SUNOCO LOGISTICS PARTNERS L.P.
Form 424B3
September 16, 2014
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated September 16, 2014

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 29, 2012)

Sunoco Logistics Partners L.P.

7,700,000 Common Units

Representing Limited Partner Interests

We are selling 7,700,000 common units representing limited partner interests in Sunoco Logistics Partners L.P. Our common units are listed on the New York Stock Exchange under the symbol SXL. The last reported sales price of our common units on the New York Stock Exchange on September 15, 2014 was $49.63 per common unit.

Investing in our common units involves risk. See Risk Factors beginning on page S-6 of this prospectus supplement and on page 5 of the accompanying prospectus.

	Per Common Unit	Total

Public offering price	$	$
Underwriting discount	$	$
Proceeds to Sunoco Logistics Partners L.P. (before expenses)	$	$

We have granted the underwriters a 30-day option to purchase up to an additional 1,155,000 common units from us on the same terms and conditions as set forth above if the underwriters sell more than 7,700,000 common units in this offering.

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 are truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units on or about , 2014.

Joint Book-Running Managers

Barclays
Citigroup
Credit Suisse
Deutsche Bank Securities
Goldman, Sachs & Co.
Jefferies
J.P. Morgan
Morgan Stanley
UBS Investment Bank
Wells Fargo Securities

Prospectus Supplement dated , 2014

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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 common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the common unit 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 prepared by us. 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 common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information included in this prospectus supplement or the accompanying 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

Certain statements, other than statements of historical fact, included or incorporated by reference into 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 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, our management. Words such as may, anticipates, believes, expects, estimates, planned, intends, projects, scheduled phrases or 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, refined products and natural gas liquids (NGLs) that impact demand for our pipeline, terminalling and storage services;
- Changes in the short-term and long-term demand for crude oil, refined products and NGLs we buy and sell;
- An increase in the competition encountered by our terminals, pipelines and 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 refined petroleum products;
- Our ability to manage growth and/or control costs;

The effect of changes in accounting principles and tax laws and interpretations of both;

Global and domestic economic repercussions, including disruptions in the crude oil, refined petroleum products and NGL 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 our 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 credit ratings or the credit ratings of Energy Transfer Partners, L.P. (ETP), the controlling owner of our general partner, as assigned by ratings agencies;

The condition of the debt 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 our 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 our 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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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-6 of this prospectus supplement and page 5 of the accompanying prospectus for more information about important risks that you should consider before buying our common units. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

As used in this prospectus supplement, unless the context otherwise indicates, the terms we, us, our and similar terms, as well as references to the Partnership, refer to Sunoco Logistics Partners L.P. and all of its subsidiaries.

Sunoco Logistics Partners L.P.

We are a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of a geographically diverse portfolio of complementary pipeline, terminalling and acquisition and marketing assets, which are used to facilitate the purchase and sale of crude oil, refined products and NGLs. Our portfolio of geographically diverse assets earns revenues in 35 states located throughout the United States.

Our business is comprised of four segments:

- The *Crude Oil Pipelines* transport crude oil principally in Oklahoma and Texas. The segment contains approximately 4,900 miles of crude oil trunk pipelines for high-volume, long-distance transportation, and approximately 500 miles of crude oil gathering lines that supply the trunk pipelines. The segment includes controlling financial interests in the West Texas Gulf Pipe Line Company and Mid-Valley Pipeline Company.

- The *Crude Oil Acquisition and Marketing* business gathers, purchases, markets and sells crude oil principally in the mid-continent United States. The segment utilizes our proprietary fleet of approximately 335 crude oil transport trucks and approximately 135 crude oil truck unloading facilities, as well as third-party assets.

- The *Terminal Facilities* operate with an aggregate storage capacity of approximately 46 million barrels. The segment includes the 22 million barrel Nederland, Texas crude oil terminal; the 5 million barrel Eagle Point, New Jersey refined products and crude oil terminal; the 5 million barrel Marcus Hook, Pennsylvania refined products and NGL facility; 39 active refined products marketing terminals located in the northeast, midwest and southwest United States; and refinery terminals located in the northeast United States.

- The *Refined Products Pipelines* consist of approximately 2,500 miles of refined products pipelines, and joint venture interests in four refined products pipelines in the northwest and midwest United States. This segment includes a controlling financial interest in Inland Corporation

Revenues are generated by charging tariffs for transporting crude oil, refined products and NGLs through our pipelines as well as by charging fees for various services at our terminal facilities. Revenues are also generated by acquiring and marketing crude oil, refined products and NGLs. Generally, our commodity purchases are entered into in contemplation of or simultaneously with corresponding sales transactions involving physical deliveries, which enables us to secure a profit on the transaction at the time of purchase. We seek to maintain a position that is substantially balanced within our various commodity purchase and sales activities. We may experience net unbalanced positions for short periods of time as a result of production, transportation and

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delivery variances, as well as logistical issues associated with inclement weather conditions. When unscheduled physical inventory builds or draws do occur, they are monitored and managed to a balanced position over a reasonable period of time. We do not use futures or other derivative instruments to speculate on crude oil, refined products or NGL 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 and NGL purchase and sales activities. These derivatives are intended to have equal and opposite effects of the purchase and sales activities.

Our Business Strategies

Our primary business strategies focus on:

- generating stable cash flows;
- increasing our pipeline and terminal throughput;
- utilizing our crude oil gathering assets to maximize value;
- pursuing economically accretive organic growth opportunities; and
- improving our operating efficiencies.

Our Competitive Strengths

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

- *We have a complementary portfolio of geographically and operationally diverse pipelines and terminal facilities that are strategically located in areas with high demand.* Our assets include refined products and NGL pipelines and terminals in the northeastern, midwestern and southwestern 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 four refined product pipelines located in the central and western regions of the United States. This geographic and asset diversity provides us with a base of stable cash flows.
- *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, crude trunk and NGL pipelines and terminal facilities 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 integrated operations provide the energy industry with an efficient and cost-effective means to move products from the wellhead to the wholesale marketplace.* We provide diversified services for end users and consumers of crude oil, including the purchase and sale of crude oil gathered from the wellhead, transportation to refineries via truck, pipeline and marine vessel, as well as storage at our terminals. Our pipeline systems also transport refined products from refineries to various terminals for distribution to the wholesale refined products markets.

2014 Expansion Capital Plan

Our plan to invest approximately $2 billion in expansion capital during 2014 consists of the following previously announced projects, as well as the continued expansion of our butane blending business and bulk marine terminals:

Mariner East. This is a pipeline project to deliver NGLs from the Marcellus Shale areas in Western Pennsylvania to Marcus Hook, Pennsylvania, where it will be processed, stored and distributed to various domestic and waterborne markets.

Allegheny Access. This is a pipeline project to transport refined products from the Midwest to eastern Ohio and western Pennsylvania markets.

Permian Express 2. This is a pipeline project which involves the construction of approximately 300 to 400 miles of new crude oil pipelines to transport West Texas crude oil from locations in Midland, Garden City and Colorado City to multiple markets.

Mariner South. This is a pipeline project to transport export-grade propane and butane from Lone Star NGL LLC s (a joint venture of ETP and Regency Energy Partners LP) Mont Belvieu, Texas storage and fractionation complex to our marine terminal in Nederland, Texas.

Granite Wash Extension. This is a pipeline project to provide crude oil takeaway capacity for the growing production from the Granite Wash Shale in the northeastern Texas panhandle and portions of western Oklahoma. We will construct approximately 200 miles of new pipeline, new pump stations and truck unloading facilities. Certain components of the new pipeline will connect with our existing pipelines and provide producers the ability to reach various markets and refineries on the Gulf Coast and in the MidContinent.

Eaglebine Express. This project will convert an existing portion of our refined products pipeline into crude service and reverse its flow to provide takeaway capacity for the growing production in the Eaglebine and Woodbine crude areas.

Recent Developments

Unit Split and Partnership Agreement Amendment

On June 12, 2014, the Partnership completed its previously announced two-for-one split of its outstanding common units. The two-for-one split resulted in the issuance of one additional common unit for every one unit owned as of the record date, which was June 5, 2014.

Second Quarter Distribution

On July 24, 2014, the Partnership s general partner announced a cash distribution for the second quarter of 2014 of $0.3650 per common unit ($1.46 annualized), which was paid on August 14, 2014 to unit holders of record on August 8, 2014. This represents the thirty-seventh consecutive quarterly distribution increase and the ninth consecutive quarter over quarter distribution increase of at least 5 percent. The second quarter 2014 distribution represents a 5 percent increase over the first quarter 2014 cash distribution of $0.3475 per common unit ($1.39 annualized) and a 22 percent increase over the second quarter 2013 cash distribution of $0.30 per common unit ($1.20 annualized), after giving effect to the two-for-one split described above with respect to historical distributions.

Our Ownership, Structure and Management

Sunoco Partners LLC, a Pennsylvania limited liability company and our general partner, is a controlled subsidiary of ETP, a publicly traded Delaware limited partnership. Our general partner holds no assets other than its investment in us and notes receivable and other amounts receivable from affiliates of ETP.

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 following chart depicts the organization and ownership of us and our subsidiaries after giving effect to this offering, assuming the underwriters do not exercise their option to purchase additional common units and that our general partner does not make a capital contribution to maintain its current general partner interest.

	Percentage Interest
Ownership of Sunoco Logistics Partners L.P.	
Public Common Units	68.3%
ETP Common Units	29.8%
Sunoco Partners LLC General Partner Interest	1.9%
Total	100.0%

(1) A wholly-owned subsidiary of Energy Transfer Equity, L.P. (NYSE: ETE), the ultimate parent of ETP, owns the remaining 0.1% membership interest.

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The Offering

Common units offered by us	7,700,000 common units.
	8,855,000 common units if the underwriters exercise their option to purchase an additional 1,155,000 common units.
Units outstanding before this offering	212,963,369 common units.
Units outstanding after this offering	220,663,369 common units (221,818,369 common units if the underwriters exercise their option to purchase additional common units in full).
Use of proceeds	We will use the net proceeds from this common unit offering, including the net proceeds from any exercise of the underwriters option to purchase additional common units, to repay outstanding borrowings under our $1.5 billion revolving credit facility and for general partnership purposes. Please read Use of Proceeds. Affiliates of certain of the underwriters are lenders under our $1.5 billion revolving credit facility and as such will receive a portion of the proceeds from this offering pursuant to the repayment of borrowings under such facility.
Cash distributions	Under our partnership agreement, we must distribute all of our cash on hand as of the end of each quarter after payment of fees and expenses, including payments to our general partner, less reserves established by our general partner in its reasonable discretion. We refer to this cash as available cash, and we define it in our partnership agreement. We expect that the first quarterly distribution payable to purchasers of the common units offered by this prospectus supplement will be paid in November 2014.
	For a description of our cash distribution policy, please read Cash Distributions.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for the distribution with respect to the fourth calendar quarter of 2017, you will be allocated, on a cumulative basis, an amount of federal taxable income that will be less than 20% of the cash distributed to you with respect to that period. Please read Tax Considerations beginning on page S-15 of this prospectus supplement for the basis for this estimate.
New York Stock Exchange symbol	SXL.

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RISK FACTORS

An investment in our common units 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 Annual Report on Form 10-K for the year ended December 31, 2013 and the risk factors described under Risk Factors therein. 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 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.

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USE OF PROCEEDS

We will receive net proceeds of approximately $ million from the sale of the 7,700,000 common units we are offering after deducting the underwriting discount but before offering expenses. We will use the net proceeds from this common unit offering, including the net proceeds from any exercise of the underwriters option to purchase additional common units, to repay outstanding borrowings under our $1.5 billion revolving credit facility and for general partnership purposes.

As of September 12, 2014, there were $850 million of outstanding borrowings under our $1.5 billion revolving credit facility at a weighted average interest rate of 1.43%.

Affiliates of certain of the underwriters participating in this offering are lenders under our $1.5 billion revolving credit facility and, accordingly, will receive a portion of the net proceeds of this offering through our repayment of borrowings under such facility. Please read Underwriting.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2014:

- on an actual basis; and

- as adjusted to give effect to: sale of the common units offered by this prospectus supplement and the application of the net proceeds therefrom in the manner described under Use of Proceeds.

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 June 30, 2014 Actual	As Adjusted
	($ in millions)	
Cash and cash equivalents	$ 116	
Debt:		
$1.5 billion revolving credit facility due November 2018 (a)	250	
$35 million revolving credit facility due April 2015	35	
6.125% Senior Notes due 2016	175	175
5.50% Senior Notes due 2020	250	250
4.65% Senior Notes due 2022	300	300
3.45% Senior Notes due 2023	350	350
4.25% Senior Notes due 2024	300	300
6.85% Senior Notes due 2040	250	250
6.10% Senior Notes due 2042	300	300
4.95% Senior Notes due 2043	350	350
5.30% Senior Notes due 2044	700	700
Unamortized fair value adjustments	112	112
Less unamortized bond discount	(4)	(4)
Total debt	3,368	
Equity:		
Partners capital		
Limited Partners	5,439	
General Partner	922	
Accumulated other comprehensive income	1	
Noncontrolling interests	122	
Total partners capital	6,484	
Total capitalization	$ 9,852	

(a) A total of approximately $850 million was outstanding under our $1.5 billion revolving credit facility as of September 12, 2014.

This table does not reflect the issuance of up to 1,155,000 common units that may be sold to the underwriters upon exercise of their option to purchase additional common units, the proceeds of which, together with any related capital contribution of our general partner, will be used in the manner described under Use of Proceeds.

PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

At the close of business on September 15, 2014, there were 66 holders of record of our common units, including our general partner. Our common units are traded on the New York Stock Exchange under the symbol SXL.

The following table sets forth, for the periods indicated, the high and low sales prices for our common units, as reported on the New York Stock Exchange Composite Transactions Tape, and quarterly cash distributions paid or to be paid to our unitholders. The last reported sales price of our common units on the New York Stock Exchange on September 15, 2014 was $49.63 per common unit.

	Common Unit Price Ranges (1)		Cash Distributions per Unit (2)(3)
	High	Low	
2014			
Third Quarter (through September 15, 2014)	$ 51.45	$ 42.20	
Second Quarter	47.82		