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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

OR

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

For the transition period from __________to__________

Commission file number 1-31219

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

Delaware **(State or other jurisdiction of incorporation or organization)**	**23-3096839** **(I.R.S. Employer Identification No.)**
Mellon Bank Center **1735 Market Street, Suite LL, Philadelphia, PA** **(Address of principal executive offices)**	**19103-7583** **(Zip Code)**

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

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

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

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

Large accelerated filer o Accelerated filer ☑ Non-accelerated filer o

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

At May 2, 2007, the number of the registrant's Common Units outstanding was 28,586,280.

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 March 31, 2007	Three Months Ended March 31, 2006
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	$ 452,069	$ 478,321
Unaffiliated customers	1,097,501	782,650
Other income	5,039	2,391
Total Revenues	1,554,609	1,263,362
Costs and Expenses		
Cost of products sold and operating expenses	1,499,258	1,214,786
Depreciation and amortization	8,904	8,946
Selling, general and administrative expenses	15,519	15,003
Total Costs and Expenses	1,523,681	1,238,735
Operating Income	30,928	24,627
Net interest cost paid to affiliates (Note 3)	535	309
Other interest cost and debt expense, net	8,639	6,450
Capitalized interest	(553)	(556)
Net Income	$ 22,307	$ 18,424
Calculation of Limited Partners' interest in Net Income (Note 4):		
Net Income	$ 22,307	$ 18,424
Less: General Partner's interest in Net Income	(2,079)	(1,344)
Limited Partners' interest in Net Income	$ 20,228	$ 17,080
Net Income per Limited Partner unit:		
Basic	$ 0.71	$ 0.66
Diluted	$ 0.70	$ 0.66
Weighted average Limited Partners' units outstanding (Note 4):		
Basic	28,564,996	25,819,210
Diluted	28,702,728	25,944,752

(See Accompanying Notes)

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

	March 31, 2007	December 31, 2006
	(UNAUDITED)	
Assets		
Current Assets		
Cash and cash equivalents	$ —	$ 9,412
Advances to affiliates (Note 3)	—	7,431
Accounts receivable, affiliated companies (Note 3)	153,281	98,952
Accounts receivable, net	756,029	776,505
Inventories:		
Crude oil	81,424	69,552
Materials, supplies and other	731	732
Total Current Assets	991,465	962,584
Properties, plants and equipment	1,524,033	1,506,350
Less accumulated depreciation and amortization	(508,382)	(499,682)
Properties, plants and equipment, net	1,015,651	1,006,668
Investment in affiliates (Note 5)	81,299	81,934
Deferred charges and other assets	26,797	30,891
Total Assets	$ 2,115,212	$ 2,082,077
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	$ 923,029	$ 922,495
Accrued liabilities	22,432	34,843
Accrued taxes other than income	16,663	22,869
Advances from affiliates (Note 3)	7,676	—
Total Current Liabilities	969,800	980,207
Long-term debt (Note 6)	539,959	491,910
Other deferred credits and liabilities	26,789	27,049
Commitments and contingent liabilities (Note 7)		
Total Liabilities	1,536,548	1,499,166
Partners' Capital:		
Limited partners' interest	574,675	576,004
General partner's interest	3,989	6,907
Total Partners' Capital	578,664	582,911
Total Liabilities and Partners' Capital	$ 2,115,212	$ 2,082,077

(See Accompanying Notes)

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Cash Flows from Operating Activities:		
Net Income	$ 22,307	$ 18,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,904	8,946
Restricted unit incentive plan expense	2,256	806
Changes in working capital pertaining to operating activities net of the effect of acquisitions:		
Accounts receivable, affiliated companies	(54,329)	7,380
Accounts receivable, net	20,476	(85,330)
Inventories	(11,871)	(18,853)
Accounts payable and accrued liabilities	(12,079)	114,155
Accrued taxes other than income	(6,206)	(3,307)
Other	4,925	(3,443)
Net cash provided by operating activities	(25,617)	38,778
Cash Flows from Investing Activities:		
Capital expenditures	(17,881)	(18,228)
Acquisitions	—	(109,448)
Net cash used in investing activities	(17,881)	(127,676)
Cash Flows from Financing Activities:		
Distributions paid to Limited Partners and General Partner	(28,253)	(20,360)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	(1,479)	(1,443)
Contributions from General Partner for Limited Partner unit transactions	58	74
Repayments from (advances to) affiliates, net	15,107	(15,567)
Borrowings under credit facility	48,000	109,500
Contributions from / (Distributions to) affiliate	653	—
Net cash provided by financing activities	34,086	72,204
Net change in cash and cash equivalents	(9,412)	(16,694)
Cash and cash equivalents at beginning of year	9,412	21,645
Cash and cash equivalents at end of period	$ —	$ 4,951

(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 publicly traded Delaware limited partnership formed by Sunoco, Inc. (“Sunoco”) in October 2001 to acquire a substantial portion of Sunoco’s logistics business. The Partnership owns and operates a geographically diverse portfolio of complementary assets, 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. Sunoco, Inc. and its wholly–owned subsidiaries including Sunoco, Inc. (R&M) are collectively referred to as “Sunoco”.

The consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned partnerships, including Sunoco Logistics Partners Operations L.P. (the “Operating Partnership”). 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 months ended March 31, 2007 are not necessarily indicative of results for the full year 2007.

2. Acquisitions

Mid-Valley Pipeline Acquisition

On August 18, 2006, the Partnership purchased from Sunoco a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest (50 percent voting rights) in Mid-Valley Pipeline Company (“Mid-Valley”) for approximately $65 million, subject to certain adjustments five years following the date of closing, based on the throughput of Sunoco. Mid-Valley owns a 994-mile pipeline, which originates in Longview, Texas and terminates in Samaria, Michigan, and has operating capacity of approximately 238,000 bpd and 4.2 million shell barrels of storage capacity. Mid-Valley provides crude oil to a number of refineries, primarily in the Midwest United States. The Partnership is the operator of the Mid-Valley pipeline. The Partnership receives a quarterly cash dividend from Mid-Valley that is proportionate with its ownership interest. The purchase price of the acquisition was funded with $46.0 million in borrowings under the Partnership’s Credit Facility and with cash on hand. Since the acquisition was from a related party, the interest in the entity was recorded by the Partnership at Sunoco’s historical cost of approximately $12.5 million and the $52.5 million difference between the purchase price and the cost basis of the assets was recorded by the Partnership as a capital distribution. The results of the acquisition are included in the financial statements within the Western Pipeline System business segment from the date of acquisition.

Millennium and Kilgore Pipeline Acquisition

On March 1, 2006, the Partnership purchased a Texas crude oil pipeline system from affiliates of Black Hills Energy, Inc. for approximately $40.9 million. The system consists of (a) the Millennium Pipeline, a 200-mile, 12-inch crude oil pipeline with approximately 65,000 bpd operating capacity, originating near the Partnership’s Nederland Terminal, and terminating at Longview Texas; (b) the Kilgore Pipeline, a 190-mile, 10-inch crude oil pipeline with approximately 35,000 barrel per day capacity originating in Kilgore, Texas and terminating at refineries in the Houston, Texas region; (c) approximately 900,000 shell barrels of storage capacity at Kilgore, and Longview, Texas, approximately 550,000 of which are inactive; (d) a crude oil sales and marketing business; and (e) crude oil line fill and working inventory. The purchase price of the acquisition was funded with borrowings under the Partnership’s Credit Facility. The purchase price has been allocated to the assets acquired based on their relative fair values at the acquisition date. The following is a summary of the effects of the transaction on the Partnership’s consolidated financial position (in thousands of dollars):

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

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

Amdel and White Oil Pipeline Acquisition

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

3. Related Party Transactions

Advances To and From Affiliates

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 6).

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, including the administration of employee benefit plans. These are provided to the Partnership under an omnibus agreement ("Omnibus Agreement") with Sunoco for an annual administrative fee. The fee for the annual period ended December 31, 2006 was $7.7 million. In January 2007, the parties extended the term of Section 4.1 of the Omnibus Agreement (which concerns the Partnership's obligation to pay the annual fee for provision of certain general and administrative services) by one year. The annual administrative fee applicable to this one-year extension is $6.5 million, which reflects the Partnership directly incurring some of these general and administrative costs. These costs may be increased if the acquisition or construction of new assets or businesses requires an increase in the level of general and administrative services received by the Partnership. There can be no assurance that Section 4.1 of the Omnibus Agreement will be extended beyond 2007, or that, if extended, the administrative fee charged by Sunoco will be at or below the current administrative fee. In the event that the Partnership is unable to obtain such services from Sunoco or third parties at or below the current cost, the Partnership's financial condition and results of operations may be adversely impacted.

The annual administrative fee does not include the costs of shared insurance programs, which are allocated to the Partnership based upon its share of the cash premiums incurred. This fee also does not include salaries of pipeline and terminal personnel or other employees of the general partner, or the cost of their employee benefits. These employees are employees of the Partnership's general partner or its affiliates, which are wholly-owned subsidiaries of Sunoco. The Partnership has no employees. 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. The Partnership is reimbursing Sunoco for these costs and other direct expenses incurred on its behalf. 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.

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. Sales of crude oil are priced using market based rates. Pipeline revenues are generally determined using posted tariffs. In 2002, the Partnership entered into the pipelines and terminals storage and throughput agreement and various other agreements with Sunoco under which the Partnership is charging Sunoco fees for services provided under these agreements that, in management's opinion, are comparable to those charged in arm's-length, third-party transactions. During the first quarter of 2007, the agreement to throughput at the Partnership's refined product terminals and to receive and deliver refined product into the Partnership's Marcus Hook Tank Farm expired. During the second quarter of 2007, the Partnership executed new agreements with Sunoco for five years to provide these services.

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

Capital Contributions

The Partnership has agreements with Sunoco which requires Sunoco to, among other things, reimburse the Partnership for certain expenditures. These agreements include:

- the Interrefinery Lease Agreement, which requires Sunoco to reimburse the Partnership for any non-routine maintenance expenditures incurred, as defined through February 2022; and
- the Eagle Point purchase agreement, which requires Sunoco to reimburse the Partnership for certain capital improvement projects incurred regarding the assets acquired, as defined, up to $5.0 million through March 2014. The Partnership has received $2.5 million to date under this agreement.

During the first quarter 2007, the Partnership was reimbursed $0.7 million associated with these agreements. There were no amounts reimbursed during the first quarter 2006. The reimbursement of these amounts was recorded by the Partnership as capital contributions to Partners' Capital within the condensed consolidated balance sheet at March 31, 2007.

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale (see Note 9). As a result of this issuance of 2.680 million common units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its condensed consolidated balance sheet.

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

Asset Acquisition

On August 18, 2006, the Partnership purchased from Sunoco a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest (50 percent voting rights) in Mid-Valley Pipeline Company ("Mid-Valley") for approximately $65 million, subject to certain adjustments five years following the date of closing, based on throughput of Sunoco (see Note 2). Since the acquisition was from a related party, the interest in the entity was recorded by the Partnership at Sunoco's historical cost of approximately $12.5 million, and the $52.5 million difference between the purchase price and the cost basis of the assets was recorded by the Partnership as a capital distribution.

Conversion of Subordinated Units

A total of 11,383,639 subordinated limited partner units, equal to all of the originally issued subordinated units held by the general partner, have been converted into common units on a one-for-one basis, 2,845,910 each on February 15, 2005 and February 15, 2006 and 5,691,819 on February 15, 2007 (see Note 10).

4. Net Income Per Unit Data

Basic and diluted net income per limited partner unit is calculated by dividing net income, after deducting the amount allocated to the general partner's interest, by the weighted-average number of limited partner common and subordinated units outstanding during the period.

The general partner's interest in net income consists of its 2.0 percent general partner interest and "incentive distributions", which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.50 per limited partner unit (see Note 10). The general partner was allocated net income of $2.1 million (representing 9.3 percent of total net income for the period) and $1.3 million (representing 7.3 percent of total net income for the period) for the three months ended March 31, 2007 and 2006, 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 months ended March 31, 2007 and 2006:

	Three Months Ended March 31,	
	2007	2006
Weighted average number of limited partner units outstanding – basic	28,564,996	25,819,210
Add effect of dilutive unit incentive awards	137,732	125,542
Weighted average number of limited partner units – diluted	28,702,728	25,944,752

5. Investment in Affiliates

The Partnership's ownership percentages in corporate joint ventures as of March 31, 2007 and December 31, 2006 are as follows:

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

(1) The Partnership's interest in the Mid-Valley Pipeline Company includes 50 percent voting rights.

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 months ended March 31, 2007 and 2006 (in thousands of dollars):

	Three Months Ended March 31, 2007	2006
Income Statement Data:		
Total revenues	$109,689	$83,356
Net income	$ 29,972	$20,738

The following table provides summarized combined balance sheet data on a 100 percent basis for the Partnership's corporate joint venture interests as of March 31, 2007 and December 31, 2006 (in thousands of dollars):

	March 31, 2007	December 31, 2006
Balance Sheet Data:		
Current assets	$119,944	$104,276
Non-current assets	$488,768	$489,514
Current liabilities	$123,169	$111,476
Non-current liabilities	$397,511	$399,826
Net equity	$ 88,032	$ 83,028

The Partnership's investments in Wolverine, West Shore, Yellowstone, and West Texas Gulf at March 31, 2007 include an excess investment amount of approximately $54.8 million, net of accumulated amortization of $2.8 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.

6. Long-Term Debt

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

	March 31, 2007	December 31, 2006
Credit Facility	$ 116,000	$ 68,000
Senior Notes – 7.25%, due February 15, 2012	250,000	250,000
Senior Notes – 6.125%, due May 15, 2016	175,000	175,000
Less unamortized bond discount	(1,041)	(1,090)
	$ 539,959	$ 491,910

Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"), a wholly-owned entity of the Partnership, has a $300 million Credit Facility 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. Borrowing under this distribution sublimit must be reduced to zero each year for a 15-day period. The Credit Facility matures in November 2010 and may be prepaid at any time. It 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 Citibank prime rate (each plus the applicable margin). There were $116.0 million of outstanding borrowings under the Credit Facility at March 31, 2007. 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 (each as defined in the credit agreement) requiring the Operating Partnership to maintain, on a rolling four-quarter basis, a maximum total debt to EBITDA ratio of 4.75 to 1, which can generally be increased to 5.25 to 1 during an acquisition period; and an interest coverage ratio of at least 3.0 to 1. The Operating Partnership is in compliance with these covenants as of March 31, 2007. The Partnership's ratio of total debt to EBITDA was 3.2 to 1 and the interest coverage ratio was 4.8 to 1 at March 31, 2007.

On March 1, 2006, the Partnership completed its acquisition of two Texas crude oil pipeline systems for approximately $108.9 million (see Note 2). The Partnership initially financed these transactions with $109.5 million of borrowings under the Credit Facility. All of the $216.1 million in borrowings outstanding under the Credit Facility were repaid in May 2006 with proceeds from the Senior Notes offering described below, together with a portion of the net proceeds from the concurrent offering of 2.68 million limited partner common units (see Note 9).

During May 2006, the Operating Partnership issued $175 million of 6.125 percent Senior Notes, due May 15, 2016 at 99.858 percent of the principal amount, for net proceeds of $173.3 million after the underwriter's commission and legal, accounting and other transaction expenses. The 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 March 31, 2007. The net proceeds from the Senior Notes, together with the $110.3 million in net proceeds from the concurrent offering of 2.68 million limited partner common units, were used to repay all of the $216.1 million in outstanding borrowings under the Partnership's Credit Facility. The balance of the proceeds from the offerings are being used to fund the Partnership's organic growth program and for general Partnership purposes, including to finance pending and future acquisitions.

On August 21, 2006, the Partnership purchased from Sunoco a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest in Mid-Valley Pipeline Company ("Mid-Valley") for $65 million, subject to certain adjustments five years following the date of closing (see Note 2). The purchase price of the acquisition was funded with $46.0 million in borrowings under the Partnership's Credit Facility and with cash on hand.

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. See Note 13 for supplemental condensed consolidating financial information.

7. Commitments and Contingent Liabilities

The Partnership is subject to numerous federal, state and local laws which regulate the discharge of materials into the environment or that otherwise relate to the protection of the environment. These laws and regulations 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 was $0.5 million as of March 31, 2007 and December 31, 2006. There are no liabilities attributable to unasserted claims, nor have any recoveries from insurance been assumed.

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 initial public offering ("IPO") on February 8, 2002. Sunoco has indemnified the Partnership for 100 percent of all such 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 pending against Sunoco or its affiliates as of February 2, 2002, or 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 consolidated financial position of the Partnership at March 31, 2007. There are certain other pending legal proceedings related to matters arising after the February 2002 IPO which 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 consolidated financial position of the Partnership at March 31, 2007.

8. Management Incentive Plan

Sunoco Partners LLC, the general partner of the Partnership, has adopted the Sunoco Partners LLC Long-Term Incentive Plan (“LTIP”) for employees and directors of the general partner who perform services for the Partnership. The LTIP is administered by the independent directors of the Compensation Committee of the general partner’s board of directors with respect to employee awards, and by the non-independent members of the general partners’ board of directors with respect to awards granted to the independent directors. The LTIP currently permits the grant of restricted units and unit options covering an aggregate of 1,250,000 common units. There have been no grants of unit options since the inception of the LTIP. Restricted unit awards under the Partnership’s LTIP generally vest upon completion of a three-year service period. For performance-based awards, adjustments for attainment of performance targets can range from 0–200 percent of the award grant, and are payable in common units. Restricted unit awards may also include tandem distribution equivalent rights (“DERs”) at the discretion of the Compensation Committee. Subject to applicable vesting criteria, a DER entitles the grantee to a cash payment equal to cash distributions paid on an outstanding common unit during the period the restricted unit is outstanding. DERs are recognized as a reduction of Partners’ Capital as they become vested.

As of March 31, 2007, there were approximately 0.2 million unvested restricted units outstanding with a weighted average grant-date fair value of $45.05 per unit, and a contractual life of three years. As of March 31, 2007, total compensation cost related to non-vested awards not yet recognized was $2.3.million, and the weighted-average period over which this cost is expected to be recognized in expense is 2.1 years. The number of restricted stock units outstanding and the total compensation cost related to non-vested awards not yet recognized reflect the Partnership’s estimates of performance factors pertaining to performance-based restricted unit awards.

Effective January 1, 2006, the Partnership adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (“SFAS No. 123R”), using the modified-prospective method. SFAS No. 123R revised the accounting for stock-based compensation required by Statement of Financial Accounting Standards No. 123 “Accounting for Stock-Based Compensation” (“SFAS No. 123”). Among other things, SFAS No. 123R requires a fair-value-based method of accounting for share-based payment transactions, which is similar to the method followed by the Partnership under the provisions of SFAS No. 123.

SFAS No. 123R also requires the use of a non-substantive vesting period approach for new share-based payment awards that vest when an employee becomes retirement eligible, as is the case under the Partnership’s LTIP (i.e., the vesting period cannot exceed the date an employee becomes retirement eligible). The effect will be to accelerate expense recognition compared to the vesting period approach that the Partnership previously followed under SFAS No. 123. As a result of adopting Statement 123(R) on January 1, 2006, the Partnership’s net income is $1.4 million lower for the three months ended March 31, 2007, than if it had continued to account for share-based compensation under SFAS No. 123. Basic and diluted earnings per unit are $0.02 and $0.03, respectively, lower for the three months ended March 31, 2007 than if the Partnership had continued to account for share-based compensation under SFAS No. 123. The future impact of the non-substantive vesting period will be dependent upon the value of future stock-based awards granted to employees who are eligible to retire prior to the normal vesting periods of the awards.

The Partnership recognized share-based compensation expense related to the LTIP of approximately $2.3 million in the first quarter of 2007 and $0.9 million for the first quarter 2006. During the first quarter of 2007, the Partnership issued 50,410 new common units (after netting for taxes of approximately $1.5 million) and made DER-related payments of approximately $0.6 million in connection with the vesting.

9. Equity Offerings

In May 2006, the Partnership sold 2.4 million common units in a public offering at a price of $43.00 per unit. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale. The purchase price for the over allotment was equal to the offering price in the May 2006 sale. The total sale of units resulted in gross proceeds of $115.2 million, and net proceeds of $110.3 million, after the underwriters’ commission and legal, accounting and other transaction expenses. Net proceeds of the offering, together with the $173.3 million in net proceeds from the concurrent offering of Senior Notes (see Note 6), were used to repay $216.1 million of the debt incurred under the revolving credit facility, to fund the Partnership’s 2006 organic growth program, and for general partnership purposes. Also as a result of the issuance of these units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. At March 31, 2007, Sunoco's ownership in the Partnership, including its 2.0 percent general partner interest, was 43.4 percent.

10. Cash Distributions

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

The Partnership issued 11,383,639 subordinated units to its general partner in connection with the February 2002 IPO. The Partnership had 5,691,819 subordinated units outstanding as of December 31, 2006, all of which were held by the general partner, and for which there is no established public trading market. Any subordinated units that remain outstanding at the end of the subordination period convert to common units on a one-for-one basis if the Partnership meets certain required financial tests set forth in the Partnership Agreement. Upon conversion to common units, the subordinated units will no longer be subordinated to the rights of the holders of common units.

The Partnership has met the minimum quarterly distribution requirements on all outstanding units for each of the four-quarter periods ended December 31, 2004, 2005 and 2006. As a result, the total of 11,383,639 subordinated units have been converted into common units on a one-for-one basis, 2,845,910 each on February 15, 2005 and February 15, 2006 and 5,691,819 on February 15, 2007.

The Partnership will, in general, pay cash distributions each quarter in the following manner:

	Percentage of Distributions	
Quarterly Cash Distribution Amount 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%

If cash distributions exceed $0.50 per unit in a quarter, the general partner will receive increasing percentages, up to 50 percent, of the cash distributed in excess of that amount. These distributions are referred to as "incentive distributions". The amounts shown in the table under "Percentage of Distributions" are the percentage interests of the general partner and the unitholders in any available cash from operating surplus that is distributed up to and including the corresponding amount in the column "Quarterly Cash Distribution Amount per Unit," until the available cash that is distributed reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

Distributions paid by the Partnership for the period from January 1, 2006 through March 31, 2007 were as follows:

Date Cash Distribution Paid	Cash Distribution per Limited Partner Unit	Total Cash Distribution to Limited Partners ($ in millions)	Total Cash Distribution to the General Partner ($ in millions)
February 14, 2006	$0.7125	$18.4	$2.0
May 15, 2006	$0.7500	$21.4	$3.3
August 14, 2006	$0.7750	$22.1	$4.0
November 14, 2006	$0.7875	$22.4	$4.4
February 14, 2007	$0.8125	$23.2	$5.1

On April 23, 2007, Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., declared a cash distribution of $0.825 per common partnership unit ($3.30 annualized), representing the distribution for the first quarter 2007. The $29.0 million distribution, including $5.4 million to the general partner, will be paid on May 15, 2007 to unitholders of record at the close of business on May 8, 2007.

11. Exit Costs Associated with Western Pipeline Headquarters Relocation

On June 10, 2005, the Partnership announced its intention to relocate its Western area headquarters operations from Tulsa, Oklahoma to the Houston, Texas area. The Partnership offered to relocate all affected employees. The Partnership substantially completed the relocation during the first quarter 2006.

The total non-recurring expenses incurred in connection with the relocation plan amounted to $5.0 million, including $2.9 million recognized during the first quarter 2006. These costs consist primarily of employee relocation costs, one-time termination benefits and new hire expenses. These costs are included in selling, general and administrative expenses in the condensed statement of income, and are included in the operating results for the Western Pipeline System segment. In addition, the total capital expenditures associated with the move amounted to $5.5 million, including $2.8 million in the first quarter 2006. These capital expenditures include furniture and equipment, communication infrastructure and a pipeline control center. The Partnership has not incurred any material costs related to the move since the first quarter of 2006, and does not expect the remaining costs related to the relocation to be material.

12. 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 months ended March 31, 2007 and 2006, respectively (in thousands of dollars):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Segment Operating Income		
Eastern Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 18,844	$ 18,438
Unaffiliated customers	8,130	6,838
Other income	2,536	1,972
Total Revenues	29,510	27,248
Operating expenses	11,956	10,649
Depreciation and amortization	2,307	2,650
Selling, general and administrative expenses	5,559	4,068
Total Costs and Expenses	19,822	17,367
Operating Income	$ 9,688	$ 9,881
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 21,444	$ 19,156
Unaffiliated customers	11,444	9,957
Other income	(8)	7
Total Revenues	32,880	29,120
Operating expenses	12,481	12,557
Depreciation and amortization	3,675	3,700
Selling, general and administrative expenses	4,469	3,473
Total Costs and Expenses	20,625	19,730
Operating Income	$ 12,255	$ 9,390
Western Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 411,781	$ 440,727
Unaffiliated customers	1,077,927	765,855
Other income	2,511	412
Total Revenues	1,492,219	1,206,994
Cost of products sold and operating expenses	1,474,821	1,191,580
Depreciation and amortization	2,922	2,596
Selling, general and administrative expenses	5,491	7,462
Total Costs and Expenses	1,483,234	1,201,638
Operating Income	$ 8,985	$ 5,356
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Eastern Pipeline System	$ 9,688	$ 9,881
Terminal Facilities	12,255	9,390
Western Pipeline System	8,985	5,356
Total segment operating income	30,928	24,627
Net interest expense	8,621	6,203
Net Income	$ 22,307	$ 18,424

The following table provides the identifiable assets for each segment as of March 31, 2007 and December 31, 2006 (in thousands):

	March 31, 2007	December 31, 2006
Eastern Pipeline System	$ 366,475	$ 367,718
Terminal Facilities	344,466	341,878
Western Pipeline System	1,393,807	1,346,232
Corporate and other	10,464	26,249
Total identifiable assets	$ 2,115,212	$ 2,082,077

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

13. Supplemental Condensed Consolidating Financial Information

The Partnership and the operating subsidiaries of the Operating Partnership serve as joint and several guarantors of the 6.125% and 7.25% Senior Notes and of any obligations under the Credit Facility. The guarantees are full and unconditional. Given that certain, but not all subsidiaries of the Partnership are guarantors, the Partnership is required to present the following supplemental condensed consolidating financial information. For purposes of the following footnote, Sunoco Logistics Partners, L.P. is referred to as “Parent” and Sunoco Logistics Partners Operations L.P. is referred to as “Subsidiary Issuer.” Sunoco Partners Marketing and Terminals L.P., Sunoco Pipeline L.P., Sun Pipeline Company of Delaware LLC and Sunoco Pipeline Acquisition LLC are collectively referred to as the “Subsidiary Guarantors”. Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations GP LLC and Sunoco Partners Lease Acquisition & Marketing LLC, are referred to as “Non-Guarantor Subsidiaries.”

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

Condensed Consolidating Statement of Income
Three Months Ended March 31, 2007
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 452,069	$ —	$ —	$ 452,069
Unaffiliated customers	—	—	1,097,501	—	—	1,097,501
Equity in earnings of subsidiaries	22,304	30,100	—	3	(52,407)	—
Other income	—	—	5,039	—	—	5,039
Total Revenues	22,304	30,100	1,554,609	3	(52,407)	1,554,609
Costs and Expenses						
Cost of products sold and operating expenses	—	—	1,499,258	—	—	1,499,258
Depreciation and amortization	—	—	8,904	—	—	8,904
Selling, general and administrative expenses	—	—	15,519	—	—	15,519
Total Costs and Expenses	—	—	1,523,681	—	—	1,523,681
Operating Income	22,304	30,100	30,928	3	(52,407)	30,928
Net interest cost paid to / (received from) affiliates	—	(290)	825	—	—	535
Other interest cost and debt expenses, net	—	8,639	—	—	—	8,639
Capitalized interest	—	(553)	—	—	—	(553)
Net Income	$ 22,304	$ 22,304	$ 30,103	$ 3	$ (52,407)	$ 22,307

Condensed Consolidating Statement of Income
Three Months Ended March 31, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 478,321	$ —	$ —	$ 478,321
Unaffiliated customers	—	—	782,650	—	—	782,650
Equity in earnings of subsidiaries	18,421	25,114	—	3	(43,538)	—
Other income	—	—	2,391	—	—	2,391
Total Revenues	18,421	25,114	1,263,362	3	(43,538)	1,263,362
Costs and Expenses						
Cost of products sold and operating expenses	—	—	1,214,786	—	—	1,214,786
Depreciation and amortization	—	—	8,946	—	—	8,946
Selling, general and administrative expenses	—	—	15,003	—	—	15,003
Total Costs and Expenses	—	—	1,238,735	—	—	1,238,735
Operating Income	18,421	25,114	24,627	3	(43,538)	24,627
Net interest cost paid to / (received from) affiliates	—	799	(490)	—	—	309
Other interest cost and debt expenses, net	—	6,450	—	—	—	6,450
Capitalized interest	—	(556)	—	—	—	(556)
Net Income (Loss)	$ 18,421	$ 18,421	$ 25,117	$ 3	$ (43,538)	$ 18,424

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Condensed Consolidating Balance Sheet
March 31, 2007
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets						
Current Assets						
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ —	$ —
Accounts receivable, affiliated companies	—	—	153,281	—	—	153,281
Accounts receivable, net	—	—	756,029	—	—	756,029
Inventories Crude oil	—	—	81,424	—	—	81,424
Materials, supplies and other	—	—	731	—	—	731
Total Current Assets	—	—	991,465	—	—	991,465
Properties, plants and equipment, net	—	—	1,015,651	—	—	1,015,651
Investment in affiliates	582,587	1,127,694	81,299	112	(1,710,393)	81,299
Deferred charges and other assets	—	3,142	23,655	—	—	26,797
Total Assets	$ 582,587	$ 1,130,836	$ 2,112,070	$ 112	$ (1,710,393)	$ 2,115,212
Liabilities and Partners' Capital						
Current Liabilities						
Accounts payable	$ —	$ 13	$ 923,016	$ —	$ —	$ 923,029
Accrued liabilities	1,029	4,311	17,092	—	—	22,432
Accrued taxes other than income	—	—	16,692	(29)	—	16,663
Advances from affiliates	6,921	(48,000)	48,755	—	—	7,676
Total Current Liabilities	7,950	(43,676)	1,005,555	(29)	—	969,800
Long-term debt	—	539,959	—	—	—	539,959
Other deferred credits and liabilities	—	—	26,789	—	—	26,789
Total Liabilities	7,950	496,283	1,032,344	(29)	—	1,536,548
Total Partners' Capital	574,637	634,553	1,079,726	141	(1,710,393)	578,664
Total Liabilities and Partners' Capital	$ 582,587	$ 1,130,836	$ 2,112,070	$ 112	$ (1,710,393)	$ 2,115,212

Condensed Consolidating Balance Sheet
December 31, 2006

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets						
Current Assets						
Cash and cash equivalents	$ —	$ 9,412	$ —	$ —	$ —	$ 9,412
Advances to affiliates	3,549	48,000	(44,118)	—	—	7,431
Accounts receivable, affiliated companies	—	—	98,952	—	—	98,952
Accounts receivable, net	—	—	776,505	—	—	776,505
Inventories						
Crude oil	—	—	69,552	—	—	69,552
Materials, supplies and other	—	—	732	—	—	732
Total Current Assets	3,549	57412	901,623	—	—	962,584
Properties, plants and equipment, net	—	—	1,006,668	—	—	1,006,668
Investment in affiliates	576,601	1,063,942	81,934	99	(1,640,642)	81,934
Deferred charges and other assets	—	3,331	27,560	—	—	30,891
Total Assets	$ 580,150	$ 1,124,685	$ 2,017,785	$ 99	$ (1,640,642)	$ 2,082,077
Liabilities and Partners' Capital						
Current Liabilities						
Accounts payable	$ —	$ —	$ 922,495	$ —	$ —	$ 922,495
Accrued liabilities	1,109	6,970	26,764	—	—	34,843
Accrued taxes other than income	—	—	22,898	(29)	—	22,869
Total Current Liabilities	1,109	6,970	972,157	(29)	—	980,207
Long-term debt	—	491,910	—	—	—	491,910
Other deferred credits and liabilities	—	—	27,049	—	—	27,049
Total Liabilities	1,109	498,880	999,206	(29)	—	1,499,166
Total Partners' Capital	579,041	625,805	1,018,579	128	(1,640,642)	582,911
Total Liabilities and Partners' Capital	$ 580,150	$ 1,124,685	$ 2,017,785	$ 99	$ (1,640,642)	$ 2,082,077

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2007
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 22,224	$ 19,847	$ (15,284)	$ 3	$ (52,407)	$ (25,617)
Cash Flows from Investing Activities:						
Capital expenditures	—	—	(17,881)	—	—	(17,881)
Intercompany	(4,499)	(77,259)	29,354	(3)	52,407	—
	(4,499)	(77,259)	11,473	(3)	52,407	(17,881)
Cash Flows from Financing Activities:						
Distribution paid to Limited Partners and General Partner	(28,253)	—	—	—	—	(28,253)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(1,479)	—	—	(1,479)
Contribution from General Partner for Limited Partner unit transactions	58	—	—	—	—	58
Repayments from (advances to) affiliates, net	10,470	—	4,637	—	—	15,107
Borrowings under credit facility	—	48,000	—	—	—	48,000
Contributions from (distributions to) affiliate	—	—	653	—	—	653
	(17,725)	48,000	3,811	—	—	34,086
Net change in cash and cash equivalents	—	(9,412)	—	—	—	(9,412)
Cash and cash equivalents at beginning of year	—	9,412	—	—	—	9,412
Cash and cash equivalents at end of period	$ —	$ —	$ —	$ —	$ —	$ —

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 18,359	$ 14,869	$ 49,085	$ 3	$ (43,538)	$ 38,778
Cash Flows from Investing Activities:						
Capital expenditures	—	—	(18,228)	—	—	(18,228)
Acquisitions	—	—	(109,448)	—	—	(109,448)
Intercompany	14,422	(141,063)	83,106	(3)	43,538	—
	14,422	(141,063)	(44,570)	(3)	43,538	(127,676)
Cash Flows from Financing Activities:						
Distribution paid to Limited Partners and General Partner	(20,360)	—	—	—	—	(20,360)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(1,443)	—	—	(1,443)
Contributions from General Partner for Limited Partner unit transactions	74	—	—	—	—	74
Repayments from (advances to) affiliates, net	(12,495)	—	(3,072)	—	—	(15,567)
Borrowings under credit facility	—	109,500				109,500
	(32,781)	109,500	(4,515)	—	—	72,204
Net change in cash and cash equivalents	—	(16,694)	—	—	—	(16,694)
Cash and cash equivalents at beginning of year	—	21,645	—	—	—	21,645
Cash and cash equivalents at end of period	$ —	$ 4,951	$ —	$ —	$ —	$ 4,951

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

Results of Operations – Three Months Ended March 31, 2007 and 2006

Sunoco Logistics Partners L.P.
Operating Highlights
Three Months Ended March 31, 2007 and 2006

	Three Months Ended March 31	
	2007	**2006**
Eastern Pipeline System: (1)		
Total shipments (barrel miles per day)(2)	63,491,427	60,988,946
Revenue per barrel mile (cents)	0.472	0.460
Terminal Facilities:		
Terminal throughput (bpd):		
Refined product terminals	415,567	383,233
Nederland terminal	556,622	489,667
Refinery terminals(3)	613,511	693,677
Western Pipeline System:(1)(4)		
Crude oil pipeline throughput (bpd)	533,906	485,007
Crude oil purchases at wellhead (bpd)	185,151	181,413
Gross margin per barrel of pipeline throughput (cents)(5)	24.9	28.4

(1) Excludes amounts attributable to equity ownership interests in 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 Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.

(4) Includes results from the Partnership's purchases of an undivided joint interest in the Mesa Pipe Line system, the Corsicana to Wichita Falls, Texas pipeline system, the Millennium and Kilgore pipeline system and the Amdel pipeline system from the acquisition dates.

(5) 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 Consolidated Net Income

Net income was $22.3 million for the first quarter 2007 as compared with $18.4 million for the first quarter 2006, an increase of $3.9 million. This increase was due mainly to an increase in revenues at the Partnership's Nederland Terminal, operating results from the acquisitions completed in 2006 in the Western Pipeline System, increased revenues at the Partnership's refined product terminals associated with ethanol blending and product additives and increased other income associated with the August 2006 acquisition of a 55.3 percent equity interest in the Mid-Valley Pipeline Company. These increases were partially offset by lower lease acquisition margins, higher interest expense related to financing the acquisitions completed in 2006 and the Partnership's organic growth capital program and increased selling, general and administrative expenses related to the acceleration of compensation expense associated with the Partnership's long term incentive plan in accordance with applicable accounting standards.

Net interest expense increased $2.4 million to $8.6 million for the first quarter 2007 from $6.2 million for the prior year's quarter due to increased borrowings related to financing the acquisitions completed in 2006, and funding the Partnership's organic growth capital program and contango inventory positions.

Analysis of Segment Operating Income

Eastern Pipeline System

Operating income for the Eastern Pipeline System decreased $0.2 million to $9.7 million for the first quarter 2007 from $9.9 million for the first quarter 2006. This decrease was primarily the result of a $2.5 million increase in total expenses partially offset by a $2.3 million increase in total revenues. Sales and other operating revenue increased from $25.3 million for the prior year's quarter to $27.0 million for the first quarter 2007 mainly due to an increase in total shipments. The increase in shipments was due to higher throughput on the Marysville, Michigan to Toledo, Ohio crude oil pipeline resulting from the completion of a project to expand the capacity of the pipeline, which was completed during the fourth quarter 2006. Additionally, refined product shipments increased compared to the prior year's quarter despite decreased volumes on certain pipeline segments which support a refinery which completed a maintenance turnaround during the quarter. Other income increased $0.6 million compared to the prior year's quarter due primarily to an increase in equity income associated with the Partnership's joint venture interests. Operating expenses increased to $12.0 million in the first quarter 2007 from $10.6 million in the first quarter 2006 due mainly to increased utility costs along with increased employee and maintenance costs. Selling, general and administrative expenses increased from $4.1 million during the first quarter 2006 to $5.6 million in the first quarter 2007 due mainly to decreased capitalization of certain engineering employee costs associated with the Partnership's organic growth capital program along with the acceleration of compensation expense noted above. Depreciation and amortization expense decreased $0.4 million in the first quarter 2007 to $2.3 million as certain assets reached the end of their depreciation life during the third quarter 2006.

Terminal Facilities

The Terminal Facilities business segment had operating income of $12.3 million for the first quarter 2007, as compared to $9.4 million for the prior year's first quarter. Total revenues increased $3.8 million from the prior year's first quarter to $32.9 million for the first quarter 2007 due primarily to increased revenues at the Partnership's Nederland Terminal, increased revenues associated with the addition of ethanol blending at the Partnership's refined product terminals starting in May 2006, additional product additive revenues, and increased volumes at the refined product terminals. These increases were partially offset by a decrease in the Partnership's refinery terminals volumes compared to the prior year period which resulted from a maintenance turnaround at a refinery supported by the terminals. Selling, general and administrative expenses increased $1.0 million from the prior year's first quarter to $4.5 million for the first quarter 2007 due principally to the acceleration of compensation expenses noted above.

Western Pipeline System

Operating income for the Western Pipeline System increased $3.6 million to $9.0 million for the first quarter 2007 from $5.4 million for the first quarter 2006. The increase was primarily the result of higher crude oil pipeline volumes associated with the March 2006 acquisitions of the Millennium and Kilgore crude oil pipelines and the Amdel pipelines along with an increase in other income of $2.1 million related primarily to the acquisition of a 55.3 percent equity interest in the Mid-Valley Pipeline Company in August 2006. The increases were partially offset by lower lease acquisition margins. Total revenues and cost of products sold and operating expenses increased compared with the prior year's quarter due principally to an increase in lease acquisition volumes associated with contango inventory positions and increased bulk purchase and sale activity partially offset by a decrease in crude prices. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma, decreased to $58.23 per barrel for the first quarter 2007 from $63.53 per barrel for the first quarter 2006. Operating expenses were higher also as a result of increased costs associated with operating the 2006 acquired assets. Selling, general and administrative expenses decreased $2.0 million for the first quarter 2007 when compared to the prior year's quarter due primarily to the absence of costs associated with the Western Area office relocation which was completed during the first quarter 2006, partially offset by the acceleration of compensation expenses noted above.

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under the Credit Facility are the Partnership's primary sources of liquidity. At March 31, 2007, the Partnership had net working capital of $21.7 million and available borrowing capacity under the Credit Facility of $184.0 million. 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 working capital of $131.8 million at March 31, 2007.

Capital Resources

The Partnership periodically supplements its cash flows from operations with proceeds from debt and equity financing activities.

Credit Facility

Sunoco Logistics Partners Operations L.P., a wholly-owned subsidiary of the Partnership (the "Operating Partnership"), has a $300 million Credit Facility available to fund working capital requirements, to finance future acquisitions, and for general partnership purposes. The Credit Facility matures in November 2010. It also includes a $20.0 million distribution sublimit that is available for distributions, and may be used to fund the quarterly distributions, provided the total outstanding borrowings for distributions do not at any time exceed $20.0 million. The Partnership will be required to reduce to zero all borrowings under the distribution sublimit under the Credit Facility each year for 15 days.

During the first quarter 2007, $48.0 million was drawn against the Credit Facility to fund the Partnership's organic growth capital program and contango inventory positions. As of March 31, 2007, there was $184.0 million available under the Credit Facility to fund the Partnership's organic growth capital program, and for general Partnership purposes, including to finance pending and future acquisitions.

Senior Notes

During May 2006, the Operating Partnership issued $175 million of 6.125 percent Senior Notes, due May 15, 2016 at 99.858 percent of the principal amount, for net proceeds of $173.3 million after the underwriter's commission and legal, accounting and other transaction expenses. The 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 March 31, 2007. The net proceeds from the Senior Notes, together with the $110.4 million in net proceeds from the concurrent offering of 2.68 million limited partner common units, were used to repay the $216.1 million in outstanding borrowings under the Partnership's Credit Facility The balance of the proceeds from the offerings were used to fund the Partnership's organic growth capital program and for general Partnership purposes.

Equity Offerings

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale. The total sale of units resulted in gross proceeds of $115.2 million, and net proceeds of $110.3 million, after the underwriters' commission and legal, accounting and other transaction expenses. Net proceeds of the offering were used to repay a portion of the $216.1 million of the debt incurred under the revolving Credit Facility. As a result of this issuance of 2.68 million common units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its condensed consolidated balance sheet.

Shelf Registration Statement

On April 7, 2006, the Partnership, the Operating Partnership, and the Operating Partnership's wholly-owned subsidiaries, as co-registrants, filed a shelf registration statement with the Securities and Exchange Commission. This shelf registration permits the periodic offering and sale of up to $500 million of equity securities by the Partnership or debt securities of the Operating Partnership (guaranteed by the Partnership). At March 31, 2007, $209.8 million remains available for issuance under the shelf registration statement. The shelf registration also covers the resale of up to five million common units by the Partnership's general partner. The amount, type and timing of any offerings will depend upon, among other things, the funding requirements of the Partnership, prevailing market conditions, and compliance with covenants in applicable debt obligations of the Operating Partnership (including the Credit Facility).

Cash Flows and Capital Expenditures

Net cash used in operating activities for the three months ended March 31, 2007 was $25.6 million compared with $38.8 million net cash provided by operating activities for the first three months of 2006. Net cash used in operating activities for the first three months of 2007 was primarily the result of a $64.0 million increase in working capital offset by net income of $22.3 million and depreciation and amortization of $8.9 million. The working capital increase is primarily attributable to revenue growth along with increased inventory volumes associated with contango inventory positions.

Net cash provided by operating activities for the first three months of 2006 was principally generated by net income of $18.4 million, depreciation and amortization of $8.9 million, and a $14.0 million decrease in working capital.

Net cash used in investing activities for the three months of 2007 was $17.9 million compared with $127.7 million for the first three months of 2006. The decrease between periods is due primarily to the acquisitions of the Millennium and Kilgore crude oil pipelines and the Amdel crude oil pipeline in March 2006.

Net cash provided by financing activities for the first three months of 2007 was $34.1 million compared with $72.2 million for the first three months of 2006. Net cash provided by financing activities for the first three months of 2007 was the result of $48.0 million in increased borrowings under the Partnership's Credit Facility to fund the Partnership's organic growth capital program and contango inventory positions, and $15.1 million in advances from affiliate. This increase was partially offset by $28.3 million in distributions paid to limited partners and the general partner and $1.5 million payment of statutory withholdings on the net issuance of limited partner units under the restricted unit incentive plan. Net cash provided by financing activities for the first three months of 2006 was the result of $109.5 million of borrowings drawn against the Partnerships' Credit Facility to fund the acquisitions of the Millennium and Kilgore pipeline system and the Amdel and White Oil pipeline system on March 1, 2006. This increase was partially offset by $20.4 million in distributions paid to limited partners and the general partner, and a $15.6 million increase in advances to affiliates.

Under a treasury services agreement with Sunoco, the Partnership participates in Sunoco's centralized cash management program. Advances from affiliates in the Partnership's condensed consolidated balance sheets at March 31, 2007 represent amounts due to Sunoco under this agreement. Advances to affiliates at December 31, 2006 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 maintain, upgrade or enhance existing operations and to meet environmental and operational regulations. 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 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):

	Three Months Ended March 31,	
	2007	**2006**
Maintenance	$ 2,636	$ 6,439
Expansion	15,245	116,913
	$ 17,881	$ 123,352

Maintenance capital expenditures decreased $3.8 million to $2.6 million in the three months ended March 31, 2007 from the first three months of 2006 due mainly to the absence of capital expenditures associated with the Western area office relocation completed during the first quarter 2006. Management anticipates maintenance capital expenditures to be approximately $25.0 million for the year ended December 31, 2007, excluding reimbursements from Sunoco in accordance with the terms of certain agreements. Maintenance capital expenditures for both periods presented include recurring expenditures such as pipeline integrity costs, pipeline relocations, repair and upgrade of field instrumentation, including measurement devices, repair and replacement of tank floors and roofs, upgrades of cathodic protection systems, crude trucks and related equipment, and the upgrade of pump stations.

Expansion capital expenditures decreased in the three months ended March 31, 2007 when compared to the first three months of 2006 due primarily to the March 2006 acquisitions of the Millennium and Kilgore pipelines and the Amdel pipeline for $108.9 million. Excluding these acquisitions, expansion capital expenditures for the three months ended March 31, 2007 increased by $7.2 million due to the continued construction at Nederland of six new crude oil storage tanks with a total capacity of approximately 3.6 million shell barrels and pipeline connections within the Western Pipeline System. In addition, the Partnership began the previously announced project to construct three additional crude oil storage tanks, with a combined capacity of 2.0 millions shell barrels, and a 12-mile 30” crude oil pipeline from the Nederland Terminal to Motiva’s Port Arthur, Texas refinery.

The Partnership expects to fund capital expenditures, including pending and future acquisitions, from both cash provided by operations and, to the extent necessary, from the proceeds of borrowings under the Credit Facility, other borrowings and the issuance of additional common units.

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 any derivative transactions.

The $300 million Credit Facility generally exposes the Partnership to interest rate risk since it bears interest at a variable rate of 5.67 percent at March 31, 2007. A one percent change in interest rates changes annual interest expense by approximately $1.2 million based on outstanding borrowings under the Credit Facility of $116.0 million at March 31, 2007.

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:

- Our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;
- Delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;
- Changes in demand for, or supply of, crude oil, refined petroleum products and natural gas liquids that impact demand for the Partnership’s pipeline, terminalling and storage services;
- Changes in the demand for crude oil we both buy and sell;
- The loss of Sunoco 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 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;
- Changes in regulations concerning required composition of refined petroleum products, that result in changes in throughput volumes, pipeline tariffs and/or terminalling and storage fees;
- Improvements in energy efficiency and technology resulting in reduced demand for petroleum products;

- The Partnership's ability to manage growth and/or control costs;
- The effect of changes in accounting principles and tax laws and interpretations of both;
- Global and domestic economic repercussions, including disruptions in the crude oil and petroleum products markets, from terrorist activities, international hostilities and other events, and the government's response thereto;
- Changes in the level of operating expenses and hazards related to operating facilities (including equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);
- The occurrence of operational hazards or unforeseen interruptions for which the Partnership may not be adequately insured;
- The age of, and changes in the reliability and efficiency of the Partnership's operating facilities;
- Changes in the expected level of capital, operating, or remediation spending related to environmental matters;
- Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;
- Risks related to labor relations and workplace safety;
- Non-performance by or disputes with major customers, suppliers or other business partners;
- Changes in 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 adverse general 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;
- Claims of the Partnership's non-compliance with regulatory and statutory requirements; and
- The costs and effects of legal and administrative claims and proceedings against the Partnership or any entity in which it has an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which the Partnership, or any entity in which it has an ownership interest, 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 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), 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 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 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 has agreed to indemnify the Partnership for 100 percent of all losses from environmental liabilities related to the transferred assets arising prior to, and asserted within 21 years of February 8, 2002. There is no monetary cap on this indemnification from Sunoco. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent each year through the thirtieth year following the February 8, 2002 date. Any remediation liabilities not covered by this indemnity will be the Partnership's responsibility.

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 to the Partnership's financial position at March 31, 2007.

Item 1A. Risk Factors

There have been no material changes from the risk factors described previously in Part I, Item 1A of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 23, 2007.

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: Sunoco Partners LLC Special Executive Severance Plan, amended and restated as of April 20, 2007

10.2: Sunoco Partners LLC Executive Compensation Summary Sheet for 2007

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

31.1: Chief Executive Officer and Principal Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)

32: Chief Executive Officer and Principal 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
Mellon Bank Center
1735 Market Street
Philadelphia, PA 19103-7583

or through our website at www.sunocologistics.com.

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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/ DEBORAH M. FRETZ

Deborah M. Fretz
President, Chief Executive Officer and
Principal Financial Officer

Date: May 2, 2007

Exhibit 10.1

SUNOCO PARTNERS LLC
SPECIAL EXECUTIVE SEVERANCE PLAN
(Amended and restated as of April 20, 2007)

ARTICLE I
DEFINITIONS

1.1 “Annual Compensation” — shall mean a Participant’s annual base salary as in effect immediately prior to the Change of Control, or, if greater, immediately prior to the Employment Termination Date, plus the greater of (x) the Participant’s annual guideline (target) bonus as in effect immediately before the Change of Control or, if higher, the Employment Termination Date, or (y) the highest annual bonus awarded to the Participant with respect to any of the three years ending before the Change of Control or any subsequent year ending before the Employment Termination Date.

1.2 “Benefit” or “Benefits” — shall mean any or all of the benefits that a Participant is entitled to receive pursuant to Article III of the Plan.

1.3 “Benefit Extension Period” — shall mean:

(a) for the Chief Executive Officer, three years; and

(b) for each other Executive Employee, two years.

1.4 “Cause” — shall mean:

(a) fraud or embezzlement on the part of the Participant;

(b) conviction of or the entry of a plea of *nolo contendere* by the Participant to any felony;

(c) the willful and continued failure or refusal by the Participant to perform substantially the Participant’s duties with the Company or an affiliate (other than any such failure resulting from incapacity due to physical or mental illness, or death, or following notice of employment termination by the Participant pursuant to subsections 1.18(b)(1), (2), (3) or (4)) within thirty (30) days following the delivery of a written demand for substantial performance to the Participant by the board of directors, or any employee of the Company or an affiliate with supervisory authority over the Participant, that specifically identifies the manner in which the Company’s board of directors or such supervising employee believes that the Participant has not substantially performed the Participant’s duties; or

(d) any act of willful misconduct by the Participant which:

(1) is intended to result in substantial personal enrichment of the Participant at the expense of the Partnership, the Company, or any respective affiliates thereof; or

(2) has a material adverse impact on the business or reputation of the Partnership, the Company, or any respective affiliate thereof (such determination to be made by the Partnership, the Company, or any such affiliate in the good faith exercise of its reasonable judgment).

Disputes with respect to whether “Cause” exists shall be resolved in accordance with Article V.

1.5 “Change of Control” — shall mean, and shall be deemed to have occurred upon the occurrence of one or more of the following events:

(a) the consolidation, reorganization, merger or other transaction pursuant to which more than fifty percent (50%) of the combined voting power of the outstanding equity interests in the Company cease to be owned by Sunoco, Inc. and its affiliates;

(b) a “Change in Control” of Sunoco, as defined from time to time in the Sunoco stock plans; or

(c) the general partner (whether the Company or any other Person) of the Partnership ceases to be an affiliate of Sunoco.

1.6 “Chief Executive Officer” — shall mean the individual serving as the Chief Executive Officer of Sunoco Partners LLC, as of the date of reference.

1.7 “Committee” — shall mean the administrative committee designated pursuant to Article IV of the Plan to administer the Plan in accordance with its terms.

1.8 “Company” — shall mean Sunoco Partners LLC, Inc., a Pennsylvania limited liability company, and Sunoco Lease Acquisition & Marketing LLC, a Delaware limited liability company and subsidiary of Sunoco Partners LLC, and any successors thereto.

1.9 “Company Service” — shall mean, for purposes of determining Benefits available to any Participant in this Plan, the total aggregate recorded length of such Participant’s service with the Company, including service prior to February 8, 2002 with Sunoco,. Inc., or any affiliate thereof, as predecessor in interest to operations of the Company. Company Service shall commence with the Participant’s initial date of employment and shall end with such Participant’s death, retirement, or termination for any reason. Company Service also shall include:

(a) all periods of approved leave of absence (personal, family, medical, or military);

provided, however, that the Participant returns to work within the prescribed time following the leave;

(b) any break in service of thirty (30) days or less; and

(c) any service credited under applicable Company policies with respect to the length of a Participant's employment by any non-affiliated entity that is subsequently acquired by, and becomes a part of, the Company's operations.

1.10 "Compensation Committee" — shall mean the Compensation Committee of Sunoco Partners LLC's board of directors.

1.11 Disability" — shall mean any illness, injury or incapacity of such duration and type as to render a Participant eligible to receive long-term disability benefits under the applicable broad-based long-term disability program of the Company.

1.12 "Employment Termination Date" — shall mean the date on which the employment relationship between the Participant and the Company is terminated; *provided, however*, that such employment relationship will not be deemed terminated if the Participant subsequently is hired by Sunoco, Inc., or an affiliate thereof, in connection with a Change of Control.

1.13 "ERISA" — shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.14 "Executive Employee" — shall mean the Chief Executive Officer; the Chief Financial Officer; the Vice President, Operations; the Vice President, Business Development; the General Counsel; the Director, Human Resources; and the Chief Information Officer, together with such other persons as may be designated by the Compensation Committee.

1.15 "Involuntary Plan" — shall mean the applicable involuntary termination plan of the Company.

1.16 "Participant" — shall mean any Executive Employee, employed by the Company on or before the occurrence of any Change of Control, who:

(a) meets the eligibility requirements set forth in Section 2.2 of this Plan; and
(b) is participating in this Plan.

1.17 "Plan" — shall mean the Sunoco Partners LLC Special Executive Severance Plan, as set forth herein, and as the same may from time to time be amended.

1.18 "Qualifying Termination" — of the employment of a Participant shall mean any of the following:

(a) a termination of employment by the Company within two (2) years after a Change of Control, other than for Cause, death or Disability; or

(b) a termination of employment by the Participant within two (2) years after a Change of Control for one or more of the following reasons:

(1) 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 of Control, or a significant reduction in the duties and responsibilities held by the Participant immediately prior to the Change of Control, in each case except in connection with such Participant's termination of employment by the Company for Cause; or

(2) with respect to any Participant who is a member of the Company's board of directors immediately prior to the Change of Control, any failure of the members of the Company to elect or re-elect, or of the Company to appoint or re-appoint, the Participant as a member of such board of directors;

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

(4) the failure of the Company to provide the Participant with employee benefits and incentive compensation opportunities that:

(i) are not less favorable than those provided to other executives who occupy the same grade level at the Company as the Participant, or if the Company's grade levels are no longer applicable, to a similar peer group of the executives of the Company; and

(ii) provide the Participant with benefits that are at least as favorable, measured separately for:

(A) incentive compensation opportunities,

(B) savings and retirement benefits,

(C) welfare benefits, and

(D) fringe benefits and vacation,

as the most favorable of each such category of benefit in effect for the Participant at any time during the 120-day period immediately preceding the Change of Control; or

(5) 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 of Control;

provided, however, that in the case of any such termination of employment by the Participant under this subparagraph (b), 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

(c) before a Change of 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 (b) above, if the affected Participant can demonstrate that such termination or circumstance in (b) above leading to the termination:

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

(2) otherwise occurred in connection with a Change of Control;

provided, *however*, that in either such case, a Change of Control actually occurs within one (1) year following the Employment Termination Date.

Any good faith determination made by the Participant that the Participant has experienced a Qualifying Termination pursuant to Section 1.18(b) shall be conclusive. A Participant's mental or physical incapacity following the occurrence of an event described above in (b) above shall not affect the Participant's ability to have a Qualifying Termination.

1.20 "Retirement Plan" — shall have the meaning set forth in Section 3.1(c).

1.21 "SERP" — shall have the meaning set forth in Section 3.1(c).

ARTICLE II
PURPOSE, ELIGIBILITY AND TERM

2.1 Purpose. The Company maintains this Plan to provide severance benefits to Executive Employees, whose employment is terminated in connection with, or following, a Change of Control. This Plan is not intended to be included in the definitions of "employee pension benefit plan" and "pension plan" set forth under Section 3(2) of ERISA. Rather, this Plan is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b). Accordingly, the Benefits paid by the Plan are not deferred compensation.

2.2 Eligibility. Each Executive Employee shall become a Participant upon election by the Board of Directors or appointment by the Company. Except with respect to the reimbursement for legal expenses, described under Section 3.8, in order to receive a Benefit under this Plan, a Participant's employment must have been terminated as a result of a Qualifying Termination. The Committee shall determine whether any termination is a Qualifying Termination.

2.3 Term of the Plan. The Plan will continue until such time as the Compensation Committee, acting in its sole discretion, elects to modify, supersede or terminate it; *provided, however*, that no such action taken after a Change of Control, or before, but in connection with, a Change of Control, may terminate or reduce the Benefits or prospective Benefits of any individual who is a Participant on the date of the action without the express written consent of the Participant.

ARTICLE III
BENEFITS

3.1 Immediate Cash Benefit. In the event of a Qualifying Termination, the cash amount to be paid to an eligible Participant shall be paid in a lump sum by mailing to the last address provided by the Participant to the Company. In general, payment shall be made within fifteen (15) days after the Participant's Employment Termination Date but in no event later than thirty (30) days thereafter. In the event the Company should fail to pay the applicable amounts when due, the Participant also shall be entitled to receive from the Company an amount representing interest on any unpaid or untimely paid amounts from the due date to the date of payment at a rate equal to the prime rate of Citibank, N.A. as in effect from time to time after such due date.

The amount of this lump sum shall be equal to the sum of the following:

(a) An amount equal to the Participant's earned vacation (as determined under the Company's applicable vacation policy as in effect at the time of the Change of Control) through his or her Employment Termination Date;

(b) (1) for the Chief Executive Officer, Annual Compensation multiplied by three (3); (2) for each other Executive Employee, Annual Compensation multiplied by two (2);

(c) An amount equal to the excess of:

(i) the actuarial equivalent of the benefit under the Sunoco, Inc. Retirement Plan or any successor defined benefit pension plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Participant than those in effect under the Retirement Plan immediately prior to the Change of Control) and any excess or supplemental retirement plan, including, without limitation, the Sunoco, Inc. Executive Retirement Plan and the Sunoco, Inc. Pension Restoration Plan, in which the Participant participates (collectively, the "SERP") that the Participant would receive if the Participant's employment continued throughout his/her Benefit Extension Period, assuming for this purpose that all accrued benefits are fully vested and assuming that the Participant's compensation in each year of his/her Benefit Extension Period is the Annual Compensation; over

(ii) the actuarial equivalent of the Participant's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Employment Termination Date (including any additional benefit to which the Participant is entitled under the Retirement Plan or the SERP in connection with the Change of Control).

3.2 <u>Payments to Beneficiary(ies).</u> Each Executive Employee shall designate a beneficiary(ies) to receive any Benefits due hereunder in the event of the Participant's death prior to the receipt of all such Benefits. Such beneficiary designation shall be made in the manner, and at the time, prescribed by the Company in its sole discretion. In the absence of an effective beneficiary designation hereunder, the Participant's estate shall be deemed to be his or her designated beneficiary.

3.3 <u>Executive Severance Benefits</u>. In the event that Benefits are paid under Section 3.1, the Participant shall continue to be entitled, through the end of his/her Benefit Extension Period, to those employee benefits, based upon the amount of coverage or benefits provided at the Change of Control, listed below:

(a) Death benefits as follows:

(1) for Participants who became Executive Employees on or after January 1, 1985, an amount equal to one (1) times annual base salary at the Employment Termination Date; and

(2) for Participants who became Executive Employees before January 1, 1985, an amount equal to two (2) times the sum of annual base salary and guideline (target) bonus at the Employment Termination Date.

Any supplemental coverages elected under the Sunoco, Inc. Death Benefits Plan (or any similar plan of any of the following: a subsidiary or affiliate which has adopted this Plan; a corporation succeeding to the business of Sunoco, Inc.; and/or any subsidiary or affiliate, by merger, consolidation, liquidation, purchase of assets or stock, or similar transaction) will be discontinued under the terms of such plan or plans.

(b) Medical plan benefits (including dental coverage), with COBRA continuation eligibility beginning as of the end of the Benefit Extension Period, except as provided hereinbelow at Section 3.4.

(c) Life insurance coverage. In each case, when contributions are required of all Executive Employees at the time of the Participant's Employment Termination Date, or thereafter, if required of all other active Executive Employees, the Participant shall continue to be responsible for making the required contributions during the Benefit Extension Period in order to be eligible for the coverage. Notwithstanding the foregoing sentence, in lieu of the coverages provided under this Section 3.3, the Company may pay the Participant, at the time cash Benefits otherwise are to be paid, an amount (adjusted for taxes) equal to the then-present value of the total cost of such coverages, or the Company may provide the Participant with comparable coverage under a policy or policies of insurance. The Participant also shall be entitled to outplacement services during the Benefit Extension Period, at no cost to the Participant, from an experienced third-party vendor selected by the Committee.

3.4 <u>Special Medical Benefit</u>. In the event Benefits are paid to the Participant under Section 3.1:

(a) a Participant who, as of his/her Employment Termination Date, is fifty (50) or more years of age and has ten (10) or more years of Company Service, shall have medical (but not dental) benefits available under the same terms and conditions as other employees not yet eligible for Medicare coverage who retire under the terms of a Company retirement plan.

(b) a Participant who, as of the Employment Termination Date, is fifty (50) or more years of age but has fewer than ten (10) years of Company Service, shall be eligible to receive Company medical plan benefits (excluding dental coverage) following the Benefit Extension Period, at a cost to any such Participant that is equal to the full premium cost of such coverage.

Subject to modification or termination of such medical benefits as generally provided to other employees not yet eligible for Medicare coverage who retire under the terms of the Company's retirement plan(s), such benefits shall continue until such time as the Participant becomes first eligible for Medicare, or the Participant voluntarily cancels coverage, whichever is earlier.

3.5 Retirement and Savings Plans. This Plan shall not govern and shall in no way affect the Participant's interest in, or entitlement to benefits under, any of the Company's "qualified" or supplemental retirement plans, and, except to the extent specifically provided in Section 3.1(c), payments received under any such plans shall not affect a Participant's right to any Benefit hereunder.

3.6 Minimum Benefit; Effect of Executive Involuntary Severance Plan.

(a) Notwithstanding the provisions of Sections 3.1, 3.3 and 3.4 hereof, the Benefits available under those Sections of this Plan shall not be less than those determined in accordance with the provisions of the Sunoco Partners LLC Special Employee Severance Plan. If the Participant determines that the benefits under the Sunoco Partners LLC Special Employee Severance Plan are more valuable to the Participant than the comparable Benefits set forth in Sections 3.1, 3.3 and 3.4 of this Plan, then the provisions used to calculate the Benefits available to the Participant under this Plan shall not apply, and the Benefits available to the Participant under Sections 3.1, 3.3 and 3.4 of this Plan shall be calculated using only Sections 3.3 and 3.4 of the Sunoco Partners LLC Special Employee Severance Plan, as if such provisions were a part of this Plan.

(b) If a Participant is or becomes entitled to receive severance benefits under both the Involuntary Plan and Sections 3.1, 3.3 and/or 3.4 of this Plan, then the following rules shall apply, notwithstanding any other provision of this Plan nor any provision of the Involuntary Plan. If and to the extent such benefits become payable under the Involuntary Plan before such benefits become payable under this Plan, the Participant shall receive benefits under the Involuntary Plan until the benefits under this Plan become payable, and the benefits under this Plan shall be offset by the comparable benefits previously paid under the Involuntary Plan. If such benefits under this Plan become payable simultaneously with or before such benefits under the Involuntary Plan, the Participant shall not be entitled to any benefits under the Involuntary Plan.

3.7 Effect on Other Benefits. There shall not be drawn from the continued provision by the Company of any of the aforementioned Benefits any implication of continued employment or of continued right to accrual of retirement benefits under the Company's qualified or supplemental retirement plans, nor shall a terminated employee, except as otherwise provided under the terms of the Plan, accrue vacation days, paid holidays, paid sick days or other similar benefits normally associated with employment for any part of the Benefit Extension Period during which benefits are payable under this Plan. A Participant shall have no duty to mitigate with respect to Benefits under this Plan by seeking or accepting alternative employment. Further, the amount of any payment or benefit provided for in this Plan shall not be reduced by any compensation earned by the Participant as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Participant to the Company, or otherwise.

3.8 Legal Fees and Expenses. The Company also shall pay to the Participant all legal fees and expenses incurred by the Participant:

(a) in disputing in good faith any issue relating to the termination of the Participant's employment in connection with a Change of Control as a result of a Qualifying Termination entitling the Participant to Benefits under this Plan; or

(b) in seeking in good faith to obtain or enforce any Benefit or right provided by this Plan (or the payment of any Benefits through any trust established to fund Benefits under this Plan).

Such payments shall be made as such fees and expenses are incurred by the Participant, but in no event later than five (5) business days after delivery of the Participant's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. The Participant shall reimburse the Company for such fees and expenses at such time as a court of competent jurisdiction, or another independent third party having similar authority, determines that the Participant's claim was frivolously brought without reasonable expectation of success on the merits thereof.

ARTICLE IV
ADMINISTRATION

4.1 Appointment of the Committee. The Committee shall consist of three (3) or more persons appointed by the Compensation Committee. Committee members may be, but need not be, employees of Sunoco Partners LLC. Following a Change of Control, the individuals most recently so appointed to serve as members of the Committee before the Change of Control, or successors whom they approve, shall continue to serve as the Committee.

4.2 Tenure of the Committee. Before a Change of Control, Committee members shall serve at the pleasure of the Compensation Committee, and may be discharged, with or without cause, by the Compensation Committee. Committee members may resign at any time on ten (10) days' written notice.

4.3 Authority and Duties. It shall be the duty of the Committee, on the basis of information supplied to it by the Company, to determine the eligibility of each Participant for Benefits under the Plan, to determine the amount of Benefit to which each such Participant may be entitled, and to determine the manner and time of payment of the Benefit consistent with the provisions hereof. In addition, the exercise of discretion by the Committee need not be uniformly applied to similarly situated Participants. The Company shall make such payments as are certified to it by the Committee to be due to Participants. The Committee shall have the full power and authority to construe, interpret and administer the Plan, to correct deficiencies therein, and to supply omissions. Except as provided in Section 5.8, all decisions, actions and interpretations of the Committee shall be final, binding and conclusive upon the parties.

4.4 Action by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business at a meeting of the Committee. Any action of the Committee may be taken upon the affirmative vote of a majority of the members of the Committee at a meeting, or at the direction of the chairperson, without a meeting by mail, telegraph, telephone or electronic communication device; *provided, however*, that all of the members of the Committee are informed of their right to vote on the matter before the Committee and of the outcome of the vote thereon.

4.5 Officers of the Committee. The Compensation Committee shall designate one of the members of the Committee to serve as chairperson thereof. The Compensation Committee shall also designate a person to serve as secretary of the Committee, which person may be, but need not be, a member of the Committee.

4.6 Compensation of the Committee. Members of the Committee shall receive no compensation for their services as such. However, all reasonable expenses of the Committee shall be paid or reimbursed by the Company upon proper documentation. The Company shall indemnify members of the Committee against personal liability for actions taken in good faith in the discharge of their respective duties as members of the Committee and shall provide coverage to them under the Company's liability insurance program(s).

4.7 Records, Reporting and Disclosure. The Company shall supply to the Committee all records and information necessary to the performance of the Committee's duties. The Committee shall keep all individual and group records relating to Participants and former Participants and all other records necessary for the proper operation of the Plan. Such records shall be made available to the Company and to each Participant for examination during business hours except that a Participant shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Committee shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Internal Revenue Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company, as payor of the Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts which may be similarly reportable).

4.8 Payment. The Company shall make payments from its general assets to Participants and shall provide the Benefits described in Article III hereof in accordance with the terms of the Plan, as directed by the Committee.

4.9 Actions of the Chief Executive Officer. Whenever a determination is required of the Chief Executive Officer under the Plan, such determination shall be made solely at the discretion of the Chief Executive Officer. In addition, the exercise of discretion by the Chief Executive Officer need not be uniformly applied to similarly situated Participants and shall be final and binding on each Participant or beneficiary(ies) to whom the determination is directed.

4.10 Bonding. The Committee shall arrange any bonding that may be required by law, but no amount in excess of the amount required by law (if any) shall be required by the Plan.

ARTICLE V
CLAIMS PROCEDURES

5.1 Application for Benefits. Benefits shall be paid by the Company following an event that qualifies the Participant for Benefits. In the event a Participant believes himself/herself eligible for Benefits under this Plan and Benefit payments have not been initiated by the Company, the Participant may apply for such Benefits by requesting payment of Benefits in writing from the Committee.

5.2 Appeals of Denied Claims for Benefits. In the event that any claim for Benefits is denied in whole or in part, the Participant (or beneficiary, if applicable) whose claim has been so denied shall be notified of such denial in writing by the Committee, within thirty (30) days following submission by the Participant (or beneficiary, if applicable) of such claim to the Committee. The notice advising of the denial shall specify the reason or reasons for denial, make specific reference to pertinent Plan provisions, describe any additional material or information necessary for the claimant to perfect the claim (explaining why such material or information is needed), and shall advise the Participant of the procedure for the appeal of such denial. All appeals shall be made by the following procedure:

(a) The Participant whose claim has been denied shall file with the Committee a notice of desire to appeal the denial. Such notice shall be filed within sixty (60) days of notification by the Committee of the claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) The Committee shall, within thirty (30) days of receipt of the Participant's notice of appeal, establish a hearing date on which the Participant may make an oral presentation to the Committee in support of his/her appeal. The Participant shall be given not less than ten (10) days' notice of the date set for the hearing.

(c) The Committee shall consider the merits of the claimant's written and oral presentations, the merits of any facts or evidence in support of the denial of Benefits, and such other facts and circumstances as the Committee shall deem relevant. If the claimant elects not to make an oral presentation, such election shall not be deemed adverse to his/her interest, and the Committee shall proceed as set forth below as though an oral presentation of the contents of the claimant's written presentation has been made.

(d) The Committee shall render a determination upon the appealed claim, within sixty (60) days of the hearing date, which determination shall be accompanied by a written statement as to the reasons therefor.

ARTICLE VI
MISCELLANEOUS

6.1 Amendment, Suspension and Termination. The Company retains the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason, and without either the consent of or the prior notification to any Participant. Notwithstanding the foregoing, no such action taken after a Change of Control, or before, but in connection with, a Change of Control, may terminate or reduce the Benefits or prospective Benefits of any Participant on the date of such action without the express written consent of the Participant. No amendment, suspension or termination shall give the Company the right to recover any amount paid to a Participant prior to the date of such action or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits.

6.2 Nonalienation of Benefits. None of the payments, Benefits or rights of any Participant shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, Benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the Benefits or payments which he/she may expect to receive, contingently or otherwise, under this Plan.

6.3 No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any Benefits shall be construed as giving any Participant, or any person whosoever, the right to be retained in the service of the Company, and all Participants shall remain subject to discharge to the same extent as if the Plan had never been adopted.

6.4 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

6.5 Successors, Heirs, Assigns, and Personal Representatives. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant.

6.6 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

6.7 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

6.8 Unfunded Plan. The Plan shall not be funded. A Participant's right to receive Benefits hereunder shall be no greater than the right of any unsecured creditor of the Company. The Company may, but shall not be required to, set aside or earmark an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Participant shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of Benefits except as may be provided pursuant to the terms of any trust established by the Company to provide Benefits.

6.9 Payments to Incompetent Persons, Etc. Any Benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing, or reasonably appearing to provide for, the care of such person, and such payment shall fully discharge the Company, the Committee and all other parties with respect thereto.

6.10 Lost Payees. A Benefit shall be deemed forfeited if the Committee is unable to locate a Participant to whom a Benefit is due. Such Benefit shall be reinstated if application is made by the Participant for the forfeited Benefit while this Plan is in operation.

6.11 Controlling Law. This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by federal law.

6.12 Successor Employer. The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In such event, the term "Company," shall mean the Company and any successor or assignee to the business or assets which by reason hereof becomes bound by the terms and provisions of this Plan.

Exhibit 10.2

Sunoco Partners LLC

Executive Compensation Summary Sheet
for 2007

The table below presents 2007 summary information for certain named executive officers of Sunoco Partners LLC, general partner of Sunoco Logistics Partners L.P. (the “Partnership”), with regard to base salary.

2007 EXECUTIVE COMPENSATION[1]

Name and Title	2007 Base Salary ($)
Neal E. Murphy *Vice President and Chief Financial Officer*	286,000
David A. Justin *Vice President, Operations*	250,000

NOTES TO TABLE:

1. The base salaries shown in the foregoing table were approved subsequent to the January 26, 2007 meeting of the Compensation Committee of the Board of Directors of Sunoco Partners LLC. This information has been disclosed previously in the Partnership’s SEC Form 8-K, filed April 25, 2007.

Exhibit 12.1

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

Sunoco Logistics Partners L.P.

	Three Months Ended March 31, 2007
Fixed Charges:	
Interest cost and debt expense	$ 9,315
Interest allocable to rental expense (a)	484
Total	$ 9,799
Earnings:	
Income before income tax expense	$ 22,307
Equity in income of less than 50 percent owned affiliated companies	(4,982)
Dividends received from less than 50 percent owned affiliated companies	5,455
Fixed charges	9,799
Interest capitalized	(553)
Amortization of previously capitalized interest	49
Total	$ 32,075
Ratio of Earnings to Fixed Charges	3.27

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

Exhibit 31.1

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

I, Deborah M. Fretz, President, 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 March 31, 2007 of Sunoco Logistics Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2007

/s/ DEBORAH M. FRETZ

Name: **Deborah M. Fretz**
Title: **President, Chief Executive Officer and Principal Financial Officer**

Exhibit 32

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, the undersigned Deborah M. Fretz, the President and Chief Executive 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 March 31, 2007 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: May 2, 2007

	/s/ DEBORAH M. FRETZ
Name:	**Deborah M. Fretz**
Title:	**President, Chief Executive Officer and Principal Financial Officer**