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 June 30, 2010

OR

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

For the transition period from ______ to ______

Commission file number 1-31219

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

At August 3, 2010, the number of the registrant's Common Units outstanding was 31,053,332.

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 June 30,	
	2010	2009
Revenues		
Sales and other operating revenue:		
Affiliates	$ 214,039	$ 217,560
Unaffiliated customers	1,814,832	1,065,137
Other income	9,390	7,774
Total Revenues	2,038,261	1,290,471
Costs and Expenses		
Cost of products sold and operating expenses	1,939,120	1,184,794
Depreciation and amortization	13,949	11,508
Selling, general and administrative expenses	15,584	15,842
Total Costs and Expenses	1,968,653	1,212,144
Operating Income	69,608	78,327
Net interest with affiliates	67	7
Other interest cost and debt expense, net	19,818	12,685
Capitalized interest	(1,176)	(1,008)
Net Income	$ 50,899	$ 66,643
Calculation of Limited Partners' interest in Net Income:		
Net Income	$ 50,899	$ 66,643
Less: General Partner's interest in Net Income	(10,672)	(12,988)
Limited Partners' interest in Net Income	$ 40,227	$ 53,655
Net Income per Limited Partner unit:		
Basic	$ 1.30	$ 1.76
Diluted	$ 1.29	$ 1.74
Weighted average Limited Partners' units outstanding:		
Basic	31,050,602	30,551,349
Diluted	31,215,638	30,756,024

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

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

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Revenues		
Sales and other operating revenue:		
Affiliates	$ 387,427	$ 416,404
Unaffiliated customers	3,321,952	1,904,326
Other income	17,153	12,539
Total Revenues	3,726,532	2,333,269
Costs and Expenses		
Cost of products sold and operating expenses	3,533,827	2,108,488
Depreciation and amortization	28,469	23,088
Selling, general and administrative expenses	36,170	32,916
Total Costs and Expenses	3,598,466	2,164,492
Operating Income	128,066	168,777
Net interest with affiliates	122	59
Other interest cost and debt expense, net	35,927	23,627
Capitalized interest	(1,964)	(2,458)
Net Income	$ 93,981	$ 147,549
Calculation of Limited Partners' interest in Net Income:		
Net Income	$ 93,981	$ 147,549
Less: General Partner's interest in Net Income	(20,755)	(25,517)
Limited Partners' interest in Net Income	$ 73,226	$ 122,032
Net Income per Limited Partner unit:		
Basic	$ 2.36	$ 4.12
Diluted	$ 2.35	$ 4.09
Weighted average Limited Partners' units outstanding:		
Basic	31,034,160	29,628,856
Diluted	31,212,572	29,829,994

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2010 (UNAUDITED)	December 31, 2009
Assets		
Current Assets		
Cash and cash equivalents	$ 2,000	$ 2,000
Advances to affiliates	4,067	8,691
Accounts receivable, affiliated companies	65,190	47,791
Accounts receivable, net	1,406,868	1,280,062
Inventories:		
Crude oil	363,165	82,511
Refined products	3,231	1,857
Refined product additives	1,739	1,765
Materials, supplies and other	841	841
Total Current Assets	1,847,101	1,425,518
Properties, plants and equipment	2,225,033	2,150,493
Less accumulated depreciation and amortization	(641,229)	(616,772)
Properties, plants and equipment, net	1,583,804	1,533,721
Investment in affiliates	95,032	88,286
Deferred charges and other assets	55,273	51,081
Total Assets	$ 3,581,210	$3,098,606
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	$ 1,577,204	$1,253,742
Accrued liabilities	55,399	49,298
Accrued taxes other than income taxes	30,622	30,296
Total Current Liabilities	1,663,225	1,333,336
Long-term debt	1,213,262	868,424
Other deferred credits and liabilities	40,812	35,232
Commitments and contingent liabilities		
Total Liabilities	2,917,299	2,236,992
Partners' Capital:		
Limited partners' interest	645,421	837,120
General partner's interest	20,359	26,987
Accumulated other comprehensive loss	(1,869)	(2,493)
Total Partners' Capital	663,911	861,614
Total Liabilities and Partners' Capital	$ 3,581,210	$3,098,606

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

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

	Six Months Ended June 30,	
	2010	2009
Cash Flows from Operating Activities:		
Net Income	$ 93,981	$ 147,549
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,469	23,088
Amortization of financing fees and bond discount	987	336
Restricted unit incentive plan expense	3,992	4,394
Changes in working capital pertaining to operating activities:		
Accounts receivable, affiliated companies	(17,399)	40,152
Accounts receivable, net	(126,806)	(530,779)
Inventories	(282,002)	(157,972)
Accounts payable and accrued liabilities	328,831	436,705
Accrued taxes other than income taxes	326	3,677
Other	(3,571)	(28,335)
Net cash provided by (used in) operating activities	26,808	(61,185)
Cash Flows from Investing Activities:		
Capital expenditures	(76,175)	(70,399)
Net cash used in investing activities	(76,175)	(70,399)
Cash Flows from Financing Activities:		
Distributions paid to Limited Partners and General Partner	(92,146)	(81,765)
Repayment of promissory note to General Partner	(201,282)	—
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	(2,541)	(2,149)
Contributions from General Partner for Limited Partner unit transactions	402	2,398
Advances (to)/from affiliates, net	4,624	(7,392)
Borrowings under credit facility	308,000	357,973
Repayments under credit facility	(461,723)	(420,385)
Net Proceeds from issuance of long term debt	494,033	173,388
Net Proceeds from issuance of Limited Partner units	—	109,516
Net cash provided by financing activities	49,367	131,584
Net change in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	2,000	2,000
Cash and cash equivalents at end of period	$ 2,000	$ 2,000

(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 that owns and operates a logistics business, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets. Sunoco, Inc. and its wholly-owned subsidiaries including Sunoco, Inc. (R&M) are collectively referred to as "Sunoco." The Partnership is principally engaged in the transport, terminalling and storage of refined products and crude oil and the purchase and sale of crude oil in 13 states located in the northeast, midwest and southwest United States. Sunoco accounted for approximately 10 percent of the Partnership's total revenues for the three and six months ended June 30, 2010.

The condensed consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned subsidiaries, including Sunoco Logistics Partners Operations L.P. (the "Operating Partnership") and include the accounts of entities in which the Partnership has a controlling financial interest. A controlling financial interest is evidenced by either a voting interest greater than 50% or a risk and rewards model that identifies the Partnership or one of its subsidiaries as the primary beneficiary of a variable interest entity ("VIE"). On January 1, 2010, new accounting guidance became effective which, among other things, clarifies when a company is deemed to be the primary beneficiary and requires ongoing assessment of whether an entity is the primary beneficiary of a VIE. Adoption of this guidance has not impacted the Partnership's financial statements. Equity ownership interests in corporate joint ventures, in which the Partnership does not have a controlling financial interest, are accounted for under the equity method of accounting.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in financial statements contained in Form 10-K. 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. The Partnership expects the interim increase in quantities of inventory to significantly reduce by year end and therefore, has adjusted its interim LIFO calculation to produce a reasonable matching of most recently incurred costs with current revenues. All such adjustments are of a normal recurring nature. Results for the three and six months ended June 30, 2010 are not necessarily indicative of results for the full year 2010.

2. Acquisitions

In July 2010, the Partnership acquired a butane blending business from Texon L.P. for $140.0 million plus inventory. The acquisition includes patented technology for sophisticated blending of butane into gasoline, contracts with customers currently utilizing the patented technology, butane inventories and other related assets. The acquisition was funded by a $100.0 million note from Sunoco, Inc, and borrowings under the Operating Partnership's $395.0 million Credit Facility. The acquisition will be included within the Terminal Facilities business segment beginning in the third quarter 2010.

In July 2010, the Partnership exercised certain rights to increase its ownership interests in Mid-Valley Pipeline Company, West Texas Gulf Pipe Line Company and West Shore Pipe Line Company (Note 5). All three transactions are expected to close within the next 30 days for an aggregate purchase price of approximately $100 million, which will initially be financed with the Operating Partnership's $395.0 million Credit Facility.

3. Related Party Transactions

Incentive Distribution Rights Exchange

In January 2010, the Partnership entered into a repurchase agreement with its general partner, whereby the Partnership agreed to repurchase from the general partner the existing incentive distribution rights ("IDRs") for $201.2 million and issue new incentive distribution rights. Pursuant to this transaction, the Partnership executed the Third Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P. (the "new partnership agreement"). The new partnership agreement reflects the cancellation of the original incentive distribution rights and the authorization and issuance of the new incentive distribution rights (Note 10).

The Partnership initially financed this arrangement with a promissory note to the general partner that was due December 31, 2010. Proceeds from the February 2010 issuance of $500.0 million in Senior Notes were used to repay this promissory note in full (Note 6). The transaction was accounted for as a reduction of the limited partners' and general partner's capital balances on the Partnership's balance sheet.

Loans from Affiliate

In July 2010, the Partnership acquired a butane blending business from Texon L.P. for $140.0 million plus inventory. The acquisition was funded by a three-year, $100.0 million note from Sunoco, Inc, which bears interest at three-month LIBOR plus 275 basis points per annum. The balance of the acquisition was funded with borrowings under the Operating Partnership's $395.0 million Credit Facility.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Advances to/from Affiliate

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco's centralized cash management program. Under this program, all of the Partnership's cash receipts and cash disbursements are processed, together with those of Sunoco and its other subsidiaries, through Sunoco's cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco earn interest at a rate equal to the average rate of the Partnership's third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate provided in the Operating Partnership's $395.0 million Credit Facility.

Administrative Services

Under the Omnibus Agreement, the Partnership pays Sunoco or the general partner an annual administrative fee that includes expenses incurred by Sunoco and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. This fee was $6.0 million for the year ended December 31, 2009. In addition, the Partnership has incurred additional general and administrative costs which it pays directly. The term of Section 4.1 of the Omnibus Agreement (which concerns the Partnership's obligation to pay the annual fee for provision of certain general and administrative services) was extended by one year in January 2010. The 2010 annual fee is $5.4 million. 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 2010, or that, if extended, the administrative fee charged by Sunoco will be at or below the current administrative fee. In the event that the Partnership is unable to obtain such services from Sunoco or other third parties at or below the current cost, the Partnership's financial condition and results of operations may be adversely impacted.

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, including senior executives, 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 reimburses 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.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

The Partnership is party to various agreements with Sunoco to supply crude oil and provide pipeline and terminalling services. Affiliated revenues in the condensed consolidated statements of income consist of sales of crude oil as well as the provision of crude oil, sales of refined products, crude oil pipeline transportation and refined product pipeline transportation, terminalling, storage and blending services to Sunoco. Sales of crude oil are priced using market based rates under agreements which automatically renew on a monthly basis unless terminated by either party on 30 days written notice. Sales of refined product are priced using market based rates under agreements which can be terminated by either party on 90 days written notice.

Capital Contributions

In February 2009 and 2010 the Partnership issued 0.1 million common units, in each year, to participants in the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") upon completion of award vesting requirements. As a result of these issuances of common units, the general partner contributed $0.1 million in each period to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded these amounts as capital contributions to Partners' Capital within its condensed consolidated balance sheets.

In April and May 2009 the Partnership completed a public offering of 2.25 million common units. Net proceeds of approximately $109.5 million were used to reduce outstanding borrowings under the Operating Partnership's $395.0 million Credit Facility and for general partnership purposes. As a result of this offering of common units, the general partner contributed $2.3 million to the Partnership to maintain its 2.0 percent general partner interest.

4. Net Income Per Unit Data

The general partner's interest in net income consists of its 2.0 percent general partner interest and "incentive distributions", which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.50 per limited partner unit (see Note 10). The general partner was allocated net income of $10.7 million (representing 21.0 percent of total net income for the period) and $13.0 million (representing 19.5 percent of total net income for the period) for the three months ended June 30, 2010 and 2009, respectively, and $20.8 million (representing 22.1 percent of total net income for the period) and $25.5 million (representing 17.3 percent of total net income for the period) for the six months ended June 30, 2010 and 2009, 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 units outstanding and the dilutive effect of incentive unit awards, as calculated by the treasury stock method.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

The following table sets forth the reconciliation of the weighted average number of limited partner units used to compute basic net income per limited partner unit to those used to compute diluted net income per limited partner unit for the three and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Weighted average number of limited partner units outstanding – basic	31,050,602	30,551,349	31,034,160	29,628,856
Add effect of dilutive unit incentive awards	165,036	204,675	178,412	201,138
Weighted average number of limited partner units – diluted	31,215,638	30,756,024	31,212,572	29,829,994

5. Investment in Affiliates

The Partnership's ownership percentages in corporate joint ventures as of June 30, 2010 and December 31, 2009 were as follows:

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

(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 and six months ended June 30, 2010 and 2009 (in thousands of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Income Statement Data:				
Total revenues	$ 122,120	$ 113,847	$ 218,217	$ 225,265
Net income	$ 36,023	$ 29,393	$ 61,312	$ 58,306

The following table provides summarized combined balance sheet data on a 100 percent basis for the Partnership's corporate joint venture interests as of June 30, 2010 and December 31, 2009 (in thousands of dollars):

	June 30, 2010	December 31, 2009
Balance Sheet Data:		
Current assets	$138,187	$126,330
Non-current assets	$687,078	$679,955
Current liabilities	$120,620	$123,506
Non-current liabilities	$562,855	$568,349
Net equity	$141,790	$114,430

The Partnership's investments in Wolverine, West Shore, Yellowstone, and West Texas Gulf at June 30, 2010 include an excess investment amount of approximately $52.7 million, net of accumulated amortization of $4.9 million. The excess investment is the difference between the investment balance and the Partnership's proportionate share of the net assets of the entities. 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.

As owner of these corporate joint venture interests, the Partnership maintains certain rights providing it with the option to acquire additional ownership interests, should an owner elect to divest its interest in the corporate joint venture. In July 2010, the Partnership exercised certain rights to increase its ownership interests in Mid-Valley Pipeline Company, West Texas Gulf Pipe Line Company and West Shore Pipe Line Company in connection with another owner's divestiture of its interests. All three transactions are expected to close within the next 30 days for an aggregate purchase price of approximately $100 million, which will initially be financed with the Operating Partnership's $395.0 million Credit Facility.

6. Long-Term Debt

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

	June 30, 2010	December 31, 2009
$62.5 million Credit Facility – due September 2011	$ 31,250	$ 31,250
$395.0 million Credit Facility – due November 2012	84,000	237,722
Senior Notes – 7.25%, due February 15, 2012	250,000	250,000
Senior Notes – 8.75%, due February 15, 2014	175,000	175,000
Senior Notes – 6.125%, due May 15, 2016	175,000	175,000
Senior Notes – 5.50%, due February 15, 2020	250,000	—
Senior Notes – 6.85%, due February 15, 2040	250,000	—
Less unamortized bond discount	(1,988)	(548)
	$1,213,262	$ 868,424

Senior Notes

In February 2010, the Operating Partnership issued $250.0 million of 5.50 percent Senior Notes and $250.0 million of 6.85 percent Senior Notes, due February 15, 2020 and February 15, 2040, respectively ("2020 and 2040 Senior Notes"). The 2020 and 2040 Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The 2020 and 2040 Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in certain sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The net proceeds of $494.0 million from the 2020 and 2040 Senior Notes, were used to repay the $201.2 million promissory note issued in connection with the Partnership's repurchase and exchange of the general partner's IDRs, repay outstanding borrowings under the Operating Partnership's $395.0 million Credit Facility and pre-fund future growth.

Credit Facilities

During the second quarter of 2010, the Operating Partnership amended its revolving credit facilities as follows.

- In June 2010, Lehman Brothers ("Lehman") was removed from the list of banks participating in the Operating Partnership's $400.0 million Credit Facility. The removal relates to Lehman's September 2008 bankruptcy and failure to fund its $5.0 million share of the Partnership's borrowings under the facility. Under the amended Credit Facility, the Operating Partnership has access to $395.0 million, which is available to fund the Partnership's working capital requirements, to finance future acquisitions, to finance future capital projects and for general partnership purposes.
- In April 2010, the Operating Partnership completed an amendment to the $62.5 million Credit Facility, which increased the maximum debt to EBITDA ratio to 4.5 to 1, which can generally be increased to 5.0 to 1 during an acquisition period. The Partnership is in compliance with this covenant as of June 30, 2010.

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. At June 30, 2010 and December 31, 2009, there were accrued liabilities for environmental remediation in the condensed consolidated balance sheets of $2.3 million and $2.8 million, respectively. The accrued liabilities for environmental remediation do not include any amounts attributable to unasserted claims, nor have any recoveries from insurance been assumed. Charges against income for environmental remediation totaled $0.6 million and $1.8 million for the three-month periods ended June 30, 2010 and 2009, respectively, and $1.1 million and $2.5 million for the six-month periods ended June 30, 2010 and 2009, respectively.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

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

The Partnership is a party to certain pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of them could be resolved unfavorably to the Partnership. Management does not believe that any liabilities which may arise from such claims and the environmental matters discussed above would be material in relation to the financial position of the Partnership at June 30, 2010. Furthermore, management does not believe that the overall costs for such matters will have a material impact, over an extended period of time, on the Partnership's operations, cash flows or liquidity.

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

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

Management of the Partnership does not believe that any liabilities which may arise from claims indemnified by Sunoco would be material in relation to the financial position of the Partnership at June 30, 2010. There are certain other pending legal proceedings related to matters arising after the February 2002 IPO that are not indemnified by Sunoco. Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the financial position of the Partnership at June 30, 2010.

8. Fair Value Measurements

The Partnership applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. The Partnership's non-financial assets and liabilities that are recognized or disclosed at fair value consist principally of goodwill (for its annual impairment test) and asset retirement obligations.

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

The estimated fair value of financial instruments has been determined based on the Partnership's assessment of available market information and appropriate valuation methodologies. The Partnership's current assets (other than inventories) and current liabilities are financial instruments. At June 30, 2010, the fair values of the credit facilities approximates their carrying values since the interest rates charged reflect current market rates. The estimated fair value of senior notes is determined using observable market prices as these notes are actively traded. The estimated aggregate fair value of the 2012, 2014, 2016, 2020 and 2040 Senior Notes ("Senior Notes") at June 30, 2010 is $1.2 billion, compared to the carrying amount of $1.1 billion.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

9. Management Incentive Plan

Sunoco Partners LLC, the general partner of the Partnership, participates in 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 partner's board of directors with respect to awards granted to the independent members. The LTIP currently permits the grant of restricted units and unit options covering an aggregate of 1,250,000 common units. There have been no grants of unit options since the inception of the LTIP. Restricted unit awards may also include tandem distribution equivalent rights ("DERs") at the discretion of the Compensation Committee.

The Partnership awarded 72,615 and 84,126 units under the LTIP, net of forfeitures, and recognized share-based compensation expense of $4.0 million and $4.4 million for the six-month periods ended June 30, 2010 and 2009, respectively. Each of the restricted unit grants also have tandem DERs which are recognized as a reduction of Partners' Capital when earned.

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.

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 $0.70 per unit. These distributions are referred to as "incentive distributions". The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

In January 2010, the Partnership repurchased, and the general partner transferred and assigned to the Partnership for cancellation, the incentive distribution rights held by the general partner under the Second Amended and Restated Agreement of Limited Partnership, as amended, as consideration for (i) the Partnership's issuance to the general partner of new incentive distribution rights issued under the Third Amended and Restated Agreement of Limited Partnership and (ii) the Partnership's issuance to the general partner of a promissory note in the amount of $201.2 million, which was repaid in full during the first quarter of 2010. The new incentive distribution rights provide for target distribution levels and distribution "splits" between the general partner and the holders of the Partnership's common units equal to those applicable to the cancelled incentive distribution rights, except that (i) the general partner's distribution split for distributions above the current second target distribution of $0.575 per common unit per quarter (or $2.30 per common unit on an annualized basis) and up to the third target distribution will increase to 37% from 25% (these percentages include the general partner's 2.0% interest); and (ii) the third target distribution will be increased from $0.70 to $1.5825 per common unit per quarter (or from $2.80 to $6.33 per common unit on an annualized basis).

The following table compares the target distribution levels and distribution "splits" between the general partner and the holders of the Partnership's common units under the cancelled incentive distribution rights and under the new incentive distribution rights. The new incentive distributions rights were utilized beginning with the determination of the distribution for the first quarter 2010.

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

* Includes 2 percent general partner interest.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Distributions paid by the Partnership for the period from January 1, 2009 through June 30, 2010 are summarized below. The distribution of $201.2 million paid to the general partner in connection with the repurchase and exchange of the general partner's IDRs has been excluded.

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 13, 2009	$ 0.9900	$ 28.4	$ 10.2
May 15, 2009	$ 1.0150	$ 31.4	$ 11.8
August 14, 2009	$ 1.0400	$ 32.2	$ 12.6
November 14, 2009	$ 1.0650	$ 33.0	$ 13.3
February 12, 2010	$ 1.0900	$ 33.8	$ 13.6
May 14, 2010	$ 1.1150	$ 34.6	$ 10.1

On July 27, 2010, Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., declared a cash distribution of $1.14 per common partnership unit ($4.56 annualized), representing the distribution for the second quarter 2010. The $46.0 million distribution, including $10.6 million to the general partner, will be paid on August 13, 2010 to unitholders of record at the close of business on August 9, 2010. The change in the distribution "splits" resulted in a $4.6 million reduction of the general partner's cash distribution as compared to the previous methodology.

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

11. Business Segment Information

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

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 June 30, 2010 and 2009, respectively (in thousands of dollars). During the three-month period ending June 30, 2009, the Partnership recognized $6.8 million of crude pipeline fees relating to the resolution of certain tariff adjustments from prior years. The amount is not considered material to the prior year results.

	Three Months Ended June 30,	
	2010	2009
Segment Operating Income		
Refined Products Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 19,039	$ 18,410
Unaffiliated customers	12,401	12,806
Other income	3,584	3,030
Total Revenues	35,024	34,246
Operating expenses	13,442	15,349
Depreciation and amortization	3,572	3,182
Selling, general and administrative expenses	5,345	5,145
Total Costs and Expenses	22,359	23,676
Operating Income	$ 12,665	$ 10,570
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 31,404	$ 23,977
Unaffiliated customers	27,122	22,927
Other income	671	1,391
Total Revenues	59,197	48,295
Cost of products sold and operating expenses	21,176	17,613
Depreciation and amortization	5,381	4,613
Selling, general and administrative expenses	4,793	4,878
Total Costs and Expenses	31,350	27,104
Operating Income	$ 27,847	$ 21,191
Crude Oil Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 163,596	$ 175,173
Unaffiliated customers	1,775,309	1,029,404
Other income	5,135	3,353
Total Revenues	1,944,040	1,207,930
Cost of products sold and operating expenses	1,904,502	1,151,832
Depreciation and amortization	4,996	3,713
Selling, general and administrative expenses	5,446	5,819
Total Costs and Expenses	1,914,944	1,161,364
Operating Income	$ 29,096	$ 46,566
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Refined Products Pipeline System	$ 12,665	$ 10,570
Terminal Facilities	27,847	21,191
Crude Oil Pipeline System	29,096	46,566
Total segment operating income	69,608	78,327
Net interest expense	18,709	11,684
Net Income	$ 50,899	$ 66,643

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

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 six months ended June 30, 2010 and 2009, respectively (in thousands of dollars). During the six-month period ending June 30, 2009, the Partnership recognized $6.8 million of crude pipeline fees relating to the resolution of certain tariff adjustments from prior years. The amount is not considered material to the prior year results.

	Six Months Ended June 30,	
	2010	2009
Segment Operating Income		
Refined Products Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 36,829	$ 37,226
Unaffiliated customers	23,744	25,390
Other income	5,860	5,347
Total Revenues	66,433	67,963
Operating expenses	26,649	29,322
Depreciation and amortization	7,526	6,392
Selling, general and administrative expenses	12,046	11,087
Total Costs and Expenses	46,221	46,801
Operating Income	$ 20,212	$ 21,162
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 60,314	$ 47,194
Unaffiliated customers	53,212	45,997
Other income	766	1,392
Total Revenues	114,292	94,583
Cost of products sold and operating expenses	41,201	32,724
Depreciation and amortization	11,297	9,338
Selling, general and administrative expenses	11,396	10,086
Total Costs and Expenses	63,894	52,148
Operating Income	$ 50,398	$ 42,435
Crude Oil Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 290,284	$ 331,984
Unaffiliated customers	3,244,996	1,832,939
Other income	10,527	5,800
Total Revenues	3,545,807	2,170,723
Cost of products sold and operating expenses	3,465,977	2,046,442
Depreciation and amortization	9,646	7,358
Selling, general and administrative expenses	12,728	11,743
Total Costs and Expenses	3,488,351	2,065,543
Operating Income	$ 57,456	$ 105,180
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Refined Products Pipeline System	$ 20,212	$ 21,162
Terminal Facilities	50,398	42,435
Crude Oil Pipeline System	57,456	105,180
Total segment operating income	128,066	168,777
Net interest expense	34,085	21,228
Net Income	$ 93,981	$ 147,549

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

The following table provides the identifiable assets for each segment as of June 30, 2010 and December 31, 2009 (in thousands):

	June 30, 2010	December 31, 2009
Refined Products Pipeline System	$ 514,019	$ 476,484
Terminal Facilities	634,839	597,502
Crude Oil Pipeline System	2,386,962	1,988,065
Corporate and other	45,390	36,555
Total identifiable assets	$3,581,210	$3,098,606

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

12. Supplemental Condensed Consolidating Financial Information

The Partnership serves as guarantor of the Senior Notes and of any obligations under the $395.0 million and $62.5 million Credit Facilities. These guarantees are full and unconditional. For purposes of the following footnote, Sunoco Logistics Partners L.P. is referred to as “Parent Guarantor” and Sunoco Logistics Partners Operations L.P. is referred to as “Subsidiary Issuer.” Sunoco Partners Marketing and Terminals L.P., Sunoco Pipeline L.P., Sun Pipeline Company of Delaware LLC, Sunoco Pipeline Acquisition LLC, Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations GP LLC and Sunoco Partners Lease Acquisition & Marketing LLC, are collectively referred to as “Non-Guarantor Subsidiaries.”

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

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2010
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$ 214,039	$ —	$ 214,039
Unaffiliated customers	—	—	1,814,832	—	1,814,832
Equity in earnings of subsidiaries	50,895	68,779	7	(119,681)	—
Other income	—	—	9,390	—	9,390
Total Revenues	50,895	68,779	2,038,268	(119,681)	2,038,261
Costs and Expenses					
Cost of products sold and operating expenses	—	—	1,939,120	—	1,939,120
Depreciation and amortization	—	—	13,949	—	13,949
Selling, general and administrative expenses	—	—	15,584	—	15,584
Total Costs and Expenses	—	—	1,968,653	—	1,968,653
Operating Income	50,895	68,779	69,615	(119,681)	69,608
Net interest with affiliates	—	(758)	825	—	67
Other interest cost and debt expenses, net	—	19,818	—	—	19,818
Capitalized interest	—	(1,176)	—	—	(1,176)
Net Income	$ 50,895	$ 50,895	$ 68,790	$ (119,681)	$ 50,899

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SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2009
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$ 217,560	$ —	$ 217,560
Unaffiliated customers	—	—	1,065,137	—	1,065,137
Equity in earnings of subsidiaries	66,638	77,497	8	(144,143)	—
Other income	—	—	7,774	—	7,774
Total Revenues	66,638	77,497	1,290,479	(144,143)	1,290,471
Costs and Expenses					
Cost of products sold and operating expenses	—	—	1,184,794	—	1,184,794
Depreciation and amortization	—	—	11,508	—	11,508
Selling, general and administrative expenses	—	—	15,842	—	15,842
Total Costs and Expenses	—	—	1,212,144	—	1,212,144
Operating Income	66,638	77,497	78,335	(144,143)	78,327
Net interest with affiliates	—	(818)	825	—	7
Other interest cost and debt expenses, net	—	12,685	—	—	12,685
Capitalized interest	—	(1,008)	—	—	(1,008)
Net Income	$ 66,638	$ 66,638	$ 77,510	$ (144,143)	$ 66,643

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2010
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$ 387,427	$ —	$ 387,427
Unaffiliated customers	—	—	3,321,952	—	3,321,952
Equity in earnings of subsidiaries	93,976	126,361	13	(220,350)	—
Other income	—	—	17,153	—	17,153
Total Revenues	93,976	126,361	3,726,545	(220,350)	3,726,532
Costs and Expenses					
Cost of products sold and operating expenses	—	—	3,533,827	—	3,533,827
Depreciation and amortization	—	—	28,469	—	28,469
Selling, general and administrative expenses	—	—	36,170	—	36,170
Total Costs and Expenses	—	—	3,598,466	—	3,598,466
Operating Income	93,976	126,361	128,079	(220,350)	128,066
Net interest with affiliates	—	(1,578)	1,700	—	122
Other interest cost and debt expenses, net	—	35,927	—	—	35,927
Capitalized interest	—	(1,964)	—	—	(1,964)
Net Income	$ 93,976	$ 93,976	$ 126,379	$ (220,350)	$ 93,981

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SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2009
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Affiliates	$ —	$ —	$ 416,404	$ —	$ 416,404
Unaffiliated customers	—	—	1,904,326	—	1,904,326
Equity in earnings of subsidiaries	147,537	167,115	17	(314,669)	—
Other income	—	—	12,539	—	12,539
Total Revenues	147,537	167,115	2,333,286	(314,669)	2,333,269
Costs and Expenses					
Cost of products sold and operating expenses	—	—	2,108,488	—	2,108,488
Depreciation and amortization	—	—	23,088	—	23,088
Selling, general and administrative expenses	—	—	32,916	—	32,916
Total Costs and Expenses	—	—	2,164,492	—	2,164,492
Operating Income	147,537	167,115	168,794	(314,669)	168,777
Net interest with affiliates	—	(1,591)	1,650	—	59
Other interest cost and debt expenses, net	—	23,627	—	—	23,627
Capitalized interest	—	(2,458)	—	—	(2,458)
Net Income	$147,537	$147,537	$ 167,144	$ (314,669)	$ 147,549

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Balance Sheet
June 30, 2010
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 2,000	$ —	$ —	$ 2,000
Advances to Affiliates	(388)	47,995	(43,540)	—	4,067
Accounts receivable, affiliated companies	—	—	65,190	—	65,190
Accounts receivable, net	—	—	1,406,868	—	1,406,868
Inventories					
Crude oil	—	—	363,165	—	363,165
Refined product			3,231		3,231
Refined product additives	—	—	1,739	—	1,739
Materials, supplies and other	—	—	841	—	841
Total Current Assets	(388)	49,995	1,797,494	—	1,847,101
Properties, plants and equipment, net	—	—	1,583,804	—	1,583,804
Investment in affiliates	568,531	1,755,137	95,207	(2,323,843)	95,032
Deferred charges and other assets	—	7,749	47,524	—	55,273
Total Assets	$568,143	$1,812,881	$3,524,029	$(2,323,843)	$3,581,210
Liabilities and Partners' Capital					
Current Liabilities					
Accounts payable	$ —	$ —	$1,577,204	$ —	$1,577,204
Accrued liabilities	887	12,882	41,630	—	55,399
Accrued taxes	—	—	30,622	—	30,622
Total Current Liabilities	887	12,882	1,649,456	—	1,663,225
Long-term debt	—	1,213,262	—	—	1,213,262
Other deferred credits and liabilities	—	—	40,812	—	40,812
Total Liabilities	887	1,226,144	1,690,268	—	2,917,299
Total Partners' Capital	567,256	586,737	1,833,761	(2,323,843)	663,911
Total Liabilities and Partners' Capital	$568,143	$1,812,881	$3,524,029	$(2,323,843)	$3,581,210

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Balance Sheet
December 31, 2009

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 2,000	$ —	$ —	$ 2,000
Advances to affiliates	8,306	48,000	(47,615)	—	8,691
Accounts receivable, affiliated companies	—	—	47,791	—	47,791
Accounts receivable, net	—	—	1,280,062	—	1,280,062
Inventories					
Crude oil	—	—	82,511	—	82,511
Refined product	—	—	1,857	—	1,857
Refined products additives	—	—	1,765	—	1,765
Materials, supplies and other	—	—	841	—	841
Total Current Assets	8,306	50,000	1,367,212	—	1,425,518
Properties, plants and equipment, net	—	—	1,533,721	—	1,533,721
Investment in affiliates	603,959	1,428,508	88,432	(2,032,613)	88,286
Deferred charges and other assets	—	4,096	46,985	—	51,081
Total Assets	$612,265	$1,482,604	$3,036,350	$(2,032,613)	$3,098,606
Liabilities and Partners' Capital					
Current Liabilities					
Accounts payable	$ —	$ 1	$1,253,741	$ —	$1,253,742
Accrued liabilities	980	3,339	44,979	—	49,298
Accrued taxes other than income taxes	—	—	30,296	—	30,296
Total Current Liabilities	980	3,340	1,329,016	—	1,333,336
Long-term debt	—	868,424	—	—	868,424
Other deferred credits and liabilities	—	—	35,232	—	35,232
Total Liabilities	980	871,764	1,364,248	—	2,236,992
Total Partners' Capital	611,285	610,840	1,672,102	(2,032,613)	861,614
Total Liabilities and Partners' Capital	$612,265	$1,482,604	$3,036,350	$(2,032,613)	$3,098,606

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2010
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 93,883	$ 99,865	$ 53,410	$ (220,350)	$ 26,808
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(76,175)	—	(76,175)
Intercompany	190,449	(440,180)	29,381	220,350	—
	190,449	(440,180)	(46,794)	220,350	(76,175)
Cash Flows from Financing Activities:					
Distribution paid to Limited Partners and General Partner	(92,146)	—	—	—	(92,146)
Repayment of promissory note to General Partner	(201,282)	—	—	—	(201,282)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(2,541)	—	(2,541)
Contribution from General Partner for Limited Partner unit transactions	402	—	—	—	402
Advances (to)/from affiliates, net	8,694	5	(4,075)	—	4,624
Borrowings under credit facility	—	308,000	—	—	308,000
Repayments under credit facility	—	(461,723)	—	—	(461,723)
Net proceeds from issuance of senior notes	—	494,033	—	—	494,033
Net proceeds from issuance of Limited Partner units	—	—	—	—	—
	(284,332)	340,315	(6,616)	—	49,367
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of period	—	2,000	—	—	2,000
Cash and cash equivalents at end of period	$ —	$ 2,000	$ —	$ —	$ 2,000

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2009
(unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 206,570	$ 208,568	$ 15,457	$ (491,780)	$ (61,185)
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(70,399)	—	(70,399)
Intercompany	(216,483)	(319,544)	44,247	491,780	—
	(216,483)	(319,544)	(26,152)	491,780	(70,399)
Cash Flows from Financing Activities:					
Distribution paid to Limited Partners and General Partner	(81,765)	—	—	—	(81,765)
Net proceeds from issuance of Limited Partner units	109,516				109,516
Contribution from General Partner for Limited Partner unit transactions	2,398	—	—	—	2,398
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(2,149)	—	(2,149)
Advances (to)/from affiliates, net	(20,236)	—	12,844	—	(7,392)
Borrowings under credit facility	—	357,973	—	—	357,973
Repayments under credit facility	—	(420,385)	—	—	(420,385)
Net proceeds from issuance of senior notes	—	173,388	—	—	173,388
	9,913	110,976	10,695	—	131,584
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of period	—	2,000	—	—	2,000
Cash and cash equivalents at end of period	$ —	$ 2,000	$ —	$ —	$ 2,000

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

Results of Operations – Three Months Ended June 30, 2010 and 2009

Sunoco Logistics Partners L.P.
Operating Highlights
Three Months Ended June 30, 2010 and 2009

	Three Months Ended June 30,	
	2010	2009
Refined Products Pipeline System:(1)		
Total shipments (barrel miles per day)(2)	51,666,714	58,066,789
Revenue per barrel mile (cents)	0.669	0.591
Terminal Facilities:		
Terminal throughput (bpd):		
Refined product terminals(3)	487,401	463,611
Nederland terminal	683,698	646,368
Refinery terminals(4)	471,164	599,503
Crude Oil Pipeline System:(1)(5)		
Crude oil pipeline throughput (bpd)	905,997	670,133
Crude oil purchases at wellhead (bpd)	190,893	181,496
Gross margin per barrel of pipeline throughput (cents)(6)	35.7	80.4

(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) Includes results of the Partnership's purchase of the Romulus, MI refined products terminal from the acquisition date.
(4) Consists of the Partnership's Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.
(5) Includes results of the Partnership's purchase of the Excel pipeline from the acquisition date.
(6) Represents total segment sales 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 $50.9 million for the second quarter 2010 as compared with $66.6 million for the second quarter 2009. The $15.7 million decrease in net income was primarily the result of the absence of a wide contango crude oil market structure along with the absence of a $6.8 million non-recurring tariff adjustment in the second quarter of 2010. Also contributing to the decrease in net income was an increase in interest expense, related to the issuance of the $500 million Senior Notes in the first quarter of 2010. The reduction in net income was partially offset by higher crude oil pipeline volumes and fees and improved operating performance at the Partnership's Nederland and the refined products terminals.

Analysis of Segment Operating Income

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

Refined Products Pipeline System

Operating income for the Refined Products Pipeline System increased $2.1 million to $12.7 million for the second quarter ended June 30, 2010 compared to the prior year's quarter. Sales and other operating revenue increased slightly to $31.4 million compared to the prior year's quarter due primarily to higher pipeline volumes and fees which were partially offset by the permanent shut-down of Sunoco's Eagle Point refinery in the fourth quarter 2009. Operating expenses decreased $1.9 million to $13.4 million compared to the prior year's quarter due primarily to reduced environmental remediation costs and increased pipeline operating gains which were favorably impacted by higher refined products prices.

Terminal Facilities

Operating income for the Terminal Facilities segment increased $6.7 million to $27.8 million for the second quarter ended June 30, 2010 compared to the prior year's quarter. Total revenues for the second quarter of 2010 increased $10.9 million to $59.2 million. Revenue increases during the quarter were due primarily to increased tank revenues and higher volumes at the Nederland facility, including the additional tankage to support Motiva's Port Arthur, TX refinery and additional volumes from a refined products terminal acquired in September 2009. Revenues and cost of products sold also increased compared to the prior year quarter as a result of the commencement of terminal optimization projects at the Partnership's refined products terminals during the fourth quarter of 2009. Depreciation and amortization expense increased $0.8 million to $5.4 million for the second quarter 2010 as a result of new tankage at the Partnership's Nederland facility and a refined products terminal acquired in September 2009.

Crude Oil Pipeline System

Operating income for the Crude Oil Pipeline System decreased $17.5 million to $29.1 million for the second quarter of 2010 compared to the prior year's quarter. This decrease in operating income was the result of a lower lease acquisition results and the absence of a non-recurring tariff adjustment recognized in 2009 related to prior period activity. Partially offsetting these reductions were higher pipeline revenues, which included revenues from a pipeline in Oklahoma which was acquired in 2009, and increased pipeline operating gains which were favorably impacted by higher crude oil prices. Other income increased $1.8 million compared to the prior year's quarter due to increased equity income from the Partnership's joint venture interests. Depreciation and amortization expense increased $1.3 million to $5.0 million for the second quarter 2010 due primarily to the 2009 pipeline acquisition.

Higher crude oil prices were a key driver of the increase in total revenue and cost of products sold and operating expenses from the prior year's quarter. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma increased to $77.99 per barrel for the second quarter of 2010 from $59.61 per barrel for the second quarter of 2009.

Results of Operations – Six Months Ended June 30, 2010 and 2009

Sunoco Logistics Partners L.P.
Operating Highlights
Six Months Ended June 30, 2010 and 2009

	Six Months Ended June 30,	
	2010	**2009**
Refined Products Pipeline System:[1]		
Total shipments (barrel miles per day)[2]	51,680,780	58,805,197
Revenue per barrel mile (cents)	0.648	0.586
Terminal Facilities:		
Terminal throughput (bpd):[3]		
Refined product terminals	473,038	461,831
Nederland terminal	704,704	649,501
Refinery terminals[4]	484,398	591,179
Crude Oil Pipeline System:[1][5]		
Crude oil pipeline throughput (bpd)	871,760	667,156
Crude oil purchases at wellhead (bpd)	187,711	186,302
Gross margin per barrel of pipeline throughput (cents)[6]	37.8	92.0

(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) Includes results of the Partnership's purchase of the Romulus, MI refined products terminal from the acquisition date.
(4) Consists of the Partnership's Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.
(5) Includes results of the Partnership's purchase of the Excel pipeline from the acquisition date.
(6) Represents total segment sales 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 $94.0 million for the six-month period ended June 30, 2010 as compared with $147.5 million for the comparable period in 2009. The $53.6 million decreases in net income was primarily the result of the absence of a wide contango crude oil market structure along with the absence of a $6.8 million non-recurring tariff adjustment in the second quarter of 2010. Also contributing to the decrease in net income was an increase in interest expense, related to the issuance of the $500 million Senior Notes in the first quarter of 2010. The reduction in net income was partially offset by higher crude oil pipeline volumes and fees and improved operating performance at the Partnership's Nederland and the refined products terminals.

Analysis of Segment Operating Income

Refined Products Pipeline System

Operating income for the Refined Products Pipeline System decreased $1.0 million to $20.2 million for the first half of 2010 compared to the prior year period. Sales and other operating revenue decreased $2.0 million to $60.6 million due primarily to the permanent shut-down of Sunoco's Eagle Point refinery in the fourth quarter 2009 and refinery maintenance activity during the first quarter of 2010, partially offset by higher pipeline fees. Operating expenses decreased $2.7 million to $26.6 million compared to the prior year period due primarily to the timing of maintenance activity, decreased utility costs, and increased pipeline operating gains which were favorably impacted by higher refined products prices. Selling, general and administrative expenses increased to $12.0 million compared to $11.1 million in the prior year period due primarily to the non-recurring expenses related primarily to the Partnership's incentive distribution rights repurchase and adjustments to compensation costs related to employee departures.

Terminal Facilities

Operating income for the Terminal Facilities segment increased $8.0 million to $50.4 million for the first half of 2010 compared to the prior year period. Total revenues increased $19.7 million to $114.3 million despite reduced volumes in the Partnership's refinery terminals which were negatively impacted by refinery maintenance activity in the first quarter and the permanent shut-down of the Eagle Point refinery. Revenue increases during the first six months of the year were due primarily to increased tank revenues and higher volumes at the Nederland facility, including the additional tankage to support Motiva's Port Arthur, TX refinery and additional volumes from the refined products terminal acquired in September 2009. Revenues and cost of products sold also increased compared to the prior year period as a result of the commencement of terminal optimization projects at the Partnership's refined products terminals during the fourth quarter of 2009. Depreciation and amortization expense increased $2.0 million to $11.3 million for the first half of 2010 as a result of increased tankage at the Partnership's Nederland facility and the acquisition of a refined products terminal previously mentioned. Selling, general and administrative expenses increased to $11.4 million compared to $10.1 million in the prior year period due primarily to the non-recurring expenses described above.

Crude Oil Pipeline System

Operating income for the Crude Oil Pipeline System decreased $47.7 million to $57.5 million for the first half of 2010 compared to the prior year period. This decrease in operating income was the result of a reduced level of market related income driven primarily by the contraction of the contango market structure in 2010 and the absence of a favorable non-recurring tariff adjustment recognized in 2009. Partially offsetting these reductions were higher pipeline revenues, which included revenues from a crude oil pipeline in Oklahoma acquired in 2009, and increased pipeline operating gains which were favorably impacted by higher crude oil prices. Other income increased $4.7 million compared to the prior year period due primarily to increased equity income from the Partnership's joint venture interests. Depreciation and amortization expense increased $2.3 million to $9.6 million for the first half of 2010 due primarily to the 2009 crude oil pipeline acquisition. Selling, general and administrative expenses increased to $12.7 million compared to $11.7 million in the prior year period primarily as a result of the non-recurring expenses described above.

Higher crude oil prices were a key driver of the increase in total revenue and cost of products sold and operating expenses from the prior year's period. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma increased to $78.39 per barrel for the six months ended June 30, 2010 from $51.46 per barrel for the six months ended June 30, 2009.

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under the $395.0 million Credit Facility and the $62.5 million Credit Facility are our primary sources of liquidity. At June 30, 2010, we had net working capital of $183.9 million and available borrowing capacity under the credit facilities of $342.2 million. Our working capital position reflects crude oil and refined products inventories based on historical costs under the LIFO method of accounting. If the inventories had been valued at their current replacement cost, we would have had working capital of $316.6 million at June 30, 2010. We periodically supplement our cash flows from operations with proceeds from debt and equity financing activities.

In February 2010, the Operating Partnership issued $250.0 million of 5.50 percent Senior Notes and $250.0 million of 6.85 percent Senior Notes, due February 15, 2020 and February 15, 2040, respectively ("2020 and 2040 Senior Notes"). The 2020 and 2040 Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The 2020 and 2040 Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The net proceeds from the 2020 and 2040 Senior Notes were used to repay in full the $201.2 million promissory note issued in connection with our repurchase and exchange of our general partner's IDR interests, to repay outstanding borrowings under the $395.0 million Credit Facility and to pre-fund future growth projects.

Capital Resources

Credit Facilities

The Operating Partnership has a five-year $400.0 million Credit Facility, which is available to fund the Operating Partnership's working capital requirements, to finance future acquisitions, to finance future capital projects and for general partnership purposes. The $400.0 million Credit Facility was amended in June 2010 to $395.0 million, related to the removal of Lehman Brothers as a participant. The $395.0 million Credit Facility matures in November 2012. At June 30, 2010, there was $84.0 million outstanding under this credit facility.

The $395.0 million Credit Facility bears interest at the Operating Partnership's option, at either (i) LIBOR plus an applicable margin, (ii) the higher of the federal funds rate plus 0.50 percent or the Citibank prime rate (each plus the applicable margin), or (iii) the federal funds rate plus an applicable margin.

The $395.0 million Credit Facility contains various covenants limiting the Operating Partnership's ability to a) incur indebtedness, b) grant certain liens, c) make certain loans, acquisitions and investments, d) make any material change to the nature of its business, e) acquire another company, or f) enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. The $395.0 million Credit Facility also limits the Operating Partnership, on a rolling four-quarter basis, to a maximum total debt to EBITDA ratio of 4.75 to 1, which can generally be increased to 5.25 to 1 during an acquisition period. The Operating Partnership was in compliance with this requirement as of June 30, 2010.

In March 2009, the Operating Partnership entered into a $62.5 million revolving credit facility ("$62.5 million Credit Facility") with 2 participating financial institutions. The $62.5 million Credit Facility is available to fund the Operating Partnership's working capital requirements, to finance future acquisitions and for general partnership purposes. The $62.5 million Credit Facility matures in September 2011 and may be repaid 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 (a) the federal funds rate plus 0.50 percent plus an applicable margin, (b) Toronto Dominion's prime rate plus an applicable margin, or (c) LIBOR plus 1.0 percent plus an applicable margin. The $62.5 million Credit Facility contains various covenants similar to the $395.0 million credit facility and was amended in April 2010 to require the Operating Partnership to maintain, on a rolling four-quarter basis, a maximum total debt to EBITDA ratio of 4.5 to 1, which can generally be increased to 5.0 to 1 during an acquisition period. The Operating Partnership was in compliance with this requirement as of June 30, 2010. At June 30, 2010, there was $31.3 million outstanding under this credit facility.

Cash Flows and Capital Expenditures

Net cash provided by operating activities for the six months ended June 30, 2010 was $26.8 million compared with $61.2 million of net cash used in operating activities for the first six months of 2009. Net cash provided by operating activities in 2010 related primarily to net income of $94.0 million and depreciation and amortization of $28.5 million offset by a $97.1 million increase in working capital. The increase in working capital was the result of increases in accounts receivable and contango inventory positions partially offset by an increase in accounts payable. The net cash used in operating activities in 2009 related to a $208.2 million increase in working capital, partially offset by net income of $147.5 million and depreciation and amortization of $23.1 million. The increase in working capital was the result of increases in accounts receivable and contango inventory positions partially offset by an increase in accounts payable.

Net cash used in investing activities for the six months of 2010 was $76.2 million compared with $70.4 million for the first six months of 2009.

Net cash provided by financing activities for the first six months of 2010 was $49.4 million compared with $131.6 million net cash provided by financing activities for the first six months of 2009. Net Cash provided by financing activities for the first six months of 2010 resulted from the $500 million issuance of senior notes, net of $6.0 million of note discounts and debt issuance costs. This source of cash was partially offset by $201.2 million in distributions to repay in full the promissory notes issued in connection with the repurchase and exchange of the general partner's incentive distribution rights, $153.7 million net repayment of the Partnership's credit facilities and $92.1 million in quarterly distributions to the limited partners and general partner. Net cash provided by financing activities for the first six months of 2009 resulted from $173.4 million issuance of senior notes and $109.5 million public offering completed in April and May of 2009. The net proceeds from these sources were partially offset by $62.4 million net repayment of the Partnership's credit facilities, and $81.8 million in distributions paid to limited partners and the general partner. Net cash provided by financing activities was utilized to finance operating and investing activities, including contango inventory positions.

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Under a treasury services agreement with Sunoco, the Partnership participates in Sunoco's centralized cash management program. Advances to affiliates in the Partnership's condensed consolidated balance sheets at June 30, 2010 and December 31, 2009 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):

	Six Months Ended June 30,	
	2010	2009
Maintenance	$14,278	$ 9,022
Expansion	61,897	61,377
	$76,175	$70,399

Management continues to expect maintenance capital expenditures to be approximately $32.0 million for the year ended December 31, 2010, excluding acquisitions and 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 for the six months ended June 30, 2010 were $61.9 million compared to $61.4 million for the first six months of 2009. Expansion capital for 2010 includes construction projects to expand services at the Partnership's refined products terminals, increase tankage at the Nederland facility and to expand upon the Partnership's refined products platform in the southwest United States. Management continues to expect to invest approximately $175.0 million to $200.0 million in expansion capital projects in 2010, excluding acquisitions.

In July 2010, the Partnership acquired a butane blending business from Texon L.P for $140.0 million plus inventory. The acquisition includes patented technology for sophisticated blending of butane into gasoline, contracts with customers currently utilizing the patented technology, butane inventories and other related assets. The acquisition was funded in part by a three-year, $100.0 million note from Sunoco, Inc, which will bear interest at three-month LIBOR plus 275 basis points per annum. The balance was funded under the Operating Partnership's $395.0 million Credit Facility. The acquisition will be included within the Terminal Facilities business segment beginning in the third quarter 2010.

In July 2010, the Partnership exercised certain rights to increase its ownership interests in Mid-Valley Pipeline Company, West Texas Gulf Pipe Line Company and West Shore Pipe Line Company. All three transactions are expected to close in the third quarter 2010 and to be immediately accretive. These acquisitions are anticipated to be purchased for an aggregate purchase price of approximately $100 million and will initially be financed with the Operating Partnership's $395.0 million Credit Facility pending more permanent financing.

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 its credit facilities, other borrowings and the issuance of additional common units.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

We have interest-rate risk exposure for changes in interest rates relating to our outstanding borrowings. We manage our exposure to changing interest rates through the use of a combination of fixed- and variable-rate debt. At June 30, 2010, we had $115.3 million of variable-rate borrowings under our revolving credit facilities. The outstanding borrowings bear interest cost of LIBOR plus an applicable margin. An increase in short-term interest rates will have a negative impact on funds borrowed under variable debt arrangements. Our weighted average interest rate on our variable-rate borrowings was 1.25 percent at June 30, 2010. A one percent change in the weighted average rate would have impacted annual interest expense by approximately $1.2 million.

At June 30, 2010, we had $1.1 billion of fixed-rate senior notes. A hypothetical one-percent decrease in interest rates would increase the fair value of our fixed-rate borrowings at June 30, 2010 by approximately $87.8 million.

Commodity Market Risk

We generally do not acquire and hold futures contracts or other derivative products for the purpose of speculating on crude oil price changes, as these activities could expose us to significant losses. We are exposed to volatility in crude oil commodity prices. To manage such exposures, inventory levels and expectations of future commodity prices are monitored when making decisions with respect to risk management and inventory carried. Our policy is to purchase only commodity products for which we have a market and to structure our sales contracts so that price fluctuations for those products do not materially affect the margin we receive. We also seek to maintain a position that is substantially balanced within our various commodity purchase and sales activities. In the ordinary course of doing business, we enter into crude purchase contracts with third parties generally for a term of one year or less, with a majority of the transactions on a 30-day renewable basis. Simultaneously, we enter into contracts for the future physical sale and delivery on a specified date of the related crude purchased. Contracts that qualify as derivatives have been designated as normal purchases and sales and are accounted for using traditional accrual accounting. We may experience net unbalanced positions for short periods of time as a result of production, transportation and delivery variances as well as logistical issues associated with inclement weather conditions.

Forward-Looking Statements

Some of the information included in this quarterly report on Form 10-Q contains "forward-looking" statements and information relating to Sunoco Logistics Partners L.P. that is based on the 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 its 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 our pipeline, terminalling and storage services;*
- *Changes in the short-term and long-term 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 us;*
- *An increase in the competition encountered by our 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 we have an equity ownership interest;*
- *Changes in the general economic conditions in the United States;*
- *Changes in laws and regulations to which we are subject, including federal, state, and local tax, safety, environmental and employment laws;*
- *Changes in regulations governing composition of refined petroleum products, that we transport, terminal and store;*
- *Improvements in energy efficiency and technology resulting in reduced demand for petroleum products;*
- *Our 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 we may not be adequately insured;*
- *The age of, and changes in the reliability and efficiency of our operating facilities;*
- *Changes in the expected level of capital, operating, or remediation spending related to environmental matters;*
- *Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;*
- *Risks related to labor relations and workplace safety;*
- *Non-performance by or disputes with major customers, suppliers or other business partners;*
- *Changes in our tariff rates implemented by federal and/or state government regulators;*
- *The amount of our debt, which could make us vulnerable to adverse general economic and industry conditions, limit our ability to borrow additional funds, place us at competitive disadvantages compared to competitors that have less debt, or have other adverse consequences;*
- *Changes in our or Sunoco's credit ratings, as assigned by ratings agencies;*
- *The condition of the debt capital markets and equity capital markets in the United States, and our ability to raise capital in a cost-effective way;*
- *Performance of financial institutions impacting our liquidity, including those supporting our credit facilities;*
- *Changes in interest rates on our outstanding debt, which could increase the costs of borrowing and;*
- *The costs and effects of legal and administrative claims and proceedings against us or any entity in which it has an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which we, or any entity in which 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 our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events.

Item 4. Controls and Procedures

(a) 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 Chief Executive Officer of Sunoco Partners LLC (the Partnership's general partner) and the Vice President and Chief Financial Officer of the general partner, as appropriate, to allow timely decisions regarding required disclosure.

(b) As of June 30, 2010, the Partnership carried out an evaluation, under the supervision and with the participation of the management of the general partner (including the Chief Executive Officer and the Vice President and Chief Financial Officer), of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the general partner's Chief Executive Officer, and its Vice President and Chief Financial Officer, concluded that the Partnership's disclosure controls and procedures are effective.

(c) No change in the Partnership's internal control over financial reporting has occurred during the fiscal quarter ended June 30, 2010 that has materially affected, or that is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

There are certain 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. In addition, Sunoco is obligated to indemnify the Partnership under certain other agreements executed after the February 2002 IPO.

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 June 30, 2010.

Item 1A. Risk Factors

There have been no material changes from the risk factors described previously in Part I, Item IA of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2009, filed on February 23, 2010.

Item 2. Unregistered Sales of Equity Securities and Use 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

2.1:	Asset and Membership Interest Purchase and Sale Agreement between Texon Distributing L.P. and Butane Acquisition I LLC, dated as of June 25, 2010
2.1.1:	Schedules and Exhibits to Asset and Membership Interest Purchase and Sale Agreement omitted from this filing. Registrant hereby undertakes, pursuant to Regulation S-K Item 601(2) to furnish any such schedules and exhibits to the SEC supplementally, upon request
10.1:	Sunoco Partners LLC Executive Involuntary Severance Plan, as amended and restated as of July 27, 2010
10.2:	Sunoco Partners LLC Long-Term Incentive Plan, as amended and restated as of July 27, 2010
10.2.1:	Form of Restricted Unit Agreement (Performance) under the Sunoco Partners LLC Long-Term Incentive Plan
10.2.2:	Form of Restricted Unit Agreement (Time) under the Sunoco Partners LLC Long-Term Incentive Plan
10.3:	Sunoco Partners LLC Annual Incentive Plan, as amended and restated as of July 27, 2010
10.4:	Sunoco Partners LLC Directors’ Deferred Compensation Plan, as amended and restated as of July 27, 2010
10.5:	Sunoco Partners LLC Special Executive Severance Plan, as amended and restated as of July 27, 2010
10.6:	Sunoco Partners LLC Independent Director Compensation Summary
12.1:	Statement of Computation of Ratio of Earnings to Fixed Charges
31.1:	Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
31.2:	Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
32.1:	Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350
32.2:	Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350
101.1:	The following financial statements from Sunoco Logistics Partners L.P.’s Quarterly Report on Form 10-Q for the three and six months ended June 30, 2010, filed with the Securities and Exchange Commission on August 4, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations; (ii) the Condensed Consolidated Balance Sheets; (iii) the Condensed Consolidated Statement of Cash Flows; and, (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

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

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

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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/ BRIAN P. MACDONALD

Brian P. MacDonald
Vice President and Chief Financial Officer

Date: August 4, 2010

Exhibit 2.1

Execution Version

ASSET AND MEMBERSHIP INTEREST

PURCHASE AND SALE AGREEMENT

between

TEXON DISTRIBUTING L.P. d/b/a TEXON L.P.,

and

BUTANE ACQUISITION I LLC

Dated as of June 25, 2010

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ASSET AND MEMBERSHIP INTEREST PURCHASE AND SALE AGREEMENT

THIS ASSET AND MEMBERSHIP INTEREST PURCHASE AND SALE AGREEMENT is made and entered into as of June 25, 2010, between **TEXON DISTRIBUTING L.P. d/b/a TEXON L.P.**, a Delaware limited partnership ("Seller"), and BUTANE ACQUISITION I LLC, a Delaware limited liability company ("Buyer").

RECITALS:

A. Seller owns all of the limited liability company interests (the "Membership Interest") in Texon Butane Blending LLC, a Delaware limited liability company (the "Company").

B. The Company develops, constructs and installs equipment for the blending of butane into motor gasoline in pipelines or at gasoline terminals; purchases, transports, stores and handles butane supply for blending; sells or delivers butane for blending to terminal operators; and stores and sells gasoline received by the Company in exchange for butane deliveries (collectively, the "Butane Blending Business"). Seller owns and supplies to or obtains and maintains for the account of the Company certain inventories of butane for use by the Company in the Butane Blending Business.

C. In accordance with the terms of this Agreement, (i) Seller desires to transfer and sell the Membership Interest to Buyer and Buyer desires to purchase from Seller all of the Membership Interest and (ii) concurrently therewith, Seller desires to transfer and sell the Included Seller Inventory (as defined below) to Buyer and Buyer desires to purchase from Seller the Included Seller Inventory.

NOW, THEREFORE, in consideration of the premises and mutual promises, representations, warranties and covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS.

The following terms used in this Agreement shall have the following meanings:

"Accounting Expert" is defined in Section 3.3(a).

"Affiliate," as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise. For purposes of this definition, a Person shall be deemed to be "controlled by" a Person if such Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors of such first Person.

"Agreement" means this Purchase and Sale Agreement, as it may be amended from time to time.

"Allocation Statement" is defined in Section 3.1(f).

"Assignment and Assumption Agreement" is defined in Section 4.4.

"Assignment and Bill of Sale" means the instrument of conveyance in substantially the form of Exhibit A pursuant to which Seller at Closing shall convey to Buyer all of Seller's right, title and interest in, to and under the Included Seller Inventory.

"Blending Patents" means issued patents U.S. Patent Nos. 6,679,302, 7,032,629 and 7,631,671, and pending applications U.S. Patent Application Nos. 12/633,431 (filed on December 8, 2009) and 12/569,698 (filed on September 29, 2009), each held by MCE Blending, together with any U.S. patents or patent applications claiming priority in whole or in part to such patents or patent applications, including without limitation any reissues, renewals, extensions, divisions, continuations, continuations-in-part or reexaminations thereof.

"Blending Patents License" means a license agreement in substantially the form of Exhibit C pursuant to which, following the Closing, the Company will grant to Seller an irrevocable, non-exclusive, perpetual license to use the Butane Blending Technology in accordance with the terms thereof.

"Buckeye Letter Agreement" means an agreement in substantially the form of Exhibit M to be entered into immediately following the Closing between Seller and the Company, and acknowledged by Buyer, to be effective as of the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by Legal Requirements to close.

"Business Employees" is defined in Section 5.19(a).

"Business Financial Statements" is defined in Section 5.5(a).

"Butane Blending Business" is defined in Recital B.

"Butane Blending Technology" means the Blending Patents together with certain trade secrets, confidential information, customer lists, proprietary software source code, technical information, data, process technology, plans, drawings, design specifications, training manuals and blue prints of Seller and the Company related to the Butane Blending Business.

"Buyer" is defined in the introductory paragraph.

"Buyer Guarantor" is defined in Section 12.1.

"Buyer Indemnitees" is defined in Section 10.1(a).

"Buyer Obligation" is defined in Section 12.1.

"Buyer Section 3.2 Notice of Objection" is defined in Section 3.2(c).

"Canadian Blending License" means a new license agreement in substantially the form of Exhibit N pursuant to which, following the Closing, Seller will grant to the Company an irrevocable, non-exclusive, perpetual sub-license to use the Canadian Blending Technology in accordance with the terms thereof.

"Canadian Blending Technology" means Canadian Patent No. 2647970 (filed on April 20, 2007) held, at the time of Closing, by Seller, together with any Canadian patents or patent applications claiming priority in whole or in part to such patents or patent applications, including without limitation any reissues, renewals, extensions, divisions, continuations, continuations-in-part or reexaminations thereof, and any trade secrets, confidential information, process technology, plans, drawings and design specifications related thereto.

"Canadian Butane Supply Agreement" means the supply agreements in substantially the form of Exhibit R pursuant to which Texon Canada ULC will sell butane to the Company following the Closing.

"Closing" means the closing of the transaction contemplated by this Agreement.

"Closing Date" is defined in Section 4.1.

"Closing Date Amount" means, and is equal to, the sum of the following: (i) the Membership Interest Base Purchase Price plus (ii) the Estimated Company Inventory Value plus (iii) the Estimated Included Seller Inventory Value plus (iv) the purchase price for the Transloader Patent License specified in Section 3.1(c) plus (v) the payment described in Section 3.1(d).

"Closing Date Combined Inventory Statement" is defined in Section 3.2(c).

"Closing Date Combined Inventory Value" is defined in Section 3.2(c).

"Closing Date Hedging Positions" is defined in Section 7.16.

"COBRA Coverage" means continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combined Inventory" means, collectively, the Company Inventory and the Included Seller Inventory.

"Company" is defined in Recital A.

"Company Assets" means all of the properties, rights and interests used by the Company in the operation of the Butane Blending Business, including specifically the Company Real Property and the Company Inventory, but specifically excluding the Excluded Assets.

"Company Inventory" means (i) all grades of butane owned by the Company, wherever located, including any such butane in transit, other than butane held in inventory by the Company related to the Buckeye Letter Agreement that is excluded from the sale pursuant to Section 4.3(q) and identified on Schedule 4.3(q) and (ii) all grades of gasoline owned by the Company, wherever located, including such gasoline in transit, other than gasoline held in inventory by the Company related to the Buckeye Letter Agreement that is excluded from the sale pursuant to Section 4.3(q) and identified on Schedule 4.3(q).

"Company Inventory Value" means the value in U.S. dollars of the Company Inventory, as determined in accordance with this Agreement.

"Company Parts and Equipment" means the equipment, parts and other inventory purchased by Seller or the Company prior to the Closing Date and identified on Schedule 1.1(b).

"Company Real Property" means the real property and interests in real property owned or leased by the Company, which are specifically identified and legally described in Schedule 1.1(c), including all buildings, fixtures, structures and other improvements of any kind or nature situated thereon, together with any tenements, hereditaments, easements, rights-of-way rights, servitudes, rights and privileges relating thereto, which real property is owned or leased by the Company and used by the Company in the operation of the Butane Blending Business.

"Consulting Agreement" means a consulting agreement in substantially the form of Exhibit O pursuant to which, following the Closing, the Company or an Affiliate of the Company will engage the specified individual to provide services to the Company as an independent contractor.

"Copyright" is defined in Section 5.18(a)(iii).

"Contracts" shall mean all oral or written leases, agreements, contracts, arrangements, commitments, licenses and franchises.

"Data" is defined in Section 5.18(n).

"Decision Notices" is defined in Section 3.3(b).

"Defaulting Party" is defined in Section 10.9.

"Defensible Title" shall mean (i) in the case of Company Real Property, good and indefeasible title free and clear of all Liens, security interests and encumbrances, subject to and except for any Permitted Liens and (ii) in the case of (A) a Company Asset not constituting real property or (B) Included Seller Inventory, good and valid title free and clear of all Liens, security interests and encumbrances, subject to and except for any Permitted Liens.

"Dispute Notice" is defined in Section 3.3(a).

"DOJ" is defined in Section 7.2.

"Effective Time" means 12:01 a.m. Central Time on the Closing Date.

"Employee Benefit Plan" means any written or oral plan, agreement or arrangement involving direct or indirect benefits, other than salary, as compensation for services rendered including insurance coverage, medical or dental plan benefits, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement benefits.

"Employment Agreement" means an employment agreement in substantially the form of Exhibit P pursuant to which, following the Closing, the Company or an Affiliate of the Company will agree to employ the specified individual and the specified individual will agree to be employed by the Company.

"Environmental Condition" means any contamination by a Hazardous Substance of surface soils, subsurface soils, groundwater, leachate or other sediments present on, in, under or migrating from any of the Company Real Property in violation of any Environmental Law.

"Environmental Laws" means any and all existing federal, state and local laws, regulations, rules, ordinances, decrees and/or orders (unilateral or consent), requirements under permits issued pursuant to any of the foregoing, and other legally binding requirements of any appropriate Governmental Authorities relating to the environment, health, safety, security, any Hazardous Substance, or any activity involving Hazardous Substances, the abatement of pollution or protection of the environment including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, Process Safety Management, the Chemical Facility Anti-Terrorism Act, the Hazardous Materials Regulations (41 CFR 172), the Solid Waste Disposal Act and the Occupational Safety and Health Act, as each has been amended and the regulations promulgated pursuant thereto.

"***Environmental Liabilities"*** shall mean any and all liabilities, responsibilities, obligations, claims, suits, losses, costs (including remediation, removal, response, abatement, clean-up, investigative, and/or monitoring costs and any other related costs and expenses, court costs, reasonable attorneys', expert witnesses' and investigative fees and expenses), damages, assessments, liens, penalties, fines, prejudgment and post-judgment interest, incurred or imposed (i) pursuant to any order, notice, injunction, judgment or similar ruling arising out of or in connection with any Environmental Law, (ii) pursuant to any claim by a Governmental Authority or other Person for personal injury, death, property damage, damage to natural resources, remediation, or similar costs or expenses incurred or asserted by such Governmental Authority or other Person to the extent arising out of a release of Hazardous Materials, or (iii) as a result of Environmental Conditions.

"Equity Commitment" means (i) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights, or other Contracts that could require a Person to issue any of its Equity Interests or to sell any Equity Interests it owns in another Person; (ii) any other securities convertible into, exchangeable or exercisable for, or

representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (iii) statutory pre-emptive rights or pre-emptive rights granted under a Person's organizational documents; and (iv) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person.

"Equity Interest" means (i) with respect to a corporation, any and all shares of capital stock; (ii) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership/limited liability company interests; and (iii) any other direct or indirect equity ownership or participation in a Person.

"ERISA" means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any Person (whether incorporated or unincorporated) that together with Seller would be deemed a "single employer" within the meaning of Section 414 of the Code.

"Estimated Company Inventory Value" is defined in Section 3.2(a).

"Estimated Included Seller Inventory Value" is defined in Section 3.2(a).

"Excluded Assets" is defined in Section 4.3.

"Final Combined Inventory Adjustment Payment Date" means the date that is two Business Days following the determination of the Post-Closing Combined Inventory Adjustment Amount.

"Final Company Inventory Value" is defined in Section 3.2(c).

"Final Included Seller Inventory Value" is defined in Section 3.2(c).

"Form 8594" is defined in Section 3.1(f).

"FTC" is defined in Section 7.2.

"Fundamental Representations" is defined in Section 10.5.

"GAAP" means generally accepted accounting principles.

"Governmental Authority" means any federal, state, local, municipal, or other government or governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or any body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police or regulatory power of any nature, in each case having jurisdiction over Seller, the Company or the Butane Blending Business.

"Hazardous Substances" means any substances, materials, or wastes regulated as a "hazardous substance," "extremely hazardous substance," "hazardous materials" or "hazardous waste" under any Environmental Law, including petroleum products.

"HSR Act" means the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Included Seller Inventory" means all grades of butane and gasoline owned by Seller, wherever located, including any such butane and gasoline in transit, other than butane and gasoline held in inventory by Seller related to the Buckeye Letter Agreement.

"Included Seller Inventory Value" means the value in U.S. dollars of the Included Seller Inventory, as determined in accordance with this Agreement.

"Income Tax" and ***"Income Taxes"*** mean any federal, state, local, or foreign income tax measured by or imposed on net income, including any interest, penalty or addition thereto, whether disputed or not.

"Income Tax Return" means any return, declaration, report, claim for refund, information return, statement, form or other documentation (including any additional supporting material and any amendments or supplements) filed or maintained, or required to be filed or maintained, with respect to or in connection with the calculation, determination, assessment or collection of any Income Taxes.

"Indemnification Cap" is defined in Section 10.6.

"Indemnified Party" is defined in Section 10.3(a).

"Indemnifying Party" is defined in Section 10.3(a).

"Independent Contractor" means an individual who provides services to the Company and is listed as an "Independent Contractor" on Schedule 5.19(a).

"Intellectual Property" is defined in Section 5.18(a).

"IP Representations" is defined in Section 10.5.

"knowledge," "known" or words of similar import when used with respect to (i) Buyer, shall mean the actual knowledge of any fact, circumstance or condition by a current officer of such Person and (ii) Seller, shall mean the actual knowledge of any fact, circumstance or condition by the Persons listed on Schedule 1.1(a). References herein to "knowledge" do not include imputed or implied knowledge.

"Legal Requirements" means all laws, including without limitation, statutes, ordinances, rules, regulations, codes, plans, injunctions, judgments, orders, decrees (unilateral or consent), rulings, settlements and charges thereunder by or of federal, state or local Governmental Authorities (in each case, other than Environmental Laws and Tax Laws).

"Lien" means any mortgage, pledge, lien, security interest, charge, option, warrant, purchase right, encumbrance, conditional sale or other installment sales agreement, title retention agreement, device or arrangement or transfer for security for the payment of any indebtedness.

"Losses" is defined in Section 10.1(a).

"***Marks***" is defined in Section 5.18(a)(i).

"Material Adverse Effect" means any change or effect that is material and adverse to (i) the Butane Blending Business taken as a whole, or (ii) the ability of Seller to perform its obligations hereunder; provided, however, that the term "Material Adverse Effect" shall not include effects, events or changes arising out of or resulting from (v) changes in conditions in the U.S. or global economy or capital or financial markets generally (whether general, regional or limited to the area in which the Butane Blending Business is conducted), including changes in interest or exchange rates or fluctuations in the price of or demand for petroleum or petroleum products, (w) changes in legal, regulatory, political, economic or business conditions, or changes in GAAP that, in each case, generally affect the industries in which the Company or Seller conducts business, (x) the negotiation, execution, announcement or performance of this Agreement or the consummation of the transactions contemplated by this Agreement, including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, licensors, distributors, lenders, partners or employees or Governmental Authorities, (y) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement or (z) the failure of the Company or Seller to meet internal projections or forecasts.

"Material Contracts" is defined is Section 5.15(a).

"MCE Blending" means MCE Blending, LLC, a limited liability company organized under the laws of the State of Texas.

"MCE Blending Assignment" is defined in Section 4.2(a)(xii).

"MCEC" means Mid-Continent Energy Company, Incorporated, a Florida corporation.

"MCEC Payment Amount" is defined in Section 4.2(c).

"MCEC Services Agreement" means that certain Blending Projects Services Agreement, dated November 24, 2009, among Seller, the Company and MCEC.

"Membership Interest" is defined in Recital A.

"Membership Interest Assignment" means the instrument of conveyance in substantially the form of Exhibit B pursuant to which at Closing Seller shall convey to Buyer all of Seller's membership interest in the Company.

"Membership Interest Base Purchase Price" is defined in Section 3.1(a).

"New Permits" means those Permits that are nontransferable and for which Buyer will be required to apply.

"Non-competition Agreement" means a non-competition agreement substantially in the form attached to the MCE Blending Assignment, pursuant to which, following the Closing, MCEC and Larry Mattingly will agree not to compete with the Company or its Affiliates on the terms set forth therein.

"Non-competition Period" means the period from the Closing Date until the later of (i) the expiration of the last expiring Blending Patent and (ii) the termination of the Buckeye Letter Agreement.

"Non-Defaulting Party" is defined in Section 10.9.

"Non-US Patents" means any and all patents or patent applications filed outside of the United States that claim priority to any Blending Patent, including but not limited to Patent Cooperation Treaty Application No. PCT/US07/09671, EP App. No. 07 794 356.1 and CA App. No. 2647970, together with any non-U.S. patents or patent applications claiming priority in whole or in part to such patents or patent applications, including without limitation any reissues, renewals, extensions, divisions, continuations, continuations-in-part or reexaminations thereof, as well as rights to any non-U.S. future filings claiming priority to these applications.

"Notice of Future IP" is defined in Section7.18(a).

"Notice of Intention" is defined in Section 7.18(a)(i).

"Offered Employees" is defined in Section 7.9(a).

"Outside Date" is defined in Section 11.1(g).

"Owner" is defined in Section 5.18(e).

"Party" means Seller or Buyer.

"Patents" is defined in Section 5.18(a)(ii).

"Pension Plan" means any "pension" plan within the meaning of Section 3.2 of ERISA, determined without regard to whether such plan is subject to ERISA.

"Permits" means all legally-mandated registrations, licenses, permits, franchises, certificates, decrees (unilateral or consent), approvals, authorizations, qualifications, entitlements and orders of Governmental Authorities.

"Permitted Liens" means (i) all agreements, leases, instruments, documents, Liens and encumbrances which are described in any Schedule or Exhibit to this Agreement; (ii) any (A) undetermined or inchoate Liens or charges constituting or securing the payment of expenses which were incurred incidental to the conduct of the Butane Blending Business or the operation, storage, transportation, shipment, handling, repair, construction, improvement or maintenance of

the Company Assets or the Included Seller Inventory and (B) materialman's, mechanics', repairman's, employees', contractors', operators', warehousemen's, barge or ship owner's and carriers' Liens or other similar Liens, security interests or charges for liquidated amounts arising in the ordinary course of business incidental to the conduct of the Butane Blending Business or the operation, storage, transportation, shipment, handling, repair, construction, improvement or maintenance of the Company Assets or the Included Seller Inventory, securing amounts the payment of which is not delinquent and that will be paid in the ordinary course of business or, if delinquent, that are being contested in good faith; (iii) any Liens for Taxes not yet delinquent or, if delinquent, that are being contested by the Company or Seller, as the case may be, in the ordinary course of business; (iv) any Liens or security interests created by Legal Requirements or reserved in leases, rights-of-way or other real property interests for rental or for compliance with the terms of such leases, rights-of-way or other real property interests, provided payment of the debt secured is not delinquent or, if delinquent, is being contested by the Company or Seller in the ordinary course of business; (v) all Liens (other than Liens for borrowed money), charges, leases, easements, restrictive covenants, encumbrances, contracts, agreements, instruments, obligations, discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping of improvements, defects, irregularities and other matters affecting or encumbering title to the Company Real Property which individually or in the aggregate are not such as to unreasonably and materially interfere with or prevent any material operations conducted as a part of the Butane Blending Business by the Company or Seller in the manner operated on the date of this Agreement; (vi) Liens securing indebtedness of Seller or any of its Subsidiaries for borrowed money which are released unconditionally at or prior to the Closing Date; (vii) any defect that has been cured by the applicable statutes of limitations or statutes for prescription; (viii) any defect affecting (or the termination or expiration of) any easement, right-of-way, leasehold interest, license or other real property interest which has been replaced by an easement, right-of-way, leasehold interest, license or other real property interest constituting part of the Company Assets covering substantially the same rights to use the land or the portion thereof used by the Company in connection with the Butane Blending Business; (ix) the failure to locate on the ground a "blanket" or similar easement or right-of-way; (x) rights reserved to or vested in any Governmental Authority to control or regulate the Butane Blending Business or any of the Company Assets, and all Legal Requirements of such authorities, including any building or zoning ordinances and all Environmental Laws; (xi) any Contract, instrument, Lien, Permit, amendment, extension or other matter entered into by a Party to this Agreement in accordance with the terms of this Agreement or in compliance with the approvals or directives of the other Party made pursuant to this Agreement; (xii) all agreements and obligations relating to imbalances with respect to shipment, transportation or storage of any Combined Inventory, or any products held for sale by the Company; (xiii) any Lien, Contract, instrument, obligation, defect, irregularity or other matter (A) that is referenced or reflected in any title commitment obtained by Buyer, to the extent such matter is located on a survey or can be reasonably evaluated without review of a survey which locates such matter on the ground, or (B) to the extent Buyer does not assert such matter as a title defect by written notice to Seller prior to the Closing, that is referenced or reflected in any title policy obtained by Buyer; (xiv) any and all matters and encumbrances (including, without limitation, fee mortgages or ground leases) affecting any of the Company Real Property which is leased by the Company as lessee, not created or granted by the Company; and (xv) any of the following: (A) defects in the early chain of the title consisting of the mere failure to recite marital status in a document or omissions of

successions of heirship proceedings, unless Buyer provides affirmative evidence that such failure or omission results in another Person's superior claim of title to the Company Asset or relevant portion thereof affected thereby; (B) any assertion of a defect based on the lack of a survey; and (C) defects arising out of lack of evidence of corporate authorization, unless Buyer provides affirmative evidence that such corporate action was not authorized and results in another Person's superior claim of title to the Company Asset or relevant portion thereof affected thereby.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities.

"Post-Closing Combined Inventory Adjustment Amount" means the sum of (i) the Post-Closing Company Inventory Adjustment Amount plus (ii) the Post-Closing Included Seller Inventory Adjustment Amount.

"Post-Closing Company Inventory Adjustment Amount" means the positive or negative amount equal to (i) the Final Company Inventory Value minus (ii) the Estimated Company Inventory Value.

"Post-Closing Included Seller Inventory Adjustment Amount" means the positive or negative amount equal to (i) the Final Included Seller Inventory Value minus (ii) the Estimated Included Seller Inventory Value.

"Public Software" is defined in Section 5.18(i)(iv).

"Records" means Seller's or the Company's books and records, in any form or media, operational, maintenance, construction, environmental and technical records relating (and in the case of Seller, only to the extent solely relating) to the Butane Blending Business other than that portion of the Butane Blending Business conducted with Buckeye Terminals, LLC or any of its Affiliates, including without limitation financial information, Tax Returns and related work papers and letters from accountants, if any, deeds, title policies, licenses and permits, customer and supplier lists, engineering designs, blueprints, as-built plans, specifications, procedures, reports and equipment repair, safety, maintenance or service records but specifically excluding the Retained Books and Records.

"Required Consents" is defined in Section 7.3.

"Retained Books and Records" is defined in Section 4.3(j).

"Retained Causes of Action" is defined in Section 4.3(k).

"Retained Liabilities" means:

(a) accounts payable owed by Seller or the Company to the extent arising from operations prior to the Closing;

(b) liabilities of Seller other than those liabilities identified on Schedule 1.1(d);

(c) liability for any indebtedness of Seller or any of its Subsidiaries with respect to borrowed money, including any interest or penalties accrued thereon, as of the Closing Date;

(d) liabilities associated with, related to or arising from any Excluded Asset;

(e) liabilities arising in connection with any Seller Employee Benefit Plan;

(f) liabilities of Seller or the Company arising out of the employment relationship during the period prior to the Closing between Seller or the Company and any employee of Seller or the Company; and

(g) liabilities and obligations of the Company under any Contract related to a Retained Liability, or an Excluded Asset, including the MCEC Services Agreement and the Contribution and Assumption Agreement, dated February 1, 2010, between the Company and Seller.

"Seller" is defined in the introductory paragraph.

"Seller Employee Benefit Plans" is defined in Section 5.20(a).

"Seller Hedging Contracts and Accounts" is defined in Section 7.16.

"Seller Indemnitees" is defined in Section 10.1(b).

"Seller's Insurance" is defined in Section 7.7(a).

"Software" is defined in Section 5.18(a)(iv).

"Software License and Support Agreement" means a license and agreement in substantially the form of Exhibit D pursuant to which, following the Closing, the Company will grant to Seller a non-exclusive, irrevocable, perpetual, worldwide license to use the proprietary software included in the Butane Blending Technology and provide on-going support services with regard thereto.

"Subsidiary" means, with respect to any Person: (i) any corporation of which more than 50% of the total voting power of all classes of the Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors is owned by such Person directly or through one or more other Subsidiaries of such Person and (ii) any Person other than a corporation of which at least a majority of the Equity Interests (however designated) entitled (without regard to the occurrence of any contingency) to vote in the election of the governing body, partners, managers or others that will control the management of such entity is owned by such Person directly or through one or more other Subsidiaries of such Person.

"Supplemental Business Financial Statements" means the financial statements described in Section 7.8(a).

"Surviving Positions" is defined in Section 7.16(b).

"SXL Employer" is defined in Section 7.9(a).

"Tangible Personal Property" means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles and other items of tangible personal property of every kind owned or leased by the Company and used in the operation of the Butane Blending Business (wherever located and whether or not carried on the Company's books).

"Tax" and ***"Taxes"*** mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, excise, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Laws" means the Code and the laws of any other Governmental Authority having jurisdiction over Seller, Buyer and the Company, as applicable, relating to any Tax, as amended from time to time, or any successor law.

"Tax Return" means any return, report, statement, form or other documentation (including any additional or supporting material and any amendments or supplements) filed or maintained, or required to be filed or maintained, with respect to or in connection with the calculation, determination, assessment or collection of any Taxes.

"Termination for Cause" means termination from employment due to gross negligence, misuse or unauthorized appropriation of trade secrets or other confidential information of Buyer or any of its Affiliates, theft of property from Buyer or any of its Affiliates, willful damage to Buyer's or any of its Affiliates' property, or any material failure by the employee to perform any term or condition of his or her employment with Buyer or any of its Affiliates.

"Third Party Claim" is defined in Section 10.3(a).

"Total Consideration" means (i) the Membership Interest Base Purchase Price plus (ii) the Final Company Inventory Value plus (iii) the Final Included Seller Inventory Value plus (iv) the purchase price of the Transloader Patent License.

"Trade Secrets" is defined in Section 5.18(a)(v).

"Trademarks" means all trademarks, service marks, certification marks, trade dress, Internet domain names, trade names, identifying symbols, designs, product names, company names, slogans, logos or insignia, whether registered or unregistered, and all common law rights, applications and registrations therefor, and all goodwill associated therewith.

"Transfer Taxes" is defined in Section 7.14(a).

"***Transferred Employees***" is defined in Section 7.9(a).

"Transition Employees" is defined in Section 7.9(a).

"Transition Services Agreement" means an agreement in substantially the form of Exhibit E pursuant to which Seller or the Company will provide post-Closing services to the other to the extent and for the period or periods specified therein.

"Transloader Patent" means U.S. Patent No. 6,959,741 held by Seller and pertaining to a method and apparatus for loading and unloading material from a storage medium, together with any U.S. patents or U.S. patent applications claiming priority in whole or in part to such patents, including without limitation any reissues, renewals, extensions, divisions, continuations, continuations-in-part or reexaminations thereof.

"Transloader Patent License" means a license agreement in substantially the form of Exhibit F pursuant to which Seller will grant to Buyer, or its designee, an exclusive, irrevocable, perpetual, fully paid up, worldwide license to use the Transloader Patent; provided, however, Seller will reserve the right to continue its own use of the Transloader Patent after the Closing for any business purposes of Seller or its Affiliates.

SECTION 2. PURCHASE OF MEMBERSHIP INTEREST, COMPANY INVENTORY AND INCLUDED SELLER INVENTORY.

2.1 **Purchase and Sale**. Subject to the terms and conditions hereof, on the Closing Date Seller will sell, assign, transfer and convey to Buyer and Buyer will purchase all of Seller's right, title and interest in and to (i) the Membership Interest, the Company Parts and Equipment and the Company Inventory, for the consideration specified in Section 3.1(a) and (ii) the Included Seller Inventory, for the consideration specified in Section 3.1(b).

SECTION 3. CONSIDERATION.

3.1 **Consideration**.

(a) **Membership Interest Purchase Price**. The purchase price for the Membership Interest shall be equal to (i) $140,000,000 (one hundred forty million dollars) (the "Membership Interest Base Purchase Price") plus (ii) the Final Company Inventory Value.

(b) **Included Seller Inventory Purchase Price**. The purchase price for the Included Seller Inventory shall be equal to the Final Included Seller Inventory Value.

(c) **Transloader Patent License**. The paid up royalty for the Transloader Patent License shall be equal to $10,000 (ten thousand dollars).

(d) **Rail Car Payment**. Buyer will pay Seller $176,000 (one hundred seventy-six thousand dollars) as compensation for expenses incurred by Seller in leasing rail cars for the transport and storage of butane.

(e) **Payments**.

(i) At the Closing, the Closing Date Amount shall be paid as set forth in Section 4.2(b)(i) and Section 4.2(c).

(ii) On the Final Combined Inventory Adjustment Payment Date, (A) if the Post-Closing Combined Inventory Adjustment Amount is greater than zero, Buyer will pay to Seller an amount equal to the Post-Closing Combined Inventory Adjustment Amount and (B) if the Post-Closing Combined Inventory Adjustment Amount is less than zero, then Seller will pay to Buyer an amount equal to the absolute value of the Post-Closing Combined Inventory Adjustment Amount. The Post-Closing Combined Inventory Adjustment Amount shall be paid by wire transfer of immediately available funds in U.S. dollars to such account as the recipient shall designate.

(f) **Allocation of Purchase Price**. Seller and Buyer have agreed to an allocation of the Membership Interest Base Purchase Price to the Company Assets and the Butane Blending Technology for federal Tax purposes, and to work and cooperate with each other to coordinate their completion of Form 8594, Asset Acquisition Statement (the "Form 8594") under Section 1060 of the Code, and pursuant to regulations promulgated thereunder, so that the amounts allocated on the Form 8594 will be consistent. In connection therewith, Buyer and Seller shall agree upon the allocation of the Total Consideration in a certificate, the form of which is attached hereto which is attached hereto as Schedule 3.1(f) (the "Allocation Statement"). Seller and Buyer further agree that if the amount of Total Consideration allocated to any of Assets by Seller or Buyer increases (or decreases) after the taxable year that includes the Closing Date, Seller and Buyer shall file "Supplemental Asset Acquisition Statements" on Form 8594 with their income Tax Returns for the taxable year in which the increase (or decrease) is properly taken into account. Not later than 30 days prior to the filing of its respective Form 8594 relating to this transaction, each Party will deliver to the other Party a copy of its Form 8594.

3.2 **Combined Inventory**.

(a) Three Business Days prior to the expected Closing Date, Seller will deliver to Buyer a written statement of Seller's good faith estimate of the estimated value of the Combined Inventory as of such date setting forth the ownership, types, characteristics and volumes, on a tank, truck, barge, pipeline or other location basis, of all Combined Inventory. Seller will value the Combined Inventory in accordance with, and the Final Company Inventory Value and the Final Included Seller Inventory Value will be consistent with, the valuation and calculation procedures set forth in Schedule 3.2(a)-1 and Schedule 3.2(a)-2, respectively. At the Closing, Buyer will pay Seller an amount equal to the estimated value (the "Estimated Company Inventory Value," in the case of the Company Inventory and the "Estimated Included Seller Inventory Value," in the case of the Included Seller Inventory). If Buyer does not agree with Seller's calculation of the Estimated Company Inventory Value or the Estimated Included Seller Inventory Value, Buyer and Seller will use their commercially reasonable efforts to agree on a revised estimate, but failing agreement by Closing on a revision, the average of Seller's estimate and Buyer's estimate, subject to post-Closing adjustment as provided for in Section 3.2(c), shall

be used as the Estimated Company Inventory Value or the Estimated Included Seller Inventory Value, as the case may be.

(b) Seller will calculate the Combined Inventory as of the Effective Time at the respective locations of the Combined Inventory. Seller will not be required to take physical measurement of the Combined Inventory (insofar as such physical measurement is not practicable); provided, however, if Seller conducts any physical count of any Combined Inventory, Seller will allow Buyer or its authorized representatives to be present and observe any such physical count of any Combined Inventory. The Combined Inventory will be calculated by Seller in accordance with the procedures set forth on Schedule 3.2(a)-1 and Schedule 3.2(a)-2.

(c) As soon as practicable, but in any event no later than 20 Business Days following the Closing Date, Seller will cause to be prepared and delivered to Buyer a statement, together with supporting calculations and information (the "Closing Date Combined Inventory Statement") setting forth the respective items and volumes of each of the Company Inventory and the Included Seller Inventory as calculated by Seller as of the Effective Time and the value of such Combined Inventory, calculated separately for the Company Inventory and the Included Seller Inventory (collectively, the "Closing Date Combined Inventory Value"), which shall be determined in accordance with the procedures set forth on Schedule 3.2(a)-1 and Schedule 3.2(a)-2. Buyer will give Seller notice of its acceptance of or objection to the computations in the Closing Date Combined Inventory Statement no later than three Business Days following its receipt of such statement. If Buyer fails to give such notice before the end of such three-Business Day period, then the Closing Date Combined Inventory Statement will be deemed final and binding upon the Parties. If Buyer gives such notice to Seller of Buyer's objection within such three-Business Day period ("Buyer Section 3.2 Notice of Objection"), and Buyer and Seller are unable to resolve the issues in dispute within 20 Business Days after delivery of such notice, the matter will be resolved under Section 3.3. Such amount determined in accordance with this Section 3.2(c) or Section 3.3 is, as applicable, the "Final Company Inventory Value" and the "Final Included Seller Inventory Value."

(d) Each Party agrees that, following the Closing, it will not take any actions with respect to the accounting books, records, policies and procedures of itself or its Affiliates that would obstruct or prevent the preparation of the Closing Date Combined Inventory Statement as provided in this Section 3.2. From the Closing through the final determination of the Closing Date Combined Inventory Value in accordance with this Section 3.2, (i) Seller will give Buyer access at all reasonable times to the personnel and working papers utilized in determining the Closing Date Combined Inventory Statement for purposes of confirming Seller's calculation of same and (ii) Seller and Buyer will give one another access at all reasonable times to the personnel, properties, and books and records of the Butane Blending Business for purposes of determining the Closing Date Combined Inventory Value, including permitting the Parties and their respective advisors to participate in any taking of physical inventory. Each Party will cooperate with the other in the preparation of the Closing Date Combined Inventory Statement, if requested by such other Party.

(e) Except as expressly set forth in Section 3.3(c), Buyer and Seller will each bear its own expenses incurred in connection with the preparation and review of the Closing Date Combined Inventory Statement.

3.3 **Resolution of Disputes**.

(a) If Buyer and Seller have not agreed on the Final Company Inventory Value or the Final Included Seller Inventory Value within 20 Business Days after delivery of a Buyer Section 3.2 Notice of Objection, as the case may be, then Seller and Buyer will have ten Business Days to deliver notice to the other party (the "Dispute Notice") of its intent to refer the matter for resolution to KPMG LLP (the "Accounting Expert").

(b) Within five Business Days of the selection of the Accounting Expert, Buyer and Seller will each deliver to the other and to the Accounting Expert a notice setting forth in reasonable detail their calculation and the amount of the Final Company Inventory Value and/or the Final Included Seller Inventory Value, as the case may be (the "Decision Notices"). Within five Business Days after receiving the Decision Notices, the Accounting Expert will determine its best estimate of the Company Inventory Value and/or the Included Seller Inventory Value as of the Closing Date. The amount determined by the Accounting Expert shall be the Final Company Inventory Value and/or the Final Included Seller Inventory Value.

(c) The fees and expenses of the Accounting Expert will be borne equally by the Parties. Each Party will bear the costs of its own counsel, witnesses (if any) and employees.

SECTION 4. CLOSING.

4.1 **Closing Date**. The Closing will take place on the second Business Day following the satisfaction or waiver of the conditions specified in Section 8 and Section 9 hereof, but in any event not later than the Outside Date, or such other date as the parties may mutually agree upon in writing (the "Closing Date"), at the office of Akin Gump Strauss Hauer & Feld LLP, 1111 Louisiana, 44th Floor, Houston, Texas 77002, or at such other location as shall be mutually agreed.

4.2 **Transfer of Membership Interest; Closing Deliveries**. In connection with the Closing, on the Closing Date, the Parties will take the following actions and deliver the following items:

(a) Seller's Deliveries to Buyer. Seller will deliver to Buyer or its designee:

(i) The Membership Interest Assignment, duly executed on behalf of Seller;

(ii) The Assignment and Bill of Sale, duly executed on behalf of Seller;

(iii) The Transition Services Agreement, duly executed on behalf of Seller;

(iv) The Transloader Patent License, duly executed on behalf of Seller;

(v) The Employment Agreement, duly executed on behalf of each of Reid Smith and Steve Vanderbur;

(vi) The Consulting Agreement, duly executed on behalf of Larry Mattingly;

(vii) An Officer's Certificate, substantially in the form of Exhibit G, duly executed on behalf of Seller, as to whether each condition specified in Section 8 has been satisfied in all respects;

(viii) A Secretary's Certificate, substantially in the form of Exhibit H, duly executed on behalf of Seller;

(ix) A non-foreign affidavit as referred to in Section 1445(b)(2) of the Code, substantially in the form of Exhibit I;

(x) The resignation, effective as of the Closing, of each officer of the Company and MCE Blending;

(xi) The Non-competition Agreement, duly executed on behalf of MCEC and Larry D. Mattingly;

(xii) An Assignment of Membership Interest (the "MCE Blending Assignment") in substantially the form of Exhibit L, pursuant to which, at and contemporaneously with the Closing, MCEC shall convey to Buyer all of MCEC's membership interest in MCE Blending;

(xiii) The Canadian Butane Supply Agreements, duly executed on behalf of Texon Canada ULC; and

(xiv) The Records.

(b) Buyer's Deliveries to Seller. Buyer will deliver to Seller:

(i) The Closing Date Amount, less the MCEC Payment Amount, in cash, by wire transfer of immediately available funds to an account designated by Seller at least three days prior to the Closing Date;

(ii) The Transition Services Agreement, duly executed on behalf of the Company and Buyer;

(iii) An Officer's Certificate, substantially in the form of Exhibit J, duly executed on behalf of Buyer, as to whether each condition specified in Section 9 has been satisfied in all respects; and

(iv) A Secretary's Certificate, substantially in the form of Exhibit K, duly executed on behalf of Buyer.

(c) **Buyer's Delivery to MCEC**. Buyer will deliver to MCEC, in cash, by wire transfer of immediately available funds to an account designated by MCEC at least three days prior to the Closing Date, an amount equal to $787,500 (seven hundred eighty-seven

thousand five hundred dollars) representing the consideration payable to MCEC in connection with the transfer of its membership interest in MCE Blending pursuant to the MCE Blending Assignment (the "MCEC Payment Amount").

(d) **Blending Patents License; Software License and Support Agreement**. Immediately following consummation of the Closing, (i) Buyer will cause MCE Blending to assign or otherwise transfer the Blending Patents to the Company, (ii) Buyer will cause the Company to deliver to Seller (x) the Blending Patents License, duly executed on behalf of the Company and (y) the Software License and Support Agreement, duly executed on behalf of the Company and (iii) Seller will deliver to the Company the Canadian Blending License, duly executed on behalf of Seller.

(e) **Buckeye Letter Agreement**. Immediately following consummation of the Closing, Buyer will cause the Company to execute and deliver to Seller, and Seller will execute and deliver to the Company, the Buckeye Letter Agreement.

(f) **Name Change**. Promptly following consummation of the Closing, Buyer will cause the Company to change the Company's name so that it no longer includes the word "Texon."

4.3 **Excluded Assets**. Notwithstanding anything to the contrary set forth herein, the Company Assets shall not include the following assets, properties and rights of Seller or the Company (collectively, the "Excluded Assets"):

(a) all ownership and other rights with respect to the Seller Employee Benefit Plans;

(b) any Permit that by its terms is not transferable to Buyer, including those indicated on Schedule 5.13 as not being transferable and in respect of which Buyer must obtain a New Permit;

(c) all accounts receivable owed to Seller or the Company to the extent arising from operations prior to the Closing Date;

(d) the minute books, stock ledgers, Tax Returns, books of account and other constituent records relating to the organization of Seller;

(e) all correspondence, agreements or other documents or instruments of Seller related to the sale of the Butane Blending Business contemplated hereby, lists of other prospective purchasers of the Butane Blending Business compiled by Seller, purchase or other transaction bids, offers, proposals or indications of interest submitted to Seller by other prospective purchasers of the Butane Blending Business, analyses by Seller or its representatives of purchase or other transaction bids, offers, proposals or indications of interest submitted by other prospective purchasers of the Butane Blending Business, and correspondence between or among Seller or its Affiliates or their respective representatives with respect to, or with, any other prospective purchasers of the Butane Blending Business;

(f) the rights that accrue to Seller hereunder;

(g) any prepaid insurance, cash, cash equivalents or marketable securities and all rights to any bank accounts of Seller or the Company;

(h) all Trademarks referencing the names of Seller or its Subsidiaries;

(i) all assets, properties, goodwill and rights used in or associated with any business or operations of Seller other than the Butane Blending Business;

(j) all books, records, files and data to the extent relating to the Excluded Assets or the Retained Liabilities (collectively, the "Retained Books and Records");

(k) all rights to causes of action, lawsuits, judgments, claims and demands of any nature arising from acts, omissions or events occurring prior to the Closing Date available to, or being pursued by, Seller or the Company against any Person or Persons (collectively, the "Retained Causes of Action");

(l) all rights to claims for insurance except as provided for in Section 7.15(b);

(m) any asset or property specifically identified on Schedule 4.3(m);

(n) any assets or properties that shall have been transferred or disposed of by Seller or the Company prior to the Closing not in violation of this Agreement;

(o) the Seller Hedging Contracts and Accounts (except as otherwise provided in Section 7.16);

(p) all Buckeye Contracts, as such term is defined in the Buckeye Letter Agreement;

(q) all inventories of butane and gasoline held for use in connection with the portion of the Butane Blending Business conducted as of the Closing Date with Buckeye Terminals, LLC or any of its Affiliates and identified on Schedule 4.3(q);

(r) all other property (real, personal or mixed and tangible or intangible) used, or held for use, in connection with the portion of the Butane Blending Business conducted as of the Closing Date with Buckeye Terminals, LLC or any of its Affiliates and identified on Schedule 4.3(m); and

(s) all Intellectual Property owned or licensed by the Company not primarily pertaining to the Butane Blending Business, the Transloader Patent, the Non-US Patents and all Intellectual Property not specifically identified in Schedule 5.18(e).

4.4 **Retained Liabilities**. The Retained Liabilities shall remain the sole responsibility of, and shall be retained, paid, performed and discharged when due and on a timely basis solely by, Seller and shall not be assumed by Buyer. Immediately prior to the Closing on the Closing Date, Seller and the Company shall execute and deliver an Assignment and Assumption Agreement in substantially the form of Exhibit Q, and deliver a copy of such to Buyer, pursuant to which, effective at the Closing, the Company shall assign to Seller the Retained Liabilities and

the Excluded Assets, and Seller shall assume and agree to pay, perform or discharge when due and on a timely basis the Retained Liabilities (the "Assignment and Assumption Agreement")

SECTION 5. SELLER'S REPRESENTATIONS AND WARRANTIES.

Except as set forth in a Schedule hereto, Seller represents and warrants to Buyer that the statements contained in this Section 5 are correct and complete as of the date of this Agreement, except to the extent that such statements are expressly made only as of a specified date, in which case Seller represents and warrants that such statements are correct and complete as of such specified date.

5.1 **Enforceability; Authorization; No Conflicts**.

(a) The execution, delivery and performance of this Agreement by Seller and the Company and the consummation of the transactions contemplated hereby have been duly authorized by all necessary actions of Seller and the Company, as applicable, and this Agreement is, and any documents or instruments to be executed and delivered by Seller or the Company pursuant hereto will be, legal, valid and binding obligations of Seller enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or similar laws from time to time in effect which affect creditors' rights generally and by legal and equitable limitations on the availability of equitable remedies.

(b) The execution and delivery of this Agreement and all other agreements, instruments and documents contemplated hereby by Seller or the Company and the consummation of the transactions contemplated hereby and thereby will not conflict with or violate or constitute a breach or default under (i) the organizational documents of Seller or the Company, (ii) any provision of any mortgage, trust indenture, Lien, Contract, court order, judgment or decree to which Seller or the Company is bound or (iii) any Legal Requirement, except in the case of clause (ii) where such breach or default could not reasonably be expected to cause a Material Adverse Effect.

5.2 **Organization**. Seller is a limited partnership duly organized under the laws of the State of Delaware. The Company is a limited liability company duly organized under the laws of the State of Delaware. MCE Blending is a limited liability company duly organized under the laws of the State of Texas. Seller has all requisite power and authority to operate its business as it is now being operated, to enter into this Agreement and to sell, assign, transfer and convey the Membership Interest to Buyer under this Agreement. The Company has all requisite power and authority to operate its business as it is now being operated, to enter into this Agreement and to perform its obligations hereunder. Each of Seller and the Company is duly qualified to do business as a foreign organization and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except for jurisdictions in which the failure to be so qualified would not have a Material Adverse Effect.

5.3 **Capitalization**.

(a) The Company's sole member is Seller. Seller owns of record and beneficially the Membership Interest, which represents 100% of the outstanding membership

interests in the Company. No Equity Commitments of the Company exist, and no Contracts exist with respect to the voting or transfer of the Membership Interest. The Company is not obligated to redeem or otherwise acquire any of the Membership Interest.

(b) The Company has no Subsidiaries other than MCE Blending. MCE Blending's sole record and beneficial members are the Company and MCEC. The Company owns of record and beneficially 85% of the outstanding membership interests in MCE Blending and MCEC owns of record and beneficially the remaining 15% of the outstanding membership interests in MCE Blending. Neither the Company nor MCEC has any Equity Commitments with respect to its membership interests in MCE Blending, and no Contracts exist with respect to the voting or transfer of the Company's or MCEC's membership interests in MCE Blending. MCE Blending is not obligated to redeem or otherwise acquire any of its membership interests. Other than its membership interests in MCE Blending, the Company owns no Equity Interests.

5.4 **Company Records**.

(a) Seller and the Company have provided or made available to Buyer in the data room, or delivered to Buyer pursuant to Buyer's request, true, correct and complete copies of the constitutional documents of each of the Company and MCE Blending as amended and in effect on the date hereof, including all amendments thereto.

(b) The minute books of the Company and MCE Blending previously made available to Buyer contain true, correct and materially complete records of all meetings, and properly reflect all other limited liability company action of the sole member of the Company, and the members of MCE Blending during such time (if required), as applicable. The Membership Interest transfer ledgers of the Company and MCE Blending previously made available to Buyer are true, correct and materially complete. All membership interest transfer Taxes or duties levied, if any, or payable with respect to all transfers of membership interests in the Company and MCE Blending prior to the date hereof have been paid and appropriate transfer Tax or duty stamps affixed.

(c) All books, records and accounts of the Company and MCE Blending are accurate and complete in all material respects and are maintained in all material respects in accordance with good business practice and all applicable Legal Requirements.

5.5 **Financial Information**.

(a) Seller has provided to Buyer (i) unaudited adjusted income statements with respect to the Butane Blending Business for each of the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for each of the fiscal quarters ended June 30, 2009, September 30, 2009 and December 31, 2009 and (ii) an unaudited balance sheet with respect to the Butane Blending Business as of March 31, 2010 (collectively, the "Business Financial Statements").

(b) The Business Financial Statements have been prepared from, and are in accordance with, the books and records of Seller and fairly present, in all material respects, the financial position and results of operations of the Butane Blending Business, at the dates and for the periods covered thereby.

(c) The Supplemental Business Financial Statements, when delivered pursuant to Section 7.8, will have been prepared from, and will be in accordance with, the books and records of Seller and will fairly present, in all material respects, the financial position and results of operations of the Butane Blending Business, at the dates and for the periods covered thereby.

(d) Except as disclosed on Schedule 5.5(d), there are no liabilities or obligations directly or indirectly associated with, related to or in connection with the Butane Blending Business (whether absolute, accrued, contingent or otherwise) which would be required to be disclosed on a balance sheet prepared in accordance with GAAP (or in the notes thereto) that are not adequately reflected or provided for in the balance sheet included in the Business Financial Statements, except liabilities and obligations that have been incurred since the date of such balance sheet in the ordinary course of business, consistent with the past practices of Seller, and which would be required to be disclosed on a balance sheet prepared in accordance with GAAP (or in the notes thereto), and which are not (individually or in the aggregate) material to the Butane Blending Business or in the aggregate in excess of $1,000,000 (exclusive of trade payables incurred in the ordinary course).

5.6 **Absence of Certain Changes**. Since March 31, 2010, the Butane Blending Business has been operated in the ordinary course consistent with past practice, and there has not been (i) any Material Adverse Effect, (ii) any damage, destruction, loss or casualty to the Company Assets with a value in excess of $250,000, whether or not covered by insurance, incurred or (iii) any action taken of the type described in Section 7.4, that had such action occurred following the date hereof without Buyer's prior approval, would be in violation of such Section 7.4.

5.7 **Membership Interest; Certain Contracts**. Seller holds of record and owns beneficially all of the Membership Interest, free and clear of any Liens other than Permitted Liens described in clause (vi) of the definition thereof. The Company holds of record and owns beneficially all of the Membership Interests it owns in MCE Blending, free and clear of any Liens other than Permitted Liens described in clause (vi) of the definition thereof. Other than this Agreement, (i) Seller is not a party to any Contract that could require Seller to sell, transfer, or otherwise dispose of the Membership Interest and (ii) the Company is not a party to any Contract that could require the Company to sell, transfer, or otherwise dispose of any of its membership interests in MCE Blending.

5.8 **Real Property Matters**.

(a) The Company has Defensible Title to the Company Real Property listed in Schedule 5.8(a).

(b) Except as set forth in Schedule 5.8(b) and excluding any representation or warranty relating to Environmental Laws or Environmental Permits, the Company has not received any written notice to the effect that (i) any betterment assessments have been levied against, or condemnation or re-zoning proceedings are pending or threatened with respect to any material parcel of the Company Real Property, or (ii) any zoning, building or similar Legal Requirement is or will be violated by the continued maintenance, operation or use of any

buildings, fixtures or other improvements on any material parcel of the Company Real Property as used and operated on the date of this Agreement. There are no outstanding abatement proceedings or appeals with respect to the assessment of any material parcel of the Company Real Property for the purpose of real property Taxes, and, except as referenced in Schedule 5.8(a), there is no written agreement with any Governmental Authority with respect to such assessments or Taxes on any material parcel of the Company Real Property.

(c) All pipelines, pipeline easements, utility lines, utility easements and other easements, leaseholds, servitudes and rights-of-way burdening or benefiting the Company Assets will not at Closing unreasonably interfere with or prevent any operations conducted on the Company Assets by the Company or Seller in the manner operated on the date of this Agreement, except for (i) such interference or prevention that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect and (ii) any Permitted Liens. Except as set forth in Schedule 5.8(a) and except for Permitted Liens, with respect to any pipeline, utility, access or other easements, servitudes or leaseholds located on or directly serving the Company Assets and owned or used by the Company in connection with its operations at the Company Assets, to Seller's knowledge, no defaults exist thereunder and no events or conditions exist which, with or without notice or lapse of time or both, would constitute a default thereunder or result in a termination, except for such failures, defaults, terminations and other matters that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.9 **Litigation**. Schedules 5.9 and 5.12 set forth each instance in which Seller or the Company is a party or, to Seller's knowledge, is threatened to be made a party to, any action, suit, proceeding or hearing in, or before any Governmental Authority or before any mediator or arbitrator which either could reasonably be expected to cause a Material Adverse Effect or in any manner seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement.

5.10 **Compliance with Legal Requirements**. Except as set forth in Schedules 5.10 and 5.12, to Seller's knowledge, neither Seller nor the Company is in violation of any Legal Requirements (which term for this purpose shall not include Environmental Laws and Taxes) applicable to the ownership or operation of the Butane Blending Business, except to the extent of any such matters which, individually or in the aggregate, could not reasonably be expected to cause a Material Adverse Effect.

5.11 **Consents and Approvals**. No consent, approval, authorization of, declaration, filing, or registration with, any Governmental Authority is required to be made or obtained by Seller or the Company in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby, except, where applicable, for (i) the filing of a notification and report form under the HSR Act, and the expiration or earlier termination of the applicable waiting period thereunder, (ii) consents, approvals, authorizations, declarations, or rulings identified in Schedules 5.11 and 5.13, and (iii) consents, approvals, authorizations, declarations, or rulings, the failure of which to make or obtain would not reasonably be expected to cause a Material Adverse Effect.

5.12 **Environmental Laws**. Except as set forth in Schedule 5.12, with respect to the ownership and/or operation of the Butane Blending Business:

(a) Each of Seller and the Company is in compliance with, and at all times has complied with, applicable Environmental Laws, except for such non-compliance which did not, and could not reasonably be expected to, have a Material Adverse Effect.

(b) There are no existing or, to Seller's knowledge, threatened actions, suits, proceedings or hearings resulting from, related to or arising under any Environmental Law that could reasonably be expected to have a Material Adverse Effect.

Notwithstanding any other provisions of the Agreement, Section 5.12 and Section 5.13 (only as it relates to Permits required by Environmental Laws) contain the sole representations and warranties of Seller with respect to environmental matters.

5.13 **Permits**. Schedule 5.13 sets forth a list of all of Seller's and the Company's material Permits (other than New Permits) relating to the Butane Blending Business. Copies of each of the Permits identified in Schedule 5.13, have been made available to Buyer prior to the Closing Date. The Company has paid or will have paid all fees and charges due prior to the Closing Date in connection with the Permits, except as disclosed in Schedule 5.13. Except as set forth in Schedule 5.13, (i) Seller and the Company are in compliance in all material respects with such Permits; (ii) no Proceeding is pending or, to Seller's knowledge, threatened to revoke any such Permit; and (iii) neither Seller nor the Company has received written notice from any applicable Governmental Authority that (A) any such existing Permit will be revoked, (B) any pending application for any new such Permit or renewal of any existing Permit will be denied or (C) such Governmental Authority believes Seller or the Company to be in material violation of any term of such Permit.

5.14 **No Violations**. Except as set forth in Schedule 5.14, neither Seller nor the Company is in violation of (and no event has occurred that with notice or the lapse of time would constitute a violation by Seller or the Company under) any term, condition, or provision of (i) any order, writ, injunction or decree (unilateral or consent) applicable to the Butane Blending Business, (ii) any Permit necessary for the conduct of the Butane Blending Business by the Company or Seller in substantially the same manner as currently being conducted or (iii) any Legal Requirements, except in each instance in (i), (ii) or (iii) above for those violations that could not reasonably be expected to have a Material Adverse Effect.

5.15 **Contracts**.

(a) All Material Contracts included in the Company Assets are set forth in Schedule 5.15(a). "Material Contracts" means any of the following Contracts included in the Company Assets, but the term "Material Contracts" does not include any Contracts to be executed and delivered pursuant to this Agreement, or Seller Hedging Contracts and Accounts:

(i) any indenture, trust agreement, loan agreement, note or other Contract under which the Company has outstanding indebtedness for borrowed money with respect to the Company Assets or the Butane Blending Business or with respect to which the Company has guaranteed the obligations of any other Person for borrowed money;

(ii) any Contract of surety, guarantee or indemnification by the Company outside of the ordinary course of business of the Company with respect to the Company Assets;

(iii) any Contract containing a covenant not to compete with respect to the Company Assets or the Butane Blending Business;

(iv) any Contract between the Company, on the one hand, and Seller or any Affiliate of Seller (other than the Company), on the other, relating to the provision of goods or services to the Company by Seller or any Affiliate of Seller (other than the Company) which will survive the Closing;

(v) any Contract other than with respect to Company Inventory, that is reasonably expected either to (A) commit the Company or Buyer to aggregate expenditures of more than $100,000 in any calendar year or (B) give rise to anticipated receipts of more than $100,000 in any calendar year;

(vi) any Contract that, to the knowledge of Seller, is reasonably expected to commit the Company to aggregate royalties of more than $100,000 in any calendar year;

(vii) any management service, consulting or other similar type of Contract that, to the knowledge of Seller, is reasonably expected to commit the Company to aggregate fees or other compensation of more than $100,000 in any calendar year; and

(viii) any Contract involving the purchase, sale, supply, exchange, storage, throughput, processing or transportation of butane, gasoline or other petroleum products.

(b) Except (i) for any such breaches, defaults or events as to which requisite waivers or consents have been or are being obtained or which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or (ii) as disclosed in Schedule 5.15(b), as of the date of this Agreement, neither Seller nor the Company nor, to the knowledge of Seller, any other Person is in breach of or default under any Contract included in the Company Assets.

(c) Except as disclosed in Schedule 5.15(c), the transactions contemplated by this Agreement may be consummated without the consent of any party to any of the Material Contracts.

5.16 **Taxes**. Except as disclosed in Schedule 5.16:

(a) Each of Seller and the Company has filed all Tax Returns that it was required to file, and has paid all Taxes owed or owing, except where the failure to file Tax Returns or to pay Taxes could not reasonably be expected to have a Material Adverse Effect.

(b) Neither Seller nor the Company has waived any statute of limitations in respect of Income Taxes or agreed to any extension of time with respect to an Income Tax assessment or deficiency.

(c) There is no audit, examination, deficiency or refund litigation pending with respect to any Income Taxes of Seller or the Company and no Taxing authority has given written notice of the intent to commence any such examination, audit or litigation.

(d) Neither Seller nor the Company is a party to any Income Tax allocation or sharing agreement.

(e) The Company is not a party to any agreement regarding sales, use, property or *ad valorem* Taxes providing for any Tax holidays, special Tax regimes, Tax rates or valuation assessments, Tax exemptions, Tax abatements or other reduced Tax arrangements.

(f) Neither Seller nor the Company has made an election to be treated as a corporation for U.S. tax purposes.

5.17 **No Finder's Fee**. Seller has not employed or retained any broker, agent, finder or other party, or incurred any obligation for brokerage fees, finder's fees or commissions with respect to the transactions contemplated by this Agreement, or otherwise dealt with anyone purporting to act in the capacity of a finder or broker with respect thereto whereby Buyer or the Company may be obligated to pay such a fee or commission.

5.18 **Intellectual Property**.

(a) Definition of Intellectual Property. The term "Intellectual Property" means:

(i) all U.S. Trademarks (including common law marks), used in the Butane Blending Business (including all U.S. federal and state registrations with respect to any of the foregoing, and applications for registration of any of the foregoing), other than U.S. Trademarks referencing the names of Seller and its Subsidiaries (collectively, "Marks");

(ii) all U.S. patents (including all reissues, divisions, continuations, continuations in part, reexaminations, and extensions thereof), patent applications, and U.S. rights to inventions and discoveries that may be patentable, that are related to or used in the Butane Blending Business, including the Blending Patents (collectively, "Patents");

(iii) all U.S. copyrights in both published and unpublished works that are related to or used in the Butane Blending Business (including all U.S. registrations and applications for registration of the foregoing) (collectively, "Copyrights");

(iv) all computer software (in both source code and object code), except generally available commercial software to the extent that related to or used in the Butane Blending Business as conducted in the U.S., including (A) any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (C) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, (D) the technology supporting any Internet site(s), (E) all Worldwide Web addresses, URLs, and sites, and (F) all documentation, including system

documentation, user manuals and training materials, relating to any of the foregoing (collectively, "Software"); and

(v) all other know-how, confidential information, trade secrets (as defined by applicable law, "Trade Secrets"), customer lists, technical documentation, technical information, data, technology, research records, plans, drawings, schematics, compilations, devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible that are related to or used in the Butane Blending Business as conducted in the U.S.

(b) Ownership and Use of Intellectual Property. The Company owns, or has the right to use pursuant to licenses, sublicenses, agreements, or permissions, all Intellectual Property. The consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of any such Intellectual Property, and each item of Intellectual Property will be owned or available for use by the Company on identical terms and conditions immediately subsequent to the Closing Date, except as expressly set forth in the Software License and Support Agreement, and the Blending Patents License. Except as set forth on Schedule 5.18(b), the Intellectual Property constitutes all of the intangible property, of any nature whatsoever, necessary to operate the Butane Blending Business in the U.S. consistent with the Company's and Seller's past practice for the three year period immediately prior to Closing.

(c) Infringement of Third Party Intellectual Property Rights. To Seller's knowledge, neither the Company, Seller nor MCE Blending has infringed upon or misappropriated any U.S. intellectual property rights of third Persons. To Seller's knowledge, the operation of the Butane Blending Business as currently conducted does not infringe upon or misappropriate any U.S. intellectual property rights of third Persons or constitute unfair competition trade practices. To Seller's knowledge, neither the Company, Seller nor MCE Blending has received any written charge, complaint, claim, demand, or notice alleging any such infringement or misappropriation (including any claim that such Person must license or refrain from using any intellectual property rights of any third Person). For purposes of this Section 5.18(c), and in addition to the definition set forth in Section 1, knowledge shall also include the actual knowledge of any fact, circumstance or condition by Clark Sullivan (patent prosecution counsel of Seller).

(d) Infringement of the Company's or Seller's Intellectual Property Rights. Except as disclosed on Schedule 5.18(d), no third Person (including any present or former employee, consultant, or shareholder) has, to Seller's knowledge, interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property. For purposes of this Section 5.18(d), and in addition to the definition set forth in Section 1, knowledge shall also include the actual knowledge of any fact, circumstance or condition by Clark Sullivan (patent prosecution counsel of Seller).

(e) Owned Intellectual Property. Schedule 5.18(e) identifies each Patent and Copyright for which the Company, Seller or MCE Blending is designated as the owner party, or registrant, as applicable ("Owner") with respect to any of the Intellectual Property. Owner has made available to Buyer correct and complete copies of all such Patents and Copyrights (each as amended to date). Schedule 5.18(e) also identifies all Software owned by each of the Company,

Seller or MCE Blending with a designation of the Owner (whether or not the Copyright therein has been registered). With respect to each item of Intellectual Property required to be identified in Schedule 5.18(e):

(i) Owner possess all right, title, and interest in and to such item, free and clear of any and all Liens.

(ii) No legal proceeding to which Seller, the Company or MCEC is a party is currently pending (nor, to Seller's knowledge, is any such proceeding threatened) that challenges the legality, validity, enforceability, use or ownership of the item. For purposes of this Section 5.18(e)(ii), applications pending before the U.S. Patent and Trademark Office are not considered legal proceedings.

(iii) Except for the obligations of Buyer and the Company expressly set forth in Section 4.2(b) of this Agreement and obligations under existing Contracts with customers of the Butane Blending Business, neither the Company, Seller nor MCE Blending is under any obligation to grant any right, license or permission to use any such item, and the consummation of the Closing will not grant or create any obligation to grant any right, license or permission to use any such item.

(iv) No (A) Governmental Authority funding; (B) facilities of a university, college, other educational institution or research center; or (C) funding from any Person (other than funds received in consideration for an Owner's Equity Interests) was used in the development of the item. To Seller's knowledge, no current or former employee, consultant or independent contractor of the Company, Seller or MCE Blending who was involved in, or who contributed to, the creation or development of the item, has performed services related to the item for a Governmental Authority, university, college or other educational institution or research center during a period of time during which such employee, consultant or independent contractor was also performing services for the Company, Seller or MCE Blending.

(f) Patents. Except as set forth on Schedule 5.18(e), none of the Company, Seller or MCE Blending has any Patents and none of them has applied for any Patents that are related to or used in connection with the Butane Blending Business as currently conducted in the U.S. and as conducted in the U.S. for the three year period immediately prior to Closing.

(g) Marks. Schedule 5.18(e) sets forth all Marks related to or used in connection with the Butane Blending Business as currently conducted in the U.S. that the Company, Seller or MCE Blending has registered with any Governmental Authority.

(h) Copyrights. Schedule 5.18(e) sets forth all Copyrights related to or used in connection with the Butane Blending Business as currently conducted in the U.S. that the Company, Seller or MCE Blending has registered with any Governmental Authority.

(i) Software. With respect to the Software required to be identified on Schedule 5.18(e):

(i) Such Software was either (A) developed by employees of the Company or Seller within the scope of their employment or (B) developed by independent

contractors or consultants who have assigned all of their rights in and to the Software to the Company or Seller pursuant to written agreements.

(ii) Neither the Company, Seller nor MCE Blending has any obligation to provide maintenance or support services with respect to any such Software to any third Person except pursuant to existing Contracts with customers of the Butane Blending Business.

(iii) Neither the Company, Seller nor MCE Blending has entered into any source code escrow or similar arrangement under which a third Person would have the right to obtain the source code for any such Software.

(iv) Except as set forth on Schedule 5.18(i)(iv), such Software does not contain any Public Software. The list in Schedule 5.18(i)(iv) contains (A) the name of the Public Software, (B) the license name and version pursuant to which the Company or Seller, as applicable, has received a license to such Public Software, and (C) a short statement regarding how the Public Software is being used by the Company or Seller. For purposes of this Agreement, "Public Software" means any software that contains, includes or incorporates, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any version of the following: (I) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL); (II) the Artistic License (e.g., PERL); (III) the Mozilla Public License; (IV) the Netscape Public License; (V) the Sun Community Source License (SCSL); (VI) the Sun Industry Standards License (SISL); (VII) the BSD License; and (VIII) the Apache License.

(j) Trade Secrets. Each of the Company, Seller and MCE Blending has taken reasonable precautions to protect the secrecy, confidentiality, and value of the Trade Secrets and all Trade Secrets disclosed by any third Person to the Company, Seller or MCE Blending.

(k) Licenses of Intellectual Property by the Company and Seller. Except as set forth on Schedule 5.18(k), neither the Company nor Seller has granted a license, agreement or other permission with respect to its Intellectual Property to any third Person.

(l) Licenses of Intellectual Property to the Company or Seller. Schedule 5.18(l) identifies each item of Intellectual Property that any third Person owns and which, to Seller's knowledge, the Company, Seller or MCE Blending uses to conduct the Butane Blending Business as it is currently conducted in the U.S. and any licenses, sublicenses, agreements, or permissions (other than software subject to shrink-wrap license agreements) that the Company, Seller or MCE Blending uses to conduct the Butane Blending Business in the U.S. Each of the Company, Seller and MCE Blending has delivered to Buyer true, correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). Schedule 5.18(l) includes a summary of any license fee, royalty or other payment obligations of the Company, Seller or MCE Blending under the applicable license, sublicense, agreement or permission. With respect to each item of Intellectual Property identified in Schedule 5.18(l), to Seller's knowledge:

(i) The license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, in full force and effect, and shall inure to the benefit of the Company immediately following Closing.

(ii) The license, sublicense, agreement, or permission will be legal, valid, binding, enforceable by the Company, and in full force and effect on identical terms following the consummation of the transactions contemplated by this Agreement.

(iii) No party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred which with notice or lapse of time or both would constitute a breach or default or permit termination, modification, or acceleration under the license, sublicense, agreement, or permission.

(iv) No party to the license, sublicense, agreement, or permission has repudiated any provision thereof.

(m) Royalties and Other Payment Obligations. Neither the Company, Seller nor MCE Blending is obligated to make any payments by way of any royalties, fees or otherwise to any owner, licensor or other claimant to any intellectual property rights for the ownership, transfer or use thereof in connection with the Butane Blending Business as conducted in the U.S. other than as expressly required under any license, sublicense, agreement or permission expressly disclosed on Schedule 5.18(l).

(n) Data. The data and information used by each of the Company, Seller and MCE Blending in providing products or services to its customers in connection with the Butane Blending Business as conducted in the U.S. (collectively, the "Data"), to Seller's knowledge, (i) does not violate the privacy rights of any Person, (ii) does not infringe upon, misappropriate, conflict with or violate the intellectual property rights of any Person, (iii) was collected and acquired in accordance with all applicable Legal Requirements, and (iv) when used by the Company or Seller in the manner in which the Data was used prior to the date hereof, does not violate any applicable Legal Requirement or Contract to which any of the Company, Seller or MCE Blending is a party. The Company, Seller and MCE Blending have taken reasonable steps to maintain the confidentiality and proprietary nature of the Data. Neither the Company, Seller nor MCE Blending has, to Seller's knowledge, experienced any data loss, breach of security or otherwise unauthorized access by third Persons to confidential information related to the Butane Blending Business as conducted in the U.S., including personally identifiable information, in Seller's possession, custody or control.

(o) Agreements with Employees, Consultants and Independent Contractors. To Seller's knowledge, the Material Contracts listed on Schedule 5.15(a) include the material Contracts with consultants and independent contractors to any of the Company, Seller or MCE Blending that assign to Seller or the Company rights to inventions, improvements, discoveries or information of such consultant or contractor and all intellectual property that is related to or used in the Butane Blending Business. Except as set forth on Schedule 5.18(o), to Seller's knowledge, no Intellectual Property used by the Company, Seller or MCE Blending to conduct the Butane Blending Business as currently conducted or as conducted for the three year period

immediately prior to Closing is owned by or registered in the name of any employee, consultant or independent contractor.

5.19 **Company Employees; Labor Matters**.

(a) Schedule 5.19(a) contains a true and complete list of all of the employees of Seller (whether full-time, part-time or otherwise) devoting substantially all of their time to the Butane Blending Business ("Business Employees") and all of the Independent Contractors servicing the Butane Blending Business, in each case as of the date hereof, specifying each of their respective names, positions and dates of hire (or entry into an independent contractor agreement), respectively, together with a notation next to the name of any employee or independent contractor on such list who is subject to any written employment agreement. Seller has provided to Buyer true, correct and complete copies of each such employment agreement. To Seller's knowledge, except as set forth in any such employment agreement, Seller has not made any binding commitment (written or otherwise) to any Business Employee or Independent Contractor with respect to compensation, promotion, retention, termination, or severance in connection with the transactions contemplated by this Agreement for which the Company or Buyer would have any liability. Neither Seller nor the Company has received any pending claim from any Governmental Authority to the effect that Seller or the Company has improperly classified as an independent contractor any Person named as an Independent Contractor on Schedule 5.19(a). Unless otherwise indicated on Schedule 5.19(a), no Business Employee or Independent Contractor has given written notice, or has been given notice by Seller, of an intent to terminate his or her employment or independent contractor relationship with Seller. Seller's records accurately reflect employment histories of all Business Employees, including their years of service, and all such data is maintained in a usable form.

(b) Except as set forth on Schedule 5.19(b):

(i) No labor organization currently represents any Business Employees;

(ii) no pending representation election petition or application for certification has been received by Seller that names the Business Employees as potentially represented parties, and Seller is not aware of a union organizing campaign or other attempt to organize or establish a labor union, employee organization or labor organization or group involving any Business Employees;

(iii) Seller is not subject to a judicial or administrative determination that it has engaged in an unfair labor practice in connection with the Business Employees and Seller has not received notice of any pending proceeding with respect to any Business Employee;

(iv) no pending grievance or arbitration demand or proceeding has been received by Seller with respect to any Business Employee;

(v) no walkout, strike, slowdown, hand billing, picketing or work stoppage (sympathetic or otherwise) involving any Business Employee is in progress or, to Seller's knowledge, is being threatened;

(vi) no notice of a pending breach of contract or denial of fair representation claim has been received by Seller with respect to any Business Employee;

(vii) no notice of a pending claim, complaint, charge or investigation for unpaid wages, bonuses, commissions, employment withholding taxes, penalties, overtime or other compensation, benefits, child labor or record-keeping violations has been received by Seller with respect to any Business Employee that remains unresolved at the date hereof;

(viii) no notice of a pending discrimination or retaliation claim, complaint, charge or investigation under any applicable federal Legal Requirement or comparable state employment practices Legal Requirement has been received by Seller with respect to any Business Employee that remains unresolved at the date hereof;

(ix) no pending workers' compensation or retaliation claim, complaint, charge or investigation has been received, filed or is pending with respect to any Business Employee;

(x) no notice of a pending immigration law-related investigation or citation has been received by Seller with regard to any Business Employee that remains unresolved at the date hereof;

(xi) Seller has not received notice of any pending wrongful discharge, retaliation, libel, slander or other claim, complaint, charge or investigation that arises out of the employment relationship of any Business Employee and that has been filed against Seller by any Business Employee that remains unresolved at the date hereof;

(xii) Seller has maintained and currently maintains the legally required amount of insurance with respect to workers' compensation claims and unemployment benefits claims for the Business Employees;

(xiii) with respect to the Business Employees, Seller is in material compliance with all applicable Legal Requirements;

(xiv) Seller is not currently liable for any judgment, decree, order, arrearage of wages or Taxes, fine or penalty for failure to comply with any Legal Requirements with respect to the Business Employees; and

(xv) Seller has paid or properly accrued all current assessments under workers' compensation legislation with respect to the Business Employees, and Seller is not subject to any special or penalty assessment under such legislation that has not been paid.

5.20 **Seller Employee Benefit Plans; Pension Plans**.

(a) Schedule 5.20(a) lists each material Employee Benefit Plan that Seller maintains or to which Seller contributes (the "Seller Employee Benefit Plans"). The Seller Employee Benefit Plans are duly registered where required and are in compliance in all material respects with all Legal Requirements. All required employer and employee contributions and premiums under the Seller Employee Benefit Plans have been made and the respective funds

established under the Seller Employee Benefit Plans are funded in accordance with applicable Legal Requirements. Other than as disclosed in Schedule 7.9(h), the transactions contemplated by this Agreement do not constitute an event under the terms of any Seller Employee Benefit Plan that results in any payment, acceleration, vesting or increase in benefits with respect to any Business Employee or any acceleration or increase in the funding requirements in respect of such plan. No benefit improvements have been promised under any Seller Employee Benefit Plan other than as mandated by Legal Requirements. Except as disclosed in Schedule 5.20(a), no Seller Employee Benefit Plan Seller provides benefits following retirement.

(b) No Pension Plan exists in respect of the Business Employees.

5.21 **Sufficiency of Assets**. The Company Assets are sufficient for the continued conduct of the Butane Blending Business following the Closing in substantially the same manner as conducted prior to the Closing.

5.22 **Condition of Certain Assets**. Taken as a whole, the Tangible Personal Property is in good repair and good operating condition, ordinary wear and tear excepted.

5.23 **Title to Assets**. The Company has Defensible Title to the Company Assets. Seller has Defensible Title to the Included Seller Inventory.

5.24 **MCE Blending Matters**.

(a) MCE Blending currently conducts no business or operations other than the holding and licensing (to the Company) of the Blending Patents.

(b) Other than the Blending Patents, MCE Blending has no assets, and has no liabilities (whether absolute, accrued, contingent or otherwise).

(c) MCE Blending does not own or hold, directly or indirectly, any Equity Interests.

(d) MCE Blending has no employees, and has never had any employees. MCE Blending has never maintained, contributed to, sponsored or been a party to any Employee Benefit Plan. Neither MCE Blending nor any ERISA Affiliate of MCE Blending has incurred any liability under Title IV of ERISA.

(e) MCEC holds of record and owns beneficially all of the membership interests in MCE Blending that it owns free and clear of all Liens.

5.25 **No Further Representations**. Buyer may only rely on the information contained in this Agreement. Seller will not be liable with respect to financial projections or forecasts, or other estimates of the future performance of the Company or the Butane Blending Business. Except and to the extent set forth in this Agreement, Seller does not make any representations or warranties whatsoever (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, OR ANY IMPLIED OR EXPRESS WARRANTY AS TO THE ENVIRONMENTAL CONDITION THEREOF (INCLUDING, WITHOUT

LIMITATION, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT OR UNDER ANY COMPANY ASSETS), THE EXISTENCE OF LATENT OR PATENT DEFECTS, QUALITY OR OTHER ASPECT OR CHARACTERISTIC THEREOF) with respect to the Combined Inventory or the Company Real Property (all of which are acknowledged by Buyer to be on as "as-is" basis), and Seller hereby disclaims all liability and responsibility for any representation, warranty, statement or information not included herein that was made, communicated or furnished (orally or in writing) to Buyer or its representatives (including any opinion, information, projection or advice that may have been or may be produced to Buyer by any director, officer, employee, agent, consultant or representative of Seller or the Company). Notwithstanding anything in this Agreement to the apparent contrary, Seller makes no, and hereby expressly disclaims any and all, representations or warranties with respect to the portion of the Butane Blending Business conducted with Buckeye Terminals, LLC or any of its Affiliates.

5.26 **Tax Matters Partner**. Seller does not have a Person designated as a "Tax Matters Partner" under the limited partnership agreement of Seller.

SECTION 6. REPRESENTATION AND WARRANTIES OF BUYER.

Buyer represents and warrants to Seller that the statements contained in this Section 6 are correct and complete as of the date of this Agreement, except to the extent that such statements are expressly made only as of a specified date, in which case Buyer represents and warrants that such statements are correct and complete as of such specified date.

6.1 **Enforceability; Authorization; No Conflicts**.

(a) The execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated hereby have been duly authorized by all necessary actions of Buyer, and this Agreement is, and any documents or instruments to be executed and delivered by Buyer pursuant hereto will be, legal, valid and binding obligations of Buyer enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or similar laws from time to time in effect which affect creditors' rights generally and by legal and equitable limitations on the availability of equitable remedies.

(b) The execution and delivery of this Agreement and all other agreements, instruments and documents contemplated hereby by Buyer and the consummation of the transactions contemplated hereby and thereby will not conflict with or violate or constitute a breach or default under the organizational documents of Buyer or any provision of any mortgage, trust indenture, Lien, Contract, court order, judgment or decree to which Buyer is bound.

6.2 **Organization**. Buyer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder.

6.3 **Finder's Fees**. Buyer has not employed or retained any broker, agent, finder or other party or incurred any obligation for brokerage fees, finder's fees or commissions with respect to the transactions contemplated by this Agreement, or otherwise dealt with anyone

purporting to act in the capacity of a finder or broker with respect thereto whereby Seller or any of its Affiliates may be obligated to pay such a fee or a commission.

6.4 **No Litigation**. No suit, action or legal, administrative, arbitration or other proceeding or, to Buyer's knowledge, investigation, by any Governmental Authority is pending or, to Buyer's knowledge, has been threatened by or against Buyer which would materially and adversely affect the ability of Buyer to consummate the transaction provided for in this Agreement.

6.5 **Buyer's Financing**. Buyer has secured the funds necessary to enable Buyer to pay the Closing Date Amount to Seller on the Closing Date. Buyer acknowledges and agrees that the Closing is not contingent upon Buyer obtaining financing to pay the Closing Date Amount to Seller on the Closing Date.

6.6 **Buyer Awareness and Acknowledgement**. As of the date hereof, Buyer is not actually aware of any fact, circumstance or condition which it believes constitutes a material breach of any representation or warranty by Seller contained in this Agreement.

6.7 **Buyer as Principal**. Buyer is acquiring the Membership Interest in its capacity as principal, and is not purchasing the Membership Interest for the purpose of resale or distribution to other Persons.

6.8 **No Other Representations, Warranties or Covenants of Seller**. Buyer acknowledges to, and agrees with, Seller as follows:

(a) Seller has provided Buyer with the opportunity to conduct all such inquiries, investigations and due diligence regarding the Company, the Company Assets, the Membership Interest and the Butane Blending Business and all such other matters as Buyer considered necessary or desirable in connection with the execution by Buyer of this Agreement, and Buyer has entered into this Agreement as a result of its own due diligence, investigations, inquiries, advice and knowledge;

(b) Buyer has knowledge and experience in the petroleum products and natural gas liquids transportation, trading and marketing industry generally, and is capable of evaluating the merits associated with entering into and performing its obligations under this Agreement; and

(c) except for its rights under this Agreement, Buyer hereby waives all rights and remedies (whether now existing or hereafter arising and including all common law, tort, contractual, equitable and statutory rights and remedies) against Seller, the Company or any Affiliate of Seller or anyone acting on any of their behalves in respect of the Membership Interest, the Company Assets, the Butane Blending Business or any representations or statements made, or information or data furnished, to Buyer or anyone acting on Buyer's behalf in connection therewith or otherwise (whether made or furnished by or on behalf of Seller and whether made or furnished orally or by electronic, faxed, written or other means); provided, however, that nothing in this Section 6.8(c) shall be deemed to limit the scope or effect of the express provisions of Section 5 and Section 7.

SECTION 7. <u>COVENANTS</u>.

7.1 **<u>Access</u>**. From and after the date of this Agreement until the Closing Date, Seller will, upon reasonable advance notice and subject to any existing confidentiality agreements and to the execution of additional confidentiality agreements required by Seller, afford to Buyer's officers, independent public accountants, counsel, lenders, consultants and other representatives, reasonable access, at Buyer's sole risk and expense, during normal business hours to the Company Assets and the Records at their current location; provided, however, notwithstanding anything in this Agreement to the apparent contrary, Buyer will not be entitled access to (x) any materials containing privileged communications or information about Business Employees, disclosure of which might violate Legal Requirements or any Business Employee's reasonable expectation of privacy or (y) any information whatsoever directly relating to the portion of the Butane Blending Business conducted with Buckeye Terminals, LLC or any of its Affiliates; provided further, however, that Buyer will indemnify, defend, save, protect and hold harmless the Seller Indemnitees from and against any and all claims arising from Buyer's access to the Company Assets and Records, including claims for personal injuries, property damage and attorneys' and experts' fees, AND SPECIFICALLY FOR CLAIMS ARISING OUT OF OR CAUSED BY THE NEGLIGENCE OF ANY SELLER INDEMNITEE. Notwithstanding anything in this <u>Section 7.1</u> to the contrary, Seller will, and will cause the Company to, use commercially reasonable efforts to ensure that Buyer will have continued access to information regarding the Company Assets other than information relating to Buckeye Terminals, LLC or its Affiliates. Buyer expressly acknowledges that nothing in this <u>Section 7.1</u> is intended to give rise to any contingency to Buyer's obligations to proceed with the transactions contemplated herein.

7.2 **<u>HSR Act Filings</u>**. Seller and Buyer have compiled and filed a Notification and Report Form pursuant to the HSR Act with the Department of Justice ("<u>DOJ</u>") and the Federal Trade Commission ("<u>FTC</u>"). Each of Buyer and Seller will be responsible for its own expenses incurred in connection with the preparation of any of the reports and other information required by the HSR Act, and Buyer will pay any filing fees required to be paid in connection with its HSR Act filing. Seller and Buyer will take, or cooperate in the taking of, steps necessary and proper to expedite the early termination or expiration of the waiting periods prescribed under the HSR Act and will promptly take, or cooperate in the taking of, all reasonable steps to respond to any requests for additional information. Seller will coordinate with Buyer concerning its Notification and Report Form and any additional information provided to DOJ and FTC.

7.3 **<u>Permits, Consents, etc.</u>** Seller will use commercially reasonable efforts to obtain the consents listed on <u>Schedule 7.3</u> (collectively, the "<u>Required Consents</u>") and obtain all material Permits, if any, necessary to transfer the Membership Interest to Buyer; provided, however, that Seller will not be required to expend any funds in connection with the foregoing. Buyer will use commercially reasonable efforts to obtain all New Permits, if any, and will cooperate with Seller to obtain all Required Consents necessary to transfer the Membership Interest to Buyer.

7.4 **<u>Conduct of the Butane Blending Business Pending Closing</u>**. The Company will, and Seller will cause the Company to, conduct the Butane Blending Business in the ordinary course of business. The Company will, and Seller will cause the Company to, use commercially reasonable efforts to preserve intact the Company's and Seller's business

organization and relationships with third Persons involved in the Butane Blending Business and to keep available the services of necessary officers and Business Employees, subject to the terms of this Agreement. Seller will maintain the Company Assets in a state of repair and condition that complies in all material respects with all Legal Requirements (except as disclosed herein respecting past practices) and in a manner consistent with Seller's past practices. Except as otherwise contemplated under this Agreement, from the date hereof until the Closing Date, without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), the Company will not, and Seller will not permit the Company to:

(a) adopt or propose any change in the Company's limited liability company agreement or other organizational documents;

(b) lease, license, or otherwise surrender, relinquish, encumber, or dispose of any material Company Assets (excluding Company Inventory) other than the disposition of obsolete or damaged Company Assets replaced in the ordinary course of business;

(c) change any method of accounting or accounting practice used by it, except for any change required by GAAP;

(d) establish or increase the benefits under, or promise to establish, modify or increase the benefits under, any Seller Employee Benefit Plan or otherwise increase the compensation payable to any Business Employees, except (i) as prescribed by Legal Requirements or (ii) in accordance with existing plans and agreements consistent with past practice; or

(e) agree or commit to do any of the foregoing.

For the avoidance of doubt, Seller may cause the Company or MCE Blending at any time prior to the Closing to transfer or assign any Excluded Assets held by either such Person to Seller or such other Persons as Seller may designate.

7.5 **Notification of Certain Events**. From the date hereof through the Closing Date, Seller will give notice to Buyer of, and Buyer will give prompt notice to Seller of (i) any litigation commenced against such Party in respect of the transactions contemplated by this Agreement and (ii) any events or occurrences that could reasonably be expected to have a Material Adverse Effect.

7.6 **Certain Environmental Matters**.

(a) Neither Seller nor the Company, without Buyer's written consent, which consent shall not be unreasonably withheld or delayed, will take any affirmative action to solicit from any Governmental Authority, any proceeding, order or directive or other consent or mandate to materially modify any Permit related to the Butane Blending Business issued under Environmental Laws. The foregoing will not restrict Seller or the Company from reporting to any Governmental Authority any information that Seller or the Company has a legal obligation to report under applicable Environmental Laws or any Permits granted pursuant to Environmental Laws.

(b) From the date of this Agreement through the Closing Date, Buyer will not, without Seller's written consent, take any affirmative action to solicit from any Governmental Authority, any proceeding, order or directive or other mandate to modify any Permit related to the Butane Blending Business issued under Environmental Laws, except as permitted by Section 7.3.

7.7 **Insurance**.

(a) All insurance coverage and surety bonds required by the Company and otherwise in connection with the Butane Blending Business is maintained and provided by Seller ("Seller's Insurance"). For all periods through the Closing Date, Seller will maintain in effect Seller's Insurance.

(b) Buyer acknowledges that, from and after the Closing, the Company will no longer have the benefit of any Seller's Insurance.

7.8 **Financial Statements and Operating Summaries**.

(a) From the date of this Agreement through the Closing Date, within 60 days after the end of each fiscal quarter commencing with the quarter ending June 30, 2010, Seller will provide Buyer with a copy of an unaudited balance sheet and adjusted income statement of the Butane Blending Business as of and for the three-month, six-month or nine-month period, as applicable, then ended (the "Supplemental Business Financial Statements").

(b) From the date of this Agreement through the Closing Date, within 45 days after the end of each calendar month, Seller will provide Buyer with copies of the unaudited management and operating reports of the Butane Blending Business prepared in accordance with past practice for each such calendar month.

7.9 **Employee Matters**.

(a) No fewer than two Business Days prior to the Closing Date, Buyer or its Affiliate (the "SXL Employer") will offer employment in writing to each of the Business Employees listed on Schedule 7.9(a) (such Business Employees to whom an offer is made, the "Offered Employees"), including those employees who will be assisting Seller in the performance of its obligations under the Transition Services Agreement ("Transition Employees"), subject to and contingent on the Closing and upon the full cooperation and compliance by such employee with the SXL Employer's customary hiring process, including with respect to the execution and delivery of all forms and authorizations, and with respect to physical, drug screening and background checks. Each such written offer must (i) state an annual base salary equal to such annual base salary paid by Seller to such employee as of the date of this Agreement and (ii) include a summary of benefits to which such Offered Employee will be entitled, a copy of which summary will be furnished to Seller. Each Offered Employee and Transition Employee who accepts such an offer of employment with the SXL Employer is, as of the time of his or her addition to the payroll of the SXL Employer and removal from the payroll of Seller, referred to herein as a "Transferred Employee," and collectively, such Offered Employees and Transition Employees are referred to as "Transferred Employees."

(b) If any Offered Employee whose non-immigrant employment authorization to work in the United States is based on an employer-sponsored petition, such as an H1B, and such Offered Employee accepts an offer of employment from the SXL Employer and becomes a Transferred Employee, the SXL Employer agrees to comply with all applicable Legal Requirements relating to the transfer of sponsorship for that Transferred Employee's status. The SXL Employer acknowledges that any such Transferred Employee may not be placed on the SXL Employer's payroll until all legal steps regarding the transfer of H1B sponsorship have been taken. Seller agrees to work with the SXL Employer in support of any application for the transfer of sponsorship applicable to the Transferred Employee's employment authorization.

(c) Any Offered Employee who is on sick leave, leave under the Family and Medical Leave Act, maternity leave or on disability on the Closing Date will be offered employment pursuant to Section 7.9(a) when such Offered Employee is available to return to work; provided, however, that the SXL Employer will have no obligation to offer employment to any such employee who is not available to return to work within six months of the Closing Date.

(d) The SXL Employer will cause any preexisting condition restrictions, other restrictions or waiting periods under Employee Benefit Plans maintained or established by the SXL Employer to be waived to the extent necessary to provide immediate coverage to each Transferred Employee who was covered as of the Closing Date under Seller Employee Benefit Plans that provide medical or dental benefits. The SXL Employer will cause any Employee Benefit Plan maintained or established by the SXL Employer that is a welfare benefit plan to apply any amounts paid under a welfare benefit plan of Seller or by a Transferred Employee as deductible, coinsurance and out-of-pocket limits during the plan year in which the Closing Date occurs toward deductible, coinsurance and out-of-pocket limits under such plan maintained or established by the SXL Employer for the plan year in which the Closing Date occurs (with appropriate adjustments for differences in plan years), but only to the extent that Seller provides the SXL Employer with appropriate evidence of the proper incurrence of such deductible, coinsurance and out-of-pocket expenses incurred under a Seller Employee Benefit Plan within the three month period following the Closing Date. Such evidence will be in the form of electronic files submitted within ten Business Days of the Closing Date and monthly thereafter for the remainder of such three month period.

(e) To the extent that the number of years of service is relevant for purposes of eligibility, participation or vesting under the SXL Employer's vacation policy or 401(k) plan only, such policy and plan will, to the extent allowed by applicable Legal Requirements, credit any Transferred Employees with the number of years of service rendered to Seller or its Affiliates as of the Closing Date. For purposes of calculating the number of years of service for each Transferred Employee, the date of hire included on Schedule 5.19(a) will be used.

(f) Seller will pay to the Transferred Employees all compensation, bonuses and incentive payments earned by the Transferred Employees up to, but not including, the Closing Date under the terms and conditions of the Seller Employee Benefit Plans.

(g) The SXL Employer will be solely responsible for any and all liabilities, obligations and claims of any kind arising out of or in any way related to its offers of

employment to the Offered Employees, its hiring of the Transferred Employees, and/or the rejection of the SXL Employer's employment offer(s) to the Offered Employees.

(h) The SXL Employer will be solely responsible for any and all liabilities, obligations and claims of any kind arising out of or in any way related to the employment (or termination of employment, whether actual or constructive) of the Transferred Employees by the SXL Employer on or after the Closing Date. The SXL Employer will pay each Transferred Employee severance benefits if within 12 months after the Closing Date, (i) the SXL Employer reduces the Transferred Employee's base pay and the Transferred Employee elects within 30 days thereof to terminate his or her employment with the SXL Employer or (ii) the Transferred Employee's employment is terminated by the SXL Employer unless the termination of employment qualifies as a Termination for Cause. Such severance benefits shall be no less than the severance benefits specified on Schedule 7.9(h). After such 12 month severance period, Transferred Employees will receive the severance benefits generally provided by the SXL Employer.

(i) Seller will retain all Seller Employee Benefit Plans and the SXL Employer will not assume any obligations under any such plans.

(j) Seller will be solely responsible for offering and providing any COBRA Coverage with respect to any Offered Employee who is a "qualified beneficiary" and who is covered by a Seller Employee Benefit Plan that is a "group health plan" and who experiences a "qualifying event" prior to the Closing Date. The SXL Employer will be solely responsible for offering and providing any COBRA Coverage required with respect to any Transferred Employee (or other qualified beneficiary) who becomes covered by a group health plan sponsored or contributed to by the SXL Employer and who experiences a qualifying event on or subsequent to the Closing Date. For purposes hereof, each of "qualified beneficiary," "group health plan" and "qualifying event" has the meaning ascribed thereto in Section 4980B of the Code.

(k) Seller will assist the SXL Employer in connection with its hiring process with respect to the Offered Employees, including, to the extent permitted by Legal Requirements, providing all information relating to each Offered Employee as the SXL Employer may reasonably require (including initial employment dates, termination dates, reemployment dates, attendance records, personnel and status records, visa application and supporting documentation, years of service, compensation and tax withholding history). Seller will exercise all reasonable efforts to facilitate communication after the date hereof between the SXL Employer and the Offered Employees, including without limitation face-to-face meetings.

7.10 **Intercompany Obligations**. On or before the Closing Date and notwithstanding anything to the contrary provided herein:

(a) Seller will cause any indebtedness of the Company to Seller or Seller's Affiliates to be paid or otherwise satisfied.

(b) Seller will, and will cause its Affiliates to, pay or otherwise satisfy any amounts owed by them to the Company.

(c) Seller will cause the Company to be released from any guarantee, credit support or other financial assurances provided by the Company to or for the benefit of any creditor of Seller or any of its Affiliates.

(d) Seller will cause any guarantees, credit support or other financial assurances provided by Seller or its Affiliates to counterparties who have Contracts with the Company to be released, subject to Buyer complying with its obligations in this Section 7.10(d). Buyer will at Seller's request at any time as part of the Closing furnish any guarantees, credit support or other financial assurances as may be required by the counterparties referred to in this Section 7.10(d) so that Seller and its Affiliates can be released from their obligations in that regard.

7.11 **Actions to Satisfy Closing Conditions**. Without derogating from any Party's rights or obligations under this Agreement, it is agreed that Seller will act in good faith and use commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions set forth in Section 8, and Buyer will act in good faith and use commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions set forth in Section 9. Each Party will cooperate with the other Party and provide the other Party or its representatives with information in its possession, and not otherwise available to the other Party, necessary to seek the approvals or waivers referred to in Section 8 and Section 9. Each of Buyer and Seller will act in good faith in determining whether or not a condition in its favor has been satisfied.

7.12 **Preservation of Records**. Buyer will preserve and keep the Records for a period of seven years from the Closing Date, or for any longer period as may be required by any Legal Requirements or Governmental Authority, and shall make the Records available to Seller as may be reasonably required by Seller in connection with an indemnification claim by Buyer, or a claim by any other Person against Seller.

7.13 **Use of Names**. Buyer acknowledges that following a reasonable time after the Closing, not to exceed 30 days, it will not be entitled to use the name "Texon" or any variation or derivation thereof, including any logo, trademark or design containing such name. Not later than 30 days after the Closing, Buyer will remove from all of the Company Assets the name "Texon" or any variation or derivation thereof, including any logo, trademark or design containing such name, and will not thereafter make any use whatsoever of such names, marks and logos.

7.14 **Tax Matters**.

(a) Seller and Buyer shall each pay any sales, use, transfer, real property transfer, recording, gains and other similar taxes and fees (collectively, "Transfer Taxes") imposed on it by law as a result of the contemplated transaction; provided, however, notwithstanding any such Legal Requirements, each of Seller and Buyer shall bear half of the total of all such Transfer Taxes. Accordingly, if either Party is required by law to pay more than its half of any such Transfer Taxes, the other Party shall promptly reimburse such first Party for amounts in excess of such half. Seller and Buyer shall timely file their own Tax Returns relating to any Transfer Taxes as required by Law and shall notify the other Party when such filings have been made. Seller and Buyer shall cooperate and consult with each other prior to filing such Tax Returns to ensure that all such Tax Returns are filed in a consistent manner. If necessitated by

Legal Requirements, Seller will, and will cause its Subsidiaries to, join in the execution of any such Tax Returns and other documentation with respect thereto.

(b) At Closing, Buyer will execute and deliver to Seller a Texas Resale Certificate with respect to the Included Seller Inventory in form and substance reasonably satisfactory to Seller.

(c) At the Closing, Buyer must deliver to Seller documentation in form and substance reasonably satisfactory to Seller (i) evidencing that Buyer or its Affiliate is appropriately registered under Section 4101 of the Code for purposes of the federal excise Taxes imposed by Sections 4041(a)(l), 4081 and 4091 of the Code, and (ii) that is mandated by Legal Requirements to substantiate that the consummation of the transactions contemplated by this Agreement are not subject to such federal excise Taxes, including a notification certificate or certificates under Treas. Reg. § 48.4081-5. Notwithstanding anything contained in this Agreement to the contrary or any Legal Requirements imposing the burden of federal excise Taxes on Seller, Buyer or both, Buyer is responsible for, and will, in accordance with the provisions of Section 10.1(b), indemnify, save, protect and hold harmless the Seller Indemnitees from any and all federal excise Taxes imposed in connection with the consummation of the transactions contemplated by this Agreement.

7.15 **Risk of Loss**. The risk of loss with respect to the Company Assets will remain with Seller until the Closing. In the event that prior to the Closing any Company Asset is lost, damaged or destroyed, and such loss, damage or destruction would reasonably be likely to result in a Material Adverse Effect, then:

(a) Buyer may terminate this Agreement in accordance with Section 11.1(f); or

(b) Buyer may require Seller to assign to Buyer the proceeds of any insurance payable as a result of the occurrence of such loss, damage or destruction and proceed with the Closing.

7.16 **Hedging Positions**.

(a) Prior to and following the Closing Date, Buyer and Seller will cooperate with each other in seeking the consent of counterparties to the novation of Buyer for Seller with respect to the hedging positions effected by Seller for the benefit of the Butane Blending Business through, under or using Seller's existing master swap agreements, master netting agreements or commodity accounts (collectively, the "Seller Hedging Contracts and Accounts"), as such positions exist at the Closing Date (collectively, the "Closing Date Hedging Positions") or, if requested by Buyer, Seller will terminate the Closing Date Hedging Positions effective as of the Closing. If Buyer requests Seller to terminate any Closing Date Hedging Positions, and Seller may do so without incurring liability to any affected hedging counterparty other than in respect of early termination payment obligations under the terms of the relevant Seller Hedging Contract and Account, Seller will cause such termination, to be effective upon Closing, and in that event, any early termination payment made to Seller from the counterparty will be paid over to Buyer on the Business Day following receipt of such payment by Seller and any early

termination payment made by Seller to the counterparty will be reimbursed by Buyer on the Business Day following Seller's demand therefor.

(b) If Buyer has not requested termination of a Closing Date Hedging Position, but the novation of Buyer for Seller thereunder cannot be completed as of the Closing Date, or if Buyer has requested that Seller terminate any Closing Date Hedging Positions but Seller cannot do so without incurring liability to the affected counterparty other than in respect of early termination payment obligations under the terms of the relevant Seller Hedging Contract and Account, then Seller will maintain the relevant positions for the account of the Company and Buyer following the Closing ("Surviving Positions") until the earlier of the date that the novation is completed and the date that the particular position expires in accordance with its terms; provided, however, that if requested by the relevant counterparty, Buyer will provide the counterparty with an unconditional guarantee in favor of, or other credit support acceptable to, the counterparty with respect to Seller's obligations to the counterparty as they relate to the Surviving Positions. For the avoidance of doubt, Buyer's provision of counterparty credit support will be strictly limited to contributions to hedging positions specifically designated to the Butane Blending Business. Specifically, any payment received by Seller from a hedging counterparty in respect of any Surviving Position, whether as credit support or on termination of the position upon expiration in accordance with its terms, will be paid over to the Company on the Business Day following receipt of such payment by Seller, and any payment required to be made by Seller to a hedging counterparty in respect of any Surviving Position, whether as credit support or on termination of the position upon expiration in accordance with its terms, will be reimbursed by Buyer to Seller on the Business Day following Seller's demand therefor. If Buyer has made any payment to Seller as a consequence of credit support required to be given by Seller to any counterparty under a Surviving Position, upon novation of the position Buyer will succeed to all right, title and interest of Seller in and to the funds posted by Seller as credit support.

(c) In the event an early termination event occurs with respect to a Surviving Position other than pursuant to Section 7.16(a), Seller will assign to Buyer, without recourse or warranty, all of Seller's rights with respect to the terminated position and Buyer will assume from Seller and thereafter perform all of Seller's obligations thereunder.

7.17 **Non-competition**.

(a) Except as permitted by the Buckeye Letter Agreement in accordance with the terms thereof, without the prior written consent of Buyer, which consent may be withheld in Buyer's sole and absolute discretion, neither Seller, any Affiliate of Seller nor Terry Looper (President and an indirect owner of Seller) will, during the Non-competition Period, (i) own, finance, invest in (directly or indirectly), render services to or operate a business that competes with the Butane Blending Business within the United States, or enter or reenter such business, or (ii) knowingly sell or supply butane to any Person (other than Buyer or its Affiliates) for use at any gasoline terminal or in any gasoline pipeline to whom at the time Buyer, the Company or any other Affiliate of Buyer is selling or supplying butane or providing butane blending services for such Person's use in blending butane with gasoline at gasoline terminals or in gasoline pipelines within the United States, or make any such sale or provide any such supply to any other Person that is known by Seller, any Affiliate of Seller or Terry Looper to be acting as an intermediary for a gasoline terminal or gasoline pipeline operator intending to use the butane in

gasoline blending operations at such operator's terminal or in such operator's pipeline to whom at the time Buyer, the Company or any other Affiliate of Buyer is selling or supplying butane or providing butane blending services; provided, however, that nothing in this Section 7.17(a) shall restrict the right of Seller, its Affiliates and Terry Looper to sell or supply butane to a customer of Buyer or an Affiliate of Buyer for use at a gasoline terminal, or in a gasoline pipeline, which is not, at the time of such sale or supply, a terminal or pipeline supplied by Buyer, or any Affiliate of Buyer, with butane or butane blending services. Seller acknowledges that (i) the provisions of this Section 7.17(a) are reasonable and necessary to protect the legitimate interests of Buyer and its Affiliates; (ii) any violation of this Section 7.17(a) may result in irreparable injury to Buyer and its Affiliates; and (iii) in the event of violation of this Section 7.17(a), Buyer and its Affiliates will be entitled to seek injunctive relief in accordance with this Agreement. In the event that this Section 7.17(a) should ever be deemed to exceed the time, geographic, product or any other limitations permitted by Legal Requirements, such provisions will be deemed reformed to the maximum extent permitted by Legal Requirements. At Closing, Seller shall deliver to Buyer the written agreement of Terry Looper to be bound by the provisions of this Section 7.17.

(b) Without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion, neither Buyer, the Company nor any other Affiliate of Buyer will, during the Non-competition Period, (i) own, finance, invest in (directly or indirectly), render services to or operate a gasoline/butane blending business that uses any of the Butane Blending Technology outside of the United States or Canada or enter or reenter such business, or (ii) sell or supply butane to any Person to whom at the time Seller or any Affiliate of Seller is providing butane blending services for use in blending butane with gasoline at gasoline terminals or in gasoline pipelines outside of the United States or Canada, or make any such sale or provide any such supply to any other Person that is known by Buyer or any Affiliate of Buyer to be acting as an intermediary for an operator of a gasoline terminal or gasoline pipeline not located within the United States or Canada and (x) such operator intends to use the butane in gasoline blending operations at such operator's terminal or in such operator's pipeline and (y) Seller or any Affiliate of Seller is selling or supplying butane or providing butane blending services to such operator at the time. Buyer acknowledges that (i) the provisions of this Section 7.17(b) are reasonable and necessary to protect the legitimate interests of Seller and its Affiliates; (ii) any violation of this Section 7.17(b) may result in irreparable injury to Seller and its Affiliates; and (iii) in the event of violation of this Section 7.17(b), Seller and its Affiliates will be entitled to seek injunctive relief in accordance with this Agreement. In the event that this Section 7.17(b) should ever be deemed to exceed the time, geographic, product or any other limitations permitted by Legal Requirements, such provisions will be deemed reformed to the maximum extent permitted by Legal Requirements.

7.18 **Intellectual Property Developments**.

(a) In the event that Seller or its Affiliates document the existence of future intellectual property made, discovered, invented, created, conceived of, reduced to practice or fixed in a tangible medium of expression by Seller during the Non-competition Period that is related to or used in connection with any retained portion of the Butane Blending Business, Seller will provide the Company with written notice of such intellectual property within 60 days of documenting the existence of such future intellectual property (the "Notice of Future IP").

(i) Except as provided in Section 7.18(a)(iii), the Company shall have the exclusive optional right, but not the obligation, to pursue any U.S. patent applications directed to any portion of the intellectual property described in the Notice of Future IP by giving written notice of such election to Seller within 60 days of receipt of the Notice of Future IP (the "Notice of Intention"). If the Company does not respond to the Notice of Future IP within such 60 day period, the Company will be deemed not to have exercised its optional right to pursue any U.S. patent applications directed to the intellectual property described in the Notice of Future IP.

(ii) Except as provided in Section 7.18(a)(iii), Seller agrees not to file any non-U.S. patent applications directed to any portion of the intellectual property described in a Notice of Future IP until: (A) receipt of the Company's notice of intention not to pursue any U.S. patent applications; (B) the Company having been deemed not to have exercised its optional right as described in Section 7.18(a)(i); or (C) 180 days after the receipt of the Company's notice to exercise its optional right to pursue any U.S. patent applications on the developed intellectual property described in the Notice of Future IP.

(iii) To the extent immediate filing of a U.S. or non-U.S. patent application is required to protect any potential patent rights, Seller may file such application as is necessary to preserve those rights after giving notice to the Company. The Company shall have the exclusive optional right, but not the obligation, to pursue any U.S. patent application filed by Seller pursuant to this Section 7.18(a) and to pursue any U.S. patent application claiming priority to any non-U.S. patent application filed by Seller pursuant to this Section 7.18(a).

(iv) In the event the Company exercises its rights pursuant to any U.S. patent applications directed to the developed intellectual property, Seller will assign its rights in such U.S. patent applications to the Company. The Company will assign to Seller all rights to any non-U.S. filings claiming priority to these applications.

(b) Seller agrees to cooperate with the Company regarding the preparation and prosecution of the Blending Patents and any future U.S. patent applications directed to future intellectual property as described in Section 7.18(a)(i). Seller's cooperation shall specifically include, but is not limited to, sharing any and all information necessary for the preparation and filing of any new patent application and the prosecution of any new or existing patent application. Seller's cooperation shall also include, but is not limited to, providing copies of all official correspondence to and from any non-U.S. patent offices for the prosecution of any related non-U.S. patent applications so as to enable the Company to comply with applicable Legal Requirements regarding the duty of disclosure to the U.S. Patent and Trademark Office and to ensure consistency of statements made in the prosecution of any U.S. patent applications and any related non-U.S. patent applications.

(c) The Company agrees to cooperate with Seller regarding the preparation and prosecution of any non-U.S. patent applications claiming priority to any Blending Patent and any future non-U.S. patent applications directed to future intellectual property assigned or to be assigned as described in Section 7.18(a)(iv). The Company's cooperation shall specifically include, but is not limited to, sharing any and all information necessary for the preparation and filing of any new patent application and the prosecution of any new or existing patent application. The Company's cooperation shall also include, but is not limited to, providing

copies of all official correspondence to and from the U.S. Patent and Trademark Office for the prosecution of any related U.S. patent applications so as to enable Seller to comply with applicable Legal Requirements regarding disclosure duties to any non-U.S. patent offices and to ensure consistency of statements made in the prosecution of any non-U.S. patent applications and any related U.S. patent applications.

(d) In the event that the Company or its Affiliates document the existence of future intellectual property made, discovered, invented, created, conceived of, reduced to practice or fixed in a tangible medium of expression by the Company during the Non-competition Period that is related to or used in connection with the Butane Blending Business, the Company will grant a license to Seller to use, make, sell or offer to sell such intellectual property in accordance with the terms of the Blending Patents License and the Software License and Support Agreement, as applicable.

7.19 **Retained Causes of Action**. Neither Seller nor any of its Affiliates will commence any Retained Cause of Action relating to the Butane Blending Business against any party (other than Buckeye Terminals LLC and/or its Affiliates) that was a customer of Seller or the Company at the time of the Closing without the prior written consent of Buyer.

7.20 **No Negotiation**. Until such time as this Agreement shall be terminated pursuant to Section 11.1, Seller nor any Affiliate of Seller shall not directly or indirectly solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to or consider the merits of any inquiries or proposals from any person or entity (other than Buyer) relating to any business combination transaction involving the Company or the Butane Blending Business, including the sale of the Company's existing stock, the merger or consolidation the Company or the sale of the Company's business or any of the Company Assets (other than in the ordinary course of business). Seller shall promptly notify Buyer of any such inquiry or proposal.

7.21 **Parts and Inventory**.

(a) During the 90-day period following the Closing Date, Buyer and Seller will agree upon what Company Parts and Equipment may be removed from the property of the Company or Buyer for Seller's own use, it being understood that the value of such Company Parts and Equipment shall not exceed $315,600. Seller retains the right, upon reasonable advance notice to Buyer, from time to time within 90 days after the Closing Date and at Seller's sole expense, to access Company or Buyer property during normal business hours for the purpose of taking and removing for Seller's own use such Company Parts and Equipment.

(b) Seller will indemnify, defend, save protect and hold harmless the Buyer Indemnitees from and against any and all claims arising from Seller's access to Company or Buyer property and the exercise of Seller's rights pursuant to Section 7.21(a), including claims for personal injuries, property damage and attorneys' and experts' fees, AND SPECIFICALLY FOR CLAIMS ARISING OUT OF OR CAUSED BY THE NEGLIGENCE OF ANY BUYER INDEMNITEE.

SECTION 8. <u>CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS</u>.

The obligations of Buyer at the Closing hereunder are subject, at Buyer's election, to the satisfaction on or prior to the Closing Date of the conditions set forth below. Notwithstanding the failure of any one or more of such conditions, Buyer may nevertheless proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that as of the Closing Date Buyer has knowledge of the failure of any of such conditions or the breach by Seller of any of the representations or warranties contained in this Agreement and nevertheless proceeds with the Closing, Buyer shall be deemed to have waived for all purposes any rights or remedies it may have against Seller by reason of the failure of any such condition or the breach of any such representation or warranty; provided, however, that by proceeding with the Closing, Buyer shall not be deemed to have waived any rights or remedies it may have against Seller for breach of any representation or warranty as to which Buyer does not have knowledge as of the Closing Date.

8.1 **<u>Representations and Warranties True</u>**. All of the representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects (disregarding individual qualifications as to materiality, including Material Adverse Effect) as of the date of this Agreement and as of the Closing Date (or if made as of a specified date, only as of such date) except to the extent such failure arises from actions of Seller, the Company or MCE Blending permitted by, and taken in accordance with, the terms of this Agreement or the consent of Buyer.

8.2 **<u>Compliance with Agreement</u>**. Seller shall have performed and complied in all material respects with all of its obligations under this Agreement which are to be performed or complied with by it prior to or on the Closing Date.

8.3 **<u>HSR Act</u>**. The applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired, or been terminated.

8.4 **<u>Consents</u>**. Seller, the Company or MCEC, as applicable, shall have received Required Consents to the transactions contemplated hereby from each Person from whom such consent is required.

8.5 **<u>No Adverse Litigation</u>**. There shall not be, at the time of Closing, any pending suit, action or proceeding by or before any Governmental Authority seeking to restrain or prohibit the consummation of the Closing in accordance with the terms and conditions hereof.

8.6 **<u>MCE Blending</u>**. MCEC shall have executed and delivered to Buyer or its designee an Assignment of Membership Interest (MCE Blending, LLC) in substantially the form of <u>Exhibit L</u> pursuant to which, at and contemporaneously with the Closing, MCEC shall convey to Buyer all of MCEC's membership interest in MCE Blending.

8.7 **<u>Release of Liens</u>**. Seller shall have caused all Liens affecting the Membership Interest, the Company Assets or the Included Seller Inventory and securing indebtedness of Seller or the Company for borrowed money or other financial accommodations, and all guaranties by the Company related thereto, to be released fully and unconditionally pursuant to instruments reasonably acceptable to Buyer.

SECTION 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS.

The obligations of Seller at the Closing hereunder are subject, at Seller's election, to the satisfaction on or prior to the Closing Date of the conditions set forth below. Notwithstanding the failure of any one or more of such conditions, Seller may nevertheless proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that as of the Closing Date Seller has knowledge of the failure of any of such conditions or the breach by Buyer of any of the representations or warranties contained in this Agreement and nevertheless proceeds with the Closing, Seller shall be deemed to have waived for all purposes any rights or remedies it may have against Buyer by reason of failure of any condition or the breach of any such representation or warranty; provided, however, that by proceeding with the Closing, Seller shall not be deemed to have waived any rights or remedies it may have against Buyer by reason of failure of any condition or for breach of any representation or warranty as to which Seller does not have knowledge as of the Closing Date.

9.1 **Representations and Warranties True**. All of the representations and warranties of Buyer set forth in this Agreement shall be true and correct (disregarding individual qualifications as to materiality) as of the date of this Agreement and as of the Closing Date (or if made as of a specified date, only as of such date) except to the extent the failure to so be true and correct, taken as a whole, could not reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations hereunder.

9.2 **Compliance with Agreement**. Buyer shall have performed and complied in all material respects with all of its obligations under this Agreement which are to be performed or complied with by it prior to or on the Closing Date.

9.3 **HSR Act**. The applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired, or been terminated.

9.4 **Consents**. Seller or the Company, as applicable, shall have received Required Consents to the transactions contemplated hereby from each Person from whom such consent is required.

9.5 **No Adverse Litigation**. There shall not be, at the time of Closing, any pending suit, action or proceeding by or before any Governmental Authority seeking to restrain or prohibit the consummation of the Closing in accordance with the terms and conditions hereof.

SECTION 10. INDEMNIFICATION.

10.1 **Obligation of Parties to Indemnify**.

(a) Indemnification by Seller. Subject to the limitations set forth in Section 9 and in this Section 10, Seller will indemnify, defend and hold harmless Buyer and its Affiliates and its and their respective officers, directors, employees, agents and Equity Interest holders (collectively, the "Buyer Indemnitees") from and against any and all claims, losses, damages, liabilities, deficiencies, Taxes, penalties, assessments, obligations or expenses of any kind or type, including reasonable third-party legal fees and expenses, but excluding lost profits or other

consequential or punitive damages claimed by the Indemnified Party for its own account (collectively, "Losses"), to the extent arising or resulting from (i) any misrepresentation or breach of any representation or warranty set forth in Section 5 of this Agreement; provided, however, that for purposes of determining under this Section 10.1(a) whether any representation or warranty made by Seller in Section 5 that is qualified by materiality (including Material Adverse Effect) has been breached, all such materiality qualifiers shall be disregarded as though they were not contained therein, (ii) any nonfulfillment of any covenant or obligation of Seller or the Company under this Agreement, (iii) any Third Party Claims made in writing on or before the date that is the second anniversary of the Closing Date arising from the ownership of the Company Assets, the operation of the Butane Blending Business or any Environmental Liability before the Closing Date or (iv) the Retained Liabilities.

(b) Indemnification by Buyer. Subject to the limitations set forth in Section 8 and this Section 10, Buyer will indemnify, defend and hold harmless Seller and its Affiliates and its and their respective officers, directors, employees, agents and Equity Interest holders (collectively, the "Seller Indemnitees") from and against any and all Losses to the extent arising or resulting from (i) any misrepresentation or breach of any representation or warranty set forth in Section 6 of this Agreement, (ii) nonfulfillment of any covenant or obligation of Buyer under this Agreement and (iii) the ownership or operation of the Butane Blending Business before or after the Closing Date except for those Losses for which the Buyer Indemnitees are entitled to indemnification by Seller pursuant to Section 10.1(a).

(c) Exception to Indemnification. Notwithstanding any provision contained herein to the contrary, no Indemnified Party shall be entitled to indemnification hereunder from and after the Closing with respect to a breach by an Indemnifying Party of any representation, warranty or covenant hereunder of which such Indemnified Party had knowledge as of the Closing Date.

10.2 **[RESERVED]**.

10.3 **Indemnification Procedures for Third Party Claims**.

(a) If any Person who has the right to be indemnified under Sections 10.1(a) or 10.1(b) (the "Indemnified Party") receives written notice of the commencement of any action or proceeding or the assertion of any claim by a third party (including, but not limited to, any Governmental Authority) or the imposition of any penalty or assessment for which indemnity may be sought under Sections 10.1(a) or 10.1(b) (a "Third Party Claim"), and such Indemnified Party intends to seek indemnity pursuant to this Section 10, the Indemnified Party will promptly provide the Party that has agreed to indemnify hereunder (the "Indemnifying Party") with notice of such Third Party Claim. The Indemnifying Party will be entitled to participate in or, at its option, assume the defense, appeal or settlement of such Third Party Claim (provided that it acknowledges its obligation to indemnify the Indemnified Party hereunder but without admitting liability to the third party). Such defense, appeal or settlement will be conducted through counsel selected by the Indemnifying Party and acceptable to the Indemnified Party, and the Indemnified Party must fully cooperate with the Indemnifying Party in connection therewith. The Indemnified Party will be entitled, at its own expense, to participate in the defense of such Third Party Claim.

(b) In the event that the Indemnifying Party fails to so assume the defense or settlement of any Third Party Claim within 20 Business Days after receipt of notice thereof from the Indemnified Party, the Indemnified Party will have the right to undertake the defense, appeal or settlement of such Third Party Claim and, if such Third Party Claim is one for which the Indemnified Party is entitled to be indemnified under this Section 10, such defense, appeal or settlement of such Third Party Claim will be at the expense and for the account of the Indemnifying Party.

(c) The Indemnifying Party must obtain the prior written approval of the Indemnified Party (which approval may not be unreasonably withheld) before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of any Third Party Claim or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party.

(d) No Indemnifying Party may consent to the entry of any judgment or enter into any settlement of a Third Party Claim that does not include as an unconditional term thereof the giving by each claimant or plaintiff of a release to each Indemnified Party from all liability in respect of such claim.

(e) Notwithstanding Section 10.3(a), the Indemnifying Party will not be entitled to control (but will be entitled to participate at its own expense in) the defense or settlement, compromise, admission, or acknowledgment of any Third Party Claim as to which the Indemnifying Party fails to assume the defense within 20 Business Days after receipt of notice thereof from the Indemnified Party; provided, however, that the Indemnified Party may not enter into any settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party, which may not be unreasonably withheld.

10.4 **Direct Claims**. In any case in which an Indemnified Party seeks indemnification hereunder which is not subject to Section 10.3 because no Third Party Claim is involved, the Indemnified Party must notify the Indemnifying Party in writing of any Losses which the Indemnified Party claims are subject to indemnification under the terms hereof.

10.5 **Survival of Representations and Warranties; Covenants**. Each representation and warranty contained in Section 5 (other than Sections 5.1, 5.2, 5.3, 5.7, 5.16, 5.17, 5.18(c), 5.18(d) and 5.22) will survive the Closing and will continue in full force and effect until the date that is two years after the Closing Date. The representations and warranties of Seller contained in Section 5.22 will survive the Closing and will continue in full force and effect until the date that is 90 days after the Closing Date. The representations and warranties of Seller contained in Section 5.16 will survive the Closing and will continue in full force and effect until expiration of the applicable statute of limitations. The representations and warranties of Seller contained in Sections 5.18(c) and 5.18(d) (the "IP Representations") will survive the Closing and will continue in full force and effect until the date that is four years after the Closing Date. The representations and warranties of Seller contained in Sections 5.1, 5.2, 5.3, 5.7 and 5.17 and of Buyer contained in Section 6 (collectively, the "Fundamental Representations") will survive the Closing without limitation as to time. No claim for Loss based upon the failure of a Party to

have complied with a covenant which by its terms is required to be performed or complied with prior to the Closing Date may be made after two years after the Closing Date.

10.6 **Indemnification Limitations**. No claim for indemnification may be made under Section 10.1(a) or Section 10.1(b) for any individual claims or related claims unless and until the aggregate amount of Losses (excluding all individual or related Losses below $100,000, for which no Party shall have any indemnification liability) of the Indemnified Party that may be claimed respectively thereunder exceeds $1,400,000, and once such threshold has been reached, the Indemnifying Party will be liable to the Indemnified Party only for the Losses (excluding all individual or related Losses below $100,000) on a dollar-for-dollar basis above such threshold. Seller's liability under Section 10.1(a) (the "Indemnification Cap") shall be limited as follows: (i) for Losses claimed before the second anniversary of the Closing Date, to an aggregate amount equal to 25% of the Membership Interest Base Purchase Price; (ii) for Losses claimed after the second anniversary of the Closing Date but prior to the third anniversary thereof, the difference between (A) $20,000,000 minus (B) Losses claimed under clause (i); and (iii) for Losses claimed after the third anniversary of the Closing Date but prior to the fourth anniversary thereof, the difference between (A) $10,000,000 minus (B) the sum of Losses claimed under clauses (i) and (ii). Notwithstanding the foregoing, (i) the limitations set forth in the first sentence of this Section 10.6 shall not apply in the case of Losses arising from the breach by a Party of any of its respective Fundamental Representations or from the Retained Liabilities, and (ii) the Indemnification Cap for Seller's liability under Section 10.1(a) for Losses arising from the breach of any of Seller's Fundamental Representations shall be limited in the aggregate to an amount equal to the Membership Interest Base Purchase Price.

10.7 **Treatment of Payments**. Any indemnification payments made pursuant to this Section 10 will be treated by Buyer and Seller as an adjustment to the Membership Interest Base Purchase Price for Tax purposes unless otherwise prescribed by applicable Legal Requirements.

10.8 **Exclusive Remedy**. Except (i) for claims based on a Party's intentionally fraudulent acts or omissions and (ii) for any equitable actions for specific performance or injunctive or other equitable relief with respect to any covenants or obligations to be performed after the Closing, from and after the Closing, (A) the indemnification provided in this Section 10 shall be the sole and exclusive remedy of any Party hereto arising out of, related to, in connection with or with respect to this Agreement or the Butane Blending Business, including without limitation any breaches of covenants, representations or warranties, and indemnifiable events under this Section 10, and (B) each of the Parties hereby waives, to the fullest extent it may lawfully do so, any rights of contribution, indemnification or otherwise, causes of action, remedies or damages that it may have or assert against the other Party in connection with this Agreement and the transactions contemplated hereby, whether under statutory or common law, any Environmental Law, the Securities Act of 1933, as amended or the Texas Securities Act and similar state Legal Requirements, or any trade regulation or other Legal Requirements.

10.9 **Specific Performance**. Notwithstanding anything in this Agreement to the contrary if, on the Closing Date, (i) all the conditions to the obligations of a Party contained in Section 8 or Section 9, as applicable, have been satisfied or waived by that Party (the "Defaulting Party"), and (ii) the other Party (the "Non-Defaulting Party") has notified the Defaulting Party of the Non-Defaulting Party's intention to consummate the transactions contemplated under this

Agreement and has furnished evidence of its willingness and ability to do so, and if the Closing does not then occur due to the refusal of the Defaulting Party to consummate the Closing, then the Non-Defaulting Party will be entitled to specifically enforce the terms of this Agreement in a court of competent jurisdiction, it being acknowledged that monetary damages due to the Non-Defaulting Party in such case cannot be adequately determined at law. An action for specific performance by the Non-Defaulting Party hereunder shall be deemed to be a waiver of any unfulfilled condition required of the Defaulting Party, if any, under Section 8 or Section 9, as applicable. The existence of this right shall not preclude any other rights and remedies at law or in equity, including, without limitation, any rights under Section 11, which the Non-Defaulting Party may have.

SECTION 11. TERMINATION.

11.1 **Termination**. This Agreement may be terminated and abandoned on or prior to the Closing Date as follows:

(a) by Buyer if a material breach of any provision of this Agreement has been committed by Seller and such breach either has not been cured by Seller, or Seller has not diligently commenced commercially reasonable action to cure such breach, within 20 Business Days after written notice from Buyer to Seller of such breach or such breach has not been waived by Buyer, and Buyer is not then in material breach of this Agreement;

(b) by Seller if a material breach of any provision of this Agreement has been committed by Buyer and such breach either has not been cured by Buyer, or Buyer has not diligently commenced commercially reasonable action to cure such breach within 20 Business Days after written notice from Seller to Buyer of such breach or such breach has not been waived by Seller, and Seller is not then in material breach of this Agreement;

(c) by Buyer if any condition in Section 8 has not been satisfied as of the Closing Date and if the satisfaction of such a condition by the Outside Date is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement), and Buyer has not waived such condition on or before such date and Buyer is not then in material breach of this Agreement;

(d) by Seller if any condition in Section 9 has not been satisfied as of the Closing Date and if the satisfaction of such a condition by the Outside Date is or becomes impossible (other than through the failure of Seller to comply with its obligations under this Agreement), and Seller has not waived such condition on or before such date and Seller is not then in material breach of this Agreement;

(e) by mutual written consent of the Parties;

(f) by Buyer, if prior to Closing any Company Asset is lost, damaged or destroyed and such loss, damage or destruction would reasonably be likely to result in a Material Adverse Effect; or

(g) by either Party if the Closing has not occurred by September 30, 2010 (the "Outside Date"); provided, however, that if the failure to close is the result of the inability of

Seller or the Company to obtain a Required Consent or of Buyer or Seller to obtain one or more material consents or approvals from any Governmental Authority on or prior to the Outside Date, but all other conditions to the Closing have been fulfilled or shall be mutually agreed to be capable of being fulfilled, then the Outside Date may be extended at the request of the Party unable to obtain such consent or approval for three additional periods of 30 days each, if such affected Party, acting in good faith, reasonably believes that such consent is likely to be obtained within such period; provided further, however, that if the failure to close is the result of a failure of a condition precedent arising from a breach with respect to which the Party in breach is entitled to cure pursuant to Section 11.1(a) or Section 11.1(b), as applicable, the Outside Date will automatically be extended for an additional period of 60 days.

In the event of termination by either Party as provided above, written notice shall promptly be given to the other Party and each Party shall pay its own expenses incident to the preparation for the consummation of this Agreement and the transactions contemplated hereby.

11.2 **Effect of Termination**. In the event of the termination and abandonment of this Agreement pursuant to Section 11.1, this Agreement shall forthwith become void and have no effect without any liability on the part of either Party hereto or any of its Affiliates other than pursuant to Section 11.3. Nothing contained in this Section 11.2 shall relieve any party from liability for any deliberate, knowing or intentional breach of this Agreement prior to such termination.

11.3 **Expenses**.

(a) In the case of a termination of this Agreement pursuant to Sections 11.1(a) or 11.1(c), in addition to any other remedies that Buyer may have as a result of such termination, Seller must reimburse Buyer for the costs, fees and expenses incurred by it or on its behalf in connection with this Agreement.

(b) Upon the termination of this Agreement pursuant to Sections 11.1(b) or 11.1(d), in addition to any other remedies that Seller may have as a result of such termination, Buyer must reimburse Seller for the costs, fees and expenses incurred by it or on its behalf in connection with this Agreement.

SECTION 12. GUARANTY OF BUYER.

12.1 **Buyer Guarantor**. Sunoco Partners Marketing & Terminals L.P. ("Buyer Guarantor") hereby irrevocably and unconditionally guarantees to Seller the prompt and full discharge, payment and performance by Buyer of all of its obligations under this Agreement and all other agreements, instruments or undertakings of Buyer contemplated herein or hereby, including without limitation the due and punctual payment of the Closing Amount payable by Buyer at the Closing Date pursuant to Section 2.1 (collectively, the "Buyer Obligation"), in accordance with the terms hereof. Buyer Guarantor acknowledges and agrees that, with respect to the Buyer Obligation, such guaranty shall be a guaranty of payment and performance and not of collection and shall not be conditioned or contingent upon the pursuit of any remedies against Buyer. If Buyer shall default in the due and punctual performance of the Buyer Obligation,

Buyer Guarantor will perform or cause to be performed such Buyer Obligation and will make full payment of any amount due with respect thereto at its sole cost and expense.

12.2 **Guaranty Unconditional**. The liabilities and obligations of Buyer Guarantor pursuant to this Agreement are unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(b) any acceleration, extension, renewal, settlement, compromise, waiver or release in respect of any of the Buyer Obligations or other obligation of Buyer under this Agreement by operation of law or otherwise;

(c) the invalidity or unenforceability, in whole or in part, of this Agreement;

(d) any modification or amendment of or supplement to this Agreement;

(e) any change in the limited liability company or limited partnership existence, structure or ownership of Buyer or Buyer Guarantor, as applicable, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any of them or their assets; or

(f) any other act, omission to act, delay of any kind by any Party or any other Person, or any other circumstance whatsoever that might, but for the provisions of this Section 12.2, constitute a legal or equitable discharge of the obligations of Buyer Guarantor hereunder.

12.3 **Representations and Warranties**. Buyer Guarantor hereby represents and warrants to Seller that:

(b) Buyer Guarantor is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Texas. Buyer has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder.

(c) The execution, delivery and performance of this Agreement by Buyer Guarantor and the consummation of the transactions contemplated hereby have been duly authorized by all necessary actions of Buyer Guarantor, and this Agreement is, and any documents or instruments to be executed and delivered by Buyer Guarantor pursuant hereto will be, legal, valid and binding obligations of Buyer Guarantor enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, or similar laws from time to time in effect which affect creditors' rights generally and by legal and equitable limitations on the availability of equitable remedies.

(d) The execution and delivery of this Agreement and all other agreements, instruments and documents contemplated hereby by Buyer Guarantor and the consummation of the transactions contemplated hereby and thereby will not conflict with or violate or constitute a breach or default under the organizational documents of Buyer Guarantor or any provision of any mortgage, trust indenture, Lien, Contract, court order, judgment or decree to which Buyer Guarantor is bound.

12.4 **Waivers of the Buyer Guarantor**. Buyer Guarantor hereby waives any right, whether legal or equitable, or statutory or non-statutory, to require Seller to proceed against or

take any action against or pursue any remedy with respect to Buyer or any other Person or make presentment or demand for performance or give any notice of nonperformance before Seller may enforce its rights hereunder against Buyer Guarantor.

12.5 **Reinstatement in Certain Circumstances**. If at any time any performance by any Person of the Buyer Obligation is rescinded or must be otherwise restored or returned, whether upon the insolvency, bankruptcy or reorganization of Buyer or otherwise, Buyer Guarantor's obligations with respect to the Buyer Obligation shall be reinstated at such time as though the Buyer Obligation had become due and had not been performed.

12.6 **Subrogation**. Buyer Guarantor waives any rights of subrogation to the rights of Seller against Buyer with respect to the Buyer Obligation.

SECTION 13. MISCELLANEOUS.

13.1 **Expenses**. Except as specifically provided in Section 11.3, each of the Parties hereto agrees to be responsible for its own, without right of reimbursement from the other, costs incurred by it incident to the performance of its obligations hereunder, whether or not the transactions contemplated by this Agreement shall be consummated, including, without limitation, those costs incident to the preparation of this Agreement, and the fees and disbursements of legal counsel, accountants and consultants employed by the respective Parties in connection with the transactions contemplated by this Agreement.

13.2 **Assignment**. This Agreement shall not be assigned by either Party without the prior written consent of the other Party and any attempted assignment without such written consent shall be null and void and without legal effect; provided, however, Buyer may assign its right to purchase the Membership Interest or the Included Seller Inventory hereunder to one or more Affiliates of Buyer, and each such assignee shall become a "Buyer" hereunder, but any such assignment shall not alter or change the obligations of Buyer hereunder.

13.3 **Governing Law**. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within such state, including all matters of construction, validity and performance.

13.4 **Amendment and Modification**. Buyer and Seller may amend, modify and supplement this Agreement in such manner as may be mutually agreed by them in writing.

13.5 **Notices**. All notices, requests, demands and other communications hereunder shall be deemed to be duly given if delivered by hand, if mailed by certified or registered mail with postage prepaid, if delivered by fax (with confirmation confirmed) or if sent by nationally recognized overnight courier as follows:

If to Buyer	Butane Acquisition I LLC 1818 Market Street, Suite 1500 Philadelphia, PA 19103 Attention: General Counsel Fax: (866) 610-5156
	with a copy to:
	Sunoco Partners Marketing & Terminals L.P. 1 Fluor Daniel Drive, Bldg. A Level 3 Sugar Land, TX 77478 Attention: Michael Hennigan Fax: (866) 505-9604
and (which will not constitute notice):	Ballard Spahr LLP 1735 Market Street, 51st Floor Philadelphia, Pennsylvania 19103-7599 Attention: Scott Towers Fax: (215) 864-8999
If to Seller:	Texon L.P. 11757 Katy Freeway, Suite 1400 Houston, TX 77079 Attention: Terry Looper Fax: (281) 531-5954
and (which will not constitute notice):	Akin Gump Strauss Hauer & Feld LLP 1111 Louisiana Street, 44th Floor Houston, Texas 77002-5200 Attention: James L. Rice III Fax: (713) 236-0822

or to such other addresses as either Party may provide to the other in writing.

13.6 **Entire Agreement**. Except for any confidentiality agreements between the Parties (which shall survive the execution and delivery of this Agreement), this Agreement cancels, merges and supersedes all prior and contemporaneous understandings and agreements relating to the subject matter of this Agreement, written or oral, between the Parties hereto, and contains the entire agreement of the Parties hereto, and the Parties hereto have no agreements, representations or warranties relating to the subject matter of this Agreement which are not set forth herein.

13.7 **Successors**. This Agreement shall be binding upon and shall inure to the benefit of each of the Parties hereto and to their respective successors and permitted assigns.

13.8 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same instrument. A copy of a signed counterpart transmitted by fax or electronically by

portable document format (pdf) shall be valid for all purposes as a manually signed original counterpart.

13.9 **Headings**. The headings used in this Agreement are for convenience only and shall not constitute a part of this Agreement.

13.10 **Jurisdiction**. Any suit, action or proceeding between the Parties hereto relating to this Agreement or to any agreement, document or instrument delivered pursuant hereto or in connection with the transactions contemplated hereby, or in any other manner arising out of or relating to the transactions contemplated by or referenced in this Agreement shall be commenced and maintained exclusively in the United States District Court for the Southern District of Texas, Houston Division, or if that court lacks jurisdiction, in a state district court sitting in Harris County, Texas. The Parties hereto submit themselves unconditionally and irrevocably to the personal jurisdiction of such courts, as applicable. The Parties further agree that venue shall be in the Southern District of Texas, Houston Division, or if that court lacks jurisdiction, in a state district court sitting in Harris County, Texas. The Parties hereto irrevocably waive any objection to such personal jurisdiction or venue, including, but not limited to, the objection that any suit, action or proceeding brought in the Southern District of Texas, Houston Division, or if that court lacks jurisdiction, in a state district court sitting in Harris County, Texas, has been brought in an inconvenient forum.

13.11 **Interpretation**. Unless otherwise specified in this Agreement, the singular includes the plural and the plural includes the singular; the word “or” is not exclusive. A reference to an Article, Section, Party, Schedule or Exhibit is a reference to that Article or Section of, or that Party, Schedule or Exhibit to, this Agreement. A reference to a Person includes its successors and permitted assigns. The words “include,” “includes” and “including” are not limiting. Where a term or expression is defined, another part of speech or grammatical form of that term or expression shall have a corresponding meaning. References to any Legal Requirement shall be construed as a reference to such Legal Requirement and to all regulations and rulings promulgated thereunder as each may be in effect from time to time. References to “dollars” and “$” mean United States dollars.

13.12 **Public Announcements**. Without the prior written approval of the other Party, which approval may not unreasonably be withheld, no Party will issue, or permit any Affiliate of it to issue, any press releases or otherwise make, or cause any Affiliate of it to make, any public statements with respect to this Agreement and the transactions contemplated hereby, except where such release or statement is deemed in good faith by the releasing Party to be mandated by Legal Requirements or the rules of any national securities exchange, in which case that Party will provide a copy to the other Party prior to any release or statement; provided, however, that without the prior written consent of Seller, no press release by Buyer will disclose the Membership Interest Base Purchase Price or the Closing Date Amount.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

TEXON DISTRIBUTING L.P. d/b/a TEXON L.P.

By: /s/ Terry Looper
Name: Terry Looper
Title: President

BUTANE ACQUISITION I LLC

By: /s/ Michael J. Hennigan

Name: Michael J. Hennigan

Title: Vice President, Sunoco Logistics Partners Operations GP LLC, the general partner of Sunoco Partners Marketing & Terminals L.P.

Sunoco Partners Marketing & Terminals L.P. has executed this Agreement solely to evidence its agreement to be bound by and perform the provisions of Article 12.

SUNOCO PARTNERS MARKETING & TERMINALS L.P.

By Sunoco Logistics Partners Operations GP LLC, its General Partner

By: /s/ Michael J. Hennigan
Name: Michael J. Hennigan
Title: Vice President

Exhibit 2.1.1

List of Schedules and Exhibits to Asset and Membership Interest Purchase and Sale Agreement Omitted from this Filing

<u>Exhibits</u>

Exhibit A	Form of Assignment and Bill of Sale
Exhibit B	Form of Membership Interest Assignment
Exhibit C	Form of Blending Patents License
Exhibit D	Form of Software License and Support Agreement
Exhibit E	Form of Transition Services Agreement
Exhibit F	Form of Transloader Patent License
Exhibit G	Seller's Officer's Certificate
Exhibit H	Seller's Secretary's Certificate
Exhibit I	Seller's Non-Foreign Person Affidavit
Exhibit J	Buyer's Officer's Certificate
Exhibit K	Buyer's Secretary's Certificate
Exhibit L	Form of Membership Interest Assignment (MCE Blending, LLC)
Exhibit M	Buckeye Letter Agreement
Exhibit N	Form of Canadian Blending License
Exhibit O	Form of Consulting Agreement
Exhibit P	Form of Employment Agreement
Exhibit Q	Form of Assignment and Assumption Agreement
Exhibit R	Form of Canadian Butane Supply Agreements

<u>Schedules</u>

Schedule 1.1(a)	Seller Officers with "knowledge"
Schedule 1.1(b)	Company Parts and Equipment
Schedule 1.1(c)	Description of Company Real Property
Schedule 1.1(d)	Retained Seller Liabilities
Schedule 3.1(f)	Allocation Statement
Schedule 3.2(a)-1	Combined Inventory Valuation Procedures
Schedule 3.2(a)-2	Combined Inventory Calculation Procedures
Schedule 4.3(m)	Certain Excluded Assets
Schedule 4.3(q)	Butane and Gasoline Held in Connection with Buckeye Letter Agreement
Schedule 5.5(d)	Financial Statement Matters
Schedule 5.8(a)	Company Real Property Matters
Schedule 5.8(b)	Notices Regarding Company Real Property
Schedule 5.9	Litigation
Schedule 5.10	Compliance with Legal Requirements
Schedule 5.11	Governmental Authority Consents
Schedule 5.12	Environmental Matters
Schedule 5.13	Material Permits
Schedule 5.14	Violations under Orders, etc. or Permits
Schedule 5.15(a)	Material Contracts
Schedule 5.15(b)	Defaults under Material Contracts

Schedule 5.16	Tax Matters
Schedule 5.18(b)	Other Intangible Property Necessary to Conduct the Butane Blending Business
Schedule 5.18(d)	Infringement of the Company’s or the Seller’s Intellectual Property
Schedule 5.18(e)	Owned Intellectual Property
Schedule 5.18(i)(iv)	Public Software
Schedule 5.18(k)	Licenses of Intellectual Property by the Company and Seller
Schedule 5.18(l)	Licenses of Intellectual Property to the Company and Seller
Schedule 5.18(o)	Intellectual Property Owned by or Registered to Employees, Consultants or Contractors
Schedule 5.19(a)	Business Employees; Independent Contractors
Schedule 5.19(b)	Other Labor Matters
Schedule 5.20(a)	Seller Employee Benefit Plans
Schedule 7.3	Required Consents
Schedule 7.9(a)	Offered Employees
Schedule 7.9(h)	Benefit Plan Events

SUNOCO PARTNERS LLC
EXECUTIVE INVOLUNTARY SEVERANCE PLAN

(Amended and restated as of July 27, 2010)

ARTICLE I

DEFINITIONS

Section 1.1 "*Affiliate*" - means, with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the entity in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

Section 1.2 "*Benefit*" or "*Benefits*" - means any or all of the benefits that a Participant is entitled to receive pursuant to Article IV of the Plan.

Section 1.3 "*Board of Directors*" - means the Board of Directors of the Company.

Section 1.4 "*Chief Executive Officer*" - means the individual serving as the Chief Executive Officer of the Company, as of the date of reference.

Section 1.5 "*Committee*" - means the administrative committee designated pursuant to Article VI of the Plan to administer the Plan in accordance with its terms.

Section 1.6 "*Company*" - means Sunoco Partners LLC, a Pennsylvania limited liability Company that is the general partner of Sunoco Logistics Partners L.P., a Delaware limited partnership. The term "Company" shall include any successor to Sunoco Partners LLC, any subsidiary or Affiliate thereof that has adopted the Plan, or any entity succeeding to the business of Sunoco Partners LLC, or any subsidiary or Affiliate, by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction.

Section 1.7 "*Company Service*" - means, for purposes of determining Benefits available to any Participant in this Plan, the total aggregate recorded length of such Participant's service with Sunoco Partners LLC; any predecessor thereto (including, specifically, Sunoco, Inc. and its Affiliates), any subsidiary or Affiliate thereof (whether by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction) that has adopted the Plan; and/or any entity succeeding to the business of Sunoco Partners LLC. 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 (whether personal, educational, family, medical, military, or otherwise); *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.

Section 1.8 "*Compensation Committee*" - means the Compensation Committee of the Company's Board of Directors.

Section 1.9 "*Disability*" - means 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.

Section 1.10 "*Employment Termination Date*" - means the date on which a Participant separates from service as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations issued thereunder.

Section 1.11 "*ERISA*" - means the Employee Retirement Income Security Act of 1974, as amended.

Section 1.12 "*Executive Level Employee*" - means the following officers of the Company: the Chief Executive Officer; the President and Chief Operating Officer; the Chief Financial Officer; the Chief Human Resources Officer; the Vice President, Operations; the Vice President, Business Development; the Vice President, Lease Acquisition and Marketing; the Vice President, General Counsel and Secretary; and the Vice President, Human Resources and Administration; together with such other persons as may be designated by the Compensation Committee; provided, however, that any Executive Employee that is a participant in the Sunoco, Inc. Executive Involuntary Severance Plan will not be deemed an "Executive Employee" for purposes of this Plan.

Section 1.13 "*Just Cause*" - means, as determined by the Committee:

(a) the willful and continued failure of the Participant to perform substantially the Participant's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Board of Directors or the Chief Executive Officer, specifically identifying the manner in which the Board of Directors or the Chief Executive Officer believes the Participant has not substantially performed the Participant's duties;

(b) indictment of the Participant for a felony in connection with the Participant's employment duties or responsibilities to the Company that is not quashed within six (6) months;

(c) conviction of Participant of a felony;

(d) willful conduct by the Participant in connection with the Participant's employment duties or responsibilities to the Company that is gross misconduct (including, but not limited to, dishonest or fraudulent acts) and places the Company at risk of material injury; or

(e) the Participant's failure to comply with a policy of the Company that places the Company at risk of material injury.

For purposes of this Section, no act, or failure to act, on the part of the Participant shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or Participant knew or should have known that their action or omission violated Company policy or the law. In addition, for purposes of this Section, "injury" shall include, but not be limited to, financial injury and injury to the reputation of the Company. Any act or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of

counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith.

Section 1.14 "*Participant*" - means any Executive Level Employee; *provided, however,* that any Executive Level Employee having an employment contract with the Company that provides severance benefits shall not be eligible to participate in the Plan while such contract is in effect, except to the extent specifically provided in the contract.

Section 1.15 "*Plan*" - means the Sunoco Partners LLC Executive Involuntary Severance Plan, as set forth herein, and as the same may from time to time be amended.

Section 1.16 "*Plan Year*" - means each fiscal year of the Company during which this Plan is in effect.

Section 1.17 "*Salary Continuation Period*" - means:

(a) six (6) weeks, in the case of a Participant who either has not executed the release described in Section 3.3 hereof, or who has revoked such a previously executed release; or

(b) in the case of a Participant that has executed and not revoked the release described in Section 3.3 hereof:

(1) seventy-eight (78) weeks for the Company's Chief Executive Officer; President and Chief Operating Officer; Chief Financial Officer; and Chief Human Resources Officer; and

(2) fifty-two (52) weeks for each other Executive Level Employee.

Section 1.18 "*Specified Employee*" means each of the following: the Chief Executive Officer; the President and Chief Operating Officer; the Chief Financial Officer; the Chief Human Resources Officer; the Vice President, Operations; the Vice President, Business Development; the Vice President, Lease Acquisition and Marketing; the Vice President, General Counsel and Secretary; and the Vice President, Human Resources and Administration (designated pursuant to the election of an alternative method specified in Treasury Regulation Sections 1.409A-1(i)(5) and 1.409A-1(i)(8)); provided, however, that any Executive Employee that is a participant in the Sunoco, Inc. Executive Involuntary Severance Plan will not be deemed a "Specified Employee" for purposes of this Plan.

Section 1.19 "*Weekly Compensation*" - means the sum of each of the following items divided by 52:

(a) a Participant's annual base salary; and

(b) the applicable guideline (target) annual bonus amount in effect on his or her Employment Termination Date.

ARTICLE II

BACKGROUND, PURPOSE AND TERM OF PLAN

Section 2.1 *Background*. The Company maintains this Plan to provide severance benefits to its Executive Level Employees, whose employment is terminated for reasons other than Just Cause. The Plan shall be effective as of July 27, 2010.

Section 2.2 *Purpose of the Plan*. In recognition of their past service to the Company, this Plan is intended to alleviate, in part or in full, financial hardships which may be experienced by certain of those employees of the Company whose employment is terminated. In essence, benefits under the Plan are intended to be additional compensation for past services or the continuation of the specified fringe benefits for a transitional period. The amount or kind of benefit to be provided is to be based on the position and compensation of the Executive Level Employee and the fringe benefit programs applicable to such Executive Level Employee at his or her Employment Termination Date. The Plan is not intended to be included in the definitions of “employee pension benefit plan” and “pension plan” as 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 regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, § 2510.3–2(b).

Section 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 in accordance with the further provisions hereof.

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.1 *General Eligibility Requirement*. In order to receive a Benefit under this Plan, a Participant’s employment must have been terminated by the Company other than for Just Cause, death or Disability; *provided, however,* that any Participant who is receiving benefits under the Sunoco Partners LLC Special Executive Severance Plan shall not also be eligible to receive any Benefit under this Plan.

Section 3.2 *Employment by Successor*. Notwithstanding anything herein to the contrary, no Benefits shall be due hereunder in connection with the sale or other disposition by the Company of the equity or assets of any business unit, division, subsidiary, or other Affiliate, if the Participant receives an offer of employment from the purchaser or other acquiror at a combined annual salary and guideline bonus at least equal to the annual salary and guideline bonus for his or her position with the Company immediately prior to such sale or other disposition.

Section 3.3 *Release*. Unless the Participant executes a full waiver and release of claims in a form satisfactory to the Company, and notwithstanding anything herein to the contrary as provided in Section 5.2, the Benefits provided hereunder in connection with a termination of employment shall be provided only for the Salary Continuation Period set forth in Section 1.17(a) of this Plan, and the special medical benefit described in Section 4.4 of this Plan shall not

be provided. In no event shall execution of the release described in this Section 3.3 impair a Participant’s ability to pursue any rights with respect to benefits under the Sunoco Partners LLC Special Executive Severance Plan.

ARTICLE IV

BENEFIT

Section 4.1 *Amount of Immediate Cash Benefit*. The immediate cash amount to be paid to a Participant eligible to receive Benefits under Section 3.1 hereof shall be paid in a lump sum and shall equal the Participant’s earned vacation (as determined under the Company’s applicable vacation policy as in effect on the Employment Termination Date) through the end of his or her Employment Termination Date.

Section 4.2 *Salary Continuation*. A Participant who is eligible to receive Benefits under Section 3.1 shall continue to be entitled, through the end of his or her Salary Continuation Period to his or her Weekly Compensation as in effect on the Employment Termination Date.

Section 4.3 *Executive Benefits*. A Participant who is eligible to receive Benefits under Section 3.1 shall continue to be entitled, through the end of his/her Salary Continuation Period to those employee benefits listed below:

(a) death benefits in an amount equal to one (1) times the Participant’s annual base salary at the Employment Termination Date; *provided*, *however*, that supplemental coverages elected under Sunoco, Inc.’s applicable death benefits plan(s), or any similar plan of any of the following:

(i) a subsidiary or Affiliate which has adopted this Plan;

(ii) a corporation succeeding to the business of Sunoco, Inc.; and/or

(iii) any subsidiary or Affiliate, by merger, consolidation or liquidation or purchase of assets or stock or similar transaction)

will be discontinued under the terms of such plan(s); and

(b) medical plan benefits (excluding dental coverage), including COBRA continuation coverage beginning as of the start of the Salary Continuation Period and running concurrently therewith.

In each case, when contributions are required of all other active Executive Level Employees at the time of the Participant's Employment Termination Date, or thereafter, if required of other Executive Level Employees, the Participant shall continue to be responsible for making the required contributions during the Salary Continuation Period in order to be eligible for the coverage. The Participant also shall be entitled to reasonable outplacement services as deemed appropriate by the Committee; provided, however, that such outplacement services shall be provided for the period that ends no later than the end of the second calendar year following the year of the Participant’s Employment Termination Date and paid for directly by the Company no later than the end of the third calendar year following the year of the Participant’s Termination Date.

Section 4.4 *Special Medical Benefit*. Participants who have executed and not revoked the release described in Section 3.3 hereof, who were employed by the Company on or before January 1, 2008, and who were fifty (50) or more years of age on January 1, 2008, with a minimum of ten (10) years of Company Service on the Employment Termination Date, 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. Participants who have executed and not revoked the release described in Section 3.3 hereof, and who (a) are fifty (50) or more years of age on the Employment Termination Date, and (b) were not employed by the Company on January 1, 2008, or were not fifty (50) or more years of age on January 1, 2008, or have fewer than ten (10) years of Company Service on the Employment Termination Date, shall be eligible for the medical benefits described in the preceding sentence, 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 a Company retirement plan, such benefits may continue until such time as the Participant becomes first eligible for Medicare, or the Participant voluntarily cancels coverage, whichever is earliest.

Section 4.5 *Retirement Plans*. This Plan shall not govern and shall in no way affect the Participant's interest in, or entitlement to benefits under, any qualified or supplemental retirement plans in which the Participant participates, and payments received under any such plan shall not affect a Participant's right to any Benefit hereunder.

Section 4.6 *Minimum Benefit*. Notwithstanding the provisions of Sections 4.2, 4.3 and 4.4 hereof, the Benefits available under this Plan shall not be less than those determined in accordance with the provisions of the Sunoco Logistics Partners L.P. Involuntary Termination Plan. If the Participant determines that the benefits under the Sunoco Logistics Partners L.P. Involuntary Termination Plan are more valuable to the Participant than the comparable Benefits set forth in 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 this Plan shall be calculated using only the applicable provisions of the Sunoco Logistics Partners L.P. Involuntary Termination Plan.

Section 4.7 *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 qualified or supplemental retirement plans, in which the Participant participates, nor shall a Participant accrue vacation days, paid holidays, paid sick days or other similar benefits normally associated with employment for any part of the Salary Continuation Period during which benefits are payable under this Plan.

ARTICLE V

METHOD AND DURATION OF BENEFIT PAYMENTS

Section 5.1 *Method of Payment*.

(a) The cash Benefits to which a Participant is entitled, as determined pursuant to Article IV hereof, shall be paid monthly except as otherwise provided in this Article V. Pursuant to Treasury Regulation Section 1.409A-2(b)(2)(iii), for purposes of Treasury Regulation 1.409A-1(b)(4) and all other provisions of the regulations promulgated under Code Section 409A, the Participant's right to the series of monthly payments hereunder at all times shall be treated as a right to a series of separate payments. Payment shall be made by mailing to the last address provided by the Participant to the Company, or by direct deposit into a bank account designated by the Participant in writing to the Company.

(b) Payment of any cash Benefits (that are deferred compensation for purposes of Code Section 409A) to any Participant who is a Specified Employee shall be made as follows:

(i) Cash Benefits that are scheduled to be paid for the period which begins on such Participant's Employment Termination Date and ends on the date six months from such Participant's Employment Termination Date, shall not be paid as scheduled, but shall be accumulated and paid in a lump sum on the date six months after the Participant's Employment Termination Date.

(ii) Simple interest will be paid on cash Benefits delayed hereunder from the date such payments would have been made to the Participant but for this subsection (b), to the date of actual payment, at the interest rate equal to the prime rate of Citibank, N.A. as in effect from time to time after such due date.

Section 5.2 *Conditions to Entitlement to Benefit*. In order to be eligible to receive full Benefits hereunder, a Participant shall make himself or herself available to the Company and cooperate in any reasonable manner (so as not to unreasonably interfere with subsequent employment) in providing assistance to the Company after his or her Employment Termination Date in conducting any matters which are pending at such time, and, as provided in Section 3.3, shall execute a release and discharge of the Company from any and all claims, demands or causes of action other than as to amounts or benefits due to the Participant under any plan, program or contract provided by, or entered into with, the Company. Such release and discharge shall be in such form as is prescribed by the Committee and shall be executed prior to the payment of any Benefits due hereunder. In addition, no Benefits due hereunder shall be paid to a Participant who is required by Company guidelines to execute an agreement governing the assignment of patents or the disclosure of confidential information unless an executed copy of such agreement is on file with the Company.

Section 5.3 *Payments to Beneficiaries*. Each Executive Level Employee shall designate one or more beneficiaries to receive the 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 Committee 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.

ARTICLE VI

ADMINISTRATION

Section 6.1 *Appointment of the Committee*. The Committee shall consist of three (3) or more persons who may be, but need not be, employees of the Company. The composition of the Committee shall be identical to that of the committee appointed by the Compensation Committee of the Company's Board of Directors for the purpose of administering the Company's Special Executive Severance Plan.

Section 6.2 *Tenure of the Committee*. Committee members shall serve at the pleasure of the Compensation Committee and may be discharged, with or without Just Cause, by the Compensation Committee. Committee members may resign at any time on ten (10) days' written notice.

Section 6.3 *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, to supply omissions and to make factual determinations. All decisions, actions and interpretations of the Committee shall be final, binding and conclusive upon the parties.

Section 6.4 *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 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.

Section 6.5 *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.

Section 6.6 *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).

Section 6.7 *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).

Section 6.8 *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.

Section 6.9 *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 VII

AMENDMENT AND TERMINATION

Section 7.1 *Amendment, Suspension and Termination*. The Company, acting by or pursuant to a resolution of the Board of Directors, or a committee thereof delegated such responsibility, 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. No such amendment shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits. No action to amend or modify the Plan that is taken after a Change in Control (as such term is defined in the Special Executive Severance Plan of the Company) or before, but in connection with, a Change in Control, may terminate or reduce the rights of a Participant as of the date of such action with respect to the Company's Special Executive Severance Plan or Section 3.3.

ARTICLE VIII

DUTIES OF THE COMPANY

Section 8.1 *Records*. The Company shall supply to the Committee all records and information necessary to the performance of the Committee's duties.

Section 8.2 *Payment*. The Company shall make payments from its general assets to Participants, and shall provide the Benefits described in Article IV hereof in accordance with the terms of this Plan, as directed by the Committee.

ARTICLE IX

CLAIMS PROCEDURES

Section 9.1 *Application for Benefits*. Benefits shall be paid by the Company following a termination of employment that qualifies the Participant for Benefits. In the event a Participant believes himself or 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.

Section 9.2 *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 or 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 or 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 had 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. The determination so rendered shall be binding upon all parties.

ARTICLE X

MISCELLANEOUS

Section 10.1 *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.

Section 10.2 *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.

Section 10.3 *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.

Section 10.4 *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, present and future. Unless the Chief Executive Officer directs otherwise, the Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to acknowledge expressly that this Plan is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform under this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 10.5 *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.

Section 10.6 *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.

Section 10.7 *Unfunded Plan*. The Plan shall not be funded. 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.

Section 10.8 *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.

Section 10.9 *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.

Section 10.10 *Controlling Law*. THIS PLAN SHALL BE CONSTRUED AND ENFORCED ACCORDING TO THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA TO THE EXTENT NOT PREEMPTED BY UNITED STATES FEDERAL LAW.

SUNOCO PARTNERS LLC

LONG-TERM INCENTIVE PLAN

Amended and restated as of July 27, 2010

SUNOCO PARTNERS LLC

LONG-TERM INCENTIVE PLAN

SECTION 1. Purpose of the Plan.

The Sunoco Partners LLC Long-Term Incentive Plan (the "Plan") is intended to promote the interests of Sunoco Logistics Partners L.P., a Delaware limited partnership (the "Partnership"), by providing to employees and directors of Sunoco Partners LLC, a Pennsylvania limited liability company (the "Company"), and its Affiliates who perform services for the Partnership and its subsidiaries, incentive awards for superior performance that are based on Units. The Plan is also intended to enhance the ability of the Company and its Affiliates to attract and retain employees whose services are key to the growth and profitability of the Partnership, and to encourage them to devote their best efforts to the business of the Partnership and its subsidiaries, thereby advancing the Partnership's interests.

SECTION 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 "Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

2.2 "Award" means a grant of one or more Options or Restricted Units pursuant to the Plan, and shall include any tandem DERs granted with respect to such Award.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means:

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

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

(iii) the willful and continued failure or refusal by the Participant to perform substantially the Participant's duties with the Company or an Affiliate thereof (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 for Good Reason) within thirty (30) days following the delivery of a written demand for substantial performance to the Participant by the Board, or any employee of the Company or an Affiliate with supervisory authority over the Participant, that specifically identifies the manner in which the Board or such supervising employee believes that the Participant has not substantially performed the Participant's duties; or

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

(a) is intended to result in substantial personal enrichment of the Participant at the expense of the Partnership, the Company or any of their Affiliates; or

(b) has a material adverse impact on the business or reputation of the Partnership, the Company or any 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).

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

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

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

(iii) the general partner (whether the Company or any other Person) of the Partnership ceases to be an Affiliate of Sunoco, Inc.

2.6 “Committee” means the Compensation Committee of the Board, such subcommittee thereof, or such other committee of the Board appointed to administer the Plan.

2.7 “DER” or “Distribution Equivalent Right” means contingent right, granted in tandem with a specific Restricted Unit, to receive an amount in cash equal to the cash distributions made by the Partnership with respect to a Unit during the period such Restricted Unit is outstanding.

2.8 “Director” means a member of the Board who is not an Employee.

2.9 “Employee” means any employee of the Company or an Affiliate, who performs services for the Partnership.

2.10 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.11 “Fair Market Value” means, as of any date and in respect of any Unit, the opening price of a Unit on such date (which price shall be the closing price of a Unit on the previous trading day, as reflected in the consolidated trading tables of The Wall Street Journal or any other publication selected by the Committee). If there is no sale of Units on the New York Stock Exchange for more than ten (10) days immediately preceding such date, or if deemed appropriate by the Committee for any other reason, the Fair Market Value of such Units shall be as determined in good faith by the Committee in such other manner as it may deem appropriate.

2.12 “Member” means, as of any date, any Person that has executed the limited liability company operating agreement of the Company (the “LLC Agreement”) as a member of the Company, and thereafter been admitted to the Company as a member as provided in the LLC Agreement, but such term does not include any Person who has ceased to be a member in the Company.

2.13 “Option” means on option to purchase Units granted under the Plan.

2.14 “Participant” means any Employee or Director granted an Award under the Plan.

2.15 “Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

2.16 “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 material reduction of the Participant’s authorities, duties, or responsibilities as an executive officer and/or officer of the Company form those in effect as of ninety (90) calendar days prior to a Change in Control, other than (i) an insubstantial reduction, or (ii) an inadvertent reduction that is remedied by the Company promptly after receipt of notice thereof given by the Participant; provided, however, that any reduction in the foregoing resulting from the acquisition of the Company and its

existence as a subsidiary or division of another entity shall not be sufficient to constitute a Qualifying Termination; 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, the Participant may not terminate under this subparagraph (b) unless he or she has given written notice delivered to the Partnership, the Company or their Affiliates, as appropriate, of the action or inaction giving rise to such termination, such notice to state with specificity the nature of the breach, failure or refusal, and such action or inaction is not corrected within thirty (30) days thereafter; *provided further* that 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 2.16(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. As used in this Section 2.16, a "termination of employment" means a separation from service as defined in Code Section 409A and the regulations issued thereunder.

2.17 "Restricted Period" means the period established by the Committee with respect to an Award during which the Award either remains subject to forfeiture or is not exercisable by the Participant.

2.18 "Restricted Unit" means a phantom, or notional, unit granted under the Plan which is equivalent in value and in distribution rights to a Unit and which, upon vesting, entitles the Participant to receive a Unit or its Fair Market Value in cash, whichever is determined by the Committee.

2.19 "Rule 16b-3" means Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

2.20 "SEC" means the Securities and Exchange Commission, or any successor thereto.

2.21 "Specified Employee" shall mean each of the following: the Chief Executive Officer; the President and Chief Operating Officer; the Chief Financial Officer; the Vice President, Operations; the Vice President, Business Development; the Vice President, Lease Acquisition and Marketing; the Vice President, General Counsel and Secretary; the Vice President, Human Resources and Administration; the Chief Information Officer; the Treasurer; and the Controller (designated pursuant to the election of an alternative method specified in Treasury Regulation Sections 1.409A-1(i)(5) and 1.409A-1(i)(8)).

2.22 "Unit" means a common unit of the Partnership.

SECTION 3. Administration.

The Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee. Annual grant levels for Participants will be recommended to the Committee by the Chief Executive Officer of the Company. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to:

(i) designate Participants;

(ii) determine the type or types of Awards to be granted to a Participant;

(iii) determine the number of Units to be covered by Awards;

(iv) determine the terms and conditions of any Award;

(v) determine whether, to what extent, and under what circumstances Awards may be settled, exercised, canceled, or forfeited;

(vi) interpret and administer the Plan and any instrument or agreement relating to an Award made under the Plan;

(vii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and

(viii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding

upon all Persons, including the Company, the Partnership, any Affiliate, any Participant, and any beneficiary of any Award.

Subject to the following and any applicable law, the Committee, in its sole discretion, may delegate any or all of its powers and duties under the Plan to the Chief Executive Officer of the Company, including the power to grant Awards under the Plan, provided the Chief Executive Officer is also a member of the Board, subject to such limitations on such delegated powers and duties as the Committee may impose, if any. Upon any such delegation all references in the Plan to the "Committee", other than in Section 7 ("Amendment and Termination"), shall be deemed to include the Chief Executive Officer; provided, however, that such delegation shall not limit the Chief Executive Officer's right to receive Awards under the Plan. Notwithstanding the foregoing, the Chief Executive Officer may not grant Awards to, or take any action with respect to any Award previously granted to, a person who is an officer subject to Rule 16b-3 or a member of the Board.

SECTION 4. Units Available for Awards.

4.1 Units Available. Subject to adjustment as provided in Section 4.3, the number of Units with respect to which Awards may be granted under the Plan is one million two hundred fifty thousand (1,250,000). If any Award is forfeited or otherwise terminates or is canceled without the delivery of Units, then the Units covered by such Award, to the extent of such forfeiture, termination, or cancellation, shall again be Units with respect to which Awards may be granted.

4.2 Sources of Units Deliverable Under Awards. Any Units delivered pursuant to an Award shall consist, in whole or in part, of Units acquired in the open market, from any Affiliate, the Partnership or any other Person, or any combination of the foregoing, as determined by the Committee in its discretion.

4.3 Adjustments. In the event of any change in the outstanding Units of the Partnership by reason of any distribution (whether in the form of cash, Units, other securities, or other property), split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Units or other securities of the Partnership, issuance of warrants or other rights to purchase Units or other securities of the Partnership, or other similar transaction or event, an equitable and proportionate anti-dilution adjustment will be made to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, and to offset any resultant change in the price per Unit and preserve the intrinsic value of Options, Restricted Units and other awards theretofore granted under the Plan. Such mandatory adjustment may include a change in one or more of the following:

(i) the number and type of Units (or other securities or property) with respect to which Awards may be granted;

(ii) the number and type of Units (or other securities or property) subject to outstanding Awards;

(iii) the purchase price per Unit purchasable under outstanding Options;

(iv) the number of Restricted Units outstanding; and

(v) other similar matters.

SECTION 5. Eligibility.

Any Employee or Director will be eligible to be designated a Participant and receive an Award under the Plan.

SECTION 6. Awards.

6.1 Options. The Committee shall have the authority to determine the Employees and Directors to whom Options will be granted, the number of Units to be covered by each Option, the purchase price therefor and the conditions and limitations applicable to the exercise of the Option, including the following terms and conditions and such additional terms and conditions, as the Committee shall determine, that are not inconsistent with the provisions of the Plan.

(i) *Exercise Price*. The purchase price per Unit purchasable under an Option shall be determined by the Committee at the time the Option is granted but shall not be less than the closing price of a Unit on the date the Option is granted, as reflected in the consolidated trading tables of the Wall Street Journal under the caption 'New York Stock Exchange Composite Transactions' or any other publication selected by the Committee). If there is no sale of shares of Units on the New York Stock Exchange for more than ten (10) days immediately preceding such date, the applicable purchase price per Unit purchasable under an Option shall be as determined by the Committee in such other manner as it may deem appropriate.

(ii) *Time and Method of Exercise*. The Committee shall determine the Restricted Period, i.e., the time or times at which an Option may be exercised in whole or in part, and the method or methods by which payment of the exercise price with respect thereto may be made or deemed to have been made which may include, without limitation, cash, check acceptable to the Company, a "cashless-broker" exercise (through procedures approved by the Company), other securities or other property, a note from the Participant (in a form acceptable to the Company), or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price.

(iii) *Forfeiture*. Except as otherwise provided in the terms of the Option grant, upon termination of a Participant's employment with the Company, or membership on the Board, whichever is applicable, for any reason (other than retirement, death, permanent disability, or approved leave of absence), including transfer of employment to Sunoco, Inc. (or any subsidiary thereof that is not also a subsidiary of the Company) during the applicable Restricted Period, all Options shall be forfeited by the Participant, unless otherwise provided in a written employment agreement (if any) between the Participant and the Company or one or more of its Affiliates; provided, however, that the Committee may, in its discretion, waive in whole or in part such forfeiture with respect to a Participant's Options; and, further provided, that a Participant who is eligible to receive payment of retirement benefits under the Sunoco, Inc. Retirement Plan, and who terminates voluntarily his or her employment with the Company during the applicable Restricted Period, shall not forfeit any of his then-outstanding Options, and such Participant shall be treated as though he or she had, in fact, retired during the applicable Restricted Period.

6.2 Restricted Units. The Committee shall have the authority to determine the Employees and Directors to whom Restricted Units shall be granted, the number of Restricted Units to be granted to each such Participant, the duration of the Restricted Period, the conditions under which the Restricted Units may become vested or forfeited, and such other terms and conditions as the Committee may establish respecting such Awards, including whether DERs are granted with respect to such Restricted Units. The Committee may establish, at the time of the grant of Restricted Units, other conditions that must be met for payout to occur. These conditions shall be set forth in the Committee's resolution granting the Restricted Units and in the applicable agreements with Participants.

(i) *DERs.* To the extent provided by the Committee, in its discretion, a grant of Restricted Units may include a tandem DER grant, which may provide that such DERs shall be paid directly to the Participant, be credited to a bookkeeping account (with or without interest in the discretion of the Committee) subject to the same restrictions as the tandem Award, or be subject to such other provisions or restrictions as determined by the Committee in its discretion. Notwithstanding the foregoing, payment of all DERs under a tandem DER grant made pursuant to this Section 6.2(i) shall be made within two and one-half (2- 1/2) months following the calendar year in which such DERs become nonforfeitable.

(ii) *Forfeiture*. Except as otherwise provided in the terms of the Award agreement, upon termination of a Participant's employment with the Company or membership on the Board, whichever is applicable, for any reason (other than retirement, death, permanent disability, or approved leave of absence), including transfer of employment to Sunoco, Inc. (or any subsidiary thereof that is not also a subsidiary of the Company), during the applicable Restricted Period, all Restricted Units shall be forfeited by the Participant, unless otherwise provided in a written employment agreement (if any) between the Participant and the Company or one or more of its Affiliates; *provided, however,* that the Committee may, in its discretion, waive in whole or in part such forfeiture with respect to a Participant's Restricted Units; *and, further provided,* that a Participant who is eligible to receive payment of retirement benefits under the Sunoco, Inc. Retirement Plan, and who terminates voluntarily his or her employment with the Company during the applicable Restricted Period, shall not forfeit any of his then-outstanding Restricted Units, and such Participant shall be treated as though he or she had, in fact, retired during the applicable Restricted Period.

(iii) *Lapse of Restrictions*. Upon, or as soon as reasonably practicable following, the vesting of each Restricted Unit, but within two and one-half (2- 1/2) months following the calendar year in which such Restricted Unit becomes nonforfeitable, the Participant shall be entitled to receive from the Company, and the Company shall pay to the Participant, one Unit or its Fair Market Value, in cash, as determined by the Committee, subject to the provisions of Section 8.2.

6.3 General.

(i) *Awards May Be Granted Separately or Together*. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award granted under the Plan or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or awards granted under any other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(ii) *Limits on Transfer of Awards*.

(a) Except as provided in (b) below:

(1) no Award and no right under any such Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate;

(2) each Option shall be exercisable only by the Participant during the Participant's lifetime, or by the person to whom the Participant's rights shall pass by will or the laws of descent and distribution; and

(b) To the extent specifically provided by the Committee with respect to an Option grant, an Option may be transferred by a Participant without consideration to immediate family members or related family trusts, limited partnerships or similar entities or on such terms and conditions as the Committee may from time to time establish. In addition, Awards may be transferred by will and the laws of descent and distribution.

(iii) *Term of Awards*. The term of each Award shall be for such period as may be determined by the Committee.

(iv) *Unit Certificates*. All certificates for Units or other securities of the Partnership delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Units or other securities are then listed, and any applicable federal or state laws,

and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(v) *Consideration for Grants*. Awards may be granted for such consideration as the Committee determines including, without limitation, services or such minimal cash consideration as may be required by applicable law.

(vi) *Delivery of Units or other Securities and Payment by Participant of Consideration*. Notwithstanding anything in the Plan or any grant agreement to the contrary, delivery of Units pursuant to the exercise or vesting of an Award may be deferred for any period during which, in the good faith determination of the Committee, the Company is not reasonably able to obtain Units to deliver pursuant to such Award without violating the rules or regulations of any applicable law or securities exchange. No Units or other securities shall be delivered pursuant to any Award until payment in full of any amount required to be paid pursuant to the Plan or the applicable Award agreement (including, without limitation, any exercise price or any tax withholding) is received by the Company. Such payment may be made by such method or methods and in such form or forms as the Committee shall determine, including, without limitation, cash, other Awards, withholding of Units, cashless broker exercises with immediate sale, or any combination thereof; provided, however, that the combined value, as determined by the Committee, of all cash and cash equivalents and the Fair Market Value of any such Units or other property so tendered to the Company, as of the date of such tender, is at least equal to the full amount required to be paid to the Company pursuant to the Plan or the applicable Award agreement.

(vii) *Change of Control*.

(a) *Payment of Restricted Units*. In the event of a Qualifying Termination, Restricted Units will be paid to the Participant no later than the earlier of ninety (90) days following the date of occurrence of such Qualifying Termination or two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination, regardless of whether the applicable performance goals or targets have been met.

For a Qualifying Termination occurring within the first consecutive twelve-month period following the date of grant, the number of performance-based Restricted Units paid out with regard to such grant shall be equal to the total number of Restricted Units outstanding in such grant as of the Qualifying Termination, not adjusted for any performance factors.

For a Qualifying Termination occurring after the first consecutive twelve-month period following the date of grant, the number of performance-based Restricted Units paid out with regard to such grant shall be the greater of:

(a) the total number of Restricted Units outstanding in such grant as of the Qualifying Termination, not adjusted for any performance factors, or

(b) the total number of such Restricted Units outstanding in such grant, multiplied by the applicable performance factors related to the Partnership's actual performance immediately prior to the Qualifying Termination.

In the case of an award of Restricted Units conditioned upon the Participant's continued employment, the total number of Restricted Units outstanding in such grant as of the Qualifying Termination shall be paid to the Participant.

The Participant's Restricted Units shall be payable to the Participant in cash or Units, as determined by the Committee, as follows:

(a) if the Participant is to receive Units, the Participant will receive the total number of Units stated above in this Section 6.3(vii); or

(b) if the Participant is to receive cash, the Participant will be paid an amount in cash equal to the number of Units stated above in this Section 6.3(vii), multiplied by the

Fair Market Value per Unit. Such amount will be reduced by the applicable federal, state and local withholding taxes due.

(b) *Payment of Distribution Equivalents*. On or before the earlier of the ninetieth (90th) day following the date of occurrence of such Qualifying Termination or the day that is two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination, the Participant will be paid an amount in cash equal to the value of the applicable DERs on the number of Units being paid pursuant to this Section 6.3(vii) for the time period immediately preceding the Qualifying Termination.

(c) *Options.* Notwithstanding any provisions to the contrary in agreements evidencing Options granted thereunder, or in this Plan, each outstanding Option shall become immediately and fully exercisable upon the occurrence of any Qualifying Termination.

6.4 Payment of Restricted Units on Termination of Employment. For purposes of this Section 6, termination of a Participant's employment, and any and all other references to a Participant's employment being terminated ("Termination of Employment"), shall mean with respect to a Participant such Participant's separation from service as defined in Internal Revenue Code ("Code") Section 409A and the regulations issued thereunder, and a Participant's Employment Termination Date shall mean the date that a Participant separates from service as defined in Code Section 409A and the regulations issued thereunder. Notwithstanding any other provisions of this Section 6, payment of any Restricted Unit (and related DER) to any Participant who is a Specified Employee on account of such Participant's Termination of Employment shall be made as follows. Restricted Units that are scheduled to be paid for the period which begins on such Participant's Employment Termination Date and ends on the date six months from such Participant's Employment Termination Date, shall not be paid as scheduled, but shall be accumulated and paid in a lump sum on the date six months after the Participant's Employment Termination Date. In the case of payments delayed pursuant to this Section 6.4, at the time of a Participant's Termination of Employment, at the election of the Participant, all or a portion of a Participant's Restricted Units may be converted to the cash equivalent Fair Market Value of such units ("Cash Units"). Simple interest will be paid on Cash Units delayed hereunder from the date of such conversion to the date of actual payment, at a rate equal to the prime rate of Citibank, N.A. as in effect from time to time after such due date. With respect to any Restricted Units that are not converted to Cash Units, and which include a tandem DER, the provisions of Section 6.2(i) will continue to apply to such Restricted Units during the period that payment of Restricted Units are delayed pursuant to this Section 6.4, with payment of all such DERs made at the time of payment of the associated Restricted Unit hereunder.

SECTION 7. Amendment and Termination.

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award agreement or in the Plan:

(i) Amendments to the Plan. Except as required by applicable law or the rules of the principal securities exchange on which the Units are traded and subject to Section 7(ii) below, the Board or the Committee may amend, alter, suspend, discontinue, or terminate the Plan in any manner; provided, however, that neither the Board nor the Committee may increase the number of Units available for Awards under the Plan, without the express prior written consent of the Members of the Company.

(ii) Amendments to Awards. The Committee may waive any conditions or rights under, amend any terms of, or alter any Award theretofore granted, provided no change, other than pursuant to Section 7(iii), in any Award shall materially reduce the benefit to Participant without the consent of such Participant.

(iii) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. In order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, adjustments will be made in the terms and conditions of,

and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.3 of the Plan) affecting the Partnership or the financial statements of the Partnership, or of changes in applicable laws, regulations, or accounting principles.

SECTION 8. General Provisions.

8.1 No Rights to Awards. No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants. The terms and conditions of Awards need not be the same with respect to each Participant.

8.2 Withholding. The Company or any Affiliate is authorized to withhold from any Award, from any payment due or transfer made under any Award or from any compensation or other amount owing to a Participant the amount (in cash, Units, other securities, Units that otherwise would be issued pursuant to such Award or other property) of any applicable taxes payable in respect of the grant of an Award, its exercise, the lapse of restrictions thereon, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy its withholding obligations for the payment of such taxes.

8.3 No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employment of the Company or any Affiliate or to remain on the Board, as applicable. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award agreement.

8.4 Governing Law. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THE PLAN AND ANY RULES AND REGULATIONS RELATING TO THE PLAN SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA AND APPLICABLE FEDERAL LAW.

8.5 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

8.6 Other Laws. The Committee may refuse to issue or transfer any Units or other consideration under an Award if, in its sole discretion, it determines that the issuance or transfer of such Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Units are then traded, or entitle the Partnership or an Affiliate to recover the entire then Fair Market Value thereof under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

8.7 No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company or any Affiliate.

8.8 No Fractional Units. No fractional Units shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Units or whether such fractional Units or any rights thereto shall be canceled, terminated, or otherwise eliminated.

8.9 Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

8.10 Facility Payment. Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to properly manage his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Committee may select, and the Company shall be relieved of any further liability for payment of such amounts.

8.11 Gender and Number. Words in the masculine gender shall include the feminine and the neuter, the plural shall include the singular and the singular shall include the plural.

SECTION 9. Term of the Plan.

The Plan shall be effective on the date of its approval by the Board and shall continue until the date terminated by the Board or Units are no longer available for grants of Awards under the Plan, whichever occurs first. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted prior to such termination, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award, shall extend beyond such termination date.

RESTRICTED UNIT AGREEMENT
under the
SUNOCO PARTNERS LLC LONG-TERM INCENTIVE PLAN

This Restricted Unit Agreement (the "Agreement"), entered into as of ______ (the "Agreement Date"), by and between Sunoco Partners LLC (the "Company") and ______, an employee of the Company or one of its Affiliates (the "Participant").

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

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

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

WHEREAS, the Participant has determined to accept such award;

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

ARTICLE I
AWARD OF RESTRICTED UNITS

1.1 **Identifying Provisions.** For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) Participant : ______________________________

(b) Date of Grant : ______________________________

(c) Number of Restricted Units : ______________________________

(d) Restricted Period : ______________________________

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

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

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

1.4 **Performance Measures.** Exhibit [2010-1], attached hereto and made a part hereof, sets forth the performance measures that will be applied to determine the amount of the award earned pursuant to this Agreement. Any or all of these performance measures may be modified by the Committee during, and after the end of, the Restricted Period to reflect significant events that occur during such Restricted Period.

1.5 **Payment of Restricted Units and Related DERs.** Payment in respect of the Restricted Units, and the related DERs, shall be paid to Participant after the Restricted Period for such Restricted Units has ended, but only to the extent the Committee determines that the applicable performance targets have been met.

(a) *Payment in Respect of Restricted Units Earned*. Except as provided by Section 1.6 hereof, all payment for Restricted Units earned shall be made in Units. The number of Units paid shall be equal to the number of Restricted Units earned; *provided, however,* that any fractional Units shall be rounded up and distributed to the Participant to the nearest whole Unit. Payment shall be made within two and one-half (2- 1/2) months following the calendar year in which such Restricted Units become nonforfeitable.

(b) *Payment of Earned DERs*. The Participant will be entitled to receive from the Company at the end of the Restricted Period, payment of an amount in cash equal to the DERs earned, as determined in accordance with the applicable provisions of Exhibit [2010-I]. Payment of all DERs shall be within two and one-half (2- 1/2) months following the calendar year in which such DERs become nonforfeitable.

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

1.6 **Change of Control.**

(a) *Payment of Restricted Units*. In the event of a Qualifying Termination, the Restricted Units subject to this award will be paid to the Participant no later than the earlier of ninety (90) days following the date of occurrence of such Qualifying Termination or two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination, regardless of whether the applicable Restricted Period has expired or whether applicable performance goals or targets have been met.

For a Qualifying Termination occurring within the first consecutive twelve-month period following the Date of Grant, the number of performance-based Restricted Units paid out shall be equal to the total number of Restricted Units outstanding in this award as of the Qualifying Termination, not adjusted for any performance factors.

For a Qualifying Termination occurring after the first consecutive twelve-month period following the Date of Grant, the number of performance-based Restricted Units paid out shall be the greater of:

(1) the total number of Restricted Units outstanding in this award as of the Qualifying Termination, not adjusted for any performance factors, or

(2) the total number of Restricted Units outstanding in this grant, multiplied by the applicable performance factors related to the Partnership's actual performance immediately prior to the Qualifying Termination.

The Restricted Units subject to this award shall be payable to the Participant in cash or Units, as determined by the Committee prior to the Qualifying Termination, as follows:

(1) if the Participant is to receive Units, the Participant will receive the total number of Units stated above in this Section 1.6(a); or

(2) if the Participant is to receive cash, the Participant will be paid an amount in cash equal to the number of Units stated above in this Section 1.6(a), multiplied by the Fair Market Value per Unit immediately prior to the Qualifying Termination. Such amount will be reduced by the applicable federal, state and local withholding taxes due.

(b) *Distribution Equivalents*. On or before the earlier of the ninetieth (90th) day following the date of occurrence of such Qualifying Termination or the day that is two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination, the Participant will be paid an amount in cash equal to the value of the applicable DERs on the number of Units being paid pursuant to Section 1.6(a) hereof, for the time period immediately preceding the Qualifying Termination.

(c) "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 material reduction of the Participant's authorities, duties, or responsibilities as an executive officer and/or officer of the Company form those in effect as of ninety (90) calendar days prior to a Change in Control, other than (i) an insubstantial reduction, or (ii) an inadvertent reduction that is remedied by the Company promptly after receipt of notice thereof given by the Participant; provided, however, that any reduction in the foregoing resulting from the acquisition of the Company and its existence as a subsidiary or division of another entity shall not be sufficient to constitute a Qualifying Termination; 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,* the Participant may not terminate under this subparagraph (b) unless he or she has given written notice delivered to the Partnership, the Company or their Affiliates, as appropriate, of the action or inaction giving rise to such termination, such notice to state with specificity the nature of the breach, failure or refusal, and such action or inaction is not corrected within thirty (30) days thereafter; *provided further* that 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 1.6(c) shall be conclusive. A Participant's mental or physical incapacity following the occurrence of an event described above in (c) above shall not affect the Participant's ability to have a Qualifying Termination. As used in this Section 1.6, a "termination of employment" means a separation from service as defined in Code Section 409A and the regulations issued thereunder.

1.7 **Termination of Employment.**

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

(1) the death of the Participant; or

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

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

The Participant's Restricted Units, and related DERs will remain subject to adjustment for any performance factors in accordance with the applicable provisions of Exhibit [2010-I] attached hereto, and will be paid out only as, if, and when the applicable performance goals have been met and the Restricted Period has ended, just as though the Participant had continued in the employment of the Company through the end of the Restricted Period.

(b) *Other Termination of Employment*. Except as provided in Sections 1.6 and 1.7(a)

above, or as determined by the Committee, upon termination of the Participant’s employment with the Company at any time prior to the end of the Restricted Period, the Participant shall forfeit 100% of such Participant’s Restricted Units, together with the related DERs, and the Participant shall not be entitled to receive any Units, or any payment in respect of any DERs, regardless of the level of performance goals achieved for all or any part of the Restricted Period.

(c) Payment of Restricted Units to Specified Employees on Termination of Employment. Termination of a Participant’s employment, and all other references herein to a Participant’s employment being terminated, shall mean such Participant’s separation from service as defined in Internal Revenue Code Section 409A and the regulations issued thereunder, and a Participant’s Employment Termination Date shall mean the date that a Participant separates from service as defined in Internal Revenue Code Section 409A and the regulations issued thereunder. Notwithstanding any other provisions of this Agreement, payment of any Restricted Unit (and related DER) to any Participant who is a Specified Employee on account of such Participant’s Termination of Employment shall be made as follows:

(1) Restricted Units scheduled to be paid for the period beginning on such Participant’s Employment Termination Date and ending on the date six (6) months from such Participant’s Employment Termination Date, shall not be paid as scheduled, but shall be accumulated and paid in a lump sum on the date six (6) months after the Participant’s Employment Termination Date. In the case of payments so delayed at the time of a Participant’s Termination of Employment, all or a portion of a Participant’s Restricted Units may be converted, at the election of the Participant, to the cash equivalent Fair Market Value of such Units (“Cash Units”). Simple interest will be paid thereon from the date of such conversion to the date of actual payment, at a rate equal to the prime rate of Citibank, N.A. as in effect from time to time after such due date. With respect to any Restricted Units that are not converted to Cash Units, and which include a tandem DER, the provisions of this Section 1.7(c)(1) will continue to apply to such Restricted Units during the period that payment of Restricted Units are delayed pursuant to this Section 1.7, with payment of all such DERs made at the time of payment of the associated Restricted Unit hereunder.

ARTICLE II
GENERAL PROVISIONS

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

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

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

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

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

2.6 **Tax Withholding.** All distributions under this Agreement are subject to withholding of all applicable taxes.

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

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

2.7 **Adjustments.** In the event of any change in the outstanding Units by reason of a distribution, re-capitalization, merger, consolidation, split-up, combination, exchange of Units or the like, an equitable and proportionate adjustment will be made to prevent dilution or enlargement of benefits intended to be made available under the Plan, to offset any resultant change in the price of Units representing limited partnership interests in the Partnership, and to preserve the intrinsic value of awards previously granted under the Plan.

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

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

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

2.9 **Administration.** Pursuant to the Plan, the Committee is vested with conclusive authority to interpret and construe the Plan, to adopt rules and regulations for carrying out the Plan, and to make determinations with respect to all matters relating to this Agreement, the Plan and awards made pursuant thereto. The authority to manage and control the operation and administration

of this Agreement shall be likewise vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee, and any decision made by the Committee with respect to this Agreement, shall be final and binding.

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

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

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

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

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

(a) if to the Company:	SUNOCO PARTNERS LLC Board of Directors 1818 Market Street, Suite 1500 Philadelphia, Pennsylvania, 19103 Attention: Vice President, General Counsel and Secretary
(b) if to the Participant:	to the address for Participant as it appears on the Company's records.

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

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

[SIGNATURE PAGE FOLLOWS]

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

SUNOCO PARTNERS LLC

By: ______________________________

Lynn L. Elsenhans
Chief Executive Officer

By: ______________________________

Name: ______________________________

Participant

RESTRICTED UNIT AGREEMENT
under the
SUNOCO PARTNERS LLC LONG-TERM INCENTIVE PLAN

This Restricted Unit Agreement (the “Agreement”), entered into as of ______ (the “Agreement Date”), by and between Sunoco Partners LLC (the “Company”) and ______, an employee of the Company or one of its Affiliates (the “Participant”);

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

WHEREAS, the Plan is administered by the Compensation Committee of the Company’s Board of Directors (the “Committee”); and

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

WHEREAS, the Participant has determined to accept such Award;

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

ARTICLE I
AWARD OF RESTRICTED UNITS

1.1 **Identifying Provisions.** For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) Participant : ____________________

(b) Date of Grant : ____________________

(c) Number of Restricted Units : ____________________

(d) Restricted Period : ____________________

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

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

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

1.4 **Payment of Restricted Units and Related DERs.** Full payout of the Award is conditioned only upon the Participant's continued employment with the Company throughout the Restricted Period beginning on ______ and ending on ______. The full Award shall become vested and payable, if the Participant is employed by the Company through the end of the ______-year Restricted Period.

(a) Payment in Respect of Restricted Units Earned. Except as provided by Section 1.5 hereof, all payment for Restricted Units earned shall be made in Units. The number of Units paid shall be equal to the number of Restricted Units earned; *provided*, *however*, that any fractional Units shall be distributed as an amount of cash equal to the Fair Market Value of such fractional Unit on the date of payment. Payment shall be made within two and one-half (2- 1/2) months following the calendar year in which such Restricted Units become nonforfeitable.

(b) Payment of Earned DERs. The Participant will be entitled to receive from the Company at the end of the Restricted Period, payment of an amount in cash equal to the DERs earned. Payment of all DERs shall be made within two and one-half (2- 1/2) months following the calendar year in which such DERs become nonforfeitable.

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

1.5 **Change of Control.**

(a) *Payment of Restricted Units*. In the event of a Qualifying Termination, the Restricted Units subject to this award will be paid to the Participant no later than the earlier of ninety (90) days following the date of occurrence of such Qualifying Termination or two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination. The number of Restricted Units paid out shall be equal to the total number of Restricted Units outstanding in this award as of the Qualifying Termination, regardless of whether the applicable Restricted Period has expired. The Restricted Units subject to this award shall be payable to the Participant in cash or Units, as determined by the Committee prior to the Qualifying Termination, as follows:

(1) if the Participant is to receive Units, the Participant will receive the total number of Units stated above in this Section 1.5(a); or

(2) if the Participant is to receive cash, the Participant will be paid an amount in cash equal to the number of Units stated above in this Section 1.5(a), multiplied by the Fair Market Value per Unit immediately prior to the

Qualifying Termination. Such amount will be reduced by the applicable federal, state and local withholding taxes due.

(b) *Distribution Equivalents*. On or before the earlier of the ninetieth (90th) day following the date of occurrence of such Qualifying Termination or the day that is two and one-half (2- 1/2) months following the end of the calendar year in which occurs the date of such Qualifying Termination, the Participant will be paid an amount in cash equal to the value of the applicable DERs on the number of Units being paid pursuant to this Section 1.5(a) hereof, for the time period immediately preceding the Qualifying Termination.

(c) "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 material reduction of the Participant's authorities, duties, or responsibilities as an executive officer and/or officer of the Company form those in effect as of ninety (90) calendar days prior to a Change in Control, other than (i) an insubstantial reduction, or (ii) an inadvertent reduction that is remedied by the Company promptly after receipt of notice thereof given by the Participant; provided, however, that any reduction in the foregoing resulting from the acquisition of the Company and its existence as a subsidiary or division of another entity shall not be sufficient to constitute a Qualifying Termination; 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, the Participant may not terminate under this subparagraph (b) unless he or she has given written notice delivered to the Partnership, the Company or their Affiliates, as appropriate, of the action or inaction giving rise to such termination, such notice to state with specificity the nature of the breach, failure or refusal, and such action or inaction is not corrected within thirty (30) days thereafter; *provided further* that 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 1.5(c) shall be conclusive. A Participant's mental or physical incapacity following the occurrence of an event described above in (c) above shall not affect the Participant's ability to have a Qualifying Termination. As used in this Section 1.5, a "termination of employment" means a separation from service as defined in Code Section 409A and the regulations issued thereunder.

1.6 **Termination of Employment.**

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

(1) the death of the Participant; or

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

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

(b) *Other Termination of Employment*. Except as provided in Sections 1.5 and 1.6(a) above, or as determined by the Committee, upon termination of the Participant's employment with the Company at any time prior to the end of the

Restricted Period, the Participant shall forfeit 100% of such Participant's Restricted Units, together with the related DERs, and the Participant shall not be entitled to receive any Units, or any payment in respect of any DERs.

(c) *Payment of Restricted Units to Specified Employees on Termination of Employment*. Termination of a Participant's employment, and all other references herein to a Participant's employment being terminated, shall mean such Participant's separation from service as defined in Internal Revenue Code Section 409A and the regulations issued thereunder, and a Participant's Employment Termination Date shall mean the date that a Participant separates from service as defined in Internal Revenue Code Section 409A and the regulations issued thereunder. Notwithstanding any other provisions of this Agreement, payment of any Restricted Unit (and related DER) to any Participant who is a Specified Employee on account of such Participant's Termination of Employment shall be made as follows:

(1) Restricted Units scheduled to be paid for the period beginning on such Participant's Employment Termination Date and ending on the date six (6) months from such Participant's Employment Termination Date, shall not be paid as scheduled, but shall be accumulated and paid in a lump sum on the date six (6) months after the Participant's Employment Termination Date. In the case of payments so delayed at the time of a Participant's Termination of Employment, all or a portion of a Participant's Restricted Units may be converted, at the election of the Participant, to the cash equivalent Fair Market Value of such units. Simple interest will be paid thereon from the date of such conversion to the date of actual payment, at a rate equal to the prime rate of Citibank, N.A. as in effect from time to time after such due date. With respect to any Restricted Units that are not converted to Cash Units, and which include a tandem DER, the provisions of this Section 1.6(c)(1) will continue to apply to such Restricted Units during the period that payment of Restricted Units are delayed pursuant to this Section 1.6, with payment of all such DERs made at the time of payment of the associated Restricted Unit hereunder.

ARTICLE II
GENERAL PROVISIONS

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

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

the Participant.

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

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

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

2.6 **Tax Withholding.** All distributions under this Agreement are subject to withholding of all applicable taxes.

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

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

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

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

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

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

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

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

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

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

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

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

(a) if to the Company: SUNOCO PARTNERS LLC
Board of Directors
1818 Market Street, Suite 1500
Philadelphia, Pennsylvania, 19103
Attention: Vice President, General Counsel and Secretary

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

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

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

[SIGNATURE PAGES FOLLOW]

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

SUNOCO PARTNERS LLC

By: ____________________________
Lynn L. Elsenhans
President & Chief Executive Officer

By: ____________________________

Name: ____________________________
Participant

Exhibit 10.3

SUNOCO PARTNERS LLC
ANNUAL INCENTIVE PLAN

Amended and restated, effective as of July 27, 2010

SUNOCO PARTNERS LLC
ANNUAL INCENTIVE PLAN

1. Definitions. As used in this Plan, the following terms shall have the meanings herein specified:

1.1 *Affiliate* - means, with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the entity in question. For purposes of this definition, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.2 *Board of Directors* - means the Board of Directors of the Company.

1.3 *Cause* - means:

(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 thereof (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 1.6(c)(1), (2), (3), (4) or (5)) 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 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).

1.4 *Change of Control* - means, 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, Inc., as defined from time to time in the Sunoco, Inc. stock plans; or

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

1.5 *CIC Incentive Award* - means the incentive award payable in cash following a Change of Control, as described herein at Section 8.4.

1.6 *CIC Participant* - - means a Participant:

(a) whose employment was terminated by the Company (other than for Cause) on or following the Change of Control, but before payment of the CIC Incentive Award; or

(b) whose employment was terminated by the Company (other than for Cause) before the Change of Control, or

(c) who terminated employment for one 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; or

(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 a Participant whose employment terminates under either subsection 1.6(b) or (c), such Participant can demonstrate that such termination, or circumstance leading to the termination, was at the request of a third party with which the Company had entered into negotiations or an agreement regarding a Change of Control, or otherwise occurred in connection with a Change of Control; *and further provided,* that in either case, the Change of Control actually occurs within one (1) year

following the employment termination and, in the event of a termination under 1.6(c), the termination occurs within 120 days after the occurrence of the event or events constituting the reason for such termination; or

(d) who was, immediately before the Change of Control, eligible for a prorated award under the provisions of Section 8.3; or

(e) who was employed by the Company on the date of the Change of Control and who does not incur a termination for Cause before payment of the CIC Incentive Award, in the event that, prior to the end of the calendar year in which the Change of Control occurred, either:

(1) the Plan is terminated; or

(2) the performance measures and/or performance targets for the applicable Plan Year are changed or modified, resulting in a decrease in the amount of any CIC Incentive Award otherwise payable.

1.7 *CIC Short Period* - means the portion of the Plan Year from January 1 to the date of the occurrence of a Change of Control.

1.8 *Company* - means Sunoco Partners LLC, a Pennsylvania limited liability company. The term "Company" shall include any successor to Sunoco Partners LLC, any subsidiary or Affiliate thereof that has adopted the Plan, or any entity succeeding to the business of Sunoco Partners LLC, or any subsidiary or Affiliate, by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction.

1.9 *Compensation Committee* - means the Compensation Committee of the Company's Board of Directors.

1.10 *Incentive Award* - means the award granted to a Participant.

1.11 *Participant* - means a person participating or eligible to participate in the Plan, as determined under Section 4.

1.12 *Partnership* - means Sunoco Logistics Partners L.P., a Delaware limited partnership, and its subsidiaries.

1.13 *Person* - means an individual, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

1.14 *Plan* - means the Company's Annual Incentive Plan as set forth herein, and as the same may be amended from time to time.

1.15 *Plan Year* - means the performance (calendar) year.

1.16 *Pro-Rated Incentive Award* - For purposes of Section 8.3(a) and (b) means an amount equal to the Incentive Award otherwise payable to a Participant for the Plan Year in which the Participant's initiation of employment with the Company (new hires) or termination of employment with the Company (other than for Cause) is effective, multiplied by a fraction, the numerator of which is the number of full and partial months in the applicable Plan Year beginning on the date such Participant's employment with the Company began or through the date of termination of such Participant's employment, as applicable, and the denominator of which is twelve (12). For purposes of Section 8.3(c) means an Incentive Award equal to the sum of (i) the amount equal to the Incentive Award payable to the Participant for the Plan year based on the Participant's previous position, multiplied by a fraction, the numerator of which is the number of full and partial months of the applicable Plan year in which the Participant was in the previous position and the denominator of which is twelve (12), and (ii) the amount equal to the Incentive Award payable to the Participant for the Plan year based on the Participant's new position, multiplied by a fraction, the numerator of which is the number of full and partial months

of the applicable Plan year in which the Participant has been in the new position and the denominator of which is twelve (12).

2. Purpose. The purpose of this Plan is to motivate management and the employees of the Company and its Affiliates who perform services for the Partnership to collectively produce outstanding results, encourage superior performance, increase productivity, and aid in attracting and retaining key employees.

3. Plan guidelines. The administration of the Plan and any potential awards granted pursuant to the Plan is subject to the determination by the Compensation Committee of the Company's Board of Directors that the performance goals for the applicable periods have been achieved. The Plan is an additional compensation program designed to encourage Participants to exceed specified objective performance targets for the designated period. The Compensation Committee will review the Partnership's performance results for the designated performance period, and thereafter will determine whether or not to approve awards under the Plan.

4. Performance Targets.

4.1 *Designation of Performance Targets*. The Company's Chief Executive Officer shall recommend, subject to approval by the Company's Compensation Committee, the performance measures and performance targets to be used for each Plan Year in determining the Incentive Awards to be paid under the Plan. Performance targets may be based on Partnership, business unit and/or individual achievements, or any combination of these, or on such other factors as the Company's Chief Executive Officer, subject to the approval of the Compensation Committee, may determine. Different performance targets may be established for different participants for any Plan Year. Satisfactory results, as determined by the Company's Compensation Committee in its sole discretion, must be achieved in order for an Incentive Award to be made pursuant to the Plan.

4.2 *Equitable Adjustment to Performance Measure Results*. At its discretion, the Compensation Committee may adjust actual performance measure results for extraordinary events or accounting adjustments resulting from significant asset purchases or dispositions or other events not contemplated or otherwise considered by the Compensation Committee when the performance measures and targets were set.

5. Participants. The Compensation Committee, in consultation with the Company's Chief Executive Officer, will designate members of management and employees of the Company and its Affiliates as eligible to participate in the Plan. Employees so designated shall be referred to as "Participants."

6. Participation Levels. A Participant's designated level of participation in the Plan, or target Incentive Award, will be determined under criteria established or approved by the Compensation Committee for that Plan Year or designated performance period. Levels of participation in the Plan may vary according to a Participant's position and the relative impact such Participant can have on the Company's and/or Affiliates' operations. Care will be used in communicating to any participant his performance targets and potential performance amount for a Plan Year. The amount of target Incentive Award a participant may receive for any Plan Year, if any, will depend upon the performance level achieved (unless waived) for that Plan Year, as determined by the Compensation Committee. No Participant shall have any claim to be granted any award under the Plan, and there is no obligation for uniformity of treatment of Participants. The terms and conditions of awards need not be the same respecting each Participant.

7. Award Payout. Incentive Awards typically will be determined after the end of the Plan Year or designated performance period. Awards will be paid in cash annually, unless otherwise determined by the Compensation Committee. The Compensation Committee will have the discretion, by Participant or

all Participants, to adjust some or all of the amount of any Incentive Award that otherwise would be payable by reason of the satisfaction of the applicable performance targets. In making any such determination, the Compensation Committee is authorized to take into account any such factor or factors it determines are appropriate, including but not limited to Company, business unit and individual performance. Notwithstanding the foregoing, payment of Incentive Awards will be made within two and one-half (2- 1/2) months following the end of the Plan Year.

8. Termination of Employment.

8.1 *Voluntary Termination*. Except in the event of a Change of Control, if a Participant terminates his or her employment with the Company for any reason (other than retirement, death, permanent disability, or approved leave of absence), including transfer of employment to Sunoco, Inc. (or any subsidiary thereof that is not also a subsidiary of the Company) prior to December 31 of any Plan Year, such Participant will not receive payment of the Incentive Award for such Plan Year, and will forfeit any right, title or interest in such Incentive Award, unless and to the extent waived by the Compensation Committee in its sole discretion; *provided, however*, that a Participant who is eligible to receive payment of retirement benefits under the Sunoco, Inc. Retirement Plan, and who terminates voluntarily his or her employment with the Company prior to December 31 of any Plan Year, will be paid a Pro-Rated Incentive Award, as provided in Section 8.3, hereof.

8.2 *Termination for Cause*. A Participant will not receive payment of any Incentive Award for a particular Plan Year if the Participant's employment with the Company is terminated for Cause prior to the payment of such Incentive Award.

8.3 *Proration of Incentive Award.*

(a) A Pro-Rated Incentive Award, reflecting participation for a portion of the Plan Year, will be paid to any Participant whose employment status changed during the year as a result of:

(1) death;

(2) permanent disability (as determined by the Committee);

(3) retirement;

(4) voluntary termination, or resignation, of employment by a Participant who, at the time of such voluntary termination or resignation, is eligible to receive payment of retirement benefits under the Sunoco, Inc. Retirement Plan;

(5) approved leave of absence; or

(6) termination at the Company's request (other than for Cause), for Participants in salary Grade 11 or above on the employment termination date; *provided, however*, that should such Participant choose to receive Benefits under the Sunoco Partners LLC Executive Involuntary Severance Plan, he or she will not be eligible to receive a Pro-Rated Incentive Award under this Plan.

(b) Newly-hired employees and part-time employees also will receive a Pro-Rated Incentive Award.

(c) If the Participant has a change in level of employment after the beginning of the Plan Year, the Participant will receive a Pro-Rated Incentive Award, with pro-ration based on the length of time and guideline percentage in the previous and new position, as more particularly described in Section 1.16.

(d) Unless otherwise required by applicable law, any Pro-Rated Incentive Award payable hereunder will be paid on the date when awards are otherwise payable as provided in the Plan.

8.4 *Change of Control*. Upon the occurrence of a Change of Control, the terms of this Section 8.4 shall immediately become operative, without further action or consent by any person or entity, and once operative shall supersede and control over any other provisions of this Plan:

(a) *Acceleration*. The CIC Incentive Award shall be payable in cash to all CIC Participants within thirty (30) days following the occurrence of a Change of Control (or as soon as it is practicable to determine the level of attainment of applicable performance targets under subsection 8.4(a)(1)), but in no event later than two and one-half (2 1/2) months following the end of the Plan Year in which the Change of Control occurred). Such award shall be calculated according to the terms of the Plan, except as follows:

(1) the level of attainment of applicable performance targets shall be determined based upon the performance of the Partnership for completed months from January 1 through the date of the Change of Control.

(2) The amount of the CIC Incentive Award shall be equal to the respective award adjusted to reflect the level of attainment of applicable performance targets, multiplied by the number of full and partial months in the CIC Short Period divided by twelve (12).

(3) Notwithstanding anything herein to the contrary, no action taken by the Compensation Committee or the Board of Directors after a Change of Control, or before, but in connection with, a Change of Control, may: (i) terminate or reduce the CIC Incentive Award or prospective CIC Incentive Award payable to any Participant in connection with such Change of Control without the express written consent of such Participant; or (ii) adversely affect a Participant's rights under subsection 8.4(b) in connection with such Change of Control.

(b) *Attorney's Fees*. The Company shall pay all reasonable legal fees and related expenses incurred by or with respect to a Participant during his lifetime or within ten (10) years after his death in seeking to obtain or enforce payment of the CIC Incentive Award to which such Participant may be entitled under the Plan after a Change of Control; *provided, however,* that the Participant (or a Participant's representative) shall be required to repay any such amounts to the Company to the extent a court of competent jurisdiction issues a final and non-appealable order setting forth the determination that the position taken by the Participant (or a Participant's representative) was frivolous or advanced in bad faith. Reimbursement shall be made on or before the close of the calendar year following the calendar year in which the expense was incurred. The amount of expenses eligible for reimbursement under this provision in one calendar year may not affect the amount of expenses eligible for reimbursement under this provision in any other calendar year.

9. Amendment and Termination. The Compensation Committee, at its sole discretion, may amend the Plan or terminate the Plan at any time (except as otherwise set forth in Section 8.4).

10. Administration. The Compensation Committee may delegate the responsibility for the administration and operation of the Plan to the Chief Executive Officer (or designee) of the Company or any participating Affiliate. The Compensation Committee (or the person(s) to which administrative authority has been delegated) shall have the authority to interpret and construe any and all provisions of the Plan, including all performance targets and whether and to what extent achieved. Any determination made by the Compensation Committee (or the person(s) to which administrative authority has been delegated) shall be final and conclusive and binding on all persons.

11. Indemnification. Neither the Company, any participating Affiliate, nor the Board of Directors, or any member or any committee thereof, of the Company or any participating Affiliate, nor any employee of the Company or any participating Affiliate shall be liable for any act, omission, interpretation, construction or determination made in connection with the Plan in good faith; and the members of the Company's Board of Directors, the Compensation Committee and/or the employees of the Company or any participating Affiliate shall be entitled to indemnification and reimbursement by the Company to the maximum extent permitted by law in respect of any claim, loss, damage or expense (including counsel's fees) arising from their acts, omission and conduct in their official capacity with respect to the Plan.

12. General provisions.

12.1 *Non-Guarantee of Employment*. Nothing contained in this Plan shall be construed as a contract of employment between the Company and/or a participating Affiliate and a Participant, and nothing in this Plan shall confer upon any Participant any right to continued employment with the Company or a participating Affiliate, or to interfere with the right of the Company or a participating Affiliate to terminate a Participant's employment, with or without cause.

12.2 *Interests Not Transferable*. No benefits under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind, and any attempt to do so shall be void.

12.3 *Facility Payment*. Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Compensation Committee or its designee, is unable to properly manage his or her financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Compensation Committee or its designee may select, and each participating Affiliate shall be relieved of any further liability for payment of such amounts.

12.4 *Controlling Law*. To the extent not superseded by federal law, the law of the Commonwealth of Pennsylvania shall be controlling in all matters relating to the Plan.

12.5 *No Rights to Award*. No person shall have any claim to be granted any award under the Plan, and there is no obligation for uniformity of treatment of participants. The terms and conditions of awards need not be the same with respect to each recipient.

12.6 *Severability*. If any Plan provision or any award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or award, or would disqualify the Plan or any award under the law deemed applicable by the Compensation Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Compensation Committee, materially altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person or award and the remainder of the Plan and any such award shall remain in full force and effect.

12.7 *No Trust or Fund Created*. Neither the Plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any participating Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any participating Affiliate pursuant to an award, such right shall be no greater than the right of any general unsecured creditor of the Company or any participating Affiliate.

12.8 *Headings*. Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision of it.

12.9 *Tax Withholding*. The Company and/or any participating Affiliate may deduct from any payment otherwise due under this Plan to a Participant (or beneficiary) amounts required by law to be withheld for purposes of federal, state or local taxes.

Exhibit 10.4

SUNOCO PARTNERS LLC

DIRECTORS' DEFERRED COMPENSATION PLAN

Amended and restated, effective as of July 27, 2010

ARTICLE I
Definitions

As used in this Plan, the following terms shall have the meanings herein specified:

1.1 *Affiliate* - means, with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the entity in question. For purposes of this definition, “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.2 *Change in Control* - means, 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, Inc. as defined from time to time in the Sunoco, Inc. stock plans; or

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

1.3 *Committee* - means the entire board of directors of the Company acting as an administrative committee of the whole, or such other committee of the Board as may be appointed from time to time for purposes of administering this Plan.

1.4 *Common Unit* - means a common unit, representing a limited partnership interest in the Partnership.

1.5 *Company* - means Sunoco Partners LLC, a Pennsylvania limited liability company. The term “Company” shall include any successor to Sunoco Partners LLC, any subsidiary or Affiliate thereof that has adopted the Plan, or any entity succeeding to the business of Sunoco Partners LLC, or any subsidiary or Affiliate, by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction.

1.6 *Compensation* - means those fees and retainers payable by the Company to a Participant in consideration for service as a Director.

1.7 *DER (or Distribution Equivalent Right)* - means, with regard to a specific Restricted Unit (whether held in a Voluntary Deferred Compensation Account or in a Mandatory Deferred Compensation Account), the contingent right to receive an amount in cash equal to the cash distributions made by the Partnership with respect to a Common Unit during the period such Restricted Unit is outstanding.

1.8 *Director* - means a member of the Board of Directors of Sunoco Partners LLC.

1.9 *Mandatory Deferred Compensation Account* - means, with respect to any Participant, the total amount of the Company’s liability for payment of compensation mandatorily deferred by the Participant under this Plan.

1.10 *Mandatory Form of Continuing Deferral* - means and refers to the written commitment by a Participant, in the form prescribed by the Committee, to mandatorily defer the payment of all of the Board Restricted Unit Retainer awarded to such Participant under this Plan pursuant to Article IV hereof.

1.11 *Participant* - means a Director, or former Director, who either voluntarily has elected to defer, or is required mandatorily to defer, the receipt of Compensation in accordance with the terms of this Plan.

1.12 *Partnership* - means Sunoco Logistics Partners L.P., a Delaware limited partnership.

1.13 *Person* - means an individual, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

1.14 *Plan* - shall mean this Sunoco Partners LLC Directors' Deferred Compensation Plan, as it may be amended from time to time.

1.15 *Restricted Unit* - means a phantom, or notional, unit (equivalent in value and in cash distribution rights to a Common Unit), entered as a credit in either the Mandatory Deferred Compensation Account, or the Voluntary Deferred Compensation Account of a Participant and which, upon death, retirement or termination of Board service(for mandatorily deferred compensation) or upon earlier payout under the terms of this Plan (for voluntarily deferred compensation), entitles the Participant to receive a Common Unit.

1.16 *Voluntary Deferred Compensation Account* - means, with respect to any Participant, the total amount of the Company's liability for payment to the Participant of voluntarily deferred compensation under this Plan, including any payments in respect of DERs.

1.17 *Voluntary Deferred Payment Election Form* - means and refers to the written election by a Participant, in the form prescribed by the Committee, to voluntarily defer the payment of all or a portion of such Participant's Compensation under this Plan pursuant to Article II hereof.

ARTICLE II
Voluntary Deferral of Directors' Compensation

2.1 *Election to Defer*. Prior to the beginning of each calendar year beginning after December 31, 2004, a Participant may elect voluntarily to defer in the form of Restricted Units, all or a portion of the cash-based Compensation attributable to services to be performed by the Participant in the next succeeding calendar year, by filing a written notice of election with the Committee on the form(s) prescribed by the Committee. Any such voluntary deferral election shall apply only to cash-based Compensation attributable to services to be performed during the calendar year following the calendar year in which the election is received by the Secretary of the Company. An election to defer, made in accordance with this Article II shall be irrevocable as of December 31 of the year preceding the calendar year in which the Participant performs the services to which the cash-based Compensation is attributable. All elections made by Directors on or before December 31, 2004 with respect to cash-based Compensation attributable to services performed in calendar year 2005, to the extent inconsistent with the terms of the Plan, shall be limited by and administered in accordance with, the terms of the Plan. A separate election form shall be filed for each calendar year. The deferral election form(s) also will permit the Participant to specify:

(a) the percentage of cash-based Compensation to be deferred; and

(b) the designation of a beneficiary as set forth in Article V.

2.2 *Amount of Deferral*. The amount of cash-based Compensation to be voluntarily deferred shall be designated by the Participant as a percentage of such cash-based Compensation in multiples of five percent (5%) but shall not be less than ten percent (10%).

2.3 *Time of Election*. An election to defer must be filed and received by the Secretary of the Company by the end of the calendar year preceding the calendar year in which the services are performed to which the cash-based Compensation is attributable. A new Director also may elect to defer cash-based Compensation attributable to his or her first year of Board service prior to the commencement of his or her term in office, and such election shall be irrevocable as of the date immediately preceding such Director's commencement of his or her term in office.

ARTICLE III
Voluntary Deferred Compensation Accounts

3.1 *Creation of Voluntary Deferred Compensation Accounts*. Cash-based Compensation voluntarily deferred hereunder shall be credited to a Voluntary Deferred Compensation Account established by the Company for each Participant. The portion of cash-based Compensation thus voluntarily deferred by the Participant shall be converted into a number of Restricted Units credited to a Participant's Voluntary Deferred Compensation Account as set forth in the Plan.

3.2 *Crediting Restricted Units*. Restricted Units shall be credited to a Participant's Voluntary Deferred Compensation Account at the time the cash-based Compensation otherwise would have been paid had no election to defer been made. The number of Restricted Units to be credited to the Voluntary Deferred Compensation Account shall be determined by dividing the cash-based Compensation by the average closing price for Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days immediately prior to the day on which the cash-based Compensation otherwise would have been paid. Any fractional Restricted Units also shall be credited to a Participant's Voluntary Deferred Compensation Account. The number of Restricted Units in a Participant's Voluntary Deferred Compensation Account shall be adjusted appropriately by the Committee in the event of changes in the Partnership's outstanding Common Units by reason of any distribution, re-capitalization, merger, consolidation, split-up, combination, exchange of units or the like, and such adjustments shall be conclusive. Crediting of Restricted Units to a Participant's Voluntary Deferred Compensation Account shall not entitle the Participant to the rights of a limited partner of the Partnership or holder of Partnership Common Units.

3.3 *Crediting DERs*. For each Restricted Unit in the Participant's Voluntary Deferred Compensation Account, the Company shall credit such account with an amount, in respect of DERs, equal to the cash distributions declared on a Common Unit of the Partnership. The crediting shall occur as of the date on which such cash distributions on the Common Units are paid. The number of Restricted Units to be credited to the Participant's Voluntary Deferred Compensation Account shall be calculated by dividing the number of DERs by the average closing price for the Partnership's Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days prior to the day on which the cash distributions are paid on the Partnership's Common Units. Any fractional Restricted Units also shall be credited to the Participant's Voluntary Deferred Compensation Account.

3.4 *Time of Payment*. Except as provided in Article VII hereof, all payments of a Participant's Voluntary Deferred Compensation Account shall be made on the later of: (a) the first day of the calendar year following the date of the Participant's separation from Board service, or (b) the first day following the six (6) month anniversary of the Participant's separation from Board service. Upon the death of a Participant prior to the final payment of all amounts credited to his or her Voluntary Deferred Compensation Account, the balance of his or her Voluntary Deferred Compensation Account shall be paid in accordance with Article V, on the latest of: (c) the first day of the calendar year following the year of death, (d) the first day following the six (6) month anniversary of the Participant's separation from Board service, or (e) the date that is thirty (30) days after the Participant's death. Notwithstanding the foregoing provisions of this Section 3.4, and except as provided in Article VII, in no event shall any payment or distribution be made within six (6) months of the cash-based Compensation being earned or awarded.

3.5 *Method of Payment*. A Participant in this portion of the Plan shall receive payment in a lump sum in cash of all voluntarily deferred cash-based Compensation credited to such Participant's Voluntary Deferred Compensation Account. Restricted Units credited to the Participant's Voluntary Deferred Compensation Account shall be valued at the average closing price for Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days immediately prior to each new calendar year.

ARTICLE IV
Mandatory Deferred Compensation Accounts

4.1 *Creation of Mandatory Deferred Compensation Accounts*. Compensation deferred under this Article IV shall be credited, in the form of Restricted Units, to a Mandatory Deferred Compensation Account established by the Company for each Participant. Payout of such Mandatory Deferred Compensation Accounts shall commence as provided in Section 4.4.

4.2 *Crediting Restricted Units*. If the Committee elects to do so, each Participant serving as a director of the Company, but who is not also an employee of the Company, or any subsidiary or affiliate thereof, will be paid, in quarterly installments, an aggregate annual dollar amount (the "Board Restricted Unit Retainer") to be credited to a Participant's Mandatory Deferred Compensation Account in the form of Restricted Units. The number of Restricted Units to be credited quarterly to the Participant's Mandatory Deferred Compensation Account shall be determined by dividing the Board Restricted Unit quarterly installment cash amount by the average closing price for Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days immediately prior to the day on which the quarterly installment payment is due. The number of Restricted Units in a Participant's Mandatory Deferred Compensation Account shall be adjusted appropriately by the Committee in the event of changes in the Partnership's outstanding Common Units by reason of any distribution, re-capitalization, merger, consolidation, split-up, combination, exchange of units or the like, and such adjustments shall be conclusive. Crediting of Restricted Units to a Participant's Mandatory Deferred Compensation Account shall not entitle the Participant to the rights of a limited partner of the Partnership or holder of Partnership Common Units.

4.3 *Crediting DERs*. For each Restricted Unit in the Participant's Mandatory Deferred Compensation Account, the Company shall credit such account with an amount, in respect of DERs, equal to the cash distributions declared on a Common Unit of the Partnership. The crediting shall occur as of the date on which such cash distributions on the Common Units are paid. The number of Restricted Units to be credited to the Participant's Mandatory Deferred Compensation Account shall be calculated by dividing the number of DERs by the average closing price for the Partnership's Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days prior to the day on which the cash distributions are paid on the Partnership's Common Units. Any fractional Restricted Units also shall be credited to the Participant's Mandatory Deferred Compensation Account.

4.4 *Time of Payment*. Except as provided in Article VII hereof, all payments of a Participant's Mandatory Deferred Compensation Account shall be made on the later of: (a) the first day of the calendar year following the date of the Participant's separation from Board service, or (b) the first day following the six (6) month anniversary of the Participant's separation from Board service. Upon the death of a Participant prior to the final payment of all amounts credited to his or her Mandatory Deferred Compensation Account, the balance of his or her Mandatory Deferred Compensation Account shall be paid in accordance with Article V, on the latest of: (c) the first day of the calendar year following the year of death, (d) the first day following the six (6) month anniversary of the Participant's separation from Board service, or (e) the date that is thirty (30) days after the Participant's death. Notwithstanding the foregoing provisions of this Section 4.4, and except as provided in Article VII, in no event shall any payment or distribution be made within six (6) months of any quarterly installment of the Board Restricted Unit Retainer being earned.

4.5 *Method of Payment*. A Participant in this portion of the Plan shall receive payment in a lump sum in cash of all mandatorily deferred Compensation credited to such Participant's Mandatory Deferred Compensation Account. Restricted Units credited to the Participant's Mandatory Deferred Compensation Account shall be valued at the average closing price for Common Units as published in the Wall Street Journal under the caption "New York Stock Exchange Composite Transactions" for the period of ten (10) trading days immediately prior to each new calendar year.

ARTICLE V
Designation of Beneficiaries

5.1 *Designation of Beneficiary*. The Participant shall name one or more beneficiaries and contingent beneficiaries to receive any payments due Participant at the time of death. No designation of beneficiaries shall be valid unless in writing signed by the Participant, dated and filed with the Committee during the lifetime of such Participant. A subsequent beneficiary designation will cancel all beneficiary designations signed and filed earlier under this Plan, and such new beneficiary designation shall be applied to all amounts previously credited to the Participant's Mandatory Deferred Compensation Account (and/or Voluntary Deferred Compensation Account, as the case may be), as well as to any amounts to be credited to such Participant's Mandatory Deferred Compensation Account (and/or Voluntary Deferred Compensation Account, as the case may be), prospectively. In case of a failure of designation, or the death of the designated beneficiary without a designated successor, distribution shall be paid in one lump sum to the estate of the Participant.

5.2 *Spouse's Interest*. The interest in any amounts hereunder of a spouse who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

5.3 *Survivor Benefits*. Upon the Participant's death, any balances in the Participant's Mandatory Deferred Compensation Account and/or Voluntary Deferred Compensation Account shall be paid in a lump sum to the designated beneficiary(ies).

ARTICLE VI
Source of Payments

All payments of deferred Compensation shall be paid in cash from the general funds of the Company and the Company shall be under no obligation to segregate any assets in connection with the maintenance of any Mandatory Deferred Compensation Account or Voluntary Deferred Compensation Account, nor shall anything contained in this Plan nor any action taken pursuant to the Plan create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and Participant. Title to the beneficial ownership of any assets, whether cash or investments, that the Company may designate to pay the amount credited to a Mandatory Deferred Compensation Account or a Voluntary Deferred Compensation Account shall at all times remain in the Company and Participant shall not have any property interest whatsoever in any specific assets of the Company. Participant's interest in any Mandatory Deferred Compensation Account or Voluntary Deferred Compensation Account shall be limited to the right to receive payments pursuant to the terms of this Plan and such rights to receive shall be no greater than the right of any other unsecured general creditor of the Company.

ARTICLE VII
Change in Control

7.1 *Effect of Change in Control on Payment*. Anything to the contrary in this Plan notwithstanding, at any time prior to the calendar year in which the services are performed to which Compensation is attributable, a Participant may make an election (a "Change in Control Election") (which shall be irrevocable as of December 31 of the year preceding the calendar year for which it is made) to receive, in a single lump sum payment, upon the occurrence of a Change in Control (provided that the Change in Control also is a change in control for purposes of IRC Section 409A, as amended, and the regulations issued thereunder), the balance of such Participant's Mandatory Deferred Compensation Account and/or Voluntary Deferred Compensation Account attributable to such Compensation, determined as of the valuation date immediately preceding the Change in Control. Each such election shall be in writing and in conformity with such rules as may be prescribed by the Committee.

7.2 *Amendment on or after Change in Control*. On or after a Change in Control, or before, but in connection with, a Change in Control, no action shall be taken that would affect adversely the rights of any Participant or the operation of this Article VII with respect to the balance in the Participant's Accounts immediately before such action, including, by way of example and not of limitation, the amendment, suspension or termination of the Plan.

7.3 *Attorney's Fees*. The Company shall pay all legal fees and related expenses incurred by or with respect to a Participant during his lifetime or within ten (10) years after his death in seeking to obtain or enforce any payment, benefit or right such Participant may be entitled to under the Plan after a Change in Control. Reimbursement shall be made on or before the close of the calendar year following the calendar year in which the expense was incurred. The amount of expenses eligible for reimbursement under this provision in one calendar year may not affect the amount of expenses eligible for reimbursement under this provision in any other calendar year. The Participant (or the Participant's representative) 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 (or the Participant's representative's) claim was frivolously brought without reasonable expectation of success on the merits thereof.

ARTICLE VIII
Miscellaneous

8.1 *Nonalienation of Benefits*. Participant shall not have the right to sell, assign, transfer or otherwise convey or encumber in whole or in part the right to receive any payment under this Plan except in accordance with Article V.

8.2 *Acceptance of Terms*. The terms and conditions of this Plan shall be binding upon the heirs, beneficiaries and other successors in interest of Participant to the same extent that said terms and conditions are binding upon the Participant.

8.3 *Administration of the Plan*. The Plan shall be administered by the Committee which may make such rules and regulations and establish such procedures for the administration of this Plan as it deems appropriate. In the event of any dispute or disagreements as to the interpretation of this Plan or of any rule, regulation or procedure or as to any questioned right or obligation arising from or related to this Plan, the decision of the Committee shall be final and binding upon all persons.

8.4 *Termination and Amendment*. The Plan may be terminated at any time by the Board of Directors of Sunoco Partners LLC, and may be amended at any time by the Committee; *provided, however,* that, without the prior written consent of the Participant, no such amendment or termination shall affect adversely the rights of any Participant or beneficiary of a Participant with respect to amounts credited to such Participant's Mandatory Deferred Compensation Account and/or Voluntary Deferred Compensation Account prior to such amendment or termination.

8.5 *Severability*. In the case any one or more of the provisions contained in this Plan shall be invalid, illegal or unenforceable in any respect the remaining provisions shall be construed in order to effectuate the purposes hereof and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8.6 *Governing Law*. THIS PLAN SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

8.7 *Amounts Included in Income Under IRC Section 409A*. Upon a determination that any amounts deferred under the Plan are included in the gross income of a Participant pursuant to IRC Section 409A, as amended, and the regulations issued thereunder, such amounts shall be distributed to the Participant.

Exhibit 10.5

SUNOCO PARTNERS LLC
SPECIAL EXECUTIVE SEVERANCE PLAN

(Amended and restated as of July 27, 2010)

ARTICLE I

DEFINITIONS

1.1 "*Affiliate*" - means, with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the entity in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.2 "*Annual Compensation*" - means 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 Participant's annual guideline (target) bonus as in effect immediately before the Change of Control or, if higher, the Employment Termination Date.

1.3 "*Benefit*" or "*Benefits*" - means any or all of the benefits that a Participant is entitled to receive pursuant to Article III of the Plan.

1.4 "*Benefit Extension Period*" - means:

(a) in the case of a Participant that has executed and not revoked the release described in Section 3.10 hereof:

(1) seventy-eight (78) weeks for the Chief Executive Officer; and

(2) fifty-two (52) weeks for each other Executive Level Employee;

(b) six (6) weeks, in the case of a Participant who either has not executed the release described in Section 3.10 hereof, or who has revoked such a previously executed release.

1.5 "*Cause*" - means:

(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 1.20(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.

1.6 "*Change of Control*" - means, 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, Inc., as defined from time to time in the Sunoco, Inc. stock plans; or

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

1.7 "*Chief Executive Officer*" - means the individual serving as the Chief Executive Officer of Sunoco Partners LLC, as of the date of reference.

1.8 "*Committee*" - means the administrative committee designated pursuant to Article IV of the Plan to administer the Plan in accordance with its terms.

1.9 "*Company*" - means Sunoco Partners LLC, a Pennsylvania limited liability Company that is the general partner of Sunoco Logistics Partners L.P., a Delaware limited partnership. The term "Company" shall include any successor to Sunoco Partners LLC, any subsidiary or Affiliate thereof that has adopted the Plan, or an entity succeeding to the business of Sunoco Partners LLC, or any subsidiary or Affiliate, by merger, consolidation or liquidation or purchase of assets or equity or similar transaction.

1.10 "*Company Service*" - means, for purposes of determining Benefits available to any Participant in this Plan, the total aggregate recorded length of such Participant's service with Sunoco Partners LLC; any predecessor thereto (including, specifically, Sunoco, Inc. and its Affiliates), any subsidiary or Affiliate thereof (whether by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction) that has adopted the Plan; and/or any entity succeeding to the business of Sunoco Partners LLC. 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 (whether personal, family, medical, or military, or otherwise); *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.

1.11 "Compensation Committee" - means the Compensation Committee of the Company's Board of Directors.

1.12 "*Disability*" - means 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.

1.13 "*Employment Termination Date*" - means the date on which a Participant separates from service as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and

the regulations issued thereunder; *provided, however,* that a separation from service as described above shall not be deemed to have occurred if the Participant subsequently is hired by Sunoco, Inc., or an Affiliate thereof, in connection with a Change of Control.

1.14 "*ERISA*" - means the Employee Retirement Income Security Act of 1974, as amended.

1.15 "*Executive Employee*" - means the Chief Executive Officer; the President and Chief Operating Officer; the Chief Financial Officer; the Chief Human Resources Officer; the Vice President, General Counsel and Secretary; the Vice President, Business Development; the Vice President, Operations; and the Vice President, Human Resources and Administration, together with such other persons as may be designated from time to time by the Compensation Committee; provided, however, that any Executive Employee that is a participant in the Sunoco, Inc. Special Executive Severance Plan will not be deemed an "Executive Employee" for purposes of this Plan.

1.16 "*Involuntary Plan*" - means the applicable involuntary termination plan of the Company.

1.17 "*Participant*" - means 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.

1.18 "*Person*" - means an individual, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

1.19 "*Plan*" - means the Sunoco Partners LLC Special Executive Severance Plan, as set forth herein, and as the same may from time to time be amended.

1.20 "*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) 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

(2) a reduction by the Company of the Participant's Grade Level as in effect immediately prior to 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 1.20(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. As used in this Section 1.20, a "termination of employment" means a separation from service as defined in Code Section 409A and the regulations issued thereunder.

1.21 "*Retirement Plan*" - shall have the meaning set forth in Section 3.1(c).

1.22 "*SERP*" - shall have the meaning set forth in Section 3.1(c).

1.23 "*Specified Employee*" means the Chief Executive Officer; the President and Chief Operating Officer; the Chief Financial Officer; the Chief Human Resources Officer; the Vice President, General Counsel and Secretary; the Vice President, Business Development; the Vice President, Operations; and the Vice President, Human Resources and Administration, together with such other persons as may be designated from time to time by the Compensation Committee (designated pursuant to the election of an alternative method specified in Treasury Regulation Sections 1.409A-1(i)(5) and 1.409A-1(i)(8)); provided, however, that any Executive Employees that are participants in the Sunoco, Inc. Special Executive Severance Plan are not " Specified Employees" for purposes of this Plan

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 Committee. 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 Benefits 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; provided, however, that payment of any Benefits under any provision of the Plan that are deferred compensation for purposes of Code Section 409A to any Participant who is a Specified Employee shall be paid in a lump sum on the later of the date such payments are due or the date six months after the Participant’s Employment Termination Date. In the event the Company should fail to pay when due the amounts described in Article III (determined without regard to the payment delay to Specified Employees required by Code Section 409A), the Participant shall also be entitled to receive from the Company an amount representing interest on any unpaid or untimely paid amounts from the due date (determined without regard to the payment delay to Specified Employees required by Code Section 409A) 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 Executive Employee Annual Compensation multiplied by two (2) or such other multiple as may be designated by the Compensation Committee;

(c) An amount equal to the excess of:

(1) 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 or 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 or her Benefit Extension Period is the Annual Compensation; over

(2) 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 *Payments to Beneficiary(ies)*. 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 *Executive Severance Benefits*. In the event that Benefits are paid under Section 3.1, the Participant shall continue to be entitled, through the end of his or 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 in an amount equal to one (1) times the Participant’s annual base salary at the Employment Termination Date; *provided, however;* that supplemental coverages elected under Sunoco Inc’s applicable death benefits plan(s), or any similar plan of any of the following:

(i) a subsidiary or Affiliate which has adopted this Plan;

(ii) a corporation succeeding to the business of Sunoco, Inc.; and/or

(iii) any subsidiary or Affiliate, by merger, consolidation or liquidation or purchase of assets or stock or similar transaction)

will be discontinued under the terms of such plan(s); and

(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.

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. The Participant also shall be entitled to reasonable outplacement services during the Benefit Extension Period, at no cost to the Participant (but only to the extent such services are provided during the period that ends no later than the end of the second calendar year following the year of the Participant’s Employment Termination Date and are paid for directly by the Company no later than the end of the third calendar year following the year of the Participant’s Termination Date), from an experienced third-party vendor selected by the Committee.

3.4 *Special Medical Benefit*. In the event Benefits are paid to the Participant under Section 3.1:

(a) a Participant who was employed by the Company on January 1, 2008, and who was fifty (50) or more years of age on January 1, 2008, with a minimum of ten (10) or more years of Company Service on the Employment Termination Date, 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 was (i) fifty (50) or more years of age on the Employment Termination Date, and (ii) was not employed by the Company on January 1, 2008, or was not fifty (50) or more years of age on January 1, 2008 or has fewer than ten (10) years of Company Service on the Employment Termination Date, 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 Executive Involuntary Severance Plan (the "Involuntary Plan"). If the Participant determines that the benefits under the Involuntary 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 this Plan shall be calculated using only sections 4.3 and 4.4 of the Involuntary Severance Plan, as if such provisions were 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 Termination Plan, the Participant shall not be entitled to any benefits under the Involuntary Termination 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 (or the Participant's representative) all legal fees and expenses incurred by or with respect to the Participant during his lifetime or within ten (10) years after his death:

(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 (including a termination of employment if the Participant alleges in good faith that such termination will be or is a Qualifying Termination pursuant to Section 1.20(c)); 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 (or the Participant's representative), but in no event later than five (5) business days after delivery of the Participant's (or the Participant's representative's) written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. Notwithstanding the forgoing sentence, all such payments shall be made on or before the close of the calendar year following

the calendar year in which the expense was incurred. The amount of expenses eligible for reimbursement under this provision in one calendar year may not affect the amount of expenses eligible for reimbursement under this provision in any other calendar year. The Participant (or the Participant's representative) 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 (or the Participant's representative's) claim was frivolously brought without reasonable expectation of success on the merits thereof.

3.9 *Release*. Unless the Participant executes a full waiver and release of claims in a form satisfactory to the Company, and notwithstanding anything herein to the contrary as provided in Section 3.10, the Benefits provided hereunder in connection with a termination of employment shall be provided only for the Benefit Continuation Period set forth in Section 1.4(b) of this Plan, and the special medical benefit described in Section 3.4 of this Plan shall not be provided. Such release and discharge shall be in such form as is prescribed by the Committee and shall be executed prior to the payment of any Benefits due hereunder. In no event shall execution of the release described in this Section 3.9 impair a Participant's ability to pursue any rights with respect to benefits under the Sunoco Partners LLC Executive Involuntary Severance Plan.

3.10 *Conditions to Entitlement to Benefit*. In order to be eligible to receive full Benefits hereunder, a Participant shall make himself or herself available to the Company and cooperate in any reasonable manner (so as not to unreasonably interfere with subsequent employment) in providing assistance to the Company after his or her Employment Termination Date in conducting any matters which are pending at such time, and, execute the release and waiver as described in Section 3.9, above. In addition, no Benefits due hereunder shall be paid to a Participant who is required by Company guidelines to execute an agreement governing the assignment of patents or the disclosure of confidential information unless an executed copy of such agreement is on file with the Company.

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 or 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 or 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 or 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 had 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. The determination so rendered shall be binding upon all parties.

ARTICLE VI

MISCELLANEOUS

6.1 *Amendment, Suspension and Termination*. The Company acting by or pursuant to a resolution of the Board of Directors, or a committee thereof delegated such responsibility, 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 10.6

Sunoco Partners LLC
Independent Director Compensation Summary Sheet
for 2010

Directors who are employees of Sunoco Partners LLC or its affiliates receive no additional compensation for service on the general partner's board of directors or any committees of the board. The table below summarizes the 2010 compensation program for independent directors of Sunoco Partners LLC, effective as of July 27, 2010.

2010 INDEPENDENT DIRECTOR COMPENSATION SUMMARY

Component	Amount ($)	Medium of Payment (1)	Timing of Payment (2)
Annual Retainer	41,000 per year	Restricted Units	$10,250 credited quarterly
	41,000 per year	Cash	$10,250 paid quarterly
Board Meeting Fee	1,500 per meeting	Cash	Paid quarterly
Committee Meeting Fee	1,000 per meeting	Cash	Paid quarterly
Compensation Committee Chair Retainer	3,500 per year	Cash	$ 875 paid quarterly
Audit Committee Chair Retainer	6,000 per year	Cash	$1,500 paid quarterly
Conflicts Committee Chair Retainer	2,000 per year	Cash	$500 paid quarterly
Presiding Director Fee	5,000 per year	Cash	$1,250 paid quarterly

Notes to table:

(1) Pursuant to the Sunoco Partners LLC Directors' Deferred Compensation Plan, the portion of the annual retainer paid in the form of Restricted Units is required to be deferred, and is credited to each independent director's Mandatory Deferred Compensation Account. In addition, independent directors are permitted to voluntarily defer all or a portion of their cash retainers and fees. Voluntarily deferred cash compensation amounts are credited in the form of Restricted Units to each independent director's Voluntary Deferred Compensation Account.

(2) The fair market value of each quarterly payment of Restricted Units is calculated as of the payment date.

In addition to the foregoing, each independent director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees.

Exhibit 12.1

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

Sunoco Logistics Partners L.P.

	Six Months Ended June 30, 2010
Fixed Charges:	
Interest cost and debt expense	$ 36,049
Interest allocable to rental expense (a)	1,216
Total	$ 37,265
Earnings:	
Income before income tax expense	$ 93,981
Equity in income of 50 percent or less owned affiliated companies	(15,352)
Dividends received from 50 percent or less owned affiliated companies	8,857
Fixed charges	37,265
Interest capitalized	(1,964)
Amortization of previously capitalized interest	208
Total	$ 122,995
Ratio of Earnings to Fixed Charges	3.3

(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, Lynn L. Elsenhans, Chairman and Chief Executive Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 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: August 4, 2010

/s/ LYNN L. ELSENHANS

Name: Lynn L. Elsenhans
Title: Chariman and Chief Executive Officer

Date: August 4, 2010

Exhibit 31.2

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

I, Brian P. MacDonald, Vice President and Chief Financial Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 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: August 4, 2010

/s/ BRIAN P. MACDONALD
Name: Brian P. MacDonald
Title: Vice President and Chief Financial Officer

Date: August 4, 2010

Exhibit 32.1

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

I, the undersigned Lynn L. Elsenhans, Chairman and Chief Executive Officer, of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 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: August 4, 2010

/s/ LYNN L. ELSENHANS

Name: Lynn L. Elsenhans
Title: Chairman and Chief Executive Officer

Date: August 4, 2010

Exhibit 32.2

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

I, the undersigned Brian P. MacDonald, Vice President and Chief Financial Officer, of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., certify that the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 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: August 4, 2010

/s/ BRIAN P. MACDONALD

Name: Brian P. MacDonald
Title: Vice President and Chief Financial Officer

Date: August 4, 2010