until the Partnership distributes for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- Thereafter, as described in the paragraph and table below.

As presented in the table below, if cash distributions exceed $0.50 per unit in a quarter, the general partner will receive increasing percentages of the cash distributed in excess of that amount. These distributions are referred to as "incentive distributions". The amounts shown in the table below are the percentage interests of the general partner and the unitholders in any available cash from operating surplus that is distributed up to and including the corresponding amount in the column "Quarterly Cash Distribution per Unit", until the available cash that is distributed reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

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

There is no guarantee that the Partnership will pay the minimum quarterly distribution on the common units in any quarter, and the Partnership will be prohibited from making any distributions to unitholders if it would cause an event of default, or if an event of default is existing, under the Credit Facility or the Senior Notes.

Distributions paid quarterly by the Partnership for the period from January 1, 2003 through September 30, 2004 were as follows:

Date Cash Distribution Paid	Cash Distribution per Limited Partner unit	Total Cash Distribution to Limited Partners	Total Cash Distribution to the General Partner
		($ in millions)	($ in millions)
August 13, 2004	$ 0.5875	$ 14.1	$ 0.7
May 14, 2004	$ 0.57	$ 13.7	$ 0.5
February 13, 2004	$ 0.55	$ 12.5	$ 0.4
November 14, 2003	$ 0.5125	$ 11.7	$ 0.3
August 14, 2003	$ 0.50	$ 11.4	$ 0.2
May 15, 2003	$ 0.4875	$ 11.1	$ 0.2
February 14, 2003	$ 0.4875	$ 11.1	$ 0.2

On October 17, 2004, the Partnership declared a cash distribution of $0.6125 per unit on its outstanding common and subordinated units, representing the distribution for the quarter ended September 30, 2004. The $15.6 million distribution, including $0.9 million to the general partner, will be paid on November 12, 2004 to unitholders of record at the close of business on November 1, 2004.

11. Business Segment Information

The following table sets forth condensed statement of income information concerning the Partnership's business segments and reconciles total segment operating income to net income for the three and nine months ended September 30, 2004 and 2003, respectively (in thousands of dollars):

	Three Months Ended September 30,	
	2004	2003
Segment Operating Income		
Eastern Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 17,972	$ 18,672
Unaffiliated customers	6,500	5,461
Other income	3,555	3,523
Total Revenues	28,027	27,656
Operating expenses	13,286	10,411
Depreciation and amortization	2,725	2,703
Selling, general and administrative expenses	4,195	4,462
Total Costs and Expenses	20,206	17,576
Operating Income	$ 7,821	$ 10,080
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 18,503	$ 15,403
Unaffiliated customers	9,562	9,205
Other Income	13	—
Total Revenues	28,078	24,608
Operating expenses	12,500	10,724
Depreciation and amortization	3,583	2,865
Selling, general and administrative expenses	3,163	3,110
Total Costs and Expenses	19,246	16,699
Operating Income	$ 8,832	$ 7,909
Western Pipeline System:		
Sales and other operating revenue:		
Affiliates	$422,117	$318,906
Unaffiliated customers	382,949	285,513
Other income	604	1,257
Total Revenues	805,670	605,676
Cost of products sold and operating expenses	798,539	596,086
Depreciation and amortization	1,578	1,350
Selling, general and administrative expenses	4,239	4,093
Total Costs and Expenses	804,356	601,529
Operating Income	$ 1,314	$ 4,147
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Eastern Pipeline System	$ 7,821	$ 10,080
Terminal Facilities	8,832	7,909
Western Pipeline System	1,314	4,147
Total segment operating income	17,967	22,136
Net interest expense	5,202	5,268
Net Income	$ 12,765	$ 16,868

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	Nine Months Ended September 30,	
	2004	2003
Segment Operating Income		
Eastern Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 52,904	$ 53,986
Unaffiliated customers	18,584	16,312
Other income	9,591	8,810
Total Revenues	81,079	79,108
Operating expenses	34,674	29,299
Depreciation and amortization	8,123	7,972
Selling, general and administrative expenses	13,584	13,752
Total Costs and Expenses	56,381	51,023
Operating Income	$ 24,698	$ 28,085
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 52,446	$ 44,960
Unaffiliated customers	25,733	24,396
Other Income	13	15
Total Revenues	78,192	69,371
Operating expenses	32,594	29,154
Depreciation and amortization	9,626	8,442
Selling, general and administrative expenses	9,764	9,671
Total Costs and Expenses	51,984	47,267
Operating Income	$ 26,208	$ 22,104
Western Pipeline System:		
Sales and other operating revenue:		
Affiliates	$1,133,683	$ 921,102
Unaffiliated customers	1,136,140	965,364
Other income	1,445	2,794
Total Revenues	2,271,268	1,889,260
Cost of products sold and operating expenses	2,245,904	1,861,440
Depreciation and amortization	4,349	4,098
Selling, general and administrative expenses	12,945	12,516
Total Costs and Expenses	2,263,198	1,878,054
Operating Income	$ 8,070	$ 11,206
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Eastern Pipeline System	$ 24,698	$ 28,085
Terminal Facilities	26,208	22,104
Western Pipeline System	8,070	11,206
Total segment operating income	58,976	61,395
Net interest expense	15,130	14,822
Net Income	$ 43,846	$ 46,573

The following table provides the identifiable assets for each segment as of September 30, 2004 and December 31, 2003 (in thousands):

	September 30, 2004	December 31, 2003
Eastern Pipeline System	$ 331,858	$ 324,037
Terminal Facilities	255,383	218,048
Western Pipeline System	710,930	575,906
Corporate and other	69,427	63,015
Total identifiable assets	$ 1,367,598	$1,181,006

Corporate and other assets consist primarily of cash and cash equivalents, advances to affiliates and deferred charges.

12. Subsequent Events

On October 12, 2004, the Partnership announced that it had signed a definitive agreement with West Texas Gulf Pipe Line Company to become its operator effective January 1, 2005. West Texas Gulf is a joint venture that owns a 579-mile common carrier crude oil pipeline, originating from the West Texas oil fields at Colorado City, Texas and the Nederland, Texas crude oil import terminal, with an extension to Longview, Texas where deliveries are made to several pipelines, including the Mid-Valley Pipeline. The Partnership is the largest shareholder in West Texas Gulf, having acquired its 43.8 percent interest in November 2002.

On October 18, 2004, the Partnership announced that it had signed a definitive agreement with Midwest Terminal Company, a wholly-owned subsidiary of Certified Oil Company, to purchase a refined products terminal located in Columbus, Ohio for approximately $8 million. The terminal is connected to a third-party, refined product, common carrier pipeline and includes 6 refined product tanks with approximately 160 thousand barrels of working storage capacity, located on 13 acres; two truck racks for shipping gasoline, distillate fuels, and ethanol via tanker truck; and rail siding access for 4 rail cars for ethanol handling. Customers consist of Sunoco, Inc. and other third parties. Closing of the transaction is expected within the next 60 days, subject to certain closing conditions.

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

Results of Operations – Three Months Ended September 30, 2004 and 2003

Sunoco Logistics Partners L.P.
Operating Highlights
Three Months Ended September 30, 2004 and 2003

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003
Eastern Pipeline System:(1)		
Total shipments (barrel miles per day)(2)	59,503,096	57,459,042
Revenue per barrel mile (cents)	0.447	0.457
Terminal Facilities:		
Terminal throughput (bpd):		
Nederland terminal	497,380	504,293
Other terminals(3)	1,022,359	761,913
Western Pipeline System:(1)		
Crude oil pipeline throughput (bpd)	295,684	302,502
Crude oil purchases at wellhead (bpd)	184,079	190,227
Gross margin per barrel of pipeline throughput (cents)(4)	18.2	25.1

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

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

(3) Consists of the Partnership's refined product terminals, the Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point logistics assets.

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

Analysis of Statements of Income

Net income was $12.8 million for the third quarter 2004 as compared with $16.9 million for the third quarter 2003, a decrease of $4.1 million. This decrease was primarily the result of a $4.2 million decrease in operating income to $18.0 million for the third quarter 2004 from $22.1 million for the prior year quarter due principally to the impact of a turnaround at Sunoco, Inc.'s Marcus Hook refinery, higher Eastern and Western Pipeline System operating and maintenance expenses, weaker Western Pipeline System lease acquisition margins, and costs related to complying with the Sarbanes-Oxley Act, partially offset by the operating results of recent acquisitions.

Sales and other operating revenue totaled $857.6 million for the third quarter 2004 as compared with $653.2 million for the third quarter 2003, an increase of $204.4 million. This increase was largely attributable to an increase in crude oil prices, partially offset by a decline in lease acquisition and bulk volumes. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma, the benchmark crude oil in the United States, increased to an average price of $43.85 per barrel for the third

quarter 2004 from $30.22 per barrel for the third quarter 2003. Other income decreased $0.6 million from the third quarter 2003 to $4.2 million for the third quarter 2004 due principally to the absence in the current period of a gain on sale of crude trucks and other miscellaneous gains, partially offset by an increase in equity income from the corporate joint ventures.

Total cost of products sold and operating expenses increased $207.1 million to $824.3 million for the third quarter 2004 from $617.2 million for the third quarter 2003 due primarily to the increase in crude oil prices, partially offset by the decline in lease acquisition and bulk volumes described earlier. Depreciation and amortization increased $1.0 million to $7.9 million for the third quarter 2004 from $6.9 million for the prior year quarter due mainly to depreciation related to the acquired assets. Net interest expense was $5.2 million for the third quarter 2004, relatively unchanged from the prior year's third quarter. Selling, general and administrative expenses decreased slightly to $5.2 million for the third quarter 2004 due principally to lower general and administrative costs, partially offset by costs incurred to comply with the Sarbanes-Oxley Act.

Analysis of Segment Operating Income

Eastern Pipeline System

Operating income for the Eastern Pipeline System was $7.8 million for the third quarter 2004 compared with $10.1 million for the prior year quarter. This $2.3 million decrease was mainly the result of a $2.6 million increase in total costs and expenses, partially offset by a $0.3 million increase in sales and other operating revenue. Sales and other operating revenue increased to $24.5 million for the third quarter 2004 compared with the third quarter 2003 due primarily to an increase in total shipments, partially offset by lower revenue per barrel mile. The increase in shipments was principally the result of higher crude oil throughput on the Marysville to Toledo pipeline and higher refined product throughput on the Harbor pipeline, partially offset by a four-week, planned turnaround at Sunoco, Inc.'s Marcus Hook refinery in September 2004. The increase in volume on the Harbor pipeline was due mainly to the acquisition of an additional one-third ownership interest in late June 2004 and Sunoco, Inc.'s January 2004 purchase of the Eagle Point, New Jersey refinery.

Total costs and expenses increased from $17.6 million for the prior year's third quarter to $20.2 million for the third quarter 2004 due principally to higher scheduled maintenance costs and product line losses caused by meter inaccuracies which have been remedied. In addition, total expenses increased due to the inclusion of an additional one-third interest in the Harbor pipeline.

Terminal Facilities

The Terminal Facilities business segment had operating income of $8.8 million for the third quarter 2004 compared with $7.9 million for the prior year quarter. This $0.9 million increase was due to a $3.5 million increase in total revenues, partially offset by a $2.5 million increase in total costs and expenses. The increase in total revenues to $28.1 million for the third quarter 2004 from $24.6 million for the third quarter 2003 was largely due to the operating results from the acquisition of the Eagle Point logistics assets from Sunoco R&M on March 30, 2004 and the purchase of two refined product terminals from ConocoPhillips located in Baltimore, Maryland and Manassas, Virginia on April 28, 2004. The Nederland Terminal's volumes

and revenues also increased from the prior year quarter due to the construction of two new tanks in the prior year and higher utilization of existing tankage due to improved market conditions for crude oil imports.

The increase in total costs and expenses to $19.2 million for the third quarter 2004 from $16.7 million for the prior year quarter was primarily due to a $1.8 million increase in operating expenses and a $0.7 million increase in depreciation and amortization. Both increases were principally due to the acquired assets mentioned previously. Operating expenses also increased between periods due to an increase in scheduled tank maintenance costs at the Nederland Terminal.

Western Pipeline System

Operating income for the Western Pipeline System was $1.3 million for the third quarter 2004, a decrease of $2.8 million from the prior year quarter. This decrease was the result of a $2.0 million decrease in gross margin and a $0.7 million decrease in other income. Sales and other operating revenue and cost of products sold and operating expenses increased in the third quarter 2004 compared with the prior year quarter due mainly to the increase in crude oil prices, partially offset by the decline in lease acquisition and bulk volumes mentioned previously. The decrease in gross margin was primarily attributable to an increase in scheduled pipeline maintenance and integrity management expenses and lower lease acquisition margins. Other income decreased $0.7 million from the prior year quarter to $0.6 million for the third quarter 2004 due principally to the absence in the current period of a gain on sale of crude trucks, partially offset by an increase in equity income from the West Texas Gulf Pipe Line.

Results of Operations – Nine Months Ended September 30, 2004 and 2003

Sunoco Logistics Partners L.P.
Operating Highlights
Nine Months Ended September 30, 2004 and 2003

	Nine Months Ended September 30,	
	2004	**2003**
Eastern Pipeline System:(1)		
Total shipments (barrel miles per day)(2)	57,825,743	54,898,010
Revenue per barrel mile (cents)	0.451	0.469
Terminal Facilities:		
Terminal throughput (bpd):		
Nederland terminal	492,792	450,304
Other terminals(3)	942,971	769,110
Western Pipeline System:(1)		
Crude oil pipeline throughput (bpd)	298,523	305,970
Crude oil purchases at wellhead (bpd)	186,726	195,605
Gross margin per barrel of pipeline throughput (cents)(4)	23.9	25.1

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

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

(3) Consists of the Partnership's refined product terminals, the Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point logistics assets.

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

Analysis of Statements of Income

Net income was $43.8 million for the nine months ended September 30, 2004 as compared with $46.6 million for the first nine months of 2003, a decrease of $2.7 million. This decrease was primarily the result of higher Eastern Pipeline System operating and maintenance expenses, lower Western Pipeline System lease acquisition margins, and costs related to complying with the Sarbanes-Oxley Act, partially offset by the operating results from the acquisitions and higher revenues at the Nederland Terminal.

Sales and other operating revenue totaled $2,419.5 million for the nine months ended September 30, 2004 as compared with $2,026.1 million for the corresponding prior year period, an increase of $393.4 million. This increase was largely attributable to an increase in crude oil prices, partially offset by a decline in lease acquisition and bulk volumes. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma, increased to an average price of $39.01 per barrel for the first nine months of 2004 from $30.96 per barrel for the first nine months of 2003. Other income decreased $0.6 million to $11.0 million for the first nine months of 2004 due principally to the absence in the current period of a gain on sale of crude trucks and other miscellaneous gains, partially offset by slightly higher equity income from the corporate joint ventures. The increase in

equity income between periods was due primarily to higher equity income from Explorer Pipeline due to a capacity expansion completed in September 2003, partially offset by lower equity income from West Texas Gulf Pipe Line due to a decline in demand for domestic crude oil transported on this pipeline from the prior year's corresponding period and the temporary shutdown of a significant connecting pipeline due to planned, four-week refinery turnarounds during the current period.

Total cost of products sold and operating expenses increased $393.3 million to $2,313.2 million for the nine months ended September 30, 2004 from $1,919.9 million for the corresponding prior year period due primarily to the increase in crude oil prices, partially offset by the decline in lease acquisition and bulk volumes described earlier. Depreciation and amortization increased $1.6 million to $22.1 million for the first nine months of 2004 from $20.5 million for the first nine months of 2003 due mainly to depreciation related to the acquired assets and the construction of two new tanks at the Nederland Terminal in the prior year.

Net interest expense increased $0.3 million from the corresponding prior year period to $15.1 million for the nine months ended September 30, 2004 due principally to a decline in capitalized interest, partially offset by a fourth quarter 2003 repayment of debt. The capitalized interest recorded during the first nine months of 2003 was in connection with the construction of two new tanks at the Nederland Terminal.

Analysis of Segment Operating Income

Eastern Pipeline System

Operating income for the Eastern Pipeline System decreased $3.4 million to $24.7 million for the nine months ended September 30, 2004 compared with $28.1 million for the corresponding prior year period. This decrease was mainly the result of a $5.4 million increase in total costs and expenses, partially offset by a $1.2 million increase in sales and other operating revenue and a $0.8 million increase in other income. Sales and other operating revenue increased to $71.5 million for the first nine months of 2004 compared with the first nine months of 2003 due primarily to an increase in total shipments, partially offset by lower revenue per barrel mile. The increase in shipments was primarily the result of higher crude oil throughput on the Marysville to Toledo pipeline and higher refined product throughput on the Harbor pipeline, partially offset by a decline in volumes as a result of turnarounds at Sunoco, Inc.'s Toledo refinery in March 2004 and Marcus Hook refinery in September 2004. Other income increased $0.8 million to $9.6 million or the first nine months of 2004 due primarily to an increase in equity income from the corporate joint venture interests, due mainly to a capacity expansion for the Explorer Pipeline in September 2003 and the purchase of an additional 3.1 percent ownership interest in the West Shore Pipe Line in September 2003.

Total costs and expenses increased $5.4 million to $56.4 million for the first nine months of 2004 due principally to an increase in scheduled maintenance costs, product line losses caused by meter inaccuracies which have been remedied, and the inclusion of an additional one-third interest in the Harbor pipeline.

Terminal Facilities

The Terminal Facilities business segment had operating income of $26.2 million for the nine months ended September 30, 2004 compared with $22.1 million for the comparable prior year period. This $4.1 million increase was due to a $8.8 million increase in total revenues, partially offset by a $4.7 million increase in total costs and expenses. The increase in total revenues to $78.2 million for the first nine months of 2004 from $69.4 million for the first nine months of 2003 was largely due to the operating results from the acquisition of the Eagle Point logistics assets and the refined product terminals located in Baltimore, Maryland and Manassas, Virginia. Total revenues also increased due to an increase in volumes at the Nederland Terminal, the refined product terminals, and the Fort Mifflin Terminal Complex. The Nederland Terminal's volumes increased from the prior year comparable period due to the construction of two new tanks in the prior year and higher utilization of existing tankage due to improved market conditions for crude oil imports.

The increase in total costs and expenses to $52.0 million for the first nine months of 2004 from $47.3 million for the first nine months of 2003 was due principally to a $3.4 million increase in operating expenses and a $1.2 million increase in depreciation and amortization. Both increases were principally due to the acquired assets mentioned previously. Operating expenses also increased due to non-routine dredging activity on the Delaware River at the Fort Mifflin Terminal docks in the first quarter 2004 and an increase in scheduled tank maintenance costs at the Nederland Terminal. Depreciation and amortization was also higher due to the construction of two new tanks at the Nederland Terminal in the prior year.

Western Pipeline System

Operating income for the Western Pipeline System was $8.1 million for the nine months ended September 30, 2004, a decrease of $3.1 million from the comparable prior year period. This decrease was the result of a $1.4 million decrease in gross margin, a $1.3 million decrease in other income, and a $0.4 million increase in selling, general and administrative expenses. Sales and other operating revenue and cost of products sold and operating expenses increased in the first nine months of 2004 compared with the first nine months of 2003 due mainly to the increase in crude oil prices, partially offset by the decline in lease acquisition and bulk volumes mentioned previously. The decrease in gross margin was primarily attributable to lower lease acquisition margins. Other income decreased from the prior year period to $1.4 million for the first nine months of 2004 due principally to lower equity income from the West Texas Gulf Pipe Line and the absence in the current period of a gain on sale of crude trucks. The decline in West Texas Gulf's operating results was due to a decline in demand for domestic crude oil transported on this pipeline from the prior year's corresponding period and the temporary shutdown of a significant connecting pipeline due to planned, four-week refinery turnarounds during the current period. Selling, general and administrative expenses increased from the prior year period to $12.9 million for the first nine months of 2004 due mainly to higher allocated general and administrative costs.

Liquidity and Capital Resources

General

Cash generated from operations and borrowings under the Credit Facility are the Partnership's primary sources of liquidity. At September 30, 2004, the Partnership had a working capital deficit of $20.8 million and available borrowing capacity under the Credit Facility of $185.5 million. The decrease in working capital from $37.8 million at December 31, 2003 was primarily the result of the classification of the $64.5 million of outstanding borrowings under the Credit Facility as a current liability due to its maturity date of January 31, 2005. The Partnership's working capital position also reflects crude oil inventories based on historical costs under the LIFO method of accounting. If the inventories had been valued at their current replacement cost, the Partnership would have had a working capital surplus of $52.1 million at September 30, 2004.

On April 7, 2004, the Partnership sold 3.4 million common units in a public offering for total gross proceeds of $135.1 million. The units were issued under the Partnership's previously filed $500 million universal shelf registration statement, of which approximately $365 million remains available. The sale of the units resulted in net proceeds of $128.7 million, after underwriters' commissions and legal, accounting, and other transaction expenses. Net proceeds from the sale were used to (a) redeem approximately 2.2 million common units from Sunoco for $83.1 million, (b) replenish cash utilized to acquire the Eagle Point logistics assets for $20.0 million, (c) finance the acquisition of the two refined product terminals from ConocoPhillips for $12.0 million, (d) finance the acquisition of an additional 33.3 percent undivided interest in the Harbor pipeline for $7.3 million, and (e) for general partnership purposes, including to replenish cash used for past acquisitions and capital improvements, and for other expansion, capital improvements or acquisition projects. As a result of this net issuance of 1.2 million common units, the Partnership also received $1.0 million from its general partner as a capital contribution to maintain its 2.0 percent general partner interest. After the redemption of its units, Sunoco's ownership interest in the Partnership decreased from 75.3 percent to 62.6 percent, including its 2.0 percent general partner interest.

The Credit Facility matures on January 31, 2005. It is management's intent to renew the Credit Facility during the fourth quarter of 2004.

Management believes that the Partnership has sufficient liquid assets, cash from operations and borrowing capacity to meet its financial commitments, debt service obligations, unitholder distributions, contingencies and anticipated capital expenditures. However, the Partnership is subject to business and operational risks that could adversely effect its cashflow. The Partnership may supplement its cash generation with proceeds from financing activities, including borrowings under the Credit Facility and other borrowings and the issuance of additional common units.

Cash Flows and Capital Expenditures

Net cash provided by operating activities for the nine months ended September 30, 2004 was $64.5 million compared with $65.4 million for the first nine months of 2003. Net cash provided by operating activities for the first nine months of 2004 was primarily generated by net income of $43.8

million and depreciation and amortization of $22.1 million. Net cash provided by operating activities for the first nine months of 2003 was principally generated by net income of $46.6 million and depreciation and amortization of $20.5 million.

Net cash used in investing activities for the nine months ended September 30, 2004 was $65.4 million compared with $26.1 million for the prior year comparable period. The increase between periods is due primarily to the completion of three acquisitions in the current period for an aggregate purchase price of $41.1 million, including transaction costs. See further discussion of capital expenditures under “Capital Requirements”.

Net cash provided by financing activities for the nine months ended September 30, 2004 was $10.6 million compared with $23.4 million used in financing activities for the first nine months of 2003. Net cash provided by financing activities for the first nine months of 2004 was principally the result of $128.7 million of net proceeds from the sale of 3.4 million common units in April 2004, a $3.0 million capital contribution from an affiliate, net collections of $2.8 million of advances to affiliate, and a $1.0 million net contribution from the general partner to maintain its 2.0 percent ownership interest after the sale of common units, partially offset by the $83.1 million redemption of approximately 2.2 million common units from Sunoco and $41.9 million of cash distributions paid to the limited partners and general partner. Net cash used by financing activities for the first nine months of 2003 was mainly the result of $34.3 million of cash distributions paid to the limited partners and general partner, partially offset by net collections of $9.6 million of advances to affiliate and a $1.5 million capital contribution from an affiliate.

Under a treasury services agreement with Sunoco, the Partnership participates in Sunoco’s centralized cash management program. Advances to affiliates in the Partnership’s condensed consolidated balance sheets at September 30, 2004 and December 31, 2003 represent amounts due from Sunoco under this agreement.

Capital Requirements

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

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

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

The following table summarizes maintenance and expansion capital expenditures, including net cash paid for acquisitions, for the periods presented (in thousands of dollars):

	Nine Months Ended September 30,	
	2004	2003
Maintenance	$16,554	$16,766
Expansion	48,813	9,348
	$65,367	$26,114

Maintenance capital expenditures for the nine months ended September 30, 2004 were $16.6 million, relatively consistent with the prior year comparable period. Capital expenditures for both periods presented include 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, crude trucks and related equipment, and the upgrade of pump stations. In addition to these recurring projects, maintenance capital for the nine months ended September 30, 2004 and 2003 includes $2.5 million and $1.0 million, respectively, of expenditures at the Darby Creek Tank Farm and the Marcus Hook Tank Farm for which the Partnership received reimbursement from Sunoco R&M under the terms of the Omnibus Agreement. Management anticipates maintenance capital expenditures to be approximately $25.5 million for the year ending December 31, 2004.

Expansion capital expenditures increased by $39.5 million to $48.8 million for the first nine months of 2004 compared with the prior year comparable period. Expansion capital spending for the first nine months of 2004 was principally for three acquisitions: the Eagle Point logistics assets, which were purchased for $20.0 million from Sunoco R&M on March 30, 2004; two refined product terminals located in Baltimore, Maryland and Manassas, Virginia, which were purchased from ConocoPhillips for $12 million on April 28, 2004; and an additional 33.3 percent undivided interest in the Harbor pipeline, which was acquired on June 28, 2004 from an affiliate of El Paso Corporation for $7.3 million. As a result of the purchase of the additional interest in the Harbor pipeline, the Partnership increased its ownership to 66.7 percent and will continue to be the operator of this pipeline. Expansion capital spending for the first nine months of 2003 was primarily for the construction of two new tanks and a pump station at the Nederland Terminal and the purchase of an additional 3.1 percent interest in the West Shore Pipe Line Company for $3.7 million.

The Partnership expects to fund capital expenditures, including any acquisitions, from cash provided by operations and, to the extent necessary, from the proceeds of borrowings under the Credit Facility and other borrowings and the issuance of additional common units. The Credit Facility matures on January 31, 2005. It is management's intent to renew the Credit Facility during the fourth quarter of 2004.

Subsequent Events

On October 12, 2004, the Partnership announced that it had signed a definitive agreement with West Texas Gulf Pipe Line Company to become its operator effective January 1, 2005. West Texas Gulf is a joint venture that owns a 579-mile common carrier crude oil pipeline, originating from the West Texas oil fields at Colorado City, Texas and the Nederland, Texas crude oil import terminal, with an extension to Longview, Texas where deliveries are

made to several pipelines, including the Mid-Valley Pipeline. The Partnership is the largest shareholder in West Texas Gulf, having acquired its 43.8 percent interest in November 2002.

On October 18, 2004, the Partnership announced that it had signed a definitive agreement with Midwest Terminal Company, a wholly-owned subsidiary of Certified Oil Company, to purchase a refined products terminal located in Columbus, Ohio for approximately $8 million. The terminal is connected to a third-party, refined product, common carrier pipeline and includes 6 refined product tanks with approximately 160 thousand barrels of working storage capacity, located on 13 acres; two truck racks for shipping gasoline, distillate fuels, and ethanol via tanker truck; and rail siding access for 4 rail cars for ethanol handling. Customers consist of Sunoco, Inc. and other third parties. Closing of the transaction is expected within the next 60 days, subject to certain closing conditions.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Partnership is exposed to various market risks, including volatility in crude oil commodity prices and interest rates. To manage such exposures, inventory levels and expectations of future commodity prices and interest rates are monitored when making decisions with respect to risk management. The Partnership has not entered into derivative transactions that would expose it to price risk.

The $250 million Credit Facility exposes the Partnership to interest rate risk since it bears interest at a variable rate (2.4 percent at September 30, 2004). A one percent change in interest rates changes annual interest expense by approximately $645,000 based upon outstanding borrowings under the Credit Facility of $64.5 million at September 30, 2004.

Forward-Looking Statements

Some of the information included in this quarterly report on Form 10-Q contains “forward-looking” statements, as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act, and information relating to the Partnership that is based on the beliefs of its management as well as assumptions made by and information currently available to management.

Forward-looking statements discuss expected future results based on current and pending business operations, and may be identified by words such as “anticipates”, “believes”, “expects”, “planned”, “scheduled” or similar expressions. Although management of the Partnership believes 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. Statements made regarding future results are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document.

The following are among the important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted:

- Changes in the demand both for crude oil we buy and sell, as well as for crude oil and refined petroleum products that we store and distribute;
- Changes in demand for storage in the Partnership’s petroleum product terminals;
- The loss of Sunoco R&M as a customer or a significant reduction in its current level of throughput and storage with the Partnership;

- An increase in the competition encountered by the Partnership's petroleum products terminals, pipelines and crude oil acquisition and marketing operations;
- Changes in the throughput on petroleum pipelines owned and operated by third parties and connected to the Partnership's petroleum product pipelines and terminals;
- Changes in the financial condition or operating results of joint ventures or other holdings in which the Partnership has an equity ownership interest;
- Changes in the general economic conditions in the United States;
- Changes in laws and regulations to which the Partnership is subject, including federal, state, and local tax, safety, environmental and employment laws;
- Phase-outs or restrictions on the use of MTBE;
- Improvements in energy efficiency and technology resulting in reduced demand;
- The Partnership's ability to manage rapid growth;
- The Partnership's ability to control costs;
- The effect of changes in accounting principles and tax laws and interpretations of both;
- Global and domestic economic repercussions from terrorist activities and international hostilities and the government's response thereto;
- The occurrence of operational hazards or unforeseen interruptions for which the Partnership may not be adequately insured;
- Changes in the reliability and efficiency of the Partnership's operating facilities or those of Sunoco R&M or third parties;
- Changes in the expected level of environmental remediation spending;
- Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;
- The Partnership's ability to successfully consummate announced acquisitions or expansions and integrate them into existing business operations;
- Risks related to labor relations;
- Non-performance by major customers, suppliers or other business partners;
- Price trends and overall demand for refined petroleum products, crude oil and natural gas liquids in the United States, economic activity, weather, alternative energy sources, conservation and technological advances which may affect price trends and demand for the Partnership's business activities;

- Changes in the Partnership's tariff rates, implemented by federal and/or state government regulators;
- The amount of the Partnership's indebtedness, which could make the Partnership vulnerable to general adverse economic and industry conditions, limit the Partnership's ability to borrow additional funds, place it at competitive disadvantages compared to competitors that have less debt or have other adverse consequences;
- Restrictive covenants in the Partnership's or Sunoco, Inc.'s credit agreements;
- Changes in the Partnership's or Sunoco, Inc.'s credit ratings, as assigned by ratings agencies;
- The condition of the debt capital markets and equity capital markets in the United States, and the Partnership's ability to raise capital in a cost-effective way;
- Changes in interest rates on the Partnership's outstanding debt, which could increase the costs of borrowing;
- The political and economic stability of the oil producing nations of the world; and
- The costs and effects of legal and administrative claims and proceedings against the Partnership or its subsidiaries, and changes in the status of litigation to which the Partnership is 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 the Partnership's forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. The Partnership undertakes no obligation to update publicly any forward-looking statement whether as a result of new information or future events.

Item 4. Controls and Procedures

(a) As of the end of the fiscal quarter covered by this report, the Partnership carried out an evaluation, under the supervision and with the participation of the management of Sunoco Partners LLC, the Partnership's general partner (including the President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC), 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 President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC concluded that the Partnership's disclosure controls and procedures are effective.

(b) No change in the Partnership's internal controls over financial reporting has occurred during the fiscal quarter covered by this report that has materially affected, or that is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

(c) Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Partnership 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 reports under the Exchange Act is accumulated and communicated to management, including the President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC, as appropriate, to allow timely decisions regarding required disclosure.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

There are certain legal and administrative proceedings arising prior to the February 2002 IPO pending against the Partnership's Sunoco-affiliated predecessors and the Partnership (as successor to certain liabilities of those predecessors). Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them may be resolved unfavorably. Sunoco, Inc. has agreed to indemnify the Partnership for any losses it may suffer as a result of these pending legal actions.

There are certain other pending legal proceedings related to matters arising after the February 2002 IPO that are not indemnified by Sunoco, Inc. Management believes that any liabilities that may arise from these legal proceedings will not be material to the Partnership's financial position at September 30, 2004.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibits:

10.1: Form of Restricted Unit Agreement under the Sunoco Partners LLC Long-Term Incentive Plan

10.2: Form of Restricted Unit Agreement under the Sunoco Partners LLC Long-Term Incentive Plan

12.1: Statement of Computation of Ratio of Earnings to Fixed Charges

31.1: Chief Executive Officer Certification of Periodic Report

Pursuant to Exchange Act Rule 13a-14(a)

31.2: Chief Financial Officer Certification of Periodic Report Pursuant to Exchange act Rule 13a-14(a)

32: Chief Executive Officer and Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350

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

Sunoco Logistics Partners L.P.
Investor Relations
Ten Penn Center
1801 Market Street
Philadelphia, PA 19103-1699

or through our website at www.sunocologistics.com.

SIGNATURE

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

Sunoco Logistics Partners L.P.

By: /s/ Colin A. Oerton
Colin A. Oerton
Vice President &
Chief Financial Officer

Date: November 5, 2004

Exhibit 10.1

RESTRICTED UNIT AGREEMENT
UNDER THE
SUNOCO PARTNERS LLC LONG-TERM INCENTIVE PLAN

This Restricted Unit Agreement (the "Agreement"), entered into as of __________ (the "Agreement Date"), by and between Sunoco Partners LLC (the "Company") and _______________, an employee of the Company or one of its subsidiaries (the "Participant");

W I T N E S S E T H:

WHEREAS, in order to make certain awards to key employees of the Company and its subsidiaries, the Company maintains the Sunoco Partners LLC Long-Term Incentive Plan (the "Plan"); and

WHEREAS, the Plan is administered by the Compensation Committee of the Company's Board of Directors (the "Committee"); and

WHEREAS, the Committee has determined to grant to Participant, pursuant to the terms and conditions of the Plan, an award (the "Award") of Restricted Units, representing rights to receive common units, representing limited partnership interests in of Sunoco Logistics Partners L.P. (the "Partnership"), which are subject to a risk of forfeiture by the Participant, with the payout of such Restricted Units being conditioned upon the Participant's continued employment with the Company through the end of a three-year restricted period (the "Restricted Period"); and

WHEREAS, the Participant has determined to accept such Award;

NOW, THEREFORE, the Company and the Participant, each intending to be legally bound hereby, agree as follows:

ARTICLE I
AWARD OF RESTRICTED UNITS

1.1 IDENTIFYING PROVISIONS. For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) Participant : _________________________

(b) Date of Grant : _________________________

(c) Number of Restricted Units : _________________________

(d) Restricted Period : ________ through ________

Any initially capitalized terms and phrases used in this Agreement but not otherwise defined herein, shall have the respective meanings ascribed to them in the Plan.

1.2 AWARD OF RESTRICTED UNITS. Subject to the terms and conditions of the Plan and this Agreement, the Participant is hereby granted the number of Restricted Units set forth herein at Section 1.1.

1.3 DISTRIBUTION EQUIVALENT RIGHTS ("DERS"). The Participant shall be entitled to receive payment from the Company in an amount equal to each cash distribution payable subsequent to the Date of Grant (each such entitlement being a distribution equivalent right or "DER"), just as though the Participant, on the applicable record date for payment of such cash distribution, had been the holder of record of common units, representing limited partnership interests in the Partnership, equal to the actual number of Restricted Units, if any, earned and received by the Participant at the end of the Restricted Period. The Company shall establish a bookkeeping methodology to account for the distribution equivalents to be credited to the Participant in recognition of these DERs. Such distribution equivalents will not bear interest.

1.4 PAYMENT OF RESTRICTED UNITS AND RELATED DERS. Full payout of the Award is conditioned only upon the Participant's continued employment with the Company throughout the Restricted Period beginning on _______________ and ending on _______________. The full Award shall become vested and payable, if the Participant is employed by the Company at such time. Actual payment in respect of the earned Restricted Units and the earned DER Account shall be made to the Participant within ninety (90) days after the Restricted Period for such Restricted Units has ended.

(a) Payment in respect of Restricted Units earned. Except as provided by this Section 1.5 hereof, all payment for Restricted Units earned shall be made in common units representing limited partnership interests in the Partnership. The number of common units paid shall be equal to the number of Restricted Units earned; provided, however, that any fractional units shall be distributed as an amount of cash equal to the Fair Market Value of such fractional unit on the date of payment.

(b) Payment of Related Earned Distribution Equivalents. The Participant will be entitled to receive from the Company at the end of the Restricted Period, cash payment in respect of the related distribution equivalents earned.

Applicable federal, state and local taxes shall be withheld in accordance with Section 2.6 hereof.

1.5 CHANGE IN CONTROL.

(a) Payment of Restricted Units. In the event of either of the following events:

(1) a Change in Control of the Company, or

(2) a sale of significant assets as described in Section 6.3(viii) of the Plan, as a consequence of which sale:

(i) Participant's employment is terminated by the Company or any Affiliate thereof without Cause, or by the Participant for Good Reason, or

(ii) the Participant's employer ceases to be the Company or one of its Affiliates,

all the Restricted Units subject to this award automatically shall vest and become payable to the Participant in an amount of cash equal to the number of Restricted Units outstanding multiplied by the highest price per Partnership common unit reflected in the consolidated trading tables of The Wall Street Journal (presently the New York Stock Exchange Composite Transactions quotations) during the period commencing sixty

(60) calendar days prior to the Change in Control (or significant sale of assets, as the case may be) and ending on the sixtieth (60th) calendar day following the Change in Control (or significant sale of assets, as the case may be). Regardless of whether the applicable Restricted Period has expired, this amount, reduced by applicable federal, state and local withholding taxes due (as provided in Section 2.6 hereof), will be paid out to the Participant no later than ninety (90) days following:

(3) the date of occurrence of such Change in Control, or

(4) the date, following a significant sale of assets (as described in Section 6.3(viii) of the Plan), that:

(i) the Company terminates Participant's employment without Cause, or

(ii) the Participant terminates employment for Good Reason, or

(iii) the Participant's employer ceases to be the Company or

one of its Affiliates

such payment date being the "Payout Date."

(b) Distribution Equivalents. On or before the Payout Date, the Participant will be paid an amount in cash equal to the value of the DERs, if any, credited to the Participant immediately preceding the Change in Control, or the significant sale of assets (as described in Section 6.3(viii) of the Plan).

(c) Eligibility for Payout. Following any Change in Control, payout of Restricted Units and the related distribution equivalents shall be made to each Participant:

(1) who is employed by the Company on the Payout Date; or

(2) whose employment relationship with the Company is terminated:

(i) as a result of any Qualifying Termination (as defined below) prior to the Payout Date; or

(ii) as a result of either of the following, prior to the Payout Date:

(A) death; or

(B) permanent disability or retirement (as each is determined by the Committee).

(d) Qualifying Termination - shall mean the following:

(1) a termination of employment by the Company within six (6) months after a Change in Control, other than for Cause, death or permanent disability;

(2) a termination of employment by the Participant within six (6) months after a Change in Control for one or more of the following reasons:

(i) the assignment to such Participant of any duties inconsistent in a way significantly adverse to such Participant, with such Participant's positions, duties, responsibilities and status with the Company immediately prior to the Change in Control, or a significant reduction in the duties and responsibilities held by the Participant immediately prior to the Change in Control, in each case except in connection with such Participant's termination of employment by the Company for Cause; or

(ii) a reduction by the Company in the Participant's combined annual base salary and guideline (target) bonus as in effect immediately prior to the Change in Control; or

(iii) the Company requires the Participant to be based anywhere other than the Participant's present work location or a location within thirty-five (35) miles from the present location; or the Company requires the Participant to travel on Company business to an extent substantially more burdensome than such Participant's travel obligations during the period of twelve (12) consecutive months immediately preceding the Change in Control;

provided, however, that in the case of any such termination of employment by the Participant under this subparagraph (d), such termination shall not be deemed to be a Qualifying Termination unless the termination occurs within 120 days after the occurrence of the event or events constituting the reason for the termination; or

(3) before a Change in Control, a termination of employment by the

Company, other than a termination for Cause, or a termination of employment by the Participant for one of the reasons set forth in (2) above, if the affected Participant can demonstrate that such termination or circumstance in (2) above leading to the termination:

(i) was at the request of a third party with which the Company had entered into negotiations or an agreement with regard to a Change in Control; or

(ii) otherwise occurred in connection with a Change in Control; provided, however, that in either such case, a Change in Control actually occurs within one (1) year following the Participant's employment termination date.

1.6 TERMINATION OF EMPLOYMENT.

(a) Death, Disability, Retirement and Other Involuntary Termination not for Cause. Upon the occurrence, prior to the end of the Restricted Period, of either of the following :

(1) the death of the Participant;

(2) the termination of the Participant's employment with the Company by reason of retirement or permanent disability (as each is determined by the Committee); or

(3) other involuntary termination not for Cause, and not associated with any Change in Control,

a portion of the Restricted Units subject to this award automatically shall vest and become payable to the Participant in an amount of cash equal to the number of Restricted Units outstanding multiplied by:

(4) a fraction, the numerator of which is the number of full and partial months from _______________ through the date of termination of such Participant's employment with the Company, and the denominator of which is _____ (___); and

(5) the average closing price for Common Units of Sunoco Logistics Partners L.P. (the "Partnership"), reflected in the consolidated trading tables of The Wall Street Journal (presently the New York Stock Exchange Composite Transactions quotations) for the thirty (30) trading day period prior the date of termination of such Participant's employment, and rounding the result upwards to the nearest whole number.

The Participant also will be entitled to payment in cash in respect of the related DERs applicable to such vested portion of the award.

(b) Other Termination of Employment. Except as provided in Sections 1.5 and 1.6(a) above, or as determined by the Committee, upon termination of the Participant's employment with the Company prior to the end of the Restricted Period (whether as a result of termination for Cause by the Company, or voluntary resignation by Participant, or otherwise), the Participant shall forfeit 100% of such Participant's Restricted Units, together with the related DERs, and the Participant shall not be entitled to receive any common units, representing limited partnership interests of the Partnership, or any payment in respect of any DERs.

ARTICLE II
GENERAL PROVISIONS

2.1 NON-ASSIGNABILITY. The Restricted Units and the related earned DERs covered by this Agreement shall not be assignable or transferable by the Participant, except by will or the laws of descent and distribution, unless otherwise provided by the Committee. During the life of the Participant, the Restricted Units and the related DERs covered by this

Agreement shall be payable only to the Participant or the guardian or legal representative of such Participant, unless the Committee provides otherwise.

2.2 HEIRS AND SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. In the event of the Participant's death prior to payment of the Restricted Units and/or the related DERs, payment may be made to the estate of the Participant to the extent such payment is otherwise permitted by this Agreement. Subject to the terms of the Plan, any benefits distributable to the Participant under this Agreement that are not paid at the time of the Participant's death shall be paid at the time and in the form determined in accordance with the provisions of this Agreement and the Plan, to the legal representative or representatives of the estate of the Participant.

2.3 NO RIGHT OF CONTINUED EMPLOYMENT. The receipt of this award does not give the Participant, and nothing in the Plan or in this Agreement shall confer upon the Participant, any right to continue in the employment of the Company or any of its subsidiaries. Nothing in the Plan or in this Agreement shall affect any right which the Company or any of its subsidiaries may have to terminate the employment of the Participant. The payment of earned Restricted Units, and the related DERs, under this Agreement shall not give the Company or any of its subsidiaries any right to the continued services of the Participant for any period.

2.4 RIGHTS AS A LIMITED PARTNER. Neither the Participant nor any other person shall be entitled to the privileges of ownership of common units, representing limited partnership interests in the Partnership, or otherwise have any rights as a limited partner, by reason of the award of the Restricted Units covered by this Agreement or any Partnership common units, issuable in respect of such Restricted Units, unless and until such common units have been validly issued to such Participant, or such other person, as fully paid common units, representing limited partnership interests in the Partnership.

2.5 REGISTRATION OF COMMON UNITS. Notwithstanding any other provision of this Agreement, the Restricted Units shall not be or become payable in whole or in part unless a registration statement with respect to the common units subject thereto has been filed with the Securities and Exchange Commission and has become effective.

2.6 TAX WITHHOLDING. All distributions under this Agreement are subject to withholding of all applicable taxes.

(b) Payment in Common Units. Immediately prior to the payment of any common units to Participant in respect of earned Restricted Units, the Participant shall remit an amount sufficient to satisfy any Federal, state and/or local withholding tax due on the receipt of such common units. At the election of the Participant, and subject to such rules as may be established by the Committee, such withholding obligations may be satisfied through the surrender of common units representing limited partnership interests in the Partnership and otherwise payable to Participant in respect of such earned Restricted Units.

(b) Payment in Cash. Cash payments in respect of any earned Restricted Units, and/or the related DERs, shall be made net of any applicable federal, state, or local withholding taxes.

2.7 ADJUSTMENTS. In the event of any change in the outstanding common units by reason of a distribution of common units, re-capitalization, merger, consolidation, split-up, combination, exchange of common units or the like, the Committee may appropriately adjust the number of common units which may be issued under the Plan, the number of common units payable with respect to the Award, and/or any other Restricted Units previously granted under the Plan, and any and all other matters deemed appropriate by the Committee.

2.8 LEAVES OF ABSENCE. The Committee shall make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any

leave of absence taken by the Participant. Without limiting the generality of the foregoing, the Committee shall be entitled to determine:

(a) whether or not any such leave of absence shall constitute a termination of employment within the meaning of the Plan; and

(b) the impact, if any, of any such leave of absence on any prior awards made to the Participant under the Plan.

2.9 ADMINISTRATION. Pursuant to the Plan, the Committee is vested with conclusive authority to interpret and construe the Plan, to adopt rules and regulations for carrying out the Plan, and to make determinations with respect to all matters relating to this Agreement, the Plan and awards made pursuant thereto. The authority to manage and control the operation and administration of this Agreement shall be likewise vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee, and any decision made by the Committee with respect to this Agreement, shall be final and binding.

2.10 EFFECT OF PLAN; CONSTRUCTION. The entire text of the Plan is expressly incorporated herein by this reference and so forms a part of this Agreement. In the event of any inconsistency or discrepancy between the provisions of this Restricted Unit Agreement and the terms and conditions of the Plan under which such Restricted Units are granted, the provisions in the Plan shall govern and prevail. The Restricted Units, the related DERs and this Agreement are each subject in all respects to, and the Company and the Participant each hereby agree to be bound by, all of the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms; provided, however, that no such amendment shall deprive the Participant, without such Participant's consent, of any rights earned or otherwise due to Participant hereunder.

2.11 AMENDMENT. This Agreement shall not be amended or modified except by an instrument in writing executed by both parties to this Agreement, without the consent of any other person, as of the effective date of such amendment.

2.12 CAPTIONS. The captions at the beginning of each of the numbered Sections and Articles herein are for reference purposes only and will have no legal force or effect. Such captions will not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.

2.13 GOVERNING LAW. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS INSTRUMENT SHALL EXCLUSIVELY BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF), EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW, WHICH SHALL GOVERN.

2.14 NOTICES. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, by facsimile, by overnight courier or by registered or certified mail, postage prepaid and return receipt requested. Notices to the Company shall be deemed to have been duly given or made upon actual receipt by the Company. Such communications shall be addressed and directed to the parties listed below (except where this Agreement expressly provides that it be directed to another) as follows, or to such other address or recipient for a party as may be hereafter notified by such party hereunder:

(a) if to the Company: SUNOCO PARTNERS LLC
Board of Directors
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania, 19103-1699
Attention: Vice President, General Counsel and Secretary

(b) if to the Participant: to the address for Participant as it appears on the Company's records.

2.15 SEVERABILITY. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

2.16 ENTIRE AGREEMENT. This Agreement constitutes the entire understanding and supersedes any and all other agreements, oral or written, between the parties hereto, in respect of the subject matter of this Agreement and embodies the entire understanding of the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day first above written.

SUNOCO PARTNERS LLC

By: ____________________________
Name:_____________________________
Title: __________________________

By: ____________________________
Name: ____________________________
Participant

Exhibit 10.2

RESTRICTED UNIT AGREEMENT
UNDER THE
SUNOCO PARTNERS LLC LONG-TERM INCENTIVE PLAN

This Restricted Unit Agreement (the "Agreement"), entered into as of ____________ (the "Agreement Date"), by and between Sunoco Partners LLC (the "Company") and __________________, an employee of the Company or one of its subsidiaries (the "Participant");

W I T N E S S E T H:

WHEREAS, in order to make certain awards to officers and/or key employees, the Company maintains the Sunoco Partners LLC. Long-Term Incentive Plan (the "Plan"); and

WHEREAS, the Plan is administered by the Compensation Committee of the Company's Board of Directors (the "Committee"); and

WHEREAS, the Committee has determined to make an award to the Participant of Restricted Units, representing rights to receive common units, representing limited partnership interests in Sunoco Logistics Partners L.P. (the "Partnership"), which are subject to a risk of forfeiture by the Participant, pursuant to the terms and conditions of the Plan; and

WHEREAS, the Participant has determined to accept such award;

NOW, THEREFORE, the Company and the Participant each, intending to be legally bound hereby, agree as follows:

ARTICLE I
AWARD OF RESTRICTED UNITS

1.1 IDENTIFYING PROVISIONS. For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) Participant : _________________________

(b) Date of Grant : _________________________

(c) Number of Restricted Units : _________________________

(d) Restricted Period : ____________to___________

Any initially capitalized terms and phrases used in this Agreement but not otherwise defined herein, shall have the respective meanings ascribed to them in the Plan.

1.2 AWARD OF RESTRICTED UNITS. Subject to the terms and conditions of the Plan and this Agreement, the Participant is hereby granted the number of Restricted Units set forth herein at Section 1.1.

1.3 DISTRIBUTION EQUIVALENT RIGHTS ("DERS"). The Participant shall be entitled to receive payment from the Company in an amount equal to each cash distribution payable subsequent to the Date of Grant (each such entitlement being a distribution equivalent right or "DER"), just as though the Participant, on the applicable record date for payment of such cash distribution, had been the holder of record of common units, representing limited partnership interests in the Partnership, equal to the actual number of Restricted Units, if any, earned and received by the Participant at the end of the Restricted Period. The Company shall establish a bookkeeping methodology to account for the distribution equivalents to be credited to the Participant in recognition of these DERs. Such distribution equivalents will not bear interest.

1.4 PERFORMANCE MEASURES. Exhibit A, attached hereto and made a part hereof,

sets forth the performance measures that will be applied to determine the amount of the award earned pursuant to this Agreement. Any or all of these performance measures may be modified by the Committee during, and after the end of, the Restricted Period to reflect significant events that occur during such Restricted Period.

1.5 PAYMENT OF RESTRICTED UNITS AND RELATED DERS. Payment in respect of the Restricted Units, and the related DERs, shall be paid to Participant within ninety (90) days after the Restricted Period for such Restricted Units has ended, but only to the extent the Committee determines that the applicable performance targets have been met.

(a) Payment in respect of Restricted Units earned. Except as provided by Section 1.6 hereof, all payment for Restricted Units earned shall be made in common units representing limited partnership interests in the Partnership. The number of common units paid shall be equal to the number of Restricted Units earned; provided, however, that any fractional units shall be distributed as an amount of cash equal to the Fair Market Value of such fractional unit on the date of payment.

(b) Payment of Earned DERs. The Participant will be entitled to receive from the Company at the end of the Restricted Period, payment of the DERs earned, as determined in accordance with the applicable provisions of Exhibit A. Prior to such payment, the Participant will elect, in writing (on the applicable forms provided by the Company), whether to receive payment of the earned DERs in cash or in common units. For a Participant electing to receive payment in the form of common units, the number of common units so paid shall be equal to the cash value of the Participant's earned DERs, net of applicable federal, state and local withholding taxes due, divided by the Fair Market Value of a single common unit on the date of payment; provided, however, that any fractional units shall be distributed as an amount of cash equal to the Fair Market Value of such fractional unit on the date of payment.

Applicable federal, state and local taxes shall be withheld in accordance with Section 2.6 hereof.

1.6 CHANGE IN CONTROL.

(a) Payment of Restricted Units. In the event of either of the following events:

(1) a Change in Control of the Company, or

(2) a sale of significant assets as described in Section 6.3(viii) of the Plan, as a consequence of which sale:

(i) Participant's employment is terminated by the Company or any Affiliate thereof without Cause, or by the Participant for Good Reason, or

(ii) the Participant's employer ceases to be the Company or one of its Affiliates,

all the Restricted Units subject to this award (as adjusted, assuming that all applicable

performance measures are achieved at the maximum level) automatically shall vest and become payable to the Participant in an amount of cash equal to the number of Restricted Units outstanding multiplied by the highest price per Partnership common unit reflected in the consolidated trading tables of The Wall Street Journal (presently the New York Stock Exchange Composite Transactions quotations) during the period commencing sixty (60) calendar days prior to the Change in Control (or significant sale of assets, as the case may be) and ending on the sixtieth (60th) calendar day following the Change in Control (or significant sale of assets, as the case may be).

Regardless of whether the applicable Restricted Period has expired, this amount, reduced by applicable federal, state and local

withholding taxes due (as provided in Section 2.6 hereof), will be paid out to the Participant no later than ninety (90) days following:

(3) the date of occurrence of such Change in Control, or

(4) the date, following a significant sale of assets (as described in Section 6.3(viii) of the Plan), that:

(i) the Company terminates Participant's employment without Cause, or

(ii) the Participant terminates employment for Good Reason, or

(iii) the Participant's employer ceases to be the Company or one of its Affiliates such payment date being the "Payout Date."

(b) Distribution Equivalents. On or before the Payout Date, the Participant will be paid an amount in cash equal to the value of the DERs, if any, credited to the Participant immediately preceding the Change in Control, or the significant sale of assets (as described in Section 6.3(viii) of the Plan).

(c) Eligibility for Payout. Payout of Restricted Units and the related distribution equivalents shall be made to each Participant:

(1) who is employed by the Company on the Payout Date; or

(2) whose employment relationship with the Company is terminated:

(i) as a result of any Qualifying Termination (as defined below) prior to the Payout Date; or

(ii) as a result of either of the following, prior to the Payout Date:

(A) death; or

(B) permanent disability or retirement (as each is determined by the Committee).

(d) Qualifying Termination - shall mean the following:

(1) a termination of employment by the Company within six (6) months after a Change in Control, other than for Cause, death or permanent disability;

(2) a termination of employment by the Participant within six (6) months after a Change in Control for one or more of the following reasons:

(i) the assignment to such Participant of any duties inconsistent in a way significantly adverse to such Participant, with such Participant's positions, duties, responsibilities and status with the Company immediately prior to the Change in Control, or a significant reduction in the duties and responsibilities held by the Participant immediately prior to the Change in Control, in each case except in connection with such Participant's termination of employment by the Company for Cause; or

(ii) a reduction by the Company in the Participant's combined annual base salary and guideline (target) bonus as in effect immediately prior to the Change in Control; or

(iii) the Company requires the Participant to be based anywhere other than the Participant's present work

location or a location within thirty-five (35) miles from the present location; or the Company requires the Participant to travel on Company business to an extent substantially more burdensome than such Participant's travel obligations during the period of twelve (12) consecutive months immediately preceding the Change in Control;

provided, however, that in the case of any such termination of employment by the Participant under this subparagraph (d), such termination shall not be deemed to be a Qualifying Termination unless the termination occurs within 120 days after the occurrence of the event or events constituting the reason for the termination; or

(3) before a Change in Control, a termination of employment by the Company, other than a termination for Cause, or a termination of employment by the Participant for one of the reasons set forth in (2) above, if the affected Participant can demonstrate that such termination or circumstance in (2) above leading to the termination:

(i) was at the request of a third party with which the Company had entered into negotiations or an agreement with regard to a Change in Control; or

(ii) otherwise occurred in connection with a Change in Control;

provided, however, that in either such case, a Change in Control actually occurs within one (1) year following the Participant's employment termination date.

1.7 TERMINATION OF EMPLOYMENT.

(a) Death, Disability or Retirement. The Committee has determined that, with regard to any particular Restricted Period, no portion of the Participant's Restricted Units, and related DERs, for such Restricted Period shall be forfeited as a result of the occurrence, prior to the end of that Restricted Period, of either of the following :

(1) the death of the Participant; or

(2) the termination of the Participant's employment with the Company by reason of retirement or permanent disability (as each is determined by the Committee).

Instead, the Participant's Restricted Units, and related DERs, earned for such Restricted Period shall remain and be paid out as though the Participant had continued in the employment of the Company through the end of the applicable Restricted Period.

The Participant's Restricted Units, and related DERs will remain subject to adjustment for any performance factors in accordance with the applicable provisions of Exhibit A attached hereto, and will be paid out only as, if, and when the applicable performance goals have been met and the Restricted Period has ended, just as though the Participant had continued in the employment of the Company through the end of the Restricted Period.

(b) Other Termination of Employment. Except as provided in Sections 1.6 and 1.7(a) above, or as determined by the Committee, upon termination of the Participant's employment with the Company at any time prior to the end of the Restricted Period, the Participant shall forfeit 100% of such Participant's Restricted Units, together with the related DERs, and the Participant shall not be entitled to receive any common units, representing limited partnership interests of the Partnership, or any payment in

respect of any DERs, regardless of the level of performance goals achieved for all or any part of the Restricted Period.

ARTICLE II
GENERAL PROVISIONS

2.1 NON-ASSIGNABILITY. The Restricted Units and the related earned DERs covered by this Agreement shall not be assignable or transferable by the Participant, except by will or the laws of descent and distribution, unless otherwise provided by the Committee. During the life of the Participant, the Restricted Units and the related DERs covered by this Agreement shall be payable only to the Participant or the guardian or legal representative of such Participant, unless the Committee provides otherwise.

2.2 HEIRS AND SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. In the event of the Participant's death prior to payment of the Restricted Units and/or the related DERs, payment may be made to the estate of the Participant to the extent such payment is otherwise permitted by this Agreement. Subject to the terms of the Plan, any benefits distributable to the Participant under this Agreement that are not paid at the time of the Participant's death shall be paid at the time and in the form determined in accordance with the provisions of this Agreement and the Plan, to the legal representative or representatives of the estate of the Participant.

2.3 NO RIGHT OF CONTINUED EMPLOYMENT. The receipt of this award does not give the Participant, and nothing in the Plan or in this Agreement shall confer upon the Participant, any right to continue in the employment of the Company or any of its subsidiaries. Nothing in the Plan or in this Agreement shall affect any right which the Company or any of its subsidiaries may have to terminate the employment of the Participant. The payment of earned Restricted Units, and the related DERs, under this Agreement shall not give the Company or any of its subsidiaries any right to the continued services of the Participant for any period.

2.4 RIGHTS AS A LIMITED PARTNER. Neither the Participant nor any other person shall be entitled to the privileges of ownership of common units, representing limited partnership interests in the Partnership, or otherwise have any rights as a limited partner, by reason of the award of the Restricted Units covered by this Agreement or any Partnership common units, issuable in respect of such Restricted Units, unless and until such common units have been validly issued to such Participant or such other person as fully paid common units, representing limited partnership interests in the Partnership.

2.5 REGISTRATION OF COMMON UNITS. Notwithstanding any other provision of this Agreement, the Restricted Units shall not be or become payable in whole or in part unless a registration statement with respect to the common units subject thereto has been filed with the Securities and Exchange Commission and has become effective.

2.6 TAX WITHHOLDING. All distributions under this Agreement are subject to withholding of all applicable taxes.

(a) Payment in Common Units. Immediately prior to the payment of any common units to Participant in respect of earned Restricted Units, the Participant shall remit an amount sufficient to satisfy any federal, state and/or local withholding tax due on the receipt of such common units. At the election of the Participant, and subject to such rules as may

be established by the Committee, such withholding obligations may be satisfied through the surrender of:

(1) common units representing limited partnership interests in the Partnership and otherwise payable to Participant in respect of such earned Restricted Units; and/or

(2) cash or common units otherwise payable to Participant in respect of earned DERs.

(b) Payment in Cash. Cash payments in respect of any earned Restricted

Units, and/or the related DERs, shall be made net of any applicable federal, state, or local withholding taxes.

2.7 ADJUSTMENTS. In the event of any change in the outstanding common units by reason of a distribution of common units, re-capitalization, merger, consolidation, split-up, combination, exchange of common units or the like, the Committee may appropriately adjust the number of common units which may be issued under the Plan, the number of common units payable with respect to the Award, and/or any other Restricted Units previously granted under the Plan, and any and all other matters deemed appropriate by the Committee.

2.8 LEAVES OF ABSENCE. The Committee shall make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by the Participant. Without limiting the generality of the foregoing, the Committee shall be entitled to determine:

(a) whether or not any such leave of absence shall constitute a termination of employment within the meaning of the Plan; and

(b) the impact, if any, of any such leave of absence on any prior awards made to the Participant under the Plan.

2.9 ADMINISTRATION. Pursuant to the Plan, the Committee is vested with conclusive authority to interpret and construe the Plan, to adopt rules and regulations for carrying out the Plan, and to make determinations with respect to all matters relating to this Agreement, the Plan and awards made pursuant thereto. The authority to manage and control the operation and administration of this Agreement shall be likewise vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee, and any decision made by the Committee with respect to this Agreement, shall be final and binding.

2.10 EFFECT OF PLAN; CONSTRUCTION. The entire text of the Plan is expressly incorporated herein by this reference and so forms a part of this Agreement. In the event of any inconsistency or discrepancy between the provisions of this Restricted Unit Agreement and the terms and conditions of the Plan under which such Restricted Units are granted, the provisions in the Plan shall govern and prevail. The Restricted Units, the related DERs and this Agreement are each subject in all respects to, and the Company and the Participant each hereby agree to be bound by, all of the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms; provided, however, that no such amendment shall deprive the Participant, without such Participant's consent, of any rights earned or otherwise due to Participant hereunder.

2.11 AMENDMENT. This Agreement shall not be amended or modified except by an instrument in writing executed by both parties to this Agreement, without the consent of any other person, as of the effective date of such amendment.

2.12 CAPTIONS. The captions at the beginning of each of the numbered Sections and Articles herein are for reference purposes only and will have no legal force or effect. Such captions will not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.

2.13 GOVERNING LAW. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS INSTRUMENT SHALL EXCLUSIVELY BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF), EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW, WHICH SHALL GOVERN.

2.14 NOTICES. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, by facsimile, by overnight courier or by registered or certified mail, postage prepaid and return receipt requested. Notices to the Company shall be deemed to have been duly given or made upon actual receipt by the Company. Such communications shall be addressed and directed to the parties listed below (except where this Agreement expressly provides that it be directed to

another) as follows, or to such other address or recipient for a party as may be hereafter notified by such party hereunder:

(a) if to the Company: SUNOCO PARTNERS LLC
Board of Directors
Ten Penn Center
1801 Market Street
Philadelphia, Pennsylvania, 19103-1699
Attention: Vice President, General Counsel and Secretary

(b) if to the Participant: to the address for Participant as it appears on the Company's records.

2.15 SEVERABILITY. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

2.16 ENTIRE AGREEMENT. This Agreement constitutes the entire understanding and supersedes any and all other agreements, oral or written, between the parties hereto, in respect of the subject matter of this Agreement and embodies the entire understanding of the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day first above written.

SUNOCO PARTNERS LLC

By: ____________________________
Name:____________________________
Title: __________________________

By: ____________________________
Participant

Exhibit A

SUNOCO PARTNERS LLC
LONG TERM INCENTIVE PLAN

RESTRICTED UNIT AWARDS
_________ GRANT DATE
(THE "[YEAR] REGULAR GRANT")

PERFORMANCE CRITERIA AND METHODOLOGY

METHODOLOGY The Restricted Period for this award runs from ____________ through ______________. This Exhibit A describes the methodology used to determine the portion of the Participant's [Year] Regular Grant that will vest on ________________, based upon the level of achievement by Sunoco Logistics Partners L.P. (the "Partnership") of specified targets for [performance criteria] during the period from __________ to _______________. In no event will any vested portion of the award become payable until the end of the Restricted Period (i.e., ____________________).

WEIGHTING The following methodology will be used to determine the number of Restricted Units earned at _______________:

[DESCRIPTION OF METHODOLOGY]

COMPANY PERFORMANCE GOALS:

[DESCRIPTION OF APPLICABLE PERFORMANCE GOALS]

Exhibit 12.1

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

Sunoco Logistics Partners L.P.

	Nine Months Ended September 30, 2004
Fixed Charges:	
Interest cost and debt expense	$ 15,545
Interest allocable to rental expense (a)	1,146
Total	$ 16,691
Earnings:	
Income before income tax expense	$ 43,846
Equity in income of less than 50 percent owner affiliated companies (b)	(10,669)
Dividends received from less than 50 percent owned affiliated companies (b)	7,767
Fixed charges	16,691
Interest capitalized	-
Amortization of previously capitalized interest	107
Total	$ 57,742
Ratio of Earnings to Fixed Charges	3.46

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

(b) Reflects amounts attributable to interests in the following corporate joint ventures accounted for under the equity method: 9.4 percent in Explorer Pipeline Company, 31.5 percent in Wolverine Pipe Line Company, 12.3 percent in West Shore Pipe Line Company, 14.0 percent in Yellowstone Pipe Line Company, and 43.8 percent in West Texas Gulf Pipe Line Company.

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Deborah M. Fretz, President and Chief Executive Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., hereby certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (for the quarter ended September 30, 2004) 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)) 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) 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

   c) 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;

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 controls over financial reporting.

Date: November 5, 2004

/s/ DEBORAH M. FRETZ

Name: Deborah M. Fretz
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Colin A. Oerton, Vice President and Chief Financial Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., hereby certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (for the quarter ended September 30, 2004) 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 period 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)) 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) 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

   c) 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;

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 controls over financial reporting.

Date: November 5, 2004

/s/ COLIN A. OERTON

Name: Colin A. Oerton
Title: Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We, the undersigned Deborah M. Fretz and Colin A. Oerton, being, respectively, the President and Chief Executive Officer and the Vice President and Chief Financial Officer, of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., do each hereby certify that the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the period report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: November 5, 2004

/s/ DEBORAH M. FRETZ

Name: Deborah M. Fretz

Title: President and Chief Executive Officer

/s/ COLIN A. OERTON

Name: Colin A. Oerton

Title: Vice President and Chief Financial Officer