

SUNOCO LOGISTICS PARTNERS L.P.

Form 424B5

July 29, 2011

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**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to Be Registered</b>	<b>Amount</b>		<b>Amount of</b>
	<b>To Be</b>		
	<b>Registered</b>	<b>Offering Price</b>	<b>Registration Fee(1)</b>
4.650% Senior Notes due 2022	\$300,000,000	\$299,844,000	\$34,830
Guarantee of Senior Notes due 2022	\$300,000,000	\$299,844,000	(2)
6.100% Senior Notes due 2042	\$300,000,000	\$299,865,000	\$34,830
Guarantee of Senior Notes due 2042	\$300,000,000	\$299,865,000	(2)

(1) The registration fee of \$69,660 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(n), no separate fee for the guarantee is payable.

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Filed Pursuant to Rule 424(B)(5)  
 Registration No. 333-155644  
 333-155644-01

**PROSPECTUS SUPPLEMENT**

(To prospectus dated February 1, 2010)

**\$600,000,000**

**Sunoco Logistics Partners Operations L.P.**

**\$300,000,000 4.650% Senior Notes due 2022**

**\$300,000,000 6.100% Senior Notes due 2042**

**Guaranteed By**

**Sunoco Logistics Partners L.P.**

This is an offering by Sunoco Logistics Partners Operations L.P. of \$300,000,000 of 4.650% Senior Notes due 2022 (the 2022 notes ) and \$300,000,000 of 6.100% Senior Notes due 2042 (the 2042 notes and, together with the 2022 notes, the notes ). Interest is payable on the notes on February 15 and August 15 of each year beginning February 15, 2012. Interest on the notes will accrue from August 2, 2011. The 2022 notes will mature on February 15, 2022 and the 2042 notes will mature on February 15, 2042.

We may redeem all or part of the notes of either series at any time at a price of 100% of their principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. The notes will not be entitled to the benefit of any sinking fund payment.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior debt and senior to any future subordinated debt that we may incur. The notes will be fully and unconditionally guaranteed by our parent, Sunoco Logistics Partners L.P., on a senior unsecured basis so long as it guarantees any of our other long-term debt. The guarantee will rank equally in right of payment with all of the existing and future senior debt of the guarantor.

*Investing in the notes involves risks. Please read Risk Factors beginning on page S-14 of this prospectus supplement and on page 4 of the accompanying prospectus.*

	Per 2022 Note	Total	Per 2042 Note	Total
Public Offering Price <sup>(1)</sup>	99.948%	\$ 299,844,000	99.955%	\$ 299,865,000
Underwriting Discount	0.650%	\$ 1,950,000	0.875%	\$ 2,625,000
Proceeds to Sunoco Logistics Partners Operations L.P. (before expenses)	99.298%	\$ 297,894,000	99.080%	\$ 297,240,000

<sup>(1)</sup> Plus accrued interest from August 2, 2011 if delivery occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any national securities exchange. Currently, there is no public market for the notes.

It is expected that delivery of the notes will be made to investors in registered book-entry form only through the facilities of The Depository Trust Company on or about August 2, 2011.

*Joint Book-Running Managers*

**Barclays Capital**

**Citi**

*Senior Co-Managers*

**RBS**

**TD Securities**

**Wells Fargo Securities**

*Co-Managers*

**Deutsche Bank Securities**

**Mitsubishi UFJ Securities**

**Mizuho Securities**

**PNC Capital Markets LLC**

**Scotia Capital**

**UBS Investment Bank**

**US Bancorp**

Prospectus Supplement dated July 28, 2011.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of notes. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of notes. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the notes offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus relating to this offering. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. You should not assume that the information included in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

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**FORWARD-LOOKING STATEMENTS**

All of the statements, other than statements of historical fact, included or incorporated by reference in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference contain forward-looking statements. These forward-looking statements discuss our goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or states other information relating to us, based on the current beliefs of our management as well as assumptions made by, and information currently available to, our management. Words such as may, anticipates, believes, expects, estimates, planned, scheduled, or other similar phrases and expressions identify forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference.

Although we believe these forward-looking statements are reasonable, they are based upon a number of assumptions, any or all of which ultimately may prove to be inaccurate. These statements are also subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results projected, forecasted, estimated or budgeted, including, but not limited to, the following:

Our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;

Delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;

Changes in demand for, or supply of, crude oil and petroleum products that impact demand for our pipeline, terminalling and storage services;

Changes in the short-term and long-term demand for crude oil, refined petroleum products and natural gas liquids we buy and sell;

The loss of Sunoco, Inc. ( 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 terminals, pipelines and commodity 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 the composition of the products that we transport, terminal and store;

Improvements in energy efficiency and technology resulting in reduced demand for petroleum products;

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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;

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The age of, and changes in the reliability and efficiency of our operating facilities;

Changes in the expected level of capital, operating or remediation spending related to environmental matters;

Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;

Risks related to labor relations and workplace safety;

Non-performance by or disputes with major customers, suppliers or other business partners;

Changes in our tariff rates implemented by federal and/or state government regulators;

The amount of our debt, which could make us vulnerable to adverse general economic and industry conditions, limit our ability to borrow additional funds, place us at competitive disadvantages compared to competitors that have less debt, or have other adverse consequences;

Restrictive covenants in our credit agreements;

Changes in our or 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;

The effectiveness of our risk management activities, including the use of derivative financial instruments to hedge commodity risks;

Changes in interest rates on our outstanding debt, which could increase the costs of borrowing; and

The costs and effects of legal and administrative claims and proceedings against us or any entity in which we have an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which we, or any entity in which we have an ownership interest, are a party.

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

**NOTICE FOR NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ( RSA 421-B ) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

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**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference for a more complete understanding of this offering. Please read Risk Factors beginning on page S-14 of this prospectus supplement and page 4 of the accompanying prospectus for more information about important risks that you should consider before investing in the notes.*

*As used in this prospectus supplement, unless the context otherwise indicates, the terms we, us, our and similar terms mean Sunoco Logistics Partners Operations L.P., together with our operating subsidiaries. References to the master partnership, our parent, or Sunoco Logistics Partners refer to Sunoco Logistics Partners L.P. References to Sunoco mean Sunoco, Inc., the owner of the general partner of the master partnership. References to Sunoco R&M mean Sunoco, Inc. (R&M), a wholly owned subsidiary of Sunoco through which Sunoco conducts its refining and marketing operations. Except where the context otherwise requires, references to, and descriptions of, our assets, operations and financial results include the assets, operations and financial results of the master partnership and its subsidiaries and predecessors.*

**Sunoco Logistics Partners Operations L.P.**

We are a Delaware limited partnership formed by Sunoco Logistics Partners to own and operate a logistics business, consisting of a geographically diverse portfolio of complementary pipeline, terminalling, and crude oil acquisition and marketing assets. We are principally engaged in the transport, terminalling and storage of refined products and crude oil and the purchase and sale of crude oil and refined products in 17 states located in the northeast, midwest, southeast and southwest United States. Sunoco Logistics Partners conducts substantially all of its business through us. We are the borrower under the master partnership's revolving credit facilities, and we are the issuer of all of the master partnership's publicly traded notes, all of which are guaranteed by Sunoco Logistics Partners. Our financial results do not differ materially from those of Sunoco Logistics Partners. The number and dollar amount of reconciling items between our consolidated financial statements and those of Sunoco Logistics Partners are insignificant. All financial results presented in this prospectus supplement and the accompanying prospectus are those of Sunoco Logistics Partners.

Our business is comprised of three segments:

The *Refined Products Pipeline System* serves Sunoco and other third parties and consists of approximately 2,500 miles of refined product pipelines, including a two-thirds undivided interest in the approximately 100-mile refined product Harbor pipeline, joint venture interests in four refined products pipelines in selected areas of the United States and the recently acquired controlling interest in the Inland pipeline system. Please see Recent Developments for a further description.

The *Terminal Facilities* consist of 42 active refined product terminals with an aggregate storage capacity of 7 million barrels, which provide storage, terminalling, blending and other ancillary services primarily to our Refined Products Pipeline System; the Nederland Terminal, a 21 million barrel marine crude oil terminal on the Texas Gulf Coast; the Eagle Point Terminal, a 5 million barrel crude oil and refined products dock and terminal, located on the Delaware River in Westville, New Jersey; a 2 million barrel refined product terminal serving Sunoco's Marcus Hook refinery near Philadelphia, Pennsylvania; one inland and two marine crude oil terminals with a combined capacity of 3 million barrels, and related pipelines, which serve Sunoco's Philadelphia refinery; and a 1 million barrel liquefied petroleum gas (LPG) terminal near Detroit, Michigan.

The *Crude Oil Pipeline System* gathers, purchases, sells and transports crude oil principally in Oklahoma and Texas and consists of approximately 4,900 miles of crude oil trunk pipelines, including a

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37 percent undivided interest in the 100-mile Mesa Pipe Line system; approximately 500 miles of crude oil gathering lines that supply the trunk pipelines; approximately 140 crude oil transport trucks; and approximately 100 crude oil truck unloading facilities. We generate revenues by charging tariffs for transporting refined products, crude oil and other hydrocarbons through our pipelines and by charging fees for storing refined products, crude oil and other hydrocarbons in, and for providing other services at, our terminals. We also generate revenues by acquiring and marketing domestic crude oil, refined petroleum products and natural gas liquids. Our policy is to purchase only commodity product 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. We do not enter into futures contracts or other derivative instruments to speculate on crude oil or refined products prices, as these activities could expose us to significant losses. We do use derivative contracts as economic hedges against price changes related to our forecasted refined products purchase and sale activities. These derivatives are intended to have equal and opposite effects on the purchase and sale activities.

## **Our Business Strategies**

Our primary business strategies are to:

generate stable cash flows;

increase our pipeline and terminal throughput;

pursue strategic and accretive acquisitions, both in existing and new lines of business and geographic areas of operation that complement or supplement our existing asset base;

pursue economically accretive organic growth opportunities;

continue to improve our operating efficiency and to reduce our costs; and

increase our cash distributions to unitholders.

## **Our Competitive Strengths**

We believe that we are well-positioned to execute our business strategies successfully because of the following competitive strengths:

*Our pipelines and terminal facilities are strategically located in areas with high demand.* We have a strong presence in the northeast, midwest and southwest United States, and our transportation and distribution assets in these regions provide us with a base of stable cash flows.

*We have a complementary portfolio of assets that are both geographically and operationally diverse.* Our assets include refined product pipelines and terminals in the northeast, midwest and southwest United States, a crude oil terminal on the Texas Gulf Coast, crude oil pipelines in Oklahoma, Texas and Michigan, and a crude oil pipeline that originates in Longview, Texas and passes through Louisiana, Arkansas, Mississippi, Tennessee, Kentucky and Ohio and terminates in Samaria, Michigan. We also own equity interests in five refined product pipelines located in the central and western regions of the United States. This geographic and asset diversity contributes to the stability of our cash flows.

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*We have a unique strategic relationship with Sunoco and its affiliates.* Many of our refined product pipelines and terminals in the northeast are directly connected to Sunoco R&M's refineries and afford Sunoco R&M a cost-effective means to distribute refined products. In addition, we and Sunoco and its affiliates can jointly bid on potential acquisitions, and we are entitled to purchase from Sunoco and its affiliates any significant crude oil or refined product pipeline and terminalling assets, which we often refer to as logistics assets, associated with acquisitions made by Sunoco and its affiliates.

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*Our pipelines and terminal facilities are efficient and well-maintained.* In recent years, we have made significant investments to upgrade our asset base. All of our refined product pipelines and terminal facilities and most of our crude oil pipelines are automated to provide continuous, real-time, operational data. We continually undertake internal inspection programs and other procedures to monitor the integrity of our pipelines.

*Our executive officers and directors have extensive energy industry experience.* Our executive officers and directors have broad experience in the energy industry. As a result, we believe that we have the expertise to execute our business strategies and manage our assets and operations effectively. The master partnership's general partner has adopted incentive compensation plans to closely align the interests of its executive officers with the interests of its other stakeholders.

### **Our Relationship with Sunoco and its Affiliates**

We have a strong and mutually beneficial relationship with Sunoco, a leading transportation fuel provider, with operations located primarily in the East Coast and midwest regions of the United States. Sunoco operates its businesses through a number of operating subsidiaries, the primary one being Sunoco R&M, which markets transportation fuels and convenience store merchandise through more than 4,900 branded retail locations in 23 states. This retail network is principally supplied by Sunoco-owned refineries with a combined crude oil processing capacity of 505,000 barrels per day. Substantially all of Sunoco's business activities with us are conducted through Sunoco R&M and their refining and marketing supply chain assets are integrated with our operations.

Sunoco R&M relies on us to provide transportation and terminalling services that support a significant portion of its refining and marketing operations and a portion of our revenues are derived from Sunoco R&M's use of our pipelines and terminal facilities. For the three and six months ended June 30, 2011, Sunoco R&M accounted for approximately 2 percent and 7 percent of our total revenues. Sunoco R&M has minimum storage and throughput obligations at our Fort Mifflin Terminal Complex. Sunoco R&M does not have any minimum throughput obligations related to our other terminalling and pipeline assets. All of our facilities are well situated to handle Sunoco R&M's current refining and marketing supply channels.

Following our recent acquisition of the Eagle Point tank farm and related assets (discussed below), Sunoco, through its ownership of our parent's general partner, has an aggregate 31.8 percent limited partner interest and a 2.0 percent general partner interest in Sunoco Logistics Partners, in addition to its ownership of all of the outstanding incentive distribution rights. Because of its significant equity ownership in our parent and operational relationship with us, Sunoco has and will continue to have a substantial vested interest in the growth and success of our business. As we have no employees, our parent's general partner and its affiliates, which are indirectly owned by Sunoco, employ approximately 1,400 people who provide direct support to our operations.

### **Recent Developments**

#### ***Acquisitions***

In July 2011, we signed a definitive agreement with Texon L.P. ( "Texon" ) to acquire its crude oil purchasing and marketing business for \$205 million plus the fair market value of its crude oil inventory. The purchase consists of a lease crude business and gathering assets in 16 states, primarily in the western United States, and will be included within the Crude Oil Pipeline business segment as of the acquisition date. The current total crude oil volume of the business is approximately 75,000 barrels per day at the wellhead. This acquisition would significantly increase our position in key oil producing states and growing shale areas. The transaction is subject to customary closing conditions and is expected to close in the third quarter 2011.

In July 2011, we acquired the Eagle Point tank farm and related assets, located in Westville, N.J., from Sunoco R&M. The Eagle Point tank farm and related assets will be included within the Terminal Facilities

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business segment as of the acquisition date. We anticipate additional capital spending of approximately \$90 million to provide for operational flexibility and to meet regulatory requirements related to the Eagle Point assets. Sunoco R&M contributed the Eagle Point assets to Sunoco Logistics Partners' general partner in exchange for additional membership interests in the general partner with a value of \$100 million. The general partner then contributed the Eagle Point assets to us in exchange for 1.3 million Class A units of Sunoco Logistics Partners valued at \$98 million and an additional general partner interest with a value of \$2 million which resulted in the general partner maintaining its 2% general partner interest in Sunoco Logistics Partners. The Class A units are a new class of limited partner interests in Sunoco Logistics Partners which are not entitled to receive quarterly distributions. The Class A units will automatically convert to common units of Sunoco Logistics Partners one year from the date of issuance. The Class A units otherwise have the same terms as the common units, including voting rights.

In June 2011, we signed a definitive agreement to purchase a 1.2 million barrel refined products terminal located in East Boston, Massachusetts from ConocoPhillips for \$56 million plus the fair market value of the inventory. The East Boston terminal and related assets will be included within the Terminal Facilities business segment as of the acquisition date. This transaction is subject to customary closing conditions and is expected to close in the third quarter of 2011.

In May 2011, we acquired a controlling interest in Inland Corporation through a series of transactions. Inland Corporation owns an active 350-mile refined products pipeline and related facilities in Ohio that serve multiple Ohio refineries and terminal markets. The aggregate purchase price for all of the interests acquired was approximately \$99 million, which was financed by borrowings under our revolving credit facilities. As a result of these transactions, we now own an 83.8 percent economic interest and a 70 percent voting interest in Inland Corporation. As we now have a controlling financial interest in Inland Corporation, the joint venture is reflected as our consolidated subsidiary from the date of acquisition and is included within the Refined Products Pipeline segment.

### ***Second Quarter Earnings***

On July 26, 2011, we announced financial results for the quarter and six months ended June 30, 2011. For the quarter ended June 30, 2011, net income attributable to owners increased to \$94 million, or \$2.40 per limited partner unit on a diluted basis, compared to \$51 million, or \$1.29 per limited partner unit on a diluted basis, for the quarter ended June 30, 2010. Operating income for the quarter ended June 30, 2011 increased by \$51 million, to \$121 million, from \$70 million for the quarter ended June 30, 2010.

For the six months ended June 30, 2011, net income attributable to owners increased to \$142 million compared to \$94 million for the six months ended June 30, 2010. Operating income for the six months ended June 30, 2011 increased by \$68 million to \$196 million from \$128 million for the six months ended June 30, 2010.

Our independent public accounting firm has not yet completed its review of our financial statements for the quarterly period ended June 30, 2011. As a result, the financial results for the three and six months ended June 30, 2011 are subject to change.

### ***Distribution Increase***

On July 26, 2011, the board of directors of Sunoco Logistics Partners' general partner declared a cash distribution for the second quarter of 2011 of \$1.215 per common unit (\$4.86 annualized), which is payable on August 12, 2011 to unitholders of record of the master partnership on August 8, 2011.

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**Our Ownership, Structure and Management**

We are the operating subsidiary of the master partnership. We and our subsidiaries conduct the master partnership's operations and own its operating assets. Our general partner has sole responsibility for conducting our business and for managing our operations. The officers of our general partner are the same as the officers of Sunoco Partners LLC, the general partner of the master partnership. The sole director of our general partner is also a director of Sunoco Partners LLC. Sunoco, the owner of the master partnership's general partner, receives an annual administrative fee for the provision of various general and administrative services for our benefit. We also reimburse Sunoco and its affiliates for direct expenses they incur on our behalf.

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The following chart depicts the organization and ownership of us, our subsidiaries and the master partnership as of July 27, 2011.

	<b>Percentage Interest</b>
<b>Ownership of Sunoco Logistics Partners Operations L.P.</b>	
Sunoco Logistics Partners GP LLC General Partner Interest	0.01%
Sunoco Logistics Partners L.P. Limited Partner Interest	99.99%
Total	100.0%
<b>Ownership of Sunoco Logistics Partners L.P.</b>	
Public Common Units	66.2%
Sunoco Partners LLC Common Units	28.1%
Sunoco Partners LLC Class A Units	3.7%
Sunoco Partners LLC General Partner Interest	2.0%
Total	100.0%

Our principal executive offices are located at 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103, and our phone number is (866) 248-4344.

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**The Offering**

Issuer	Sunoco Logistics Partners Operations L.P.
Securities	\$300,000,000 of 4.650% Senior Notes due 2022. \$300,000,000 of 6.100% Senior Notes due 2042.
Maturity Dates	February 15, 2022 for the 2022 notes. February 15, 2042 for the 2042 notes.
Interest Payment Dates	We will pay interest on the notes in arrears each February 15 and August 15, beginning February 15, 2012.
Mandatory Redemption	We will not be required to make mandatory redemption or sinking fund payments on the notes or to repurchase the notes at the option of the holders.
Optional Redemption	We may redeem the notes of either series, in whole or in part, at any time at a price equal to 100% of the principal amount plus accrued and unpaid interest to the date of redemption, plus a make-whole premium as described under Description of the Notes Optional Redemption.
Guarantees	The notes will be guaranteed by our parent, Sunoco Logistics Partners L.P., on a senior unsecured basis so long as it guarantees any of our other long-term debt. Any of our subsidiaries that in the future become guarantors or co-issuers of our long-term debt must guarantee the notes on the same basis. If we cannot make payments on the notes when they are due, the guarantors must make them instead.
Ranking	The notes will be our general unsecured obligations. The notes will rank equally in right of payment with all our existing and future senior debt, including debt under our revolving credit facilities, our outstanding 7.25% Senior Notes due 2012, 8.75% Senior Notes due 2014, 6.125% Senior Notes due 2016, 5.50% Senior Notes due 2020 and 6.85% Senior Notes due 2040 and senior in right of payment to any subordinated debt that we may incur. The parent guarantee of the notes will rank equally in right of payment with the guarantor's existing and future senior debt, including Sunoco Logistics Partners guarantees of debt under our revolving credit facilities, our outstanding 7.25% Senior Notes due 2012, 8.75% Senior Notes due 2014, 6.125% Senior Notes due 2016, 5.50% Senior Notes due 2020 and 6.85% Senior Notes due 2040 and senior in right of payment to any subordinated debt the guarantor may incur. Neither we nor the guarantor currently has any secured debt outstanding.
Certain Covenants	The indenture governing the notes limits our ability and the ability of our subsidiaries, among other things, to:

create liens without equally and ratably securing the notes; and

engage in certain sale and leaseback transactions.

The indenture also limits our ability to engage in mergers, consolidations and certain sales of assets.

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These covenants are subject to important exceptions and qualifications, as described under [Description of the Notes](#) [Important Covenants](#).

Use of Proceeds

We will use the net proceeds of this notes offering to repay in full the balance outstanding under our \$395 million revolving credit facility, which was \$220 million as of July 27, 2011. We will use the remainder of the net proceeds for general partnership purposes, including to finance the Texon acquisition and future acquisitions. Affiliates of certain of the underwriters participating in this offering are lenders under our \$395 million revolving credit facility and are expected to receive greater than 5% of the net proceeds of this offering through our payment on this facility. Please read [Use of Proceeds](#), [Capitalization](#) and [Underwriting](#).

Trustee

U.S. Bank National Association

Governing Law

The notes and the indenture will be governed by New York law.

Risk Factors

Please read [Risk Factors](#) beginning on page S-14 of this prospectus supplement and on page 4 of the accompanying prospectus for a discussion of factors you should carefully consider before investing in the notes.

**Table of Contents****Summary Financial and Operating Data**

The following tables set forth summary condensed consolidated financial and operating data of Sunoco Logistics Partners L.P. for the years ended December 31, 2008, 2009 and 2010 and for the three months ended March 31, 2010 and 2011. The summary financial and operating data presented below is derived from (i) the audited consolidated financial statements of Sunoco Logistics Partners L.P., which are included in its Annual Report on Form 10-K for the year ended December 31, 2010 and (ii) the unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the three months ended March 31, 2011. Sunoco Logistics Partners L.P.'s Annual Report on Form 10-K for the year ended December 31, 2010 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 are incorporated by reference herein.

The summary financial and operating data should be read together with, and are qualified in their entirety by reference to, the historical financial statements of Sunoco Logistics Partners L.P. and the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are set forth in its Annual Report on Form 10-K for the year ended December 31, 2010 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

	Year Ended December 31,			Three Months Ended	
	2008	2009	2010	2010	2011
	(in millions, except per unit data)				
<b>Income Statement Data:</b>					
Revenues:					
Sales and other operating revenue:					
Affiliates	\$ 2,572	\$ 706	\$ 1,117	\$ 173	\$ 303
Unaffiliated customers	7,540	4,696	6,691	1,507	1,955
Other income <sup>(1)</sup>	24	28	30	8	2
<b>Total revenues</b>	<b>10,136</b>	<b>5,430</b>	<b>7,838</b>	<b>1,688</b>	<b>2,260</b>
Costs and expenses:					
Cost of products sold and operating expenses	9,786	5,023	7,398	1,594	2,145
Depreciation and amortization	40	48	64	15	18
Impairment charge	6		3		
Selling, general and administrative expenses	59	64	72	21	22
<b>Total costs and expenses</b>	<b>9,891</b>	<b>5,135</b>	<b>7,537</b>	<b>1,630</b>	<b>2,185</b>
Operating income	\$ 245	\$ 295	\$ 301	\$ 58	\$ 75
Net interest cost and debt expense	31	45	73	15	20
Gain on investments in affiliates			128		
Income before income tax expense	\$ 214	\$ 250	\$ 356	\$ 43	\$ 55
Provision for income taxes			8		5
<b>Net Income</b>	<b>\$ 214</b>	<b>\$ 250</b>	<b>\$ 348</b>	<b>\$ 43</b>	<b>\$ 50</b>
Net Income attributable to noncontrolling interests			2		2
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	<b>\$ 214</b>	<b>\$ 250</b>	<b>\$ 346</b>	<b>\$ 43</b>	<b>\$ 48</b>

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	Year Ended December 31,			Three Months Ended	
	2008	2009	2010	March 31, 2010	2011
(in millions, except per unit data)					
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit:					
Basic	\$ 6.19	\$ 6.52	\$ 9.40	\$ 1.06	\$ 1.09
Diluted	\$ 6.15	\$ 6.48	\$ 9.34	\$ 1.06	\$ 1.08
Cash distributions per unit to Limited Partners: <sup>(2)</sup>					
Paid	\$ 3.67	\$ 4.11	\$ 4.52	\$ 1.09	\$ 1.18
Declared	\$ 3.79	\$ 4.21	\$ 4.61	\$ 1.12	\$ 1.20
<b>Other Data:</b>					
EBITDA <sup>(3)</sup>	\$ 291	\$ 343	\$ 366	\$ 73	\$ 91
Distributable Cash Flow <sup>(3)</sup>	\$ 236	\$ 266	\$ 248	\$ 54	\$ 63

- (1) Includes equity income from the investments in the following joint ventures: Explorer Pipeline Company, Wolverine Pipe Line Company, West Shore Pipe Line Company, Yellowstone Pipe Line Company, Mid-Valley Pipeline Company ( Mid-Valley ) and West Texas Gulf Pipe Line Company ( West Texas Gulf ). Equity income from the investments has been included based on our respective ownership percentages of each and from the dates of acquisition forward. In the third quarter 2010, we acquired a controlling financial interest in Mid-Valley and West Texas Gulf. Therefore, these joint ventures are reflected as consolidated subsidiaries from the respective dates of acquisition.
- (2) Cash distributions paid per unit to limited partners represent payments made per unit during the period stated. Cash distributions declared per unit to limited partners represent distributions declared per unit for the quarters within the period stated. Declared distributions were paid within 45 days following the close of each quarter.

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- (3) EBITDA and distributable cash flow provide additional information for evaluating our ability to make distributions to our unitholders and our general partner. The following table reconciles the difference between net income attributable to Sunoco Logistics Partners L.P. and net cash provided by operating activities, as determined under United States generally accepted accounting principles, and EBITDA and distributable cash flow:

	Year Ended December 31,			Three Months Ended	
	2008	2009	2010	2010	2011
	(in millions)				
<b>Net Income attributable to Sunoco Logistics Partners L.P.</b>	\$ 214	\$ 250	\$ 346	\$ 43	\$ 48
Interest cost, net	31	45	73	15	20
Depreciation and amortization expense	40	48	64	15	18
Impairment charge	6		3		
Provision for income taxes			8		5
Gain on investments in affiliates			(128)		
<b>EBITDA</b>	\$ 291	\$ 343	\$ 366	\$ 73	\$ 91
Interest cost, net	(31)	(45)	(73)	(15)	(20)
Maintenance capital expenditures	(26)	(32)	(37)	(4)	(3)
Sunoco reimbursements	2				
Provision for income taxes			(8)		(5)
<b>Distributable cash flow</b>	\$ 236	\$ 266	\$ 248	\$ 54	\$ 63
<b>Net cash provided by operating activities</b>	\$ 229	\$ 176	\$ 341	\$ 1	\$ 6
Interest cost, net	31	45	73	15	20
Amortization expense and bond discount	(1)	(2)	(2)	(1)	(1)
Restricted unit incentive plan expense	(4)	(5)	(5)	(4)	(3)
Net change in working capital pertaining to operating activities	38	121	(55)	53	67
Provision for income taxes			8		5
Net Income attributable to noncontrolling interests			(2)		(2)
Other	(2)	8	8	9	(1)
<b>EBITDA</b>	\$ 291	\$ 343	\$ 366	\$ 73	\$ 91

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

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	Year Ended December 31,			Three Months Ended	
	2008(1)	2009(2)	2010(3)	2010(4)	2011(5)
	(in millions)				
<b>Cash Flow Data:</b>					
Net cash provided by operating activities	\$ 229	\$ 176	\$ 341	\$ 1	\$ 6
Net cash used in investing activities	\$ (332)	\$ (226)	\$ (426)	\$ (27)	\$ (28)
Net cash provided by financing activities	\$ 103	\$ 50	\$ 85	\$ 26	\$ 22
<b>Capital expenditures:</b>					
Maintenance <sup>(6)</sup>	\$ 26	\$ 32	\$ 37	\$ 4	\$ 3
Expansion <sup>(7)</sup>	306	194	389	23	25
Total capital expenditures	\$ 332	\$ 226	\$ 426	\$ 27	\$ 28

- (1) Expansion capital expenditures in 2008 include \$186 million related to the acquisition of the MagTex refined products pipeline system, construction of tankage and pipeline assets in connection with the agreement to connect the Nederland terminal to a Port Arthur, Texas refinery and construction of additional crude oil storage tanks at the Nederland terminal.
- (2) Expansion capital expenditures in 2009 include \$50 million related to the acquisition of Excel Pipeline LLC and a refined products terminal in Romulus, Michigan and the construction of tankage and pipeline assets in connection with the agreement to connect the Nederland terminal to a Port Arthur, Texas refinery and construction of additional crude oil storage tanks at the Nederland terminal.
- (3) Expansion capital expenditures in 2010 include \$152 million related to the acquisition of a butane blending business from Texon L.P., \$91 million related to the acquisition of additional ownership interests in Mid-Valley, West Texas Gulf and West Shore, and construction projects to expand services at the refined products terminals, increase tankage at the Nederland facility and to expand the refined products platform in the southwest United States.
- (4) Expansion capital expenditures for the three months ended March 31, 2010 included construction projects to expand services at the refined products terminals, increase tankage at the Nederland facility and expand the refined products platform in the southwest United States.
- (5) Expansion capital expenditures for the three months ended March 31, 2011 included projects to expand the butane blending business, increase tankage at the Nederland facility and expand the refined products platform in the southwest United States.
- (6) Maintenance capital expenditures are capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and to extend their useful lives. We treat maintenance expenditures that do not extend the useful life of existing assets as operating expenses as incurred.
- (7) Expansion capital expenditures are capital expenditures made to acquire and integrate complimentary assets to grow the business, to improve operational efficiencies or reduce costs and to expand existing and construct new facilities, such as projects that increase storage or throughput volume.

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	Year Ended December 31,			Three Months Ended March 31,	
	2008	2009	2010	2010	2011
	(unaudited)				
	(\$ in millions, except operating and price data)				
<b>Balance Sheet Data (at period end):</b>					
Net properties, plants and equipment	\$ 1,375	\$ 1,534	\$ 2,128	\$ 1,546	\$ 2,140
Total assets	\$ 2,308	\$ 3,099	\$ 4,188	\$ 3,418	\$ 4,663
Total debt	\$ 748	\$ 868	\$ 1,229	\$ 1,141	\$ 1,280
Total Sunoco Logistics Partners L.P. Equity	\$ 670	\$ 862	\$ 965	\$ 657	\$ 963
Noncontrolling interests			77		78
Total equity	\$ 670	\$ 862	\$ 1,042	\$ 657	\$ 1,041
<b>Operating Data:</b>					
Refined Products Pipeline System					
Refined products pipeline throughput (thousands of barrels per day) <sup>(1)</sup>	510	576	468	456	410
Revenue per barrel (cents)	55.4	60.7	70.0	70.9	71.8
Terminal Facilities					
Terminal throughput (thousands of barrels per day)					
Refined products terminals	436	462	488	459	478
Nederland terminal	526	597	728	726	696
Refinery terminals	653	591	465	498	389
Crude Oil Pipeline System					
Crude oil pipeline throughput (thousands of barrels per day) <sup>(2)</sup>	683	658	1,183	837	1,493
Crude oil purchases as wellhead (thousands of barrels per day)	178	182	189	184	189
Gross margin per barrel of pipeline throughput (cents) <sup>(3)</sup>	63.0	73.0	40.3	40.1	35.9
Average crude oil price (per barrel)	\$ 99.65	\$ 61.93	\$ 79.55	\$ 78.79	\$ 94.25

- (1) Excludes amounts attributable to equity ownership interests which are not consolidated.
- (2) Reflects total throughput by Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company from the dates of acquisition in 2010, divided by the number of days in the period. From the dates of acquisition, these pipelines had actual throughput of approximately 585,000 bpd for the year ended December 31, 2010 and 656,000 bpd for the three months ended March 31, 2011.
- (3) Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization, divided by crude oil pipeline throughput. Gross margin and throughput volumes for Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company have been included from the acquisition dates.

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**RISK FACTORS**

*An investment in our senior notes involves risks. You should carefully consider all of the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference as provided under **Where You Can Find More Information**, including our Parent's Annual Report on Form 10-K for the year ended December 31, 2010 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and the risk factors described under **Risk Factors** in such reports. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference also contain forward-looking statements that involve risks and uncertainties. Please read **Forward-Looking Statements**. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described below, elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents incorporated by reference. If any of these risks occur, our business, financial condition or results of operation could be adversely affected.*

**Risks Related to the Notes**

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

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

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

***The notes have no established trading market or history and liquidity of trading markets for the notes may be limited.***

The notes of each series will constitute a new issue of securities with no established trading market. Although the underwriters have indicated that they intend to make a market in the notes of each series, they are not obligated to do so and any of their market-making activities may be terminated or limited at any time. In addition, we do not intend to apply for a listing of the notes on any securities exchange or interdealer quotation system. As a result, there can be no assurance as to the liquidity of markets that may develop for the notes, the ability of noteholders to sell their notes or the prices at which notes could be sold. The notes may trade at prices that are lower than their respective public offering price depending on many factors, including prevailing interest rates and the markets for similar securities. The liquidity of trading markets for the notes may also be adversely affected by general declines or disruptions in the markets for debt securities. Those market declines or disruptions could adversely affect the liquidity of and market for the notes independent of our financial performance or prospects.

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

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

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**USE OF PROCEEDS**

We expect to receive net proceeds of approximately \$595 million from the sale of \$600 million in aggregate principal amount of notes we are offering, after deducting the underwriting discounts and estimated offering expenses.

We will use the net proceeds of this notes offering to repay in full the balance outstanding under our \$395 million revolving credit facility, which was \$220 million as of July 27, 2011. We will use the remainder of the net proceeds for general partnership purposes, including to finance the Texon acquisition and future acquisitions.

Affiliates of certain of the underwriters participating in this offering are lenders under our \$395 million revolving credit facility and are expected to receive greater than 5% of the net proceeds of this offering through our payment on this facility. Please read Underwriting.

As of July 27, 2011, borrowings under our \$395 million revolving credit facility had a weighted average interest rate of 0.8%. Our \$395 million revolving credit facility matures in November 2012. Within the past year, we have used borrowings under our \$395 million revolving credit facility for general partnership purposes and to help fund our acquisition of a controlling interest in Inland Corporation.

**RATIO OF EARNINGS TO FIXED CHARGES**

The ratio of earnings to fixed charges for both Sunoco Logistics Partners L.P. and Sunoco Logistics Partners Operations L.P. for each of the periods indicated is as follows:

Year Ended December 31,					Three Months
2006	2007	2008	2009	2010	Ended March 31, 2011
3.6x	3.8x	6.7x	5.7x	5.2x	3.4x

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized), amortization of debt costs and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of income from continuing operations (before adjustment for minority interest, extraordinary loss and equity earnings), fixed charges and distributions from equity investments, less capitalized interest.

**Table of Contents****CAPITALIZATION**

The following table sets forth the cash and cash equivalents and total capitalization of Sunoco Logistics Partners as of March 31, 2011:

on an actual basis; and

as adjusted to give effect to (i) the issuance by Sunoco Logistics Partners on July 1, 2011 of 1.3 million Class A units to its general partner in connection with the Eagle Point acquisition; (ii) borrowings of \$169 million under our \$395 million revolving credit facility since March 31, 2011 to fund acquisitions and organic growth projects; and (iii) our offering of \$300 million in aggregate principal amount of the 2022 notes and \$300 million in aggregate principal amount of the 2042 notes and the application of the net proceeds to repay \$220 million outstanding under our \$395 million revolving credit facility.

This table should be read together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of March 31, 2011	
	Actual	As Adjusted
	(in millions)	
Cash and cash equivalents	\$ 2	\$ 375
Promissory Note due 2013	100	100
\$63 million revolving credit facility due September 2011	31	31
\$395 million revolving credit facility due November 2012	51	
7.25% Senior Notes due 2012	250	250
8.75% Senior Notes due 2014	175	175
6.125% Senior Notes due 2016	175	175
5.50% Senior Notes due 2020	250	250
6.85% Senior Notes due 2040	250	250
4.65% Senior Notes due 2022		300
6.10% Senior Notes due 2042		300
Less unamortized bond discount	(2)	(2)
<b>Total debt</b>	<b>1,280</b>	<b>1,829</b>
<b>Equity</b>		
Limited partners	937	937
General partner	29	31
Class A units		98
Accumulated other comprehensive loss	(3)	(3)
<b>Total Sunoco Logistics Partners L.P. Equity</b>	<b>963</b>	<b>1,063</b>
Noncontrolling interests	78	78
<b>Total equity</b>	<b>1,041</b>	<b>1,141</b>
<b>Total capitalization</b>	<b>\$ 2,321</b>	<b>\$ 2,970</b>



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**DESCRIPTION OF THE NOTES**

We will issue the notes under an indenture governing our senior debt securities referred to in the accompanying prospectus, as supplemented by separate indenture supplements creating the notes of each series. The notes of each series will be issued in the form of one or more global notes registered in the name of the nominee of the depository for the notes, The Depository Trust Company, as described in the accompanying prospectus under Description of the Debt Securities Book-Entry, Delivery and Form. The following description and the description in the accompanying prospectus under Description of the Debt Securities summarize the material provisions of the notes, the indenture and the indenture supplements. These descriptions do not restate the indenture and the indenture supplements in their entirety. We urge you to read the indenture and the indenture supplements because they, and not this description, define your rights as a holder of the notes. We have filed copies of the indenture and the indenture supplements as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part.

The notes are senior debt securities as that term is used in the accompanying prospectus. The description of the notes in this prospectus supplement replaces the description of the general provisions of the senior debt securities in the accompanying prospectus to the extent that the following description is inconsistent with those provisions.

In this Description of the Notes, the expressions we, our, us or the like refer to Sunoco Logistics Partners Operations L.P., excluding its subsidiaries, and references to the indenture mean the indenture as supplemented by the indenture supplements creating the notes.

**Principal and Maturity**

The 2022 notes will mature on February 15, 2022, unless sooner redeemed, and the 2042 notes will mature on February 15, 2042, unless sooner redeemed. The notes will not be entitled to the benefits of a sinking fund or mandatory redemption or repurchase requirements. We will issue the 2022 notes in an initial aggregate principal amount of \$300 million and the 2042 notes in an initial aggregate principal amount of \$300 million. Thereafter we may from time to time, without the consent of the existing holders, create and issue further notes of either series having the same terms and conditions as the notes of that series being offered hereby in all respects, except for issue date, issue price and, if applicable, the first payment of interest thereon. Additional notes issued in this manner will be consolidated with, and will form a single series with, the previously outstanding notes of the same series.

The notes will be issued only in registered form without coupons, in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof.

**Interest**

The notes will bear interest from August 2, 2011 at the annual rates set forth on the cover page of this prospectus supplement, payable semi-annually in arrears on February 15 and August 15 of each year (each an interest payment date) to noteholders in whose name the notes are registered at the close of business on February 1 or August 1 (whether or not a business day) preceding the applicable interest payment date. If an interest payment date or a redemption date occurs on a date that is not a business day, payment will be made on the next business day and no additional interest will accrue. Interest payments will commence on February 15, 2012. Under the indenture, a business day is any day, other than Saturday or Sunday, that is not a day on which banking institutions in The City of New York are authorized by law, regulation or executive order to remain closed.

Interest on the notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

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### **Ranking**

The notes of each series will be unsecured obligations of Sunoco Logistics Partners Operations L.P. The notes will rank equally in right of payment with all of our other existing and future senior debt from time to time outstanding, including debt under our revolving credit facilities and our outstanding 7.25% Senior Notes due 2012, 8.75% Senior Notes due 2014, 6.125% Senior Notes due 2016, 5.50% Senior Notes due 2020 and 6.85% Senior Notes due 2040, and senior in right of payment to any future subordinated debt that we may incur. The indenture does not limit our ability to incur additional debt.

### **Parent Guarantee of Notes**

We are a subsidiary of the master partnership, Sunoco Logistics Partners L.P. Like the master partnership, we are also a holding company that conducts all of our operations through our subsidiaries. Initially the master partnership will fully and unconditionally guarantee the due and punctual payment of the principal, any premium and interest on the notes when and as they become due and payable, whether at stated maturity or otherwise. The master partnership has guaranteed our obligations under our revolving credit facilities and our outstanding 7.25% Senior Notes due 2012, 8.75% Senior Notes due 2014, 6.125% Senior Notes due 2016, 5.50% Senior Notes due 2020 and 6.85% Senior Notes due 2040. The master partnership's guarantee of the notes will rank equally in right of payment with its other existing and future senior debt from time to time outstanding, including the master partnership's guarantees under our revolving credit facilities, our outstanding 7.25% Senior Notes due 2012, 8.75% Senior Notes due 2014, 6.125% Senior Notes due 2016, 5.50% Senior Notes due 2020 and 6.85% Senior Notes due 2040 and senior in right of payment to any future subordinated debt that the guarantor may incur.

The parent guarantee provides that upon a default in payment of principal or any premium or interest on a note, the holder of the note may institute legal proceedings directly against the guarantor to enforce the guarantee without first proceeding against us. The guarantor is obligated under its guarantee only up to an amount that would not constitute a fraudulent conveyance or fraudulent transfer under federal or state law.

### **Addition and Releases of Guarantors**

The indenture also requires our subsidiaries that in the future become guarantors or co-obligors of our Funded Debt, as defined below, to fully and unconditionally guarantee, as guarantors, our payment obligations on the notes.

In the indenture, the term *subsidiary* means, with respect to any person:

any corporation, association or other business entity of which more than 50% of the total voting power of the equity interests entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers, trustees or equivalent persons thereof is at the time of determination owned or controlled, directly or indirectly, by that person or one or more of the other subsidiaries of that person or a combination thereof; or

any partnership of which more than 50% of the partner's equity interests, considering all partners' equity interests as a single class, is at the time of determination owned or controlled, directly or indirectly, by that person or one or more of the other subsidiaries of that person or a combination thereof.

*Funded Debt* means all debt:

maturing one year or more from the date of its creation;

directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating to the debt, to a date one year or more from the date of its creation; or

under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.



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The term **debt** means, with respect to any specified person, any obligation created or assumed by such person for the repayment of borrowed money and any guarantee thereof.

The guarantee of the master partnership or any future subsidiary guarantor may be released under certain circumstances. If we exercise our legal or covenant defeasance option with respect to the notes as described in the accompanying prospectus under **Description of the Debt Securities Defeasance**, then any subsidiary guarantor will be released with respect to the notes. Further, if no default has occurred and is continuing under the indenture with respect to the notes, the master partnership or any future subsidiary guarantor will be unconditionally released and discharged from its guarantee:

in the case of any future subsidiary guarantor, automatically upon any sale, exchange or transfer, whether by way of merger or otherwise, to any person that is not our affiliate, of all of our direct or indirect limited partnership or other equity interests in the subsidiary guarantor;

in the case of any future subsidiary guarantor, automatically upon the merger of the subsidiary guarantor into us, the master partnership or any other subsidiary guarantor or the liquidation and dissolution of the subsidiary guarantor;

in the case of the master partnership, automatically upon the merger of the master partnership into us or any subsidiary guarantor, or the liquidation or dissolution of the master partnership; or

in the case of the master partnership or any future subsidiary guarantor, following delivery of a written notice by us to the trustee, upon the release of all guarantees by the master partnership or such future subsidiary guarantor of any Funded Debt of ours other than any senior debt securities issued under the indenture, except a release as a result of payment under such guarantees.

## **Optional Redemption**

Each series of notes will be redeemable, in whole or in part, at our option at any time (a **Redemption Date** ) at a redemption price equal to the greater of:

100% of the principal amount of the notes; and

an amount equal to the sum of the present values of the remaining scheduled payments for principal and interest on the notes, not including any portion of the payments of interest accrued as of such **Redemption Date**, discounted to such **Redemption Date** on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the **Treasury Rate**, as defined below, plus 25 basis points in the case of the 2022 notes and 30 basis points in the case of the 2042 notes; plus, in each case, accrued and unpaid interest on the notes to such **Redemption Date**.

The Independent Investment Banker will calculate the actual redemption price.

In the indenture, the following terms have the meanings set forth below:

**Treasury Rate** means the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such **Redemption Date**. The **Treasury Rate** shall be calculated on the third business day preceding the **Redemption Date**.

**Comparable Treasury Issue** means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary

financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

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**Comparable Treasury Price** means with respect to any Redemption Date (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury dealer Quotations, the average of all such quotations.

**Independent Investment Banker** means either of Barclays Capital Inc. or Citigroup Global Markets Inc. as specified by us, and any successor firm or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

**Reference Treasury Dealer** means each of Barclays Capital Inc. and Citigroup Global Markets Inc. and three other primary U.S. government securities dealers (each a **Primary Treasury Dealer**), as specified by us; provided, that (1) if any of the foregoing shall cease to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer and (2) if we fail to select a substitute within a reasonable period of time, then the substitute will be a Primary Treasury Dealer selected by the Independent Investment Banker.

**Reference Treasury Dealer Quotations** means, with respect to the Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

If less than all of the notes are to be redeemed, the trustee shall select the notes or portions of the notes to be redeemed on a pro rata basis, by lot or by such other method as the trustee shall deem appropriate and fair. The trustee may select for redemptions only notes and portions of notes in minimum principal amounts of \$2,000 and integral multiples of \$1,000 in excess thereof.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each holder of the notes to be redeemed. Unless we default in payment of the redemption price, on or after the Redemption Date, interest will cease to accrue on the notes called for redemption.

## **Important Covenants**

We are subject to certain covenants under the indenture with respect to the notes. In addition to the covenants described in the accompanying prospectus under **Description of the Debt Securities Specific Covenants Reports and Consolidation, Merger or Sale**, we are subject to the following two additional important covenants:

### ***Limitations on Liens***

We will not, nor will we permit any subsidiary to, create, assume, incur or suffer to exist any lien upon any Principal Property, as defined below, or upon any shares of capital stock of any subsidiary owning or leasing any Principal Property, whether owned or leased on the date of the indenture or thereafter acquired, to secure any of our debt or debt of any other person, other than the notes and any other senior debt securities issued under the indenture, without making effective provision for all of the notes outstanding under the indenture to be secured equally and ratably with, or prior to, that debt so long as that debt is so secured.

**Principal Property** means, whether owned or leased on the date of the indenture or thereafter acquired, any pipeline, terminal or other logistics property or asset of ours or any subsidiary, including any related property or asset employed in the transportation, distribution, storage, terminalling, processing or marketing of crude oil, refined products (including gasoline, diesel fuel, jet fuel, heating oil, distillates, liquefied petroleum gas, natural gas liquids, blend stocks, ethanol, xylene, toluene and petrochemical feedstocks) or fuel additives, that is located in the United States of America or any territory or political subdivision thereof, except:

(1) any of those properties or assets consisting of inventories, furniture, office fixtures and equipment, including data processing equipment, vehicles and equipment used on, or with, vehicles; and

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(2) any of those properties or assets which, in the opinion of the board of directors of Sunoco Logistics Partners GP LLC, our general partner, is not material in relation to our activities or our subsidiaries, taken as a whole.

There is excluded from this restriction:

(1) Permitted Liens, as defined below;

(2) any lien upon any property or asset created at the time of acquisition of that property or asset by us or any subsidiary or within one year after that time to secure all or a portion of the purchase price for that property or asset or debt incurred to finance the purchase price, whether that debt was incurred prior to, at the time of or within one year after the date of the acquisition;

(3) any lien upon any property or asset to secure all or part of the cost of construction, development, repair or improvements thereon or to secure debt incurred prior to, at the time of, or within one year after completion of the construction, development, repair or improvements or the commencement of full operations thereof, whichever is later, to provide funds for that purpose;

(4) any lien upon any property or asset existing thereon at the time of the acquisition thereof by us or any subsidiary, whether or not the obligations secured thereby are assumed by us or any subsidiary; provided, however, that the lien only encumbers the property or asset so acquired;

(5) any lien upon any property or asset of an entity existing thereon at the time that entity becomes a subsidiary by acquisition, merger or otherwise; provided, however, that the lien only encumbers the property or asset of that entity at the time it becomes a subsidiary;

(6) any lien upon any property or asset of ours or any subsidiary in existence on the date the notes are first issued or provided for pursuant to agreements existing on that date, including, without limitation, pursuant to our revolving credit facility;

(7) liens imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and liens which secure a judgment or other court-ordered award or settlement as to which we or the applicable subsidiary has not exhausted our or its appellate rights;

(8) any extension, renewal, refinancing, refunding or replacement, or successive extensions, renewals, refinancings, refundings or replacements, of liens, in whole or in part, referred to in clauses (1) through (7) above; provided, however, that any extension, renewal, refinancing, refunding or replacement lien shall be limited to the property or asset covered by the lien extended, renewed, refinanced, refunded or replaced and that the obligations secured by any extension, renewal, refinancing, refunding or replacement lien shall be in an amount not greater than the amount of the obligations secured by the lien extended, renewed, refinanced, refunded or replaced and any expenses of ours and our subsidiaries, including any premium, incurred in connection with any extension, renewal, refinancing, refunding or replacement; or

(9) any lien resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing debt of ours or any subsidiary.

Notwithstanding the preceding, under the indenture, we may, and may permit any subsidiary to, create, assume, incur, or suffer to exist any lien upon any Principal Property or upon any shares of capital stock of any subsidiary owning or leasing any Principal Property to secure debt of ours or any other person, other than the notes and any other debt securities issued under the indenture, that is not excepted by clauses (1) through (9) above, without securing the notes; provided that the aggregate principal amount of all debt then outstanding secured by that lien and all similar liens, together with all Attributable Indebtedness, as defined below, from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by clauses (1) through (4), inclusive, of the first paragraph of the restriction on sale-leasebacks covenant described below) does not exceed 10% of Consolidated Net Tangible Assets, as defined below.

Permitted Liens means:

(1) liens upon rights of way for pipeline purposes;

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(2) any statutory or governmental lien or lien arising by operation of law, or any mechanic s, repairman s, materialman s, supplier s, carrier s, landlord s, warehouseman s or similar lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined lien which is incidental to construction, development, improvement or repair;

(3) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property;

(4) liens of taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by us or any subsidiary in good faith;

(5) liens of, or to secure performance of, leases, other than capital leases;

(6) any lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;

(7) any lien upon property or assets acquired or sold by us or any subsidiary resulting from the exercise of any rights arising out of defaults on receivables;

(8) any lien incurred in the ordinary course of business in connection with worker s compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;

(9) any lien in favor of us or any subsidiary;

(10) any lien in favor of the United States of America or any state of the United States, or any department, agency or instrumentality or political subdivision of the United States of America or any state of the United States, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any debt incurred by us or any subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to the lien;

(11) any lien securing industrial development, pollution control or similar revenue bonds;

(12) any lien securing debt of ours or any subsidiary, all or a portion of the net proceeds of which are used, substantially concurrent with the funding thereof (and for purposes of determining substantial concurrence, taking into consideration, among other things, required notices to be given to holders of outstanding notes under the indenture in connection with the refunding, refinancing or repurchase, and the required corresponding durations thereof), to refinance, refund or repurchase all outstanding notes under the indenture, including the amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by us or any subsidiary in connection therewith;

(13) liens in favor of any person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute; or

(14) any lien upon or deposits of any assets to secure performance of bids, trade contracts, leases or statutory obligations.

Consolidated Net Tangible Assets means, at any date of determination, the total amount of assets after deducting:

all current liabilities, excluding:

any current liabilities that by their terms are extendable or renewable at the option of the obligor to a time more than one year after the time as of which the amount is being computed; and

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current maturities of long-term debt; and

the value, net of any applicable reserves, of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or as on a pro forma basis would set forth, on our consolidated balance sheet for our most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

***Restriction on Sale-Leasebacks***

We will not, and will not permit any of our subsidiaries to, engage in the sale or transfer by us or any subsidiary of any Principal Property to a person, other than us or a subsidiary, and the taking back by us or any subsidiary, as the case may be, of a lease of the Principal Property, which we call a Sale-Leaseback Transaction, unless:

- (1) the Sale-Leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations on the Principal Property, whichever is later;
- (2) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than three years;
- (3) we or a subsidiary would be entitled to incur debt secured by a lien on the Principal Property subject thereto in a principal amount equal to or exceeding the Attributable Indebtedness from the Sale-Leaseback Transaction without equally and ratably securing the notes; or
- (4) we or a subsidiary, within a one-year period after the Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the Attributable Indebtedness from the Sale-Leaseback Transaction to:

the prepayment, repayment, redemption, reduction or retirement of any of our debt or debt of any subsidiary that is not subordinated to the notes; or

the expenditure or expenditures for Principal Property used or to be used in the ordinary course of our business or the business of our subsidiaries.

Attributable Indebtedness, when used with respect to any Sale-Leaseback Transaction, means, as at the time of determination, the present value, discounted at the rate set forth or implicit in the terms of the lease included in the transaction, of the total obligations of the lessee for rental payments, other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that constitute payments for property rights, during the remaining term of the lease included in the Sale-Leaseback Transaction, including any period for which the lease has been extended. In the case of any lease that is terminable by the lessee upon the payment of a penalty or other termination payment, the amount shall be the lesser of the amount determined assuming termination upon the first date the lease may be terminated, in which case the amount shall also include the amount of the penalty or termination payment, but no rent shall be considered as required to be paid under the lease subsequent to the first date upon which it may be so terminated, or the amount determined assuming no termination.

Notwithstanding the preceding, the indenture provides that we may, and may permit any subsidiary to, effect any Sale-Leaseback Transaction that is not excepted by clauses (1) through (4), inclusive, of the first paragraph above, provided that the Attributable Indebtedness from the Sale-Leaseback Transaction and any other Sale-Leaseback Transaction that is not so excepted, together with the aggregate principal amount of outstanding debt, other than the notes and any other senior debt securities issued under the indenture, secured by liens upon Principal Properties, or upon any shares of capital stock of any subsidiary owning or leasing any Principal Property, and in any case not excepted by clauses (1) through (9), inclusive, of the first paragraph of the limitation on liens covenant described above, does not exceed 10% of the Consolidated Net Tangible Assets.

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**Events of Default**

In addition to the Events of Default described in the accompanying prospectus under Description of the Debt Securities Events of Default, Remedies and Default Events of Default, the following constitutes an Event of Default under the indenture in respect of the notes of each series:

the acceleration of the maturity of any other debt of ours or any of our subsidiaries or a default in the payment of any principal or interest in respect of any other debt of us or any of our subsidiaries having an outstanding principal amount of \$25 million or more individually or in the aggregate and such default shall be continuing for a period of 30 days.

**Legal Defeasance and Covenant Defeasance**

The notes of each series will be subject to both legal defeasance and covenant defeasance as described in the accompanying prospectus under Description of the Debt Securities Defeasance.

**Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect with respect to the notes of either series (except as to surviving rights of registration of transfer or exchange of the notes provided for in the indenture) when

either (1) all the notes of that series previously authenticated and delivered (except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment we have deposited with the trustee money that has been repaid to us thereafter) have been delivered to the trustee for cancellation or (2) all such notes not theretofore delivered to the trustee for cancellation have become due and payable or will become due and payable at their stated maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption;

we have deposited with the trustee as trust funds cash sufficient to pay in full at stated maturity or upon redemption all such notes not delivered to the trustee for cancellation; and

we have paid all other sums payable under the indenture by us with respect to such notes.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the notes. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the notes.

This discussion is limited to holders who purchase the notes in this offering for a price equal to the issue price of the notes (i.e., the first price at which a substantial amount of the notes is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under U.S. federal estate or gift tax laws or the laws of any foreign, state, local or other jurisdiction or any income tax treaty. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as:

dealers in securities or currencies;

traders in securities that have elected the mark-to-market method of accounting for their securities;

U.S. holders (as defined below) whose functional currency is not the U.S. dollar;

persons holding notes as part of a hedge, straddle, conversion transaction, or other risk reduction transaction;

certain U.S. expatriates;

financial institutions;

insurance companies;

regulated investment companies;

real estate investment trusts;

persons subject to the alternative minimum tax;

entities that are tax-exempt for U.S. federal income tax purposes; and

partnerships and other pass-through entities and holders of interests therein.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership acquiring the notes, you are urged to consult your own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the notes.

In certain circumstances (see Description of the Notes Optional Redemption ) we may be obligated to pay amounts on the notes that are in excess of stated interest or principal on the notes. We do not intend to treat the possibility of paying such additional amounts as affecting the determination of the yield to maturity of the notes or the accrual of any original issue discount or giving rise to recognition of ordinary income upon redemption, sale, or exchange of the notes. However, additional income will be recognized if any such additional payment is made. Our determination is binding on you unless you disclose a contrary position to the IRS in the manner required by applicable U.S. Treasury Regulations. It is possible, however, that the IRS may take a different position, in which case the timing, character, and amount of income may be different. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments.

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INVESTORS CONSIDERING THE PURCHASE OF NOTES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE NOTES UNDER U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

### **Tax Consequences to U.S. Holders**

You are a U.S. holder for purposes of this discussion if you are a beneficial owner of a note and you are for U.S. federal income tax purposes:

an individual who is a U.S. citizen or U.S. resident alien;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

### ***Interest on the Notes***

Interest on the notes generally will be taxable to you as ordinary income at the time it is received or accrued in accordance with your regular method of accounting for United States federal income tax purposes.

### ***Disposition of the Notes***

You will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a note. This gain or loss will equal the difference between the proceeds you receive (excluding any proceeds attributable to accrued but unpaid interest, which will be recognized as ordinary interest income to the extent you have not previously included such amounts in income) and your adjusted tax basis in the note. The proceeds you receive will include the amount of any cash and the fair market value of any other property received for the note. Your adjusted tax basis in the note will generally equal the amount you paid for the note. The gain or loss will be long-term capital gain or loss if you held the note for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses may be subject to limitation.

### ***Information Reporting and Backup Withholding***

Information reporting generally will apply to payments of interest on, and the proceeds of the sale or other disposition (including a retirement or redemption) of, notes held by you unless you are an exempt recipient (such as a corporation). Backup withholding generally will apply to such payments unless you provide the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establish an exemption from backup withholding.

Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.



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### **Tax Consequences to Non-U.S. Holders**

You are a non-U.S. holder for purposes of this discussion if you are a beneficial owner of a note and you are an individual, corporation, estate or trust and are not a U.S. holder (as defined above).

#### ***Interest on the Notes***

Payments to you of interest on the notes generally will be exempt from U.S. federal withholding tax under the portfolio interest exemption if you properly certify as to your foreign status as described below, and:

you do not own, actually or constructively, 10% or more of our capital or profits interests (including by reason of your ownership of 10% or more of the capital or profits interests in Sunoco Logistics Partners);

you are not a controlled foreign corporation that is related to us (actually or constructively);

you are not a bank whose receipt of interest on the notes is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of your trade or business; and

interest on the notes is not effectively connected with your conduct of a U.S. trade or business.

The portfolio interest exemption applies only if you appropriately certify as to your foreign status. You can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to the withholding agent. If you hold the notes through a financial institution or other agent acting on your behalf, you may be required to provide appropriate certifications to the agent. Your agent will then generally be required to provide appropriate certifications to the withholding agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to the withholding agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to U.S. federal withholding tax at a 30% rate, unless you provide the withholding agent with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of a tax treaty (in which case, you generally will be required to provide a U.S. taxpayer identification number), or the payments of interest are effectively connected with your conduct of a trade or business in the United States (and if required by an applicable income tax treaty, are treated as attributable to a permanent establishment maintained by you in the United States) and you meet the certification requirements described below. (See *Income or Gain Effectively Connected with a U.S. Trade or Business.* )

#### ***Disposition of the Notes***

You generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a note unless:

the gain is effectively connected with the conduct by you of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by you in the United States); or

you are an individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If you are a non-U.S. holder described in the first bullet point above, you generally will be subject to U.S. federal income tax in the manner described under *Income or Gain Effectively Connected with a U.S. Trade or Business.* If you are a non-U.S. holder described in the second

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bullet point above, you will be subject to a flat 30% rate (or lower applicable treaty rate) of U.S. federal income tax on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

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### ***Income or Gain Effectively Connected with a U.S. Trade or Business***

If any interest on the notes or gain from the sale, redemption, exchange or other taxable disposition of the notes is effectively connected with a U.S. trade or business conducted by you (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by you in the United States), then the interest income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in generally the same manner as if you were a U.S. holder. Effectively connected interest income will not be subject to U.S. withholding tax if you satisfy certain certification requirements by providing to the withholding agent a properly executed IRS Form W-8ECI (or successor form or IRS Form W-8BEN claiming a treaty exemption or appropriate substitute form). If you are a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business may also be subject to a branch profits tax at a 30% rate, unless an applicable income tax treaty may provide for a lower rate. For this purpose, interest on a note and gain recognized on the disposition of a note will be included in earnings and profits if the interest or gain is effectively connected with the U.S. trade or business conducted by you.

### ***Information Reporting and Backup Withholding***

Payments to you of interest on a note, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to you. Copies of these information returns may also be made available to the tax authorities of the country in which you reside under the provisions of a specific treaty or agreement.

United States backup withholding generally will not apply to payments to you of interest on a note if you duly provide the statement described in Interest on the Notes or you otherwise establish an exemption, provided that we do not have actual knowledge or reason to know that you are a United States person.

Payment of the proceeds of a disposition (including a retirement or redemption) of a note effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless you properly certify under penalties of perjury as to your foreign status (by providing the statement described in Interest on the Notes ) and certain other conditions are met or you otherwise establish an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a note effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that you are a non-U.S. holder and certain other conditions are met, or you otherwise establish an exemption, information reporting will apply to a payment of the proceeds of the disposition of a note effected outside the United States by such a broker if it:

is a United States person;

is a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;

is a controlled foreign corporation for U.S. federal income tax purposes; or

is a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

### **Recent Legislation Relating to Net Investment Income**

For tax years beginning after December 31, 2012, recently-enacted legislation is scheduled to impose a 3.8% tax on the net investment income of certain U.S. citizens and resident aliens, and on the undistributed



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net investment income of certain estates and trusts. Among other items, net investment income generally includes gross income from interest and net gain from the disposition of property, such as the notes, less certain deductions.

Prospective holders should consult their tax advisors with respect to the tax consequences of the legislation described above.

**THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. WE URGE EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR NOTES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.**

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**Table of Contents****UNDERWRITING**

Barclays Capital Inc. and Citigroup Global Markets Inc. are acting as representatives of the underwriters named below. We, the master partnership and the general partner of the master partnership have entered into an underwriting agreement, dated July 28, 2011, with the underwriters pursuant to which, on the terms and subject to the conditions of the underwriting agreement, we have agreed to sell to the underwriters, and the underwriters severally and not jointly have agreed to purchase from us, the principal amount of notes listed opposite their names below:

<b>Underwriters</b>	<b>Principal Amount of 2022 Notes</b>	<b>Principal Amount of 2042 Notes</b>
Barclays Capital Inc.	\$ 75,000,000	\$ 75,000,000
Citigroup Global Markets Inc.	75,000,000	75,000,000
RBS Securities Inc.	33,000,000	33,000,000
TD Securities (USA) LLC	33,000,000	33,000,000
Wells Fargo Securities, LLC	33,000,000	33,000,000
Deutsche Bank Securities Inc.	7,350,000	7,350,000
Mitsubishi UFJ Securities (USA), Inc.	7,275,000	7,275,000
Mizuho Securities USA Inc.	7,275,000	7,275,000
PNC Capital Markets LLC	7,275,000	7,275,000
Scotia Capital (USA) Inc.	7,275,000	7,275,000
UBS Securities LLC	7,275,000	7,275,000
U.S. Bancorp Investments, Inc.	7,275,000	7,275,000
<b>Total</b>	<b>\$ 300,000,000</b>	<b>\$ 300,000,000</b>

The underwriting agreement provides that the obligation of the underwriters to purchase the notes included in this offering is subject to customary conditions. The underwriters have agreed to purchase all of the notes if any of these notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters initially propose to offer the notes to the public at the public offering prices set forth on the cover page of this prospectus supplement and may offer the notes to certain dealers at a price that represents a concession not in excess of 0.400% of the principal amount per 2022 note or 0.500% of the principal amount per 2042 note. The underwriters may allow, and those dealers may reallow, a concession to certain other broker/dealers not in excess of 0.250% of the principal amount per 2022 note or 0.250% of the principal amount per 2042 note. After the initial offering of the notes of each series to the public, the offering price and other selling terms may from time to time be varied by the underwriters.

The following table shows the underwriting discount (expressed as a percentage of the principal amount of the notes of each series) to be paid by us to the underwriters in connection with this offering.

	<b>Paid by Us</b>
Per 2022 note	0.650%
Per 2042 note	0.875%

In connection with the offering, the representatives, on behalf of the underwriters, may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed

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in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market prices of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representatives, in covering syndicate short positions or making stabilizing purchases, repurchases notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market prices of the notes. They may also cause the prices of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

The notes of each series are a new issue of securities with no established trading market. We have been advised by the underwriters that they intend to make a market in the notes of each series, but they are not obligated to do so and may discontinue any market making at any time without notice. Accordingly, we cannot assure you as to the liquidity of the trading markets for the notes. The notes will not be listed on any securities exchange or included in any automated quotation system.

We have agreed that we will not offer to sell any of our debt securities (other than the notes and bank borrowings) for a period of 30 days after the date of this prospectus supplement without the prior written consent of the representatives.

We, the master partnership and the general partner of the master partnership have agreed to indemnify the underwriters against certain civil liabilities relating to the offering, including liabilities under the Securities Act of 1933, as amended, and liabilities arising from breaches of representations and warranties contained in the underwriting agreement, or to contribute to payments that may be required to be made in respect of any of these liabilities.

We estimate that our total expenses for this offering, excluding underwriting discounts and commissions, will be \$0.3 million.

## **Relationships With Underwriters**

Certain of the underwriters and their affiliates have engaged, and may in the future engage, in commercial banking, investment banking or financial advisory transactions with us, the master partnership, our affiliates and Sunoco, in the ordinary course of their business. Such underwriters and their affiliates have received customary compensation and expenses for these commercial banking, investment banking or financial advisory transactions. Affiliates of Barclays Capital Inc., Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Deutsche Bank Securities Inc., Mitsubishi UFJ Securities (USA), Inc. and UBS Securities LLC are lenders under our \$395 million revolving credit facility that matures in November 2012. In addition, Citigroup Global Markets Inc. is the counterparty to a futures account agreement with our indirect subsidiary, Sunoco Partners Marketing & Terminals L.P. Certain of the underwriters or their affiliates or associated persons are expected to receive more than 5% of the net proceeds of this offering through our payments under our \$395 million revolving credit facility. There is no conflict of interest between us and the underwriters under FINRA Rule 5121.

The notes are offered for sale only in those jurisdictions where it is legal to offer them.

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**LEGAL**

The validity of the notes will be passed upon for us by our counsel, Vinson & Elkins L.L.P., Washington, D.C. Certain legal matters relating to the offering of the notes will be passed upon for the underwriters by Andrews Kurth LLP, Washington D.C. Andrews Kurth LLP has in the past represented Sunoco Logistics Partners L.P. in an unrelated matter.

**EXPERTS**

The financial statements of Sunoco Logistics Partners L.P. and the effectiveness of Sunoco Logistics Partners L.P.'s internal control over financial reporting as of December 31, 2010 appearing in Sunoco Logistics Partners L.P.'s Annual Report on Form 10-K for the year ended December 31, 2010 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein and incorporated herein by reference. Such financial statements of Sunoco Logistics Partners L.P. are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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**WHERE YOU CAN FIND MORE INFORMATION**

We and the master partnership have filed a registration statement with the Securities and Exchange Commission, or SEC, under the Securities Act that registers the securities offered by this prospectus supplement. The registration statement, including the attached exhibits, contains additional relevant information about us and the master partnership. We are not a reporting company under the Securities Exchange Act of 1934. However, the master partnership, Sunoco Logistics Partners L.P., files annual, quarterly and other reports and other information with the SEC. You may read and copy any document the master partnership files at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on their public reference room. The master partnership's SEC filings are also available at the SEC's web site at <http://www.sec.gov>. You can also obtain information about us and the master partnership at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference the information the master partnership has filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus supplement or the accompanying prospectus by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. Information that the master partnership files later with the SEC and that is deemed to be filed with the SEC will automatically update and may replace information in this prospectus supplement and the accompanying prospectus and information previously filed with the SEC.

We incorporate the documents listed below and any future filings made by the master partnership with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information furnished under Items 2.02 or 7.01 on any Current Report on Form 8-K) after the date of this prospectus supplement and until the termination of this offering. These reports contain important information about us, our financial condition and our results of operations.

Annual Report on Form 10-K for the year ended December 31, 2010;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2011; and

Current Reports on Form 8-K filed February 1, 2011, May 19, 2011, May 20, 2011 and July 5, 2011.

The master partnership makes available free of charge on or through its Internet website, [www.sunocologistics.com](http://www.sunocologistics.com), its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC. Information contained on the master partnership's Internet website is not part of this prospectus supplement or the accompanying prospectus.

You may request a copy of any document incorporated by reference in this prospectus, at no cost, by writing or calling us at the following address:

Investor Relations Department

Sunoco Logistics Partners L.P.

1818 Market Street, Suite 1500

Philadelphia, Pennsylvania 19103-3615

(866) 248-4344



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**PROSPECTUS**

**Sunoco Logistics Partners L.P.**

**Common Units**

**Representing Limited Partner Interests**

**Sunoco Logistics Partners Operations L.P.**

**Debt Securities**

**Fully and Unconditionally Guaranteed by**

**Sunoco Logistics Partners L.P.**

Sunoco Logistics Partners L.P. or selling unitholders may, in one or more offerings, offer and sell common units representing limited partner interests in Sunoco Logistics Partners L.P. Sunoco Logistics Partners L.P.'s common units are listed for trading on the New York Stock Exchange under the symbol SXL.

Sunoco Logistics Partners Operations L.P. may, in one or more offerings, offer and sell its debt securities, which will be fully and unconditionally guaranteed by Sunoco Logistics Partners L.P., and may be so guaranteed by one or more of our subsidiaries. We will provide information in the related prospectus supplement for the trading market, if any, for any debt securities Sunoco Logistics Partners Operations L.P. may offer.

We or selling unitholders may offer the securities in amounts, at prices and on terms to be determined by market conditions and other factors at the time of our offerings. This prospectus describes only the general terms of these securities and the general manner in which we or selling unitholders will offer the securities. The specific terms of any securities that we or selling unitholders offer will be included in a supplement to this prospectus. The prospectus supplement will describe the specific manner in which we or selling unitholders will offer the securities, and also may add, update or change information contained in this prospectus. We or selling unitholders will sell these securities through underwriters on a firm commitment basis. The names of any underwriters and the specific terms of a plan of distribution will be stated in a supplement to this

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prospectus. Selling unitholders that are affiliates of Sunoco Logistics Partners L.P. may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, or the Securities Act, and, as a result, may be deemed to be offering securities, indirectly, on our behalf. We will not receive any of the proceeds from the sale of common units by selling unitholders.

You should read this prospectus and the prospectus supplement carefully before you invest in any of our securities. This prospectus may not be used to consummate sales of our securities unless it is accompanied by a prospectus supplement.

**INVESTING IN OUR SECURITIES INVOLVES RISK. LIMITED PARTNERSHIPS ARE INHERENTLY DIFFERENT FROM CORPORATIONS. YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS ON PAGE 4 OF THIS PROSPECTUS BEFORE YOU MAKE ANY INVESTMENT IN OUR SECURITIES.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is February 1, 2010

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In making your investment decision, you should rely only on the information contained in this prospectus, any prospectus supplement and the documents we have incorporated by reference in this prospectus. We have not authorized anyone else to give you different information. We are not offering these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents. We will disclose any material changes in our affairs in an amendment to this prospectus, a prospectus supplement or a future filing with the Securities and Exchange Commission incorporated by reference in this prospectus.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we have filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we or selling unitholders may sell, in one or more offerings, common units of Sunoco Logistics Partners L.P. or we may sell, in one or more offerings, the debt securities of Sunoco Logistics Partners Operations L.P. described in this prospectus. This prospectus generally describes us, the common units of Sunoco Logistics Partners L.P., the debt securities of Sunoco Logistics Partners Operations L.P., and the guarantees of the debt securities. Each time we sell common units or debt securities with this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities offered by us or selling unitholders in that offering. The prospectus supplement also may add to, update, or change information in this prospectus.

As used in this prospectus, we, us, and our and similar terms mean Sunoco Logistics Partners L.P. and its subsidiaries, except that those terms, when used in this prospectus in connection with the common units described herein, shall mean Sunoco Logistics Partners L.P., and when used in connection with the debt securities described herein, shall mean Sunoco Logistics Partners Operations L.P., unless the context indicates otherwise. References to Sunoco R&M shall mean Sunoco, Inc. (R&M), a wholly owned subsidiary of Sunoco, Inc., through which Sunoco, Inc. conducts its refining and marketing operations.

The information in this prospectus is accurate as of its date. You should read carefully this prospectus, any prospectus supplement, and the additional information described below under the heading Where You Can Find More Information.

**ABOUT SUNOCO LOGISTICS PARTNERS L.P. AND**

**SUNOCO LOGISTICS PARTNERS OPERATIONS L.P.**

Sunoco Logistics Partners L.P. is a publicly traded Delaware limited partnership that owns, operates and acquires a geographically diverse portfolio of complementary pipeline, terminalling, and crude oil acquisition and marketing assets located in the Northeast, Midwest and Southwest United States. Sunoco Logistics Partners Operations L.P. is a direct wholly owned subsidiary of Sunoco Logistics Partners L.P. that owns the operating subsidiaries of Sunoco Logistics Partners L.P.

Occasionally, in this prospectus, we refer to Sunoco Logistics Partners L.P. as the Guarantor. The Guarantor will unconditionally guarantee our payment obligations under any series of debt securities offered by this prospectus.

We are principally engaged in the transport, terminalling, and storage of refined products and crude oil and in the purchase and sale of crude oil in 13 states. We generate revenues by charging tariffs for transporting refined products, crude oil and other hydrocarbons through our pipelines as well as by charging fees for storing refined products, crude oil and other hydrocarbons in, and for providing other services at, our terminals. We also generate revenues by purchasing and selling domestic crude oil. Generally, as we purchase crude oil we simultaneously enter into corresponding sale transactions involving physical deliveries of crude oil, which enables us to secure a profit on the transaction at the time of purchase and establish a substantially balanced position, thereby minimizing exposure to crude oil price volatility after the initial purchase. However, the margins we receive from these transactions may vary from period to period. We do not enter into futures contracts or other derivative instruments in connection with these purchases and sales unless they result in the physical delivery of crude oil.

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Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., is an indirect wholly owned subsidiary of Sunoco, Inc., and holds no assets other than its investment in Sunoco Logistics Partners L.P. and notes receivable and other amounts receivable from Sunoco R&M.

Our principal executive offices are located at 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103, and our phone number is 866-248-4344.

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**WHERE YOU CAN FIND MORE INFORMATION**

We have filed a registration statement with the SEC under the Securities Act that registers the offer and sale of the securities covered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

In addition, Sunoco Logistics Partners L.P. files annual, quarterly and other reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on its public reference room. Our SEC filings also are available on the SEC's web site at <http://www.sec.gov>. You also can obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference the information Sunoco Logistics Partners L.P. has filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. The information incorporated by reference is an important part of this prospectus. Information that Sunoco Logistics Partners L.P. later provides to the SEC, and which is deemed to be filed with the SEC, automatically will update information previously filed with the SEC, and may replace information in this prospectus.

We incorporate by reference in this prospectus the documents listed below and any future filings made by Sunoco Logistics Partners L.P. with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (excluding any information furnished and not filed pursuant to any Current Report on Form 8-K, unless otherwise noted below), until the termination of each offering under this prospectus:

Annual Report on Form 10-K for the year ended December 31, 2008;

Quarterly Reports on Form 10-Q for the quarters ended September 30, 2009, June 30, 2009 and March 31, 2009;

Current Reports on Form 8-K filed February 6, 2009, April 15, 2009, May 4, 2009, May 6, 2009, September 1, 2009, September 8, 2009, October 7, 2009 (including Item 7.01 thereof), January 27, 2010 (other than items 2.02 and 7.01 and exhibits 99.1, 99.2 and 99.3) and January 28, 2010; and

the description of our common units contained in our registration statement on Form 8-A, filed on January 28, 2002, as amended by Amendment No. 1 filed on May 13, 2005 and Amendment No. 2 filed on January 29, 2010, and any subsequent amendment thereto filed for the purpose of updating such description.

These reports contain important information about us, our financial condition and our results of operations.

We make available free of charge on or through our Internet website, [www.sunocologistics.com](http://www.sunocologistics.com), our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our Internet website is not part of this prospectus.

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You may obtain any of the documents incorporated by reference in this prospectus from the SEC through the SEC's website at the address provided above. You also may request a copy of any document incorporated by reference in this prospectus (excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference in this document), at no cost, by visiting our internet website at [www.sunocologistics.com](http://www.sunocologistics.com), or by writing or calling us at the following address:

Investor Relations

Sunoco Logistics Partners L.P.

1818 Market Street, Suite 1500

Philadelphia, PA 19103

Telephone: (866) 248-4344

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with any information. You should not assume that the information incorporated by reference or provided in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of each document.

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**RISK FACTORS**

An investment in our securities involves risks. Before you invest in our securities, you should carefully consider the risk factors included in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q and those that may be included in the applicable prospectus supplement, as well as risks described in Management's Discussion and Analysis of Financial Condition and Results of Operations and cautionary notes regarding forward-looking statements included or incorporated by reference herein, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, our ability to make distributions to our unitholders or pay interest on, or the principal of, any debt securities, may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

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**FORWARD-LOOKING STATEMENTS**

All of the statements, other than statements of historical fact, included or incorporated by reference in this prospectus, the accompanying prospectus supplement and the documents we incorporate by reference contain forward-looking statements. These forward-looking statements discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to us, based on the current beliefs of our management as well as assumptions made by, and information currently available to, management. Words such as may, will, anticipate, believe, expect, estimate, intend, project, and other similar phrases or expressions are used in forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus, any prospectus supplement and the documents we have incorporated by reference.

Although we believe these forward-looking statements to be reasonable, they are based upon a number of assumptions, any or all of which ultimately may prove to be inaccurate. These statements are also subject to numerous uncertainties and risks that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted, including, but not limited to, the following:

our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;

delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;

changes in 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 R&M 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 the composition of refined petroleum products that we transport, terminal and store;

improvements in energy efficiency and technology resulting in reduced demand for petroleum products;

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 similar events;

the occurrence of operational hazards or unforeseen interruptions for which we may not be adequately insured (including as a result of equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);

changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;

the age of, and changes in the reliability and efficiency of, our operating facilities;

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changes in the expected level of capital, operating, or remediation spending related to environmental matters;

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 and terms 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 interest rates on our outstanding debt, which could increase the costs of borrowing;

changes in our or Sunoco, Inc.'s credit ratings, as assigned by ratings agencies;

the condition of the debt capital markets and equity capital markets in the United States, and our ability to raise capital in a cost-effective way;

performance of financial institutions impacting our liquidity, including those supporting our credit facilities; and

the costs and effects of legal and administrative claims and proceedings against us or any entity in which we have an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which we, or any entity in which we have an ownership interest, 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 factors also could 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.

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**USE OF PROCEEDS**

Unless we specify otherwise in any prospectus supplement, we will use the net proceeds (after the payment of offering expenses and underwriting discounts and commissions) from our sale of securities for general partnership purposes, which may include, among other things:

paying or refinancing all or a portion of our indebtedness outstanding at the time; and

funding working capital, capital expenditures or acquisitions (which may consist of acquisitions of discrete assets or businesses).

The actual application of proceeds from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering. The precise amount and timing of the application of these proceeds will depend upon our funding requirements and the availability and cost of other funds.

We will not receive any of the proceeds from the sale of common units by selling unitholders.

**RATIO OF EARNINGS TO FIXED CHARGES**

The ratio of earnings to fixed charges for both Sunoco Logistics Partners L.P. and Sunoco Logistics Partners Operations L.P. for each of the periods indicated is as follows:

	Year Ended December 31,					Nine Months Ended
	2004	2005	2006	2007	2008	September 30, 2009
Ratio of Earnings to Fixed Charges	3.55x	3.55x	3.56x	3.77x	6.69x	5.67x

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized), amortization of debt costs and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of income from continuing operations (before adjustment for minority interest, extraordinary loss and equity earnings), fixed charges and distributions from equity investments, less capitalized interest.

**DESCRIPTION OF THE COMMON UNITS**

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References in this Description of the Common Units to we, us and our mean Sunoco Logistics Partners L.P.

### **Number of Units**

As of January 26, 2010, we had 30,981,265 common units outstanding, of which 18,917,531 are held by the public and 12,063,734 are held by our general partner. The common units represent an aggregate 98% limited partner interest and the general partner interests represent an aggregate 2% general partner interest in Sunoco Logistics Partners L.P.

### **Issuance of Additional Securities**

Our partnership agreement authorizes us to issue an unlimited number of additional partnership securities and rights to buy partnership securities for the consideration and on the terms and conditions established by our general partner without the approval of our unitholders.

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It is possible that we will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership securities interests that have special voting rights to which the common units are not entitled.

Upon issuance of additional partnership securities, the general partner will be required to make additional capital contributions to the extent necessary to maintain its 2% general partner interest in us; provided, however, that the capital contributions required of the general partner will be offset to the extent contributions received by the partnership in exchange for the issuance of additional partnership securities are used by the partnership concurrently with such contributions to redeem or repurchase from any person outstanding partnership securities of the same class as the partnership securities that were issued. Moreover, the general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units, subordinated units or other equity securities whenever, and on the same terms that, we issue those securities to persons other than the general partner and its affiliates, to the extent necessary to maintain its percentage interest, including its interest represented by common units and subordinated units, that existed immediately prior to each issuance. The holders of common units will not have preemptive rights to acquire additional common units or other partnership securities.

The issuance of additional common units or other equity securities of equal or senior rank will decrease the proportionate ownership interest of existing unitholders and may reduce the amount of cash available for distribution and the market price of our common units.

## **Voting**

Our general partner manages and operates us. Unlike the holders of common stock in a corporation, the holders of our units have only limited voting rights on matters affecting our business. They have no right to elect our general partner, or the directors of our general partner, on an annual or other continuing basis. On those matters that are submitted to a vote of unitholders, each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. However, if at any time any person or group, other than the general partner and its affiliates, a direct or subsequently approved transferee of the general partner or its affiliates or any other person or group approved by the board of directors of the general partner, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum, or for other similar purposes.

Holders of common units have very limited voting rights and may vote on the following matters:

a sale or exchange of all or substantially all of our assets;

the election of a successor general partner in connection with the removal of the general partner;

dissolution or reconstitution of our partnership;

a merger of our partnership;

issuance of limited partner interests in some circumstances; and

some amendments to the partnership agreement, including any amendment that would cause us to be treated as an association taxable as a corporation.

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Removal of our general partner requires:

a 66<sup>2</sup>/<sub>3</sub>% vote of all outstanding units; and

the election of a successor general partner by the holders of a majority of the outstanding common units.

Under our partnership agreement, our general partner generally will be permitted to effect amendments to the partnership agreement that do not materially adversely affect unitholders without the approval of any unitholders.

## **Limited Call Right**

If at any time our general partner and its affiliates hold more than 80% of the then-issued and outstanding limited partner interests of any class, the general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the remaining limited partner interests of the class held by unaffiliated persons as of a record date to be selected by the general partner, on at least ten but not more than 60 days notice. The purchase price in the event of this purchase is the greater of:

- (1) the highest cash price paid by either of the general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which the general partner first mails notice of its election to purchase those limited partner interests; and
- (2) the current market price as of the date three days before the date the notice is mailed. The current market price is defined as the average of the daily closing prices per limited partner interest of such class for the 20 consecutive trading days immediately prior to such date.

As a result of the general partner's right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or price. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market. Please read "Material Tax Considerations—Disposition of Common Units" in this prospectus.

## **Listing**

Our outstanding common units are listed on the New York Stock Exchange under the symbol "SXL". We expect that any additional common units we issue will also be listed on the NYSE.

## **Transfer Agent and Registrar**

Our transfer agent and registrar for the common units is American Stock Transfer & Trust Company.

**Summary of Partnership Agreement**

A summary of the important provisions of our partnership agreement is included in our reports filed with the SEC.

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**CASH DISTRIBUTIONS**

**Distributions of Available Cash**

*General.* Our partnership agreement provides that we will distribute all of our available cash to unitholders of record on the applicable record date within 45 days after the end of each quarter.

*Definition of Available Cash.* Available cash generally means, for each fiscal quarter:

all cash on hand at the end of the quarter

*less* the amount of cash that the general partner determines in its reasonable discretion is necessary or appropriate to:

provide for the proper conduct of our business;

comply with applicable law, any of our debt instruments, or other agreements; or

provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters;

*plus* all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter.

Working capital borrowings are generally borrowings that are made under our credit facilities and in all cases are used solely for working capital purposes or to pay distributions to partners.

*Intent to Distribute the Minimum Quarterly Distribution.* We intend to distribute to the holders of common units on a quarterly basis at least the minimum quarterly distribution of \$0.45 per unit, or \$1.80 per year, to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner. On January 26, 2010, our general partner declared an increase in our quarterly distribution to \$1.09 per unit, or \$4.36 per year. However, there is no guarantee that we will pay the quarterly distribution in this amount, or the minimum quarterly distribution on the common units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our credit facilities or the senior notes.

**Operating Surplus and Capital Surplus**

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*General.* All cash distributed to unitholders will be characterized as either operating surplus or capital surplus. We distribute available cash from operating surplus differently than available cash from capital surplus.

*Definition of Operating Surplus.* Operating surplus for any period generally means:

our cash balance on the closing date of our initial public offering; plus

\$15.0 million (as described below); plus

all of our cash receipts after the closing of our initial public offering, excluding cash from borrowings that are not working capital borrowings, sales of equity and debt securities and sales or other dispositions of assets outside the ordinary course of business; plus

working capital borrowings made after the end of a quarter but before the date of determination of operating surplus for the quarter; less

all of our operating expenditures after the closing of our initial public offering, including the repayment of working capital borrowings, but not the repayment of other borrowings, and including maintenance capital expenditures; less

the amount of cash reserves established by the general partner in good faith to provide funds for future operating expenditures.

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*Definition of Capital Surplus.* Generally, capital surplus will be generated only by:

borrowings other than working capital borrowings;

sales of debt and equity securities; and

sales or other disposition of assets for cash, other than inventory, accounts receivable and other current assets sold in the ordinary course of business or as part of normal retirements or replacements of assets.

*Characterization of Cash Distributions.* We will treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since we began operations equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As reflected above, operating surplus includes \$15.0 million in addition to our cash balance on the closing date of our initial public offering, cash receipts from our operations and cash from working capital borrowings. This amount does not reflect actual cash on hand that is available for distribution to our unitholders. Rather, it is a provision that will enable us, if we choose, to distribute as operating surplus up to \$15.0 million of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities, and long-term borrowings, that would otherwise be distributed as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

## **Distributions of Available Cash from Operating Surplus**

We will make distributions of available cash from operating surplus for any quarter in the following manner:

*First*, 98% to all unitholders, pro rata, and 2% to the general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

*Thereafter*, in the manner described in **Incentive Distribution Rights** below.

## **Incentive Distribution Rights**

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds all of the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement.

If for any quarter we have distributed available cash from operating surplus to the unitholders in an amount equal to the minimum quarterly distribution, then, we will distribute any additional available cash from operating surplus for that quarter among the unitholders and the general partner in the following manner:

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*First*, 98% to all unitholders, pro rata, and 2% to the general partner, until each unitholder receives a total of \$0.500 per unit for that quarter (the first target distribution );

*Second*, 85% to all unitholders, pro rata, and 15% to the general partner, until each unitholder receives a total of \$0.575 per unit for that quarter (the second target distribution );

*Third*, 63% to all unitholders, pro rata, and 37% to the general partner, until each unitholder receives a total of \$1.5825 per unit for that quarter (the third target distribution ); and

*Thereafter*, 50% to all unitholders, pro rata, and 50% to the general partner.

Beginning with the quarterly distribution to be paid for the fourth quarter of 2009 and ending with the quarterly distribution to be paid for the third quarter of 2012, quarterly distributions to the general partner based on its incentive distribution rights will be reduced by \$458,333 per quarter.

**Table of Contents****Percentage Allocations of Available Cash from Operating Surplus**

The following table illustrates the percentage allocations of the additional available cash from operating surplus between the unitholders and our general partner up to the various target distribution levels.

The amounts set forth under **Marginal Percentage Interest in Distributions** are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column **Total Quarterly Distribution Target Amount**, until available cash from operating surplus we distribute reaches the next target distribution level, if any.

The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

	<b>Total Quarterly Distribution Target Amount</b>	<b>Marginal Percentage Interest in Distributions</b>	
		<b>Unitholders</b>	<b>General Partner</b>
Minimum Quarterly Distribution	\$0.450	98%	2%
First Target Distribution	up to \$0.500	98%	2%
Second Target Distribution	up to \$0.575	85%	15%
Third Target Distribution	up to \$1.5825	63%	37%
Thereafter	above \$1.5825	50%	50%

**Distributions from Capital Surplus**

We will make distributions of available cash from capital surplus, if any, in the following manner:

*First*, 98% to all unitholders, pro rata, and 2% to the general partner, until a hypothetical holder of a common unit acquired in our initial public offering has received with respect to such common unit, during the period since our initial public offering through such date, distributions of available cash that are deemed to be capital surplus in an aggregate amount equal to the initial public offering price; and

*Thereafter*, we will make all distributions of available cash from capital surplus as if they were from operating surplus.

The partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from the initial public offering, which is a return of capital. The initial public offering price less any distributions of capital surplus per unit is referred to as the **unrecovered initial unit price**. Each time a distribution of capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the corresponding reduction in the unrecovered initial unit price. Because distributions of capital surplus will reduce the minimum quarterly distribution, after any of these distributions are made, it may be easier for the general partner to receive incentive distributions. However, any distribution of capital surplus before the unrecovered initial unit price is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Once we distribute capital surplus on a unit in an amount equal to the initial unit price, we will reduce the minimum quarterly distribution and the target distribution levels to zero. We will then make all future distributions from operating surplus, with 50% being paid to the holders of units, 48% to the holders of the incentive distribution rights and 2% to the general partner.

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### **Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels**

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our units into fewer units or subdivide our units into a greater number of units, we will proportionately adjust:

the minimum quarterly distribution;

target distribution levels; and

unrecovered initial unit price.

For example, if a two-for-one split of the common units should occur, the minimum quarterly distribution, the target distribution levels and the unrecovered initial unit price would each be reduced to 50% of its initial level. We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if legislation is enacted or if existing law is modified or interpreted in a manner that causes us to become taxable as a corporation or otherwise subject to taxation as an entity for federal, state or local income tax purposes, we will reduce the minimum quarterly distribution and the target distribution levels by multiplying the same by one minus the sum of the highest marginal federal corporate income tax rate that could apply and any increase in the effective overall state and local income tax rates. For example, if we became subject to a maximum marginal federal, and effective state and local income tax rate of 38%, then the minimum quarterly distribution and the target distribution levels would each be reduced to 62% of their previous levels.

### **Distributions of Cash Upon Liquidation**

*General.* If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and the general partner, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

*Manner of Adjustments for Gain.* The manner of the adjustment for gain is set forth in the partnership agreement. After January 26, 2010 (the date of our Third Amended and Restated Agreement of Limited Partnership), we generally will allocate any gain to the partners in the following manner:

*First*, to the general partner and the holders of units who have negative balances in their capital accounts to the extent of and in proportion to those negative balances;

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*Second*, 98% to the common unitholders, pro rata, and 2% to the general partner, until the capital account for each common unit is equal to the sum of:

the unrecovered initial unit price; and

the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs.

*Third*, 98% to all unitholders, pro rata, and 2% to the general partner, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the minimum quarterly distribution per unit for each quarter of our existence that we distributed 98% to the unitholders, pro rata, and 2% to the general partner;

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*Fourth*, 85% to all unitholders, pro rata, and 15% to the general partner, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the first target distribution per unit for each quarter of our existence that we distributed 85% to the unitholders, pro rata, and 15% to the general partner;

*Fifth*, 75% to all unitholders, pro rata, and 25% to the general partner, until we allocate under this paragraph an amount per unit equal to:

12.5 cents per unit for each quarter of our existence ending on or before December 31, 2009; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the second target distribution per unit for each quarter of our existence ending on or before December 31, 2009, that we distributed 75% to the unitholders, pro rata, and 25% to the general partner;

*Sixth*, 63% to all unitholders, pro rata, and 37% to the general partner, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence ending after December 31, 2009; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the second target distribution per unit for each quarter of our existence ending after December 31, 2009, that we distributed 63% to the unitholders, pro rata, and 37% to the general partner; and

*Thereafter*, 50% to all unitholders, pro rata, and 50% to the general partner.

*Manner of Adjustments for Losses*. Upon our liquidation, after making allocations of loss to the general partner and the unitholders in a manner intended to offset in reverse order the allocations of gains that have previously been allocated we will generally allocate any loss to the general partner and the unitholders in the following manner:

*First*, 98% to the holders of common units in proportion to the positive balances in their capital accounts and 2% to the general partner, until the capital accounts of the common unitholders have been reduced to zero; and

*Thereafter*, 100% to the general partner.

*Adjustments to Capital Accounts upon the Issuance of Partnership Interests*. We will make adjustments to capital accounts upon the issuance of additional partnership interests. In doing so, we will allocate any unrealized and, for tax purposes, unrecognized gain or loss resulting from the

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adjustments to the unitholders and the general partner in the same manner as we allocate gain or loss upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional partnership interests, we will allocate any later negative adjustments to the capital accounts resulting from the issuance of additional partnership interests or upon our liquidation in a manner that results, to the extent possible, in the general partner's capital account balances equaling the amount that they would have been if no earlier positive adjustments to the capital accounts had been made.

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**DESCRIPTION OF THE DEBT SECURITIES**

References in this Description of the Debt Securities to we, us and our mean Sunoco Logistics Partners Operations L.P., and references to the Subsidiary Guarantors are to any of our subsidiaries that guarantee any of the debt securities. References in this prospectus to an Indenture refer to the particular Indenture under which we issue a series of debt securities.

The following description sets forth the general terms and provisions that apply to the debt securities. Each prospectus supplement will state the particular terms that will apply to the debt securities included in the supplement.

We will issue our senior debt securities under an Indenture, among us, as issuer, Sunoco Logistics Partners L.P., as Guarantor, our subsidiaries party thereto, and U.S. Bank National Association, as successor trustee. The term Trustee as used in this prospectus refers to the trustee under a particular Indenture. The debt securities will be governed by the provisions of the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939. We, the Trustee, the Guarantor, and any Subsidiary Guarantors may enter into supplements to the Indenture from time to time. The debt securities will be either senior debt securities or subordinated debt securities of Sunoco Logistics Partners Operations L.P. If we decide to issue subordinated debt securities, we will issue them under a separate Indenture containing subordination provisions.

Neither Indenture contains provisions that would afford holders of debt securities protection in the event of a sudden and significant decline in our credit quality or a takeover, recapitalization or highly leveraged or similar transaction. Accordingly, we could in the future enter into transactions that could increase the amount of indebtedness outstanding at that time or otherwise adversely affect our capital structure or credit rating.

This description is a summary of the material provisions of the debt securities and the Indentures. We urge you to read the senior Indenture and form of subordinated Indenture filed as exhibits to the registration statement of which this prospectus is a part because those Indentures, and not this description, govern your rights as a holder of debt securities.

**General**

Any series of debt securities that we issue:

will be our general obligations;

will be guaranteed by Sunoco Logistics Partners L.P. and may be guaranteed by the Subsidiary Guarantors, and when so guaranteed, will be each guarantor's general obligations; and

may be subordinated to our Senior Indebtedness, and any guarantees of Sunoco Logistics Partners L.P. and the Subsidiary Guarantors will be subordinated to their Senior Indebtedness.

The Indenture does not limit the total amount of debt securities that we may issue. We may issue debt securities under the Indenture from time to time in separate series, up to the aggregate amount authorized for each such series.

**Specific Terms of Each Series of Debt Securities to be Described in the Prospectus Supplement**

We will prepare a prospectus supplement and either a supplemental indenture, or authorizing resolutions of our general partner's board of directors, accompanied by an officers' certificate, relating to any series of debt securities that we offer, which will include specific terms relating to some or all of the following:

the form and title of the debt securities;

the total principal amount of the debt securities;

the date or dates on which the debt securities may be issued;

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whether the debt securities are senior or subordinated debt securities;

the currency or currencies in which principal and interest will be paid, if not in U.S. dollars;

the portion of the principal amount that will be payable if the maturity of the debt securities is accelerated;

the dates on which the principal and premium, if any, of the debt securities will be payable;

the interest rate which the debt securities will bear and the interest payment dates for the debt securities;

any conversion or exchange provisions;

any optional redemption provisions;

any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;

whether the debt securities are entitled to the benefits of any guarantees by the Subsidiary Guarantors;

whether the debt securities may be issued in amounts other than \$1,000 each or multiples thereof;

any changes to or additional events of default or covenants;

the subordination, if any, of the debt securities and any changes to the subordination provisions of the subordinated Indenture; and

any other terms of the debt securities.

This description of debt securities will be deemed modified, amended or supplemented by any description of any series of debt securities set forth in a prospectus supplement related to that series.

The prospectus supplement also will describe any material United States federal income tax consequences or other special considerations regarding the applicable series of debt securities, including those relating to:

debt securities with respect to which payments of principal, premium or interest are determined with reference to an index or formula, including changes in prices of particular securities, currencies or commodities;

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debt securities with respect to which principal, premium or interest is payable in a foreign or composite currency;

debt securities that are issued at a discount below their stated principal amount, bearing no interest or interest at a rate that at the time of issuance is below market rates; and

variable rate debt securities that are exchangeable for fixed rate debt securities.

At our option, we may make interest payments by check mailed to the registered holders of debt securities or, if so stated in the applicable prospectus supplement, at the option of a holder by wire transfer to an account designated by the holder.

Unless otherwise provided in the applicable prospectus supplement, debt securities may be transferred or exchanged at the office of the Trustee at which its corporate trust business is principally administered in the United States, subject to the limitations provided in the Indenture, without the payment of any service charge, other than any applicable tax or governmental charge.

Any funds we pay to a paying agent for the payment of amounts due on any debt securities that remain unclaimed for two years will be returned to us, and the holders of the debt securities must look only to us for payment after that time.

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### **The Parent Guarantee**

Our payment obligations under any series of debt securities will be fully and unconditionally guaranteed by Sunoco Logistics Partners L.P., which will execute a notation of guarantee as further evidence of its guarantee. The applicable prospectus supplement will describe the terms of any guarantee by Sunoco Logistics Partners L.P.

Sunoco Logistics Partners L.P.'s guarantee of any series of the senior debt securities will be Sunoco Logistics Partners L.P.'s unsecured and unsubordinated general obligation, and will rank on a parity with all of Sunoco Logistics Partners L.P.'s other unsecured and unsubordinated indebtedness. With respect to a series of subordinated debt securities, its guarantee will be subordinated to the senior debt of Sunoco Logistics Partners L.P. to substantially the same extent as the series of subordinated debt securities is subordinated to our senior debt. See Subordination.

### **The Subsidiary Guarantees**

Our payment obligations under any series of debt securities may be jointly and severally, fully and unconditionally guaranteed by the Subsidiary Guarantors. If a series of debt securities are so guaranteed, the Subsidiary Guarantors will execute a notation of guarantee as further evidence of their guarantee. The applicable prospectus supplement will describe the terms of any guarantee by the Subsidiary Guarantors. If a series of debt securities is guaranteed by the Subsidiary Guarantors and is designated as subordinate to our Senior Indebtedness, then the guarantees by the Subsidiary Guarantors will be subordinated to the Senior Indebtedness of the Subsidiary Guarantors to substantially the same extent as the series is subordinated to our Senior Indebtedness. See Subordination.

### **Limitations on Guarantees; Releases**

The obligations of each of the Guarantor and the Subsidiary Guarantors under its guarantee of the debt securities will be limited to the maximum amount that will not result in its obligations under its guarantee constituting a fraudulent conveyance or fraudulent transfer under Federal or state law, after giving effect to:

all other contingent and fixed liabilities of the guarantor; and

any collections from or payments made by or on behalf of any other guarantors in respect of its obligations under its guarantee.

The guarantee of the Guarantor or any Subsidiary Guarantors may be released under certain circumstances. If we exercise our legal or covenant defeasance option with respect to debt securities of a particular series as described below in Defeasance, then any Subsidiary Guarantor will be released with respect to that series. Further, if no default has occurred and is continuing under the Indenture, and to the extent not otherwise prohibited by the Indenture, the Guarantor or a Subsidiary Guarantor will be unconditionally released and discharged from its guarantee:

in the case of a Subsidiary Guarantor, automatically upon any sale, exchange or transfer, whether by way of merger or otherwise, to any person that is not our affiliate, of all of our direct or indirect limited partnership or other equity interests in the Subsidiary

Guarantor;

in the case of a Subsidiary Guarantor, automatically upon the merger of the Subsidiary Guarantor into us, the Guarantor or any other Subsidiary Guarantor or the liquidation and dissolution of the Subsidiary Guarantor;

in the case of the Guarantor, automatically upon the merger of the Guarantor into us or any Subsidiary Guarantor, or the liquidation or dissolution of the Guarantor; or

in the case of the Guarantor or a Subsidiary Guarantor, following delivery of a written notice by us to the Trustee, upon the release of all guarantees by the Guarantor or the Subsidiary Guarantor of any debt of ours for borrowed money or for a guarantee thereof, except for any series of debt securities.

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### **Specific Covenants**

The Indenture contains the following covenants for the benefit of the holders of all series of debt securities:

#### *Reports*

So long as any debt securities are outstanding, Sunoco Logistics Partners L.P. will:

for as long as it is required to file information with the SEC pursuant to the Exchange Act, file with the Trustee, within 15 days after it is required to file with the SEC, copies of the annual report and of the information, documents and other reports which it is required to file with the SEC pursuant to the Exchange Act;

if it is not required to file information with the SEC pursuant to the Exchange Act, file with the Trustee, within 15 days after it would have been required to file with the SEC, financial statements and a Management's Discussion and Analysis of Financial Condition and Results of Operations, both comparable to what it would have been required to file with the SEC had it been subject to the reporting requirements of the Exchange Act, unless the SEC will not accept such a filing; and

if it is required to furnish annual or quarterly reports to its unitholders pursuant to the Exchange Act, file with the Trustee any annual report or other reports sent to unitholders generally.

### **Consolidation, Merger or Sale**

We will not merge, amalgamate or consolidate with or into any other Person or sell, convey, lease, transfer or otherwise dispose of all or substantially all of our assets to any Person, whether in a single transaction or series of related transactions, except in accordance with the provisions of our partnership agreement, and unless:

we are the surviving Person in the case of a merger, or the surviving Person:

is a partnership, limited liability company or corporation organized under the laws of the United States, a state thereof or the District of Columbia; and

expressly assumes, by supplemental indenture in form satisfactory to the Trustee, all the obligations under the Indenture and the debt securities to be performed or observed by us;

immediately after giving effect to the transaction or series of transactions, no Default or Event of Default would occur or be continuing;

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if we are not the surviving Person, then each of the Guarantor and any Subsidiary Guarantor, unless it is the Person with which we have consummated a transaction under this provision, shall have confirmed that its guarantee of the notes shall continue to apply to the obligations under the debt securities and the Indenture; and

we have delivered to the Trustee an officers certificate and opinion of counsel, each stating that the merger, amalgamation, consolidation, sale, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required, the supplemental indenture, comply with the Indenture.

Thereafter, the surviving Person will be substituted for us under the Indenture. If we sell or otherwise dispose of (except by lease) all or substantially all of our assets and the above stated requirements are satisfied, we will be released from all our liabilities and obligations under the Indenture and the debt securities.

A series of debt securities may contain additional financial and other covenants. The applicable prospectus supplement will contain a description of any such covenants that are added to the Indenture specifically for the benefit of holders of a particular series.

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**Events of Default, Remedies and Default**

*Events of Default*

Each of the following events will be an Event of Default under the Indenture with respect to a series of debt securities:

default in any payment of interest on any debt securities of that series when due that continues for 30 days;

default in the payment of principal of or premium, if any, on any debt securities of that series when due at its stated maturity, upon redemption, upon required repurchase or otherwise;

default in the payment of any sinking fund payment on any debt securities of that series when due;

failure by us or the Guarantor or, if the series of debt securities is guaranteed by any Subsidiary Guarantor, by such Subsidiary Guarantor to comply for 60 days after notice with the other agreements contained in the Indenture, any supplement to the Indenture or any board resolution authorizing the issuance of that series;

certain events of bankruptcy, insolvency or reorganization of us or the Guarantor or, if the series of debt securities is guaranteed by any Subsidiary Guarantor, of such Subsidiary Guarantor;

the guarantee of the Guarantor or, if the series of debt securities is guaranteed by any Subsidiary Guarantor, any of the guarantees:

ceases to be in full force and effect, except as otherwise provided in the Indenture; or

is declared null and void in a judicial proceeding; or

the Guarantor or any Subsidiary Guarantor denies or disaffirms its obligations under the Indenture or its guarantee.

*Exercise of Remedies*

If an Event of Default, other than an Event of Default described in the fifth bullet point above, occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may declare the entire principal of, premium, if any, and accrued and unpaid interest, if any, on all the debt securities of that series to be due and payable immediately.

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A default under the fourth bullet point above will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding debt securities of that series notify us and the Guarantor and, if the series of debt securities is guaranteed by any Subsidiary Guarantor, any such Subsidiary Guarantor, of the default and such default is not cured or waived within 60 days after receipt of notice.

If an Event of Default described in the fifth bullet point above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all outstanding debt securities of all series will become immediately due and payable without any declaration of acceleration or other act on the part of the Trustee or any holders.

The holders of a majority in principal amount of the outstanding debt securities of a series may rescind any declaration of acceleration by the Trustee or the holders with respect to the debt securities of that series but only if:

rescinding the declaration of acceleration would not conflict with any judgment or decree of a court of competent jurisdiction; and

all existing Events of Default have been cured or waived, other than the nonpayment of principal, premium or interest on the debt securities of that series that has become due solely by the declaration of acceleration.

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The Trustee will be under no obligation, except as otherwise provided in the Indenture, to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee reasonable indemnity or security against any costs, liability or expense. No holder may pursue any remedy with respect to the Indenture or the debt securities of any series, except to enforce the right to receive payment of principal, premium, if any, or interest when due on its debt securities, unless:

such holder has previously given the Trustee notice that an Event of Default with respect to that series is continuing;

holders of at least 25% in principal amount of the outstanding debt securities of that series have requested that the Trustee pursue the remedy;

such holders have offered the Trustee reasonable indemnity or security against any cost, liability or expense;

the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of indemnity or security; and

the holders of a majority in principal amount of the outstanding debt securities of that series have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

The holders of a majority in principal amount of the outstanding debt securities of a series have the right, subject to certain restrictions, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any right or power conferred on the Trustee with respect to that series of debt securities. The Trustee, however, may refuse to follow any direction that:

conflicts with law;

the Trustee determines is unduly prejudicial to the rights of any other holder; or

would involve the Trustee in personal liability.

### *Notice of an Event of Default*

Within 30 days after the occurrence of any Default (meaning an event that is, or after the notice or passage of time would be, an Event of Default,) or Event of Default, we are required to give an officers' certificate to the Trustee specifying the Default or Event of Default and what action we are taking or propose to take to cure it. In addition, we are required to deliver to the Trustee, within 120 days after the end of each fiscal year, an officers' certificate indicating that we have complied with all covenants contained in the Indenture or whether any Default or Event of Default has occurred during the previous year.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each holder a notice of the Default by the later of 90 days after the Default occurs or 30 days after the Trustee knows of the Default. Except in the case of a Default in the payment of principal, premium, if any, or interest with respect to any debt securities, the Trustee may withhold such notice, but only if and so long as the board of

directors, the executive committee or a committee of directors or responsible officers of the Trustee in good faith determines that withholding such notice is in the interests of the holders.

#### **Amendments and Waivers**

We may amend the Indenture without the consent of any holder of debt securities to:

cure any ambiguity, omission, defect or inconsistency;

provide for the assumption by a successor of our obligations under the Indenture;

add any Subsidiary Guarantor with respect to the debt securities;

change or eliminate any restriction on the payment of principal of, or premium, if any, on, any debt securities;

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add covenants for the benefit of the holders or surrender any right or power conferred upon us, the Guarantor, or any Subsidiary Guarantor;

make any change that does not adversely affect the rights of any holder;

add or appoint a successor or separate Trustee;

comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act; or

establish the form or terms of debt securities of any series to be issued under the Indenture.

In addition, we may amend the Indenture if the holders of a majority in principal amount of all debt securities of each series that would be affected then outstanding under the Indenture consent to it. We may not, however, without the consent of each holder of outstanding debt securities of each series that would be affected, amend the Indenture to:

reduce the percentage in principal amount of debt securities of any series whose holders must consent to an amendment;

reduce the rate of or extend the time for payment of interest on any debt securities;

reduce the principal of or extend the stated maturity of any debt securities;

reduce the premium payable upon the redemption of any debt securities or change the time at which any debt securities may or shall be redeemed;

make any debt securities payable in other than U.S. dollars;

impair the right of any holder to receive payment of premium, principal or interest with respect to such holder's debt securities on or after the applicable due date;

impair the right of any holder to institute suit for the enforcement of any payment with respect to such holder's debt securities;

release any security that has been granted in respect of the debt securities, other than in accordance with the Indenture;

make any change in the amendment provisions that require each holder's consent;

make any change in the waiver provisions; or

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except as provided in the Indenture, release the Guarantor, or any Subsidiary Guarantor, or modify the guarantee of the Guarantor or any Subsidiary Guarantor in any manner adverse to the holders.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment under the Indenture requiring the consent of the holders becomes effective, we are required to mail to all holders of each series affected by it a notice briefly describing the amendment. The failure to give, or any defect in, such notice, however, will not impair or affect the validity of the amendment.

The holders of a majority in aggregate principal amount of the outstanding debt securities of each affected series, on behalf of all such holders, and subject to certain rights of the Trustee, may waive:

compliance by us, the Guarantor or any Subsidiary Guarantor, with certain restrictive provisions of the Indenture; and

any past Default or Event of Default under the Indenture

except that such majority of holders may not waive a default:

in the payment of principal, premium or interest; or

in respect of a provision that under the Indenture cannot be amended without the consent of all holders of the series of debt securities that is affected.

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### **Defeasance**

At any time, we may terminate, with respect to debt securities of a particular series, all our obligations under such series of debt securities and the Indenture, which we call a legal defeasance. If we decide to make a legal defeasance, however, we may not terminate certain specified obligations, including our obligations:

relating to the defeasance trust;

to register the transfer or exchange of the debt securities;

to replace mutilated, destroyed, lost or stolen debt securities; or

to maintain a registrar and paying agent in respect of the debt securities.

If we exercise our legal defeasance option, any guarantee will terminate with respect to that series of debt securities.

At any time we may also effect a covenant defeasance, which means we have elected to terminate our obligations under:

covenants applicable to a series of debt securities, including any covenant that is added specifically for such series and is described in a prospectus supplement;

the bankruptcy provisions with respect to the Guarantor and any Subsidiary Guarantor; and

the guarantee provision described under Events of Default, Remedies and Notices Events of Default above with respect to a series of debt securities, if applicable, and any Event of Default that is added specifically for such series and described in a prospectus supplement.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the affected series of debt securities may not be accelerated because of an Event of Default with respect to that series. If we exercise our covenant defeasance option, payment of the defeased series of debt securities may not be accelerated because of an Event of Default specified in the fourth, fifth (with respect only to the Guarantor and any Subsidiary Guarantor) or sixth bullet points under Events of Default above or an Event of Default that is added specifically for such series and described in a prospectus supplement.

In order to exercise either defeasance option, we must:

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irrevocably deposit in trust with the Trustee money or certain U.S. government obligations for the payment of principal, premium, if any, and interest on the series of debt securities to redemption or stated maturity, as the case may be;

comply with certain other conditions, including that no Default has occurred and is continuing after the deposit in trust; and

deliver to the Trustee an opinion of counsel to the effect that holders of the series of debt securities will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law.

In addition, we may discharge all our obligations under the Indenture with respect to the debt securities of a particular series, other than our obligation to register the transfer of and exchange debt securities of that series, provided that we either:

deliver all outstanding debt securities of that series to the Trustee for cancellation; or

all debt securities of that series not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption

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within one year, and in the case of this bullet point we have irrevocably deposited with the Trustee in trust an amount of cash sufficient to pay the entire indebtedness of the debt securities of that series, including interest and premium, if any, to the stated maturity or applicable redemption date.

### **No Personal Liability of General Partner**

Sunoco Logistics Partners GP LLC, our general partner, and its directors, officers, employees, incorporators and stockholders, as such, will not be liable for:

any of our obligations or the obligations of the Guarantor or any Subsidiary Guarantors under the debt securities, the Indentures or the guarantees; or

any claim based on, in respect of, or by reason of, such obligations or their creation.

By accepting a debt security, each holder will be deemed to have waived and released all such liability. This waiver and release are part of the consideration for our issuance of the debt securities. This waiver may not be effective, however, to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Subordination**

Debt securities of a series may be subordinated to our Senior Indebtedness, which we define generally to include any obligation created or assumed by us for the repayment of borrowed money and any guarantee thereof, whether outstanding or hereafter issued, unless, by the terms of the instrument creating or evidencing such obligation, it is provided that such obligation is subordinate or not superior in right of payment to the debt securities or to other obligations which are pari passu with or subordinated to the debt securities. Subordinated debt securities and the related guarantees will be subordinate in right of payment, to the extent and in the manner set forth in the Indenture and the prospectus supplement relating to such series, to the prior payment of all of our indebtedness and that of the Guarantor and, if applicable, any Subsidiary Guarantor that is designated as Senior Indebtedness with respect to the series.

The holders of Senior Indebtedness of ours or the Guarantor or, if applicable, a Subsidiary Guarantor will receive payment in full of the Senior Indebtedness before holders of subordinated debt securities will receive any payment of principal, premium or interest with respect to the subordinated debt securities upon any payment or distribution of our assets or the Guarantor's or, if applicable to any series of outstanding debt securities, a Subsidiary Guarantor's assets, to creditors:

upon a liquidation or dissolution of us or the Guarantor or, if applicable to any series of outstanding debt securities, the Subsidiary Guarantors; or

in a bankruptcy, receivership or similar proceeding relating to us or the Guarantor or, if applicable to any series of outstanding debt securities, to the Subsidiary Guarantors.

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Until the Senior Indebtedness is paid in full, any distribution to which holders of subordinated debt securities would otherwise be entitled will be made to the holders of Senior Indebtedness, except that the holders of subordinated debt securities may receive units representing limited partner interests and any debt securities that are subordinated to Senior Indebtedness to at least the same extent as the subordinated debt securities.

If we do not pay any principal, premium or interest with respect to Senior Indebtedness within any applicable grace period (including at maturity), or any other default on Senior Indebtedness occurs and the maturity of the Senior Indebtedness is accelerated in accordance with its terms, we may not:

make any payments of principal, premium, if any, or interest with respect to subordinated debt securities;

make any deposit for the purpose of defeasance or discharge of the subordinated debt securities; or

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repurchase, redeem or otherwise retire any subordinated debt securities, except that in the case of subordinated debt securities that provide for a mandatory sinking fund, we may deliver subordinated debt securities to the Trustee in satisfaction of our sinking fund obligation,

unless, in either case:

the default has been cured or waived and any declaration of acceleration has been rescinded;

the Senior Indebtedness has been paid in full in cash; or

we and the Trustee receive written notice approving the payment from the representatives of each issue of Designated Senior Indebtedness.

Generally, Designated Senior Indebtedness will include:

any specified issue of Senior Indebtedness of at least \$100 million; and

any other Senior Indebtedness that we may designate in respect of any series of subordinated debt securities.

During the continuance of any default, other than a default described in the immediately preceding paragraph, that may cause the maturity of any Designated Senior Indebtedness to be accelerated immediately without further notice, other than any notice required to effect such acceleration, or the expiration of any applicable grace periods, we may not pay the subordinated debt securities for a period called the Payment Blockage Period. A Payment Blockage Period will commence on the receipt by us and the Trustee of written notice of the default, called a Blockage Notice, from the representative of any Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and will end 179 days thereafter.

The Payment Blockage Period may be terminated before its expiration:

by written notice from the person or persons who gave the Blockage Notice;

by repayment in full in cash of the Designated Senior Indebtedness with respect to which the Blockage Notice was given; or

if the default giving rise to the Payment Blockage Period is no longer continuing.

Unless the holders of the Designated Senior Indebtedness have accelerated the maturity of the Designated Senior Indebtedness, we may resume payments on the subordinated debt securities after the expiration of the Payment Blockage Period.

Generally, not more than one Blockage Notice may be given in any period of 360 consecutive days. The total number of days during which any one or more Payment Blockage Periods are in effect, however, may not exceed an aggregate of 179 days during any period of 360 consecutive days.

After all Senior Indebtedness is paid in full and until the subordinated debt securities are paid in full, holders of the subordinated debt securities shall be subrogated to the rights of holders of Senior Indebtedness to receive distributions applicable to Senior Indebtedness.

As a result of the subordination provisions described above, in the event of insolvency, the holders of Senior Indebtedness, as well as certain of our general creditors, may recover more, ratably, than the holders of the subordinated debt securities.

### **Book Entry, Delivery and Form**

We may issue debt securities of a series in the form of one or more global certificates deposited with a depository. We expect that The Depository Trust Company, New York, New York, or DTC, will act as depository. If we issue debt securities of a series in book-entry form, we will issue one or more global certificates

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that will be deposited with or on behalf of DTC and will not issue physical certificates to each holder. A global security may not be transferred unless it is exchanged in whole or in part for a certificated security, except that DTC, its nominees and their successors may transfer a global security as a whole to one another.

DTC will keep a computerized record of its participants, such as a broker, whose clients have purchased the debt securities. The participants will then keep records of their clients who purchased the debt securities. Beneficial interests in global securities will be shown on, and transfers of beneficial interests in global securities will be made only through, records maintained by DTC and its participants.

DTC advises us that it is:

a limited-purpose trust company organized under the New York Banking Law;

a banking organization within the meaning of the New York Banking Law;