BUCKEYE PARTNERS, L.P.

annual report
2009

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The Lodi natural gas storage facility, located in Northern California, has approximately 40 billion cubic feet of total underground storage capacity and is connected to pipelines serving the San Francisco and Sacramento market areas.

Financial and Operating Highlights

Selected Financial Data	2009	2008	2007	2006	2005
(Dollars in millions, except per unit and operating data)					
Revenue	$1,770.4	$1,896.7	$519.3	$461.8	$408.4
Operating Income[1]	208.4	253.6	202.1	177.1	161.3
Income from Continuing Operations[1]	146.9	188.7	160.6	114.8	103.7
Net Income Attributable to Buckeye Partners, L.P.[1]	141.0	184.4	155.4	110.2	100.0
Per Limited Partner Unit					
Net Income - Diluted[2]	$1.84	3.00	2.91	2.14	2.12
Cash Distributions	$3.63	3.43	3.23	3.03	2.83
Weighted Average Number of LP Units outstanding					
Diluted	50,663	47,763	42,101	39,202	36,901

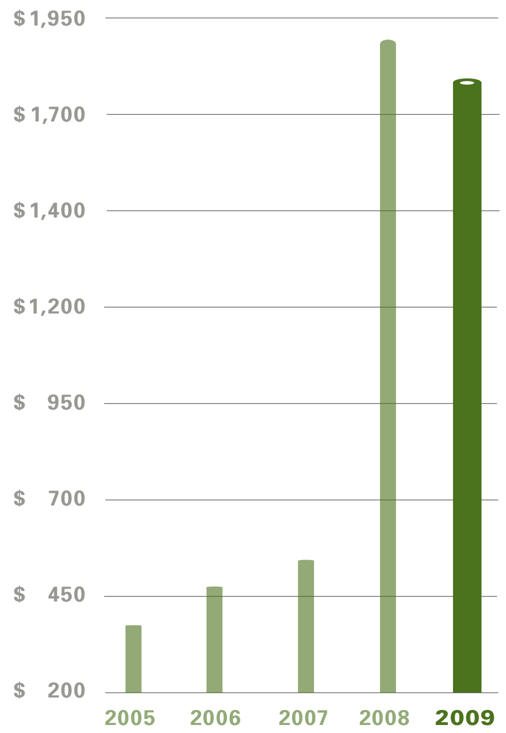
Operating Data	2009	2008	2007	2006	2005
Pipeline Volumes *(Thousands of barrels per day)*	1,309.9	1,382.2	1,447.4	1,450.3	1,385.4
Average Tariff Rate *(Cents per barrel)*	72.1	67.6	64.7	60.0	56.8
Terminal Throughput *(Thousands of barrels per day)*	444.9	457.4	482.3	414.7	358.4
Refined Product Sales[3] *(Millions of gallons)*	655.1	435.2	-	-	-

1 2009 amount includes a $59.7 million non-cash asset impairment expense and $32.1 million of reorganization expense.

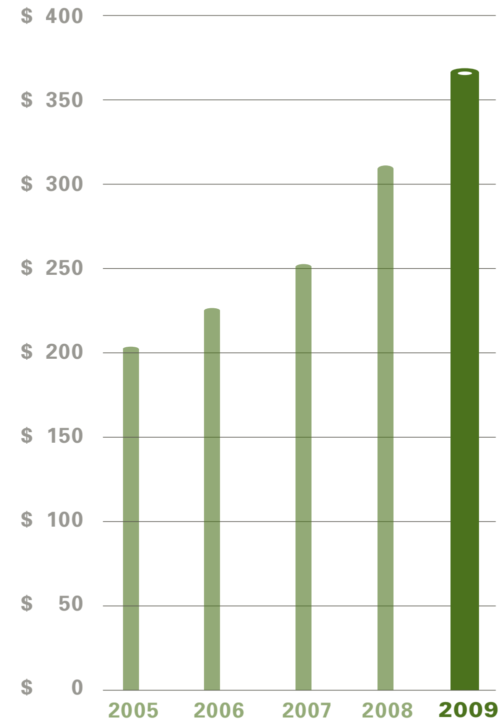
2 2005-2008 have been restated due to adoption of guidance regarding calculation of earnings per unit.

3 Represents sales from the Energy Services segment, which was acquired in 2008.

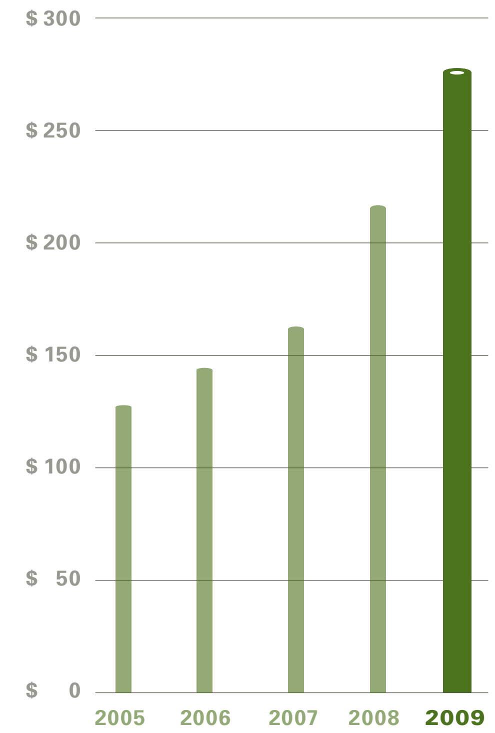
Revenue
In Millions



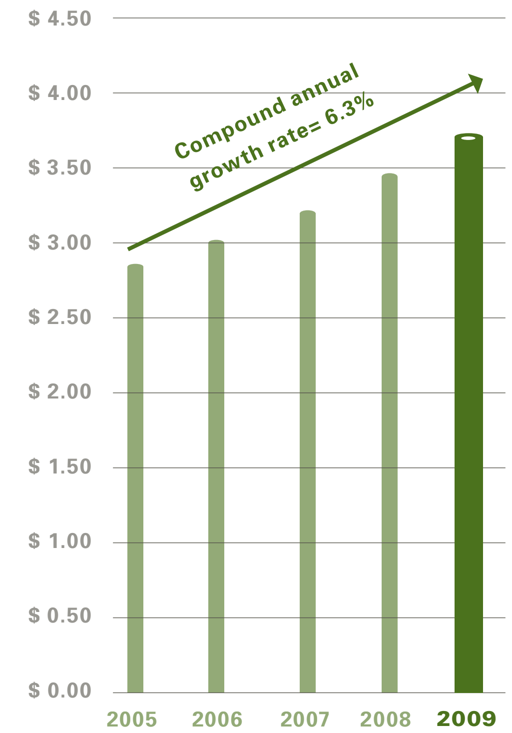
Adjusted EBITDA[1]
In Millions



Distributable Cash Flow[1]
In Millions



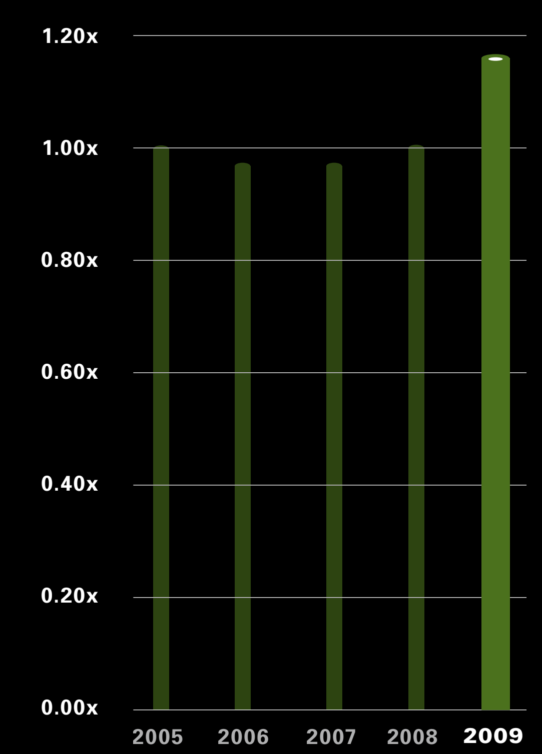
Distributions Paid
Per Unit



[1] See page 22 for a reconciliation of these non-Generally Accepted Accounting Principles (non-GAAP) measures to net income.

Consistent Cash Flow Growth

Distribution Coverage Ratio[1]



Forrest E. Wylie
Chairman and Chief Executive Officer

Chairman's Letter

Dear Unitholders,

In completing my second full year as Chairman and CEO of Buckeye, I am pleased to report substantial progress in our efforts to transform our business. A year ago, we initiated a plan to become the best-in-class asset manager in our industry. In spite of a severe worldwide recession and declines in U.S. refined product demand, 2009 was a year of substantial progress toward this goal.

A Review of 2009

We had a strong year with substantial improvements in several segments of our business. Overall, we reported that Adjusted EBITDA, our **primary measure of financial success**, increased 17 percent to $370.9 million in 2009[1]. Our businesses supported continued increases in cash distributions paid. During 2009, cash distributions to our unitholders totaled $3.63 per limited partner unit, up 5.8 percent from $3.43 paid in 2008.

These results demonstrate the progress being made in our core operating objective to be the **best-in-class asset manager**. That means achieving the highest asset utilization at the lowest cost without compromising our commitment to safe and environmentally responsible operations.

Achievement of this objective does not mean merely cutting costs, which is not always productive. What it really means is focusing on true productivity gains. This is the mindset that we are trying to instill in our workforce, and we are seeing that mindset take hold.

[1] See page 22 for a reconciliation of these non-Generally Accepted Accounting Principles (non-GAAP) measures to net income.

Building Predictable Returns

For our business strategy to work, we must focus on stable, predictable cash flows, which makes eminent sense for a master limited partnership. As we look for opportunities to add assets, we are seeking relatively low-risk, low-volatility assets that we can integrate into our network and leverage our infrastructure to add value through better utilization and productivity.

What specifically are we doing to execute this strategy successfully?

First, we look for **geographic diversity**. Historically, we have been dependent on the economic cycles and weather patterns of the northeastern United States. Clearly, we can reduce that volatility by expanding our network into other areas of the country. The Lodi acquisition in California and the recent asset purchase from ConocoPhillips in the Midwest represent good examples of this diversity.

Second, we have been seeking greater **product diversity**, expanding beyond refined products. Our diversification into natural gas, achieved with the Lodi acquisition, added to both our product diversity and geographic diversity.

The third element is what we call **becoming more commercial** as an overall enterprise. Our Energy Services segment, which is a wholesale distributor of refined products, is filling a major role in this strategy. Our Energy Services segment works to drive marketing margins as well as improve our asset utilization. This is a key reason we have been improving our margins even when volumes have been declining.

Decentralized Operating Structure

A major change implemented in 2009 was to create a more commercial culture by decentralizing our operating structure and encouraging accountability and entrepreneurship throughout the organization. Our local asset teams have the authority to make decisions on improving productivity and customer service in their operating areas.

This transition is really very simple. The key, perhaps not surprisingly, is execution. I am very proud of the progress that the entire Buckeye team is making. From July through December we achieved $7 million of savings from the transition, and we expect annualized savings to be approximately $18 million.

Customer Service, Reliability and Safety

Fundamentally, the ultimate goal of this decentralized operating structure is to improve customer service. As we continue to provide our customers with a high level of service, we will continue to draw business to our assets.

Of course, a basic way to provide better customer service is to ensure system reliability and quality assurance through improved asset maintenance. In 2009, we introduced a new maintenance program that utilizes technology and risk analysis to better deploy our maintenance dollars. This disciplined review will help improve asset safety, ensure environmental compliance, and maintain the service reliability that our customers require.

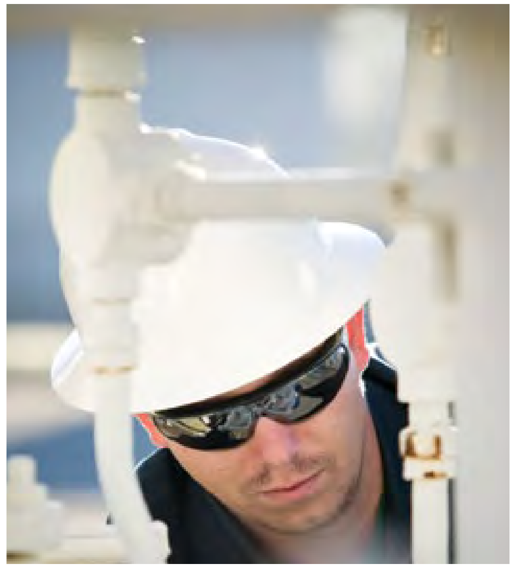
Best Practices

To achieve our objective to become the best-in-class asset manager, in 2009 we initiated our best practices initiative, which is a company-wide transformation to take Buckeye to the next level as a stronger, better managed, and more productive enterprise.

A primary goal of the best practices initiative is to aggressively identify opportunities to improve productivity. Improved productivity focuses on optimizing every asset. Small improvements can add up quickly. The gain-sharing program we implemented in the third quarter of 2009 incentivizes employees to make positive changes to improve performance by enabling employees to share in the financial benefits of those changes. Although only in place since July, this gain-sharing program has already generated improvements that we expect will have an annualized earnings improvement in excess of $8 million in 2010.

We are also doing a number of things to help employees succeed with their best practice ideas. We have pledged to our employees that we will devote more resources to training and skills development. For example, we established Buckeye University, which is an internal training center to enhance our skills in such areas as leadership, teamwork, and project management.

This commitment is expected to produce a higher performance standard at Buckeye and add value to our unitholders.



Looking Ahead

As we look forward, we will continue to pursue opportunities to grow our asset base in each of our business segments.

We will continue to look for opportunities where we can add value by integrating ideal assets into our network, allowing us to expand our range of services while extending our geographic footprint or diversifying our product mix. In 2009, we invested approximately $122 million on acquisitions and organic growth projects.

This combination of asset growth and the benefits of our best practices initiative should continue to have a positive impact on Buckeye's financial performance and our distributions to unitholders.

In all of these pursuits, our entire team is committed to the goal of becoming "best-in-class." We are equally committed to succeed together, as a company, in this competitive economy.

I thank you for your past support and look forward to reporting our continued progress.

Forrest E. Wylie
Chairman and Chief Executive Officer

Operational Overview and System Maps

Operations Overview

Buckeye Partners, L.P. ("**Buckeye**") is a publicly traded master limited partnership (NYSE: BPL). We provide energy logistics, transportation and storage services through operation of strategic assets that support the master limited partnership structure.

- **Pipeline Operations**
- **Terminalling and Storage**
- **Natural Gas Storage**
- **Energy Services**
- **Development and Logistics**

Our general partner is owned and controlled by Buckeye GP Holdings L.P., which also is a publicly traded master limited partnership (NYSE: BGH).

Maximizing value for unitholders remains Buckeye's business objective. Buckeye has had an annual equivalent return of 16 percent, assuming reinvestment of distributions, since it went public in 1986. Despite a decline in overall energy demand in 2009, Buckeye delivered strong financial performance and enhanced the quality of its operations, in part, by implementing the best practices initiative in 2009.

The best practices initiative is not only identifying operational improvements but is also creating a culture of:

CUSTOMER FOCUS

We strive to fulfill every order and meet every customer need. This mentality is critical to our commercial focus.

ENTREPRENEURSHIP

We believe in our people. We believe they're the most talented, self-starting, and creative in the industry. That is evident in the results they produce daily.

SAFETY

Asset integrity and operational safety come first in everything Buckeye does. Maintenance, operating, and compliance programs were reviewed, revised, and made more stringent in 2009.

PRODUCTIVITY

Through a strategic reorganization, Buckeye has realigned operations to derive the greatest value out of its assets. This propensity toward efficiency is taking hold throughout the company's five operational segments.

Simply put, Buckeye's culture breeds opportunity. We are large enough to have a full range of high-quality assets and services but small enough to be nimble and responsive to market conditions and customer needs.

In 2009, Buckeye was not only particularly focused on realigning the organization and reining in costs, but also gaining a better understanding of our assets and the opportunities for maximizing them commercially. Looking forward, 2010 will be the year for working within this focused re-organization. We are committed to working assets harder than ever and finding further productivity and opportunities for growth.

System Map

- Refined Products Terminal
- Delivery Points
- Buckeye Owned Pipeline System
- Buckeye Operated
- Joint Venture
- Natural Gas Storage Facility
- Major Cities

Pipeline Operations

Buckeye is one of the largest independent pipeline operators in the United States. In 2009, we moved an average of 1.3 million barrels per day through 5,400 miles of underground pipe to approximately 100 delivery locations, connecting supply sources to major metropolitan consumption markets. Buckeye's responsive professional staff, technical expertise, and modern transportation facilities have earned it a reputation for providing among the highest-quality, safest, most reliable, and most efficient pipeline transportation services in the nation.

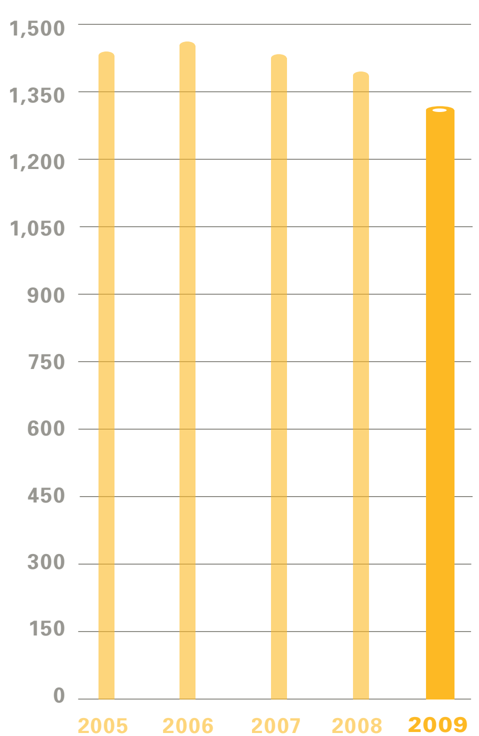
The majority of Buckeye-owned and -operated pipelines are in the Northeast and Midwestern United States. Our pipelines connect directly to 14 major U.S. airports and have indirect connections to numerous other airports. We also supply gasoline, heating oil, and other refined products to industrial and wholesale distribution markets.

Our pipelines deliver various grades of gasoline, jet fuel, and distillates, including diesel fuel, heating oil, and kerosene, as well as liquefied petroleum gases and a variety of specialty refined products.

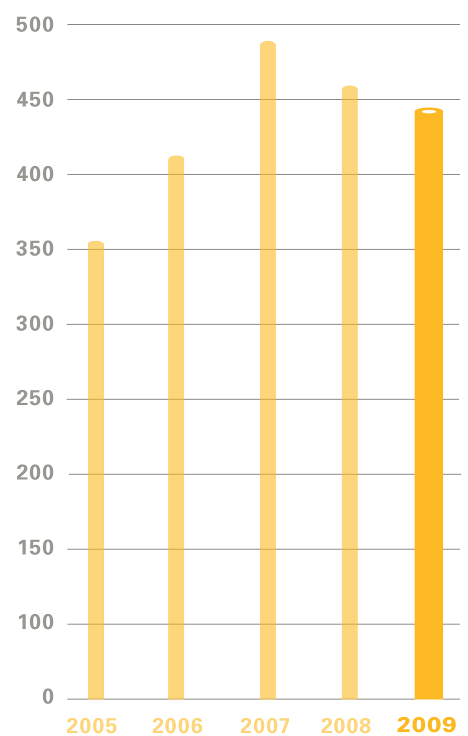
In 2009, as part of the best practices initiative, we renewed our focus on customers and streamlined pipeline operations.

Our commercial focus helps us serve customers better and be more resourceful. We aim to always provide solutions to meet our customers' needs. This approach underpins our excellent customer service.

Pipeline Volume
Thousands of Barrels per day



Terminal Throughput Volume
Thousands of Barrels per day



Terminalling and Storage

Buckeye owns 67 terminal facilities with 27 million barrels of storage capacity. Having terminals located along Buckeye's extensive pipeline system creates greater supply flexibility and gives customers the convenience of a single-source solution.

Terminals are located in:

- Connecticut
- Illinois
- Indiana
- Massachusetts
- Michigan
- Missouri
- New York
- Ohio
- Pennsylvania
- Wisconsin

These facilities provide a variety of services for our customers including: product receipt and storage; refined product loading at fully automated truck racks; injection of additives, ethanol, and biodiesel for blending; railcar offloading; barge loading and unloading; and transfers to connecting pipelines.

We are adding blending services in response to customer needs and the federally mandated Renewable Fuel Standard. We currently have four facilities that offer biodiesel blending and 37 facilities that offer ethanol blending. We are considering ethanol storage capacity development at the terminals to add value for customers who currently truck in ethanol for blending with petroleum products.

We are always evaluating how to best use our resources to meet customers' needs. Where there is opportunity to provide customer service, Buckeye will be there.

Natural Gas Storage

Lodi Gas Storage, L.L.C. (LGS) owns and operates a major natural gas storage facility in Northern California. The natural gas storage facility is connected to Pacific Gas and Electric Co.'s intrastate gas pipelines that serve natural gas demand in the San Francisco and Sacramento area, one of the largest natural gas-consuming regions of the United States.

In 2009, Buckeye completed a significant expansion of LGS' natural gas storage facility with the Kirby Hills II expansion, bringing total storage capacity to 40 billion cubic feet (including pad gas).

Energy Services

Our energy services segment, through our refined products marketing subsidiary, Buckeye Energy Services LLC, (BES) markets petroleum products in areas served by Buckeye pipelines and terminals, with annual sales of more than 655 million gallons, up 220 million gallons from 2008. BES supplies more than 1,000 wholesale customers with an array of fuels, including gasoline, heating oil, propane, on-road and off-road diesel, and kerosene. This segment also owns or has contractual rights to approximately 150 million gallons of strategically located refined products storage capacity and had roughly $1.1 billion in refined products sales in 2009.

In an effort to be more commercially focused, and through careful and resourceful systems management, BES was able to increase volumes in 2009 and is well positioned to see further gains in 2010. This segment is working toward continued volume growth and fuel diversification, including adding alternative fuel capacity.

BES adds value beyond the margin it generates through its marketing efforts. Because BES' marketing activities are in areas served by our pipelines and terminals, such activities result in increased storage and transportation volumes in our system to help maximize our facilities' utilization.

Development and Logistics

Buckeye's Development and Logistics (BDL) segment operates or maintains approximately 2,400 miles of gas and liquid pipelines located primarily in the United States Gulf Coast area. BDL operates pipelines and storage facilities owned by major oil and gas, petrochemical, and chemical companies on a contract basis, handling more than 40 different petrochemical products. The pipelines operated and maintained by BDL stretch from El Paso to New Orleans but also include pipelines outside the Gulf Coast region in Ohio and Michigan.

BDL's experienced engineering, construction, and operating personnel provide superior and cost-effective pipeline and storage services to the oil and gas, petrochemical, and chemical industries. In addition to third-party contract operations, BDL also provides engineering design and project management of pipeline and terminal construction projects.

Buckeye GP LLC & Partnership Information

Directors

Forrest E. Wylie
Chairman of the Board and Chief Executive Officer
Irvin K. Culpepper, Jr.
Director
John F. Erhard
Director
Michael B. Goldberg [2,3]
Director
C. Scott Hobbs [1,3]
Director and Chairman of the Audit Committee
Mark C. McKinley [1,3]
Director
Oliver "Rick" G. Richard, III [1,3]
Director and Chairman of the Compensation Committee
Robb E. Turner [2,3]
Director and Chairman of the Finance Committee

Executive Officers

Forrest E. Wylie
Chief Executive Officer
Clark C. Smith
President and Chief Operating Officer
Keith E. St. Clair
Senior Vice President and Chief Financial Officer
Robert A. Malecky
Vice President, Customer Services
Khalid A. Muslih
Vice President, Corporate Development
William H. Schmidt, Jr.
Vice President, General Counsel and Secretary

[1] Member of Audit Committee
[2] Member of Finance Committee
[3] Member of Compensation Committee

Keith E. St. Clair, Forrest E. Wylie and Clark C. Smith

Partnership Characteristics

As a publicly traded partnership, Buckeye Partners, L.P. differs in several respects from stock corporations:

A partner in a publicly traded partnership owns units of the partnership rather than shares of stock and receives cash distributions rather than dividends. The cash distributions are treated as return of capital as long as the partner's tax basis in the partnership is positive.

Generally, a corporation is subject to federal and state income taxes, but a partnership is not. All of the income, gains, losses, and deductions of a partnership are passed through to its partners, who are required to report their allocated share of these amounts on their personal income tax returns.

While owners of corporate stock receive a Form 1099 each year detailing required tax data, owners of a partnership unit receive a tax reporting package including Schedule K-1 and other forms to file with their income tax return. This tax reporting package shows a partner's allocable share of the partnership's income, gains, losses, and deductions.

Compared to the corporate form of organization, the partnership form enables Buckeye to distribute to investors a greater percentage of cash generated by the business.

Principal Executive Office

Buckeye Partners, L.P.
One Greenway Plaza, Suite 600
Houston, TX 77046
832-615-8600

Transfer Agent and Registrar

Computershare Trust Company, N.A.
Post Office Box 43069
Providence, RI 02940-3069
800-519-3111
www.computershare.com

Equal Opportunity

Buckeye Partners, L.P. provides equal opportunity in all aspects of employment without regard to race, color, creed, religion, ancestry, national origin, gender, age, disability, veteran, or marital status.

Unitholder Tax Information

PricewaterhouseCoopers, LLP
K-1 Support
P.O. Box 799060,
Dallas, TX 75379
800-230-7224

Investor Information

For more information about Buckeye Partners, L.P. please contact:
Investor Relations
800-422-2825
irelations@buckeye.com
or visit the Investor Center pages at our website: www.buckeye.com

Reconciliation of Non-GAAP Financial Measures to Net Income

	2009	2008	2007	2006	2005
(In millions, except for ratio)					
Net income	$ 146.9	$ 189.9	$ 160.6	$ 114.8	$ 103.7
Less: Noncontrolling interest	(5.9)	(5.5)	(5.2)	(4.6)	(3.7)
Less: Income from discontinued operations	-	(1.2)	-	-	-
Net income attributable to BPL from continuing operations	141.0	183.2	155.4	110.2	100.0
Interest and debt expense	74.8	74.4	50.3	52.2	43.3
Income tax expense (benefit)	(0.4)	0.7	0.7	0.6	0.9
Depreciation and amortization	59.2	55.3	44.7	44.0	36.7
EBITDA	274.6	313.6	251.1	207.0	180.9
Non-cash deferred lease expense	4.5	4.6	-	-	-
Asset impairment expense	59.7	-	-	-	-
Reorganization expense	32.1	-	-	-	-
GP incentive compensation	-	-	-	18.3	20.2
Adjusted EBITDA	**$ 370.9**	**$ 318.2**	**$ 251.1**	**$ 225.3**	**$ 201.1**
Less: Interest and debt expense	(74.8)	(74.4)	(50.3)	(52.2)	(43.3)
Less: Maintenance capex	(23.5)	(28.9)	(33.8)	(30.2)	(23.4)
Less: Income taxes and other	0.8	1.1	0.2	(0.6)	(0.9)
Distributable cash flow	**$ 273.4**	**$ 216.0**	**$ 167.2**	**$ 142.3**	**$ 133.5**
Distributions used for coverage ratio	$ 237.5	$ 209.4	$ 173.7	$ 148.0	$ 129.2
Coverage ratio	**1.15x**	**1.03x**	**0.96x**	**0.96x**	**1.03x**

BUCKEYE PARTNERS, L.P.