

SUNOCO LOGISTICS PARTNERS L.P.

Form S-4/A

March 03, 2017

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As filed with the Securities and Exchange Commission on March 3, 2017

Registration No. 333-215183

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

AMENDMENT NO. 4  
TO  
FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

SUNOCO LOGISTICS PARTNERS L.P.  
(Exact Name of Registrant as Specified in its Charter)

<b>Delaware</b> (State or other jurisdiction of Incorporation or Organization)	<b>4610</b> (Primary Standard Industrial Classification Code Number) 3807 West Chester Pike	<b>23-3096839</b> (I.R.S. Employer Identification Number)
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**Newtown Square, Pennsylvania 19073**

**(866) 248-4344**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Kathleen Shea-Ballay**

**Senior Vice President, General Counsel and Secretary**

**Sunoco Partners LLC**

**3807 West Chester Pike**

**Newtown Square, Pennsylvania 19073**

**(866) 248-4344**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

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<b>Mike Rosenwasser</b>	<b>Energy Transfer Partners, L.L.C.</b>	<b>Debbie P. Yee</b>
<b>Vinson &amp; Elkins L.L.P.</b>	<b>8111 Westchester Drive, Suite 600</b>	<b>Latham &amp; Watkins LLP</b>
<b>666 Fifth Avenue, 26<sup>th</sup> Floor</b>	<b>Dallas, Texas 75225</b>	<b>811 Main Street, Suite 3700</b>
<b>New York, New York 10103</b>	<b>(214) 981-0700</b>	<b>Houston, Texas 77002</b>

(212) 237-0000

(713) 546-5400

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this document is not complete and may be changed. Sunoco Logistics Partners L.P. may not issue the securities described herein until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATED MARCH 3, 2017**

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

, 2017

Dear Common Unitholders:

On November 20, 2016, Sunoco Logistics Partners L.P. ( SXL ), Energy Transfer Partners, L.P. ( ETP ) and certain of their affiliates entered into a merger agreement, as amended on December 16, 2016 (as so amended and as may be further amended from time to time, the merger agreement ), pursuant to which SXL Acquisition Sub LP, a wholly owned subsidiary of SXL, will merge with ETP, with ETP continuing as the surviving entity and becoming a wholly owned subsidiary of SXL (the merger ). Concurrently with the merger, Sunoco Partners LLC, the general partner of SXL ( SXL GP ), will merge with Energy Transfer Partners GP, L.P., the general partner of ETP ( ETP GP ), with ETP GP continuing as the surviving entity and becoming the general partner of SXL (the GP merger and, together with the merger, the mergers ).

The board of directors (the ETP Board ) of Energy Transfer Partners, L.L.C., the general partner of ETP GP, approved and agreed to submit the merger to a vote of ETP unitholders following the recommendation of the conflicts committee of the ETP Board (the ETP Conflicts Committee ). The ETP Board and the ETP Conflicts Committee have determined that the merger agreement and the merger are advisable, fair and reasonable to and in the best interests of ETP and its common unitholders other than Energy Transfer Equity, L.P. ( ETE ), SXL and their affiliates, and have approved the merger agreement and the merger.

Under the terms of the merger agreement, subject to certain adjustments, holders of common units representing limited partner interests in ETP ( ETP common units or common units ) will receive, for each ETP common unit held, 1.5 common units representing limited partner interests in SXL ( SXL common units ). Additionally, the Class E units, Class G units, Class I units and Class K units of ETP issued and outstanding immediately prior to the effective time will be cancelled and converted automatically into an equal number of newly created classes of units representing limited partner interests in SXL, with the same rights, preferences, privileges, duties and obligations as such classes of ETP units had immediately prior to the closing of the merger. Under the terms of the merger agreement, ETP's Class H units and incentive distribution rights will be cancelled for no consideration.

The merger consideration to be received by holders of ETP common units is valued at \$39.29 per unit based on the closing price of SXL common units as of November 18, 2016, the last trading day before the public announcement of the merger, representing approximately a 0.2% discount to the closing price of ETP common units of \$39.37 on

November 18, 2016, a 5% premium to the volume-weighted average closing price of ETP common units for the five trading days ended November 18, 2016 and a 10% premium to the volume-weighted average closing price of ETP common units for the 30 trading days ended November 18, 2016. The merger consideration is valued at \$ per unit based on the closing price of SXL common units as of , 2017, the most recent practicable trading day prior to the date of this proxy statement/prospectus, representing a % premium to the closing price of ETP common units of \$ on , 2017, and a % premium to the volume-weighted average closing price of ETP common units for the five trading days ended , 2017.

Immediately following the completion of the merger, it is expected that ETP common unitholders will own approximately % of the outstanding SXL common units, based on the number of SXL common units outstanding, on a fully diluted basis, as of , 2017. The common units of SXL and ETP are traded on the New York Stock Exchange ( NYSE ) under the symbols SXL and ETP, respectively. Following the consummation of the merger, it is expected that SXL will change its name to Energy Transfer Partners, L.P. and apply to continue the listing of its common units on the NYSE under the symbol ETP, and that ETP will change its name to Energy Transfer, LP.

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ETP is holding a special meeting of its common unitholders at \_\_\_\_\_, on \_\_\_\_\_ at \_\_\_\_\_, local time, to obtain the vote of its common unitholders to adopt the merger agreement and the transactions contemplated thereby. **Your vote is very important regardless of the number of ETP common units you own.** The merger cannot be completed unless the holders of at least a majority of the outstanding ETP common units vote for the adoption of the merger agreement and the transactions contemplated thereby at the special meeting. **The ETP Board recommends that ETP common unitholders vote FOR the adoption of the merger agreement and the transactions contemplated thereby, FOR the proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting and FOR the advisory compensation proposal.** Pursuant to the merger agreement, ETE, which indirectly owns all of the incentive distribution rights, the general partner interest in ETP and approximately \_\_\_\_\_% of the ETP common units outstanding as of \_\_\_\_\_, 2017, has agreed to vote all of the ETP common units owned beneficially or of record by ETE or its subsidiaries in favor of the approval of the merger agreement and the merger and the approval of any actions required in furtherance thereof. Whether or not you expect to attend the special meeting in person, we urge you to submit your proxy as promptly as possible through one of the delivery methods described in the accompanying proxy statement/prospectus.

**In addition, we urge you to read carefully the accompanying proxy statement/prospectus (and the documents incorporated by reference into the accompanying proxy statement/prospectus), which includes important information about the merger agreement, the proposed mergers and the special meeting. Please pay particular attention to the section titled Risk Factors beginning on page 29 of the accompanying proxy statement/prospectus.**

On behalf of the ETP Board, we thank you for your continued support.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated \_\_\_\_\_, 2017 and is first being mailed to the common unitholders of ETP on or about \_\_\_\_\_, 2017.

Sincerely,

Kelcy L. Warren

*Chief Executive Officer of Energy Transfer Partners, L.L.C., on behalf of Energy Transfer Partners, L.P.*

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8111 Westchester Drive, Suite 600

Dallas, Texas 75225

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2017**

To the Common Unitholders of Energy Transfer Partners, L.P.:

Notice is hereby given that a special meeting of common unitholders of Energy Transfer Partners, L.P. ( ETP ), will be held at \_\_\_\_\_, on \_\_\_\_\_, 2017 at \_\_\_\_\_, local time, solely for the following purposes:

*Merger proposal:* To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of November 20, 2016, as amended by Amendment No. 1 thereto (the amendment ), dated as of December 16, 2016 (as so amended and as may be further amended from time to time, the merger agreement ), by and among Sunoco Logistics Partners L.P. ( SXL ), Sunoco Partners LLC, the general partner of SXL ( SXL GP ), SXL Acquisition Sub LLC, a wholly owned subsidiary of SXL ( SXL Merger Sub ), SXL Acquisition Sub LP, a wholly owned subsidiary of SXL ( SXL Merger Sub LP ), ETP, Energy Transfer Partners GP, L.P., the general partner of ETP ( ETP GP ), and, solely for purposes of certain provisions therein, Energy Transfer Equity, L.P. ( ETE ), a composite copy of which, incorporating the amendment into the text of the initial agreement, is attached as Annex A to the proxy statement/prospectus accompanying this notice, and the transactions contemplated thereby, including the merger of SXL Merger Sub LP with and into ETP (the merger );

*Adjournment proposal:* To consider and vote on a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and the transactions contemplated thereby at the time of the special meeting; and

*Advisory compensation proposal:* To consider and vote on a proposal to approve, on an advisory (non-binding) basis, the payments that will or may be paid by ETP to its named executive officers in connection with the merger.

These items of business, including the merger agreement and the proposed merger, are described in detail in the accompanying proxy statement/prospectus. **The board of directors (the ETP Board ) of Energy Transfer Partners, L.L.C., the general partner of ETP GP ( ETP GP LLC ), and the conflicts committee of the ETP Board (the ETP Conflicts Committee ) have determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair and reasonable to and in the best interests of ETP and its common unitholders other than ETE, SXL and their affiliates and the ETP Board recommends that ETP common unitholders vote FOR the adoption of the merger agreement and the transactions contemplated thereby, FOR the proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of such adoption and FOR the advisory compensation proposal.**

Only common unitholders of record as of the close of business on \_\_\_\_\_, 2017 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournment or postponement thereof. A list of common unitholders entitled to vote at the special meeting will be available in our offices located at 8111 Westchester Drive, Suite 600, Dallas, Texas 75225 during regular business hours for a period of 10 days before the special meeting, and at the place of the special meeting during the special meeting. Pursuant to the merger agreement, ETE has agreed to vote all of the common units representing limited partner interests in ETP ( ETP common units or common units ) owned beneficially or of record by ETE or its subsidiaries in favor of the approval of the merger agreement and the merger and the approval of any actions required in furtherance thereof, which includes the merger proposal and, if necessary, the adjournment proposal. As of \_\_\_\_\_, 2017, ETE and its subsidiaries collectively held \_\_\_\_\_ ETP common units, representing approximately \_\_\_\_\_ % of the ETP units entitled to vote at the special meeting.



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Adoption of the merger agreement and the transactions contemplated thereby by the ETP unitholders is a condition to the consummation of the merger and requires the affirmative vote of holders of at least a majority of the outstanding ETP common units. Therefore, your vote is very important. **Your failure to vote your units will have the same effect as a vote AGAINST the adoption of the merger agreement and the transactions contemplated thereby.**

By order of the board of directors,

James M. Wright, Jr.

General Counsel

Dallas, Texas

, 2017

**YOUR VOTE IS IMPORTANT!**

**WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE, (2) VIA THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE PREPAID ENVELOPE PROVIDED.** You may revoke your proxy or change your vote at any time before the special meeting. If your ETP common units are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by such record holder.

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the adjournment vote, the advisory (non-binding) vote on the payments that will or may be paid by ETP to its named executive officers in connection with the merger, the special meeting or the accompanying proxy statement/prospectus or would like additional copies of the accompanying proxy statement/prospectus or need help voting your ETP common units, please contact ETP's proxy solicitor:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Toll free: (800) 322-2855

Collect: (212) 929-5500

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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about SXL and ETP from other documents filed with the Securities and Exchange Commission (the SEC), that are not included in or delivered with this proxy statement/prospectus.

Documents incorporated by reference are available to you without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate party at the following addresses and telephone numbers.

Sunoco Logistics Partners L.P.

Energy Transfer Partners, L.P.

Investor Relations

Investor Relations

3807 West Chester Pike

8111 Westchester Drive, Suite 600

Newtown Square, Pennsylvania 19073

Dallas, Texas 75225

(866) 248-4344

(214) 981-0795

**To receive timely delivery of the requested documents in advance of the special meeting, you should make your request no later than [redacted], 2017.**

For a more detailed description of the information incorporated by reference in this proxy statement/prospectus and how you may obtain it, see [Where You Can Find More Information](#).

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by SXL (File No. 333-215183), constitutes a prospectus of SXL under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the common units representing limited partner interests in SXL (SXL common units) to be issued pursuant to the merger agreement. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), with respect to the special meeting of ETP common unitholders, at which ETP common unitholders will be asked to consider and vote on, among other matters, a proposal to adopt the merger agreement and the transactions contemplated thereby.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [redacted], 2017. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to ETP common unitholders nor the issuance by SXL of its common units pursuant to the merger agreement will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such

offer or solicitation in such jurisdiction.

The information concerning SXL contained in this proxy statement/prospectus or incorporated by reference has been provided by SXL, and the information concerning ETP contained in this proxy statement/prospectus or incorporated by reference has been provided by ETP.

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**QUESTIONS AND ANSWERS**

*Set forth below are questions that you, as a common unitholder of ETP, may have regarding the merger, the adjournment proposal, the advisory compensation proposal and the special meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety, including the composite merger agreement, which incorporates the text of the amendment into the text of the initial agreement and is attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, because this section may not provide all of the information that is important to you with respect to the merger and the special meeting. You may obtain a list of the documents incorporated by reference into this proxy statement/prospectus in the section titled *Where You Can Find More Information*.*

**Q: Why am I receiving this proxy statement/prospectus?**

A: SXL and ETP have agreed to a merger, pursuant to which SXL Merger Sub LP, a wholly owned subsidiary of SXL, will merge with ETP. ETP will continue its existence as the surviving entity and become a wholly owned subsidiary of SXL, but will cease to be a publicly traded limited partnership. In order to complete the merger, ETP common unitholders must vote to adopt the merger agreement and the transactions contemplated thereby. ETP is holding a special meeting of its common unitholders to obtain such unitholder approval. ETP common unitholders will also be asked to approve, on an advisory (non-binding) basis, the payments that will or may be paid by ETP to its named executive officers in connection with the merger.

In the merger, SXL will issue SXL common units as the consideration to be paid to holders of ETP common units. This document is being delivered to you as both a proxy statement of ETP and a prospectus of SXL in connection with the merger. It is the proxy statement by which the ETP Board is soliciting proxies from you to vote on the adoption of the merger agreement and the transactions contemplated thereby at the special meeting or at any adjournment or postponement of the special meeting. It is also the prospectus by which SXL will issue SXL common units to you in the merger.

**Q: What will happen in the merger?**

A: In the merger, SXL Merger Sub LP will merge with ETP. ETP will be the surviving limited partnership in the merger and will become a wholly owned subsidiary of SXL, but ETP will cease to be a publicly traded limited partnership. Following the consummation of the merger, it is expected that SXL will change its name to Energy Transfer Partners, L.P. and ETP will change its name to Energy Transfer, LP.

**Q: What will I receive in the merger?**

A: If the merger is completed, each of your ETP common units will be cancelled and converted automatically into the right to receive 1.5 (the exchange ratio) SXL common units (the merger consideration). ETP common unitholders will not receive any fractional SXL common units in the merger. Instead, each holder of ETP common units that are converted pursuant to the merger agreement who otherwise would have received a fraction of an SXL common unit will instead be entitled to receive a whole SXL common unit. Based on the closing price of SXL common units on the New York Stock Exchange (the NYSE) on November 18, 2016, the last trading day prior to the public announcement of the merger, the merger consideration represented approximately \$39.29 in value for each ETP common unit. Based on the closing price of \$ for SXL common units on the NYSE on , 2017, the most recent practicable trading day prior to the date of this proxy statement/prospectus, the merger consideration represented approximately \$ in value for each ETP common unit. The market price of SXL common units will fluctuate prior to the merger,



and the market price of SXL common units when received by ETP common unitholders after the merger is completed could be greater or less than the current market price of SXL common units. See Risk Factors.

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**Q: What will happen to my ETP restricted units and cash units in the merger?**

A: If the merger is completed, each outstanding restricted unit of ETP (an ETP restricted unit ) will be converted into the right to receive an award of restricted units relating to SXL common units on the same terms and conditions as were applicable to the corresponding award of ETP restricted units (including the right to receive distribution equivalents with respect to such award), except that the number of SXL common units covered by the award will be equal to the number of ETP common units covered by the corresponding award of ETP restricted units multiplied by the exchange ratio, rounded up to the nearest whole unit. In addition, each outstanding award of cash units issued under the Energy Transfer Partners, L.P. Long-Term Incentive Cash Restricted Unit Plan (the ETP cash unit plan ) representing the right to a cash payment based on the value of ETP common units ( ETP cash units ) will be converted into the right to receive an award of restricted cash units relating to SXL common units on the same terms and conditions as were applicable to the award of ETP cash units, except that the number of notional SXL common units relating to the award will be equal to the number of notional ETP common units relating to the corresponding award of ETP cash units multiplied by the exchange ratio, rounded up to the nearest whole unit.

**Q: What will happen to the other series and classes of ETP units in the merger?**

A: If the merger is completed, the outstanding Class E units representing limited partner interests in ETP (the Class E units ), Class G units representing limited partner interests in ETP (the Class G units ), Class I units representing limited partner interests in ETP (the Class I units ) and Class K units representing limited partner interests in ETP (the Class K units ) will be cancelled and converted automatically into an equal number of newly created classes of units representing limited partner interests in SXL, with the same rights, preferences, privileges, duties and obligations as such classes of ETP units had immediately prior to the closing of the merger.

If the merger is completed, each outstanding Class H unit representing a limited partner interest in ETP (a Class H unit ) and the incentive distribution rights in ETP will be cancelled for no consideration.

**Q: What happens if the merger is not completed?**

A: If the merger agreement and the transactions contemplated thereby are not adopted by ETP common unitholders holding at least a majority of the outstanding ETP common units, or if the merger is not completed for any other reason, you will not receive any form of consideration for your ETP units in connection with the merger. Instead, ETP will remain an independent publicly traded limited partnership and its common units will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified circumstances, including if ETP unitholder approval is not obtained, ETP will be required to pay all of the reasonably documented out-of-pocket expenses incurred by SXL and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$30.0 million. In addition, if the merger agreement is terminated under specified circumstances, including due to an adverse recommendation change having occurred, ETP may be required to pay SXL a termination fee of \$630.0 million, less any expenses previously paid by ETP to SXL. Following payment of the termination fee, ETP will not be obligated to pay any additional expenses incurred by SXL or its affiliates. Please read Proposal 1: The Merger Agreement Expenses and Termination Fee beginning on page 119 of this proxy statement/prospectus.

**Q: Will I continue to receive future distributions on my ETP common units?**

A: Before completion of the merger, ETP expects to continue to pay its regular quarterly cash distribution on its common units, which was \$1.0550 per ETP common unit for the quarter ended December 31, 2016. However, SXL and ETP will coordinate the timing of distribution declarations leading up to the merger so that, in any quarter, a

holder of ETP common units will either receive distributions in respect of its ETP common units or distributions in respect of the SXL common units that such holder will receive in the merger (but will not receive distributions in respect of both in any quarter). Receipt of the regular quarterly distribution will not

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reduce the merger consideration you receive. After completion of the merger, you will be entitled only to distributions on any SXL common units you receive in the merger and hold through the applicable distribution record date. While SXL provides no assurances as to the level or payment of any future distributions on its common units, and SXL determines the amount of its distributions each quarter, for the quarter ended December 31, 2016, SXL paid a cash distribution of \$0.52 per SXL common unit on February 14, 2017 to holders of record as of the close of business on February 7, 2017

The current annualized distribution rate for each ETP common unit is \$4.22 (based on the quarterly distribution rate of \$1.0550 for each ETP common unit that was paid with respect to the quarter ended December 31, 2016). Based on the exchange ratio, the annualized distribution rate for each ETP common unit exchanged for 1.5 SXL common units would be approximately \$3.12 (based on the quarterly distribution rate of \$0.52 per SXL common unit that was paid with respect to the quarter ended December 31, 2016). Accordingly, based on the distribution rates for the quarter ended December 31, 2016, and the exchange ratio, an ETP common unitholder would initially receive approximately 26.0% less in quarterly cash distributions on an annualized basis after giving effect to the merger. For additional information, please read *Comparative Unit Prices and Distributions*.

**Q: What am I being asked to vote on?**

A: ETP's common unitholders are being asked to vote on the following proposals:

***Merger proposal:*** To adopt the merger agreement, a composite copy of which, incorporating the amendment into the text of the initial agreement, is attached as Annex A to this proxy statement/prospectus, and the transactions contemplated thereby, including the merger;

***Adjournment proposal:*** To approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

***Advisory compensation proposal:*** To approve, on an advisory (non-binding) basis, the payments that will or may be paid by ETP to its named executive officers in connection with the merger.

The approval of the merger proposal by ETP common unitholders holding at least a majority of the outstanding ETP common units is a condition to the obligations of SXL and ETP to complete the merger. Neither the adjournment proposal nor the advisory compensation proposal is a condition to the obligations of SXL or ETP to complete the merger.

**Q: Does the ETP Board recommend that ETP common unitholders adopt the merger agreement and the transactions contemplated thereby?**

A: Yes. The ETP Board and the ETP Conflicts Committee have approved the merger agreement and the transactions contemplated thereby, including the merger, and determined that these transactions are advisable and fair and reasonable to, and in the best interests of, ETP and the unaffiliated ETP unitholders. Therefore, the ETP Board recommends that you vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby at the special meeting. See *The Merger Recommendation of the ETP Board; Reasons for the Merger* beginning on page 76 of this proxy statement/prospectus. In considering the recommendation of the ETP Board with respect to the

merger agreement and the transactions contemplated thereby, including the merger, you should be aware that directors and executive officers of ETP are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or in addition to, your interests as a unitholder of ETP. You should consider these interests in voting on the merger proposal. These different interests are described under "The Merger Interests of Directors and Executive Officers of ETP in the Merger" beginning on page 100 of this proxy statement/prospectus.

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**Q: What are the related compensation payments to ETP named executive officers and why am I being asked to vote on them?**

A: The SEC has adopted rules that require ETP to seek an advisory (non-binding) vote on the compensation payments related to the merger. The related compensation payments are certain compensation payments that are tied to or based on the merger and that will or may be paid by ETP to its named executive officers in connection with the merger. This proposal is referred to as the advisory compensation proposal.

**Q: Does the ETP Board recommend that unitholders approve the advisory compensation proposal?**

A: Yes. The ETP Board unanimously recommends that you vote **FOR** the advisory compensation proposal. See Proposal 3: Advisory Vote on Related Compensation beginning on page 181 of this proxy statement/prospectus.

**Q: What happens if the advisory compensation proposal is not approved?**

A: Approval of the advisory compensation proposal is not a condition to completion of the merger. The vote is an advisory vote and is not binding. If the merger is completed, ETP will or may pay the related compensation to its named executive officers in connection with the merger even if ETP unitholders fail to approve the advisory compensation proposal.

**Q: What unitholder vote is required for the approval of each proposal?**

A: The following are the vote requirements for the ETP proposals:

***Merger proposal.*** The affirmative vote of the holders of at least a majority of the outstanding ETP common units. Accordingly, abstentions, broker non-votes and an ETP common unitholder's failure to vote will have the same effect as votes **AGAINST** the proposal.

***Adjournment proposal.*** If a quorum is present at the special meeting, the affirmative vote of the holders of at least a majority of the outstanding ETP common units. If a quorum is not present at the meeting, the affirmative vote of holders of a majority of the outstanding ETP common units, represented thereat either in person or by proxy, will be required to approve the proposal. Accordingly, if a quorum is present, abstentions, broker non-votes and an ETP common unitholder's failure to vote will have the same effect as votes **AGAINST** the proposal. If a quorum is not present, abstentions and broker non-votes will have the same effect as votes **AGAINST** the proposal, but an ETP common unitholder's failure to vote will have no effect on the adoption of the proposal.

***Advisory compensation proposal.*** The affirmative vote of a majority of the votes cast on the advisory compensation proposal by the holders of the ETP common units. Accordingly, voting against the advisory compensation proposal increases the number of votes required to approve the proposal, but abstentions or failures to vote do not.

Pursuant to the merger agreement, ETE, which directly and indirectly owns all of the incentive distribution rights and the general partner interest in ETP, has agreed to vote all of the ETP common units owned beneficially or of record by ETE or its subsidiaries in favor of the approval of the merger agreement and the merger and the approval of any

actions required in furtherance thereof, which includes the merger proposal and, if necessary, the adjournment proposal. As of \_\_\_\_\_, 2017, ETE and its subsidiaries collectively held \_\_\_\_\_ ETP common units, representing approximately \_\_\_\_\_ % of the ETP units entitled to vote at the special meeting.

**Q: What constitutes a quorum for the special meeting?**

A: The holders of at least a majority of the outstanding ETP common units must be represented in person or by proxy at the special meeting in order to constitute a quorum.

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**Q: When is this proxy statement/prospectus being mailed?**

A: This proxy statement/prospectus and the proxy card are first being sent to ETP common unitholders on or about \_\_\_\_\_, 2017.

**Q: Who is entitled to vote at the special meeting?**

A: Holders of outstanding ETP common units outstanding as of the close of business on \_\_\_\_\_, 2017, the record date, are entitled to one vote per unit at the special meeting.

As of the record date, there were approximately \_\_\_\_\_ ETP common units outstanding, all of which are entitled to vote at the special meeting.

**Q: When and where is the special meeting?**

A: The special meeting will be held at \_\_\_\_\_, on \_\_\_\_\_, 2017, at \_\_\_\_\_, local time.

**Q: How do I vote my common units at the special meeting?**

A: There are four ways you may cast your vote. You may vote:

*In Person.* If you are a common unitholder of record, you may vote in person at the special meeting. Common units held by a bank, broker or other nominee may be voted in person by you only if you obtain a legal proxy from the record holder (which is your bank, broker or other nominee) giving you the right to vote the units;

*Via the Internet.* You may cause your common units to be voted at the special meeting by submitting your proxy electronically via the Internet by accessing the Internet address provided on each proxy card (if you are a common unitholder of record) or vote instruction card (if your common units are held by a bank, broker or other nominee);

*By Telephone.* You may cause your common units to be voted at the special meeting by submitting your proxy by using the toll-free telephone number listed on the enclosed proxy card (if you are a common unitholder of record) or vote instruction card (if your common units are held by a bank, broker or other nominee); or

*By Mail.* You may cause your common units to be voted at the special meeting by submitting your proxy by filling out, signing and dating the enclosed proxy card (if you are a common unitholder of record) or vote instruction card (if your common units are held by a bank, broker or other nominee) and returning it by mail in the prepaid envelope provided.

Even if you plan to attend the special meeting in person, you are encouraged to submit your proxy as described above so that your vote will be counted if you later decide not to attend the special meeting.



If your common units are held by a bank, broker or other nominee, also known as holding units in street name, you should receive instructions from the bank, broker or other nominee that you must follow in order to have your common units voted. Please review such instructions to determine whether you will be able to submit your proxy via Internet or by telephone. The deadline for submitting your proxy by telephone or electronically through the Internet is 11:59 p.m., Eastern Time, on \_\_\_\_\_, 2017 (the telephone/internet deadline ).

**Q: If my common units are held in street name by my broker, will my broker automatically vote my common units for me?**

A: No. If your common units are held in an account at a broker or through another nominee, you must instruct the broker or other nominee on how to vote your common units by following the instructions that the broker or other nominee provides to you with these materials. Most brokers offer the ability for unitholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet.

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If you do not provide voting instructions to your broker, your common units will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to in this proxy statement/prospectus and in general as a broker non-vote. In these cases, the broker can register your common units as being present at the special meeting for purposes of determining a quorum, but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on any of the proposals, at the special meeting, including the merger proposal. A broker non-vote will have the same effect as a vote **AGAINST** the merger proposal and the adjournment proposal.

### **Q: How will my ETP common units be represented at the special meeting?**

A: If you submit your proxy by telephone, the Internet website or by signing and returning your proxy card, the officers named in your proxy card will vote your common units in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your common units, your proxy will be voted as the ETP Board recommends, which is:

*Merger proposal:* **FOR** the adoption of the merger agreement and the transactions contemplated thereby;

*Adjournment proposal:* **FOR** the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

*Advisory compensation proposal:* **FOR** the approval, on an advisory (non-binding) basis, of the payments that will or may be paid by ETP to its named executive officers in connection with the merger.

### **Q: Who may attend the special meeting?**

A: ETP common unitholders (or their authorized representatives) and ETP's invited guests may attend the special meeting. All attendees at the special meeting should be prepared to present government-issued photo identification (such as a driver's license or passport) for admittance.

### **Q: Is my vote important?**

A: Yes, your vote is very important. If you do not submit a proxy or vote in person at the special meeting, it will be more difficult for ETP to obtain the necessary quorum to hold the special meeting. In addition, an abstention or your failure to submit a proxy or to vote in person will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated thereby. If you hold your common units through a bank, broker or other nominee, your bank, broker or other nominee will not be able to cast a vote on such adoption without instructions from you. The ETP Board recommends that ETP common unitholders vote **FOR** the ETP merger proposal.

### **Q: Can I revoke my proxy or change my voting instructions?**

A: Yes. If you are a common unitholder of record, you may revoke or change your vote at any time before the telephone/internet deadline or before the polls close at the special meeting by:

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sending a signed, written notice to Energy Transfer Partners, L.P. at 8111 Westchester Drive, Suite 600, Dallas, Texas 75225, Attention: Corporate Secretary, that bears a date later than the date of the proxy and is received prior to the special meeting and states that you revoke your proxy;

submitting a valid proxy by telephone or internet that bears a date later than the date of the proxy, but no later than the telephone/internet deadline and is received prior to the special meeting; or

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attending the special meeting and voting by ballot in person (your attendance at the special meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your ETP common units through a bank, broker or other nominee, you must follow the directions you receive from your bank, broker or other nominee in order to revoke your proxy or change your voting instructions.

**Q: What happens if I sell my common units after the record date but before the special meeting?**

A: The record date for the special meeting is earlier than the date of the special meeting and earlier than the date that the merger is expected to be completed. If you sell or otherwise transfer your ETP common units after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting. However, you will not have the right to receive the merger consideration to be received by ETP's common unitholders in the merger. In order to receive the merger consideration, you must hold your ETP common units through completion of the merger.

**Q: What does it mean if I receive more than one proxy card or vote instruction card?**

A: Your receipt of more than one proxy card or vote instruction card may mean that you have multiple accounts with ETP's transfer agent or with a bank, brokerage firm or other nominee. If voting by mail, please sign and return all proxy cards or vote instruction cards to ensure that all of your ETP common units are voted. Each proxy card or vote instruction card represents a distinct number of units and it is the only means by which those particular units may be voted by proxy.

**Q: Is completion of the merger subject to any conditions?**

A: Yes. In addition to the adoption of the merger agreement by the holders of at least a majority of the outstanding ETP common units, completion of the merger requires the receipt of the necessary governmental clearances and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement.

**Q: When do you expect to complete the merger?**

A: SXL and ETP are working towards completing the merger promptly. SXL and ETP currently expect to complete the merger shortly following the conclusion of the meeting, subject to receipt of ETP unitholder approval, regulatory approvals and clearances and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

**Q: What are the expected U.S. federal income tax consequences to an ETP unitholder as a result of the transactions contemplated by the merger agreement?**

A: Although for state law purposes ETP will become a wholly owned subsidiary of SXL in the merger, for U.S. federal income tax purposes, ETP (rather than SXL) will be treated as the continuing partnership following the merger. As a result, for U.S. federal income tax purposes, SXL will be deemed to contribute all of its assets to ETP in exchange for ETP units and the assumption of SXL's liabilities, followed by a liquidation of SXL in which ETP units are distributed to SXL unitholders. In addition, as a result of the merger, SXL unitholders immediately prior to the merger, who will be deemed to have received ETP units in the merger, will be deemed to become limited partners of ETP for U.S. federal income tax purposes and will be allocated a share of ETP's nonrecourse liabilities.

It is anticipated that no gain or loss should be recognized by an ETP unitholder solely as a result of the merger, except to the extent any net decrease in such unitholder's share of partnership liabilities pursuant to Section 752 of the Internal

Revenue Code of 1986, as amended (the Code ), exceeds such unitholder s adjusted

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tax basis in its ETP units at the closing of the merger. Each ETP common unitholder's share of ETP's nonrecourse liabilities will be recalculated following the merger. Any resulting increase or decrease in an ETP common unitholder's nonrecourse liabilities will result in a corresponding increase or decrease in such unitholder's adjusted tax basis in its ETP common units. A reduction in a common unitholder's share of nonrecourse liabilities would, if such reduction exceeds the unitholder's tax basis in his or her ETP common units, under certain circumstances, result in the recognition of taxable gain by an ETP common unitholder. In addition, an ETP unitholder would recognize such unitholder's distributive share of any gain recognized by ETP as a result of the merger. However, it is not anticipated that gain or loss should be recognized by ETP solely as a result of the merger. For additional information, please read [Material U.S. Federal Income Tax Consequences of the Merger](#), [Tax Consequences of the Merger to ETP and ETP Common Unitholders](#) and [Risk Factors](#), [Risk Factors Relating to the Merger](#).

**Q: What are the expected U.S. federal income tax consequences for an ETP common unitholder of the ownership of SXL common units after the merger is completed?**

A: Each ETP common unitholder who becomes a holder of SXL common units as a result of the merger will, as is the case for existing SXL common unitholders, be allocated such unitholder's distributive share of SXL's income, gains, losses, deductions and credits. In addition to U.S. federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which SXL conducts business or owns property following the merger, or in which the unitholder is a resident. Please read [Material U.S. Federal Income Tax Consequences of SXL Common Unit Ownership](#).

**Q: What do I need to do now?**

A: Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes. Then, please vote your ETP common units in accordance with the instructions described above.

If you hold ETP common units through a bank, broker or other nominee, please instruct your bank, broker or nominee to vote your common units by following the instructions that the bank, broker or nominee provides to you with these materials.

**Q: Should I send in my unit certificates now?**

A: No. ETP common unitholders should not send in their unit certificates at this time. After completion of the merger, SXL's exchange agent will send you a letter of transmittal and instructions for exchanging your ETP common units for the merger consideration.

**Q: Are holders of ETP common units entitled to dissenters' rights or appraisal rights?**

A: No. Neither dissenters' rights nor appraisal rights are available in connection with the merger under the Delaware Revised Uniform Limited Partnership Act (the "Delaware LP Act"), the merger agreement or the Second Amended and Restated Agreement of Limited Partnership of Energy Transfer Partners, L.P., as amended (the "ETP partnership agreement").

**Q: Whom should I call with questions?**

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A: ETP common unitholders who have questions about the merger or the special meeting, or desire additional copies of this proxy statement/prospectus or additional proxy cards or voting instruction forms should contact MacKenzie Partners, Inc., ETP's proxy solicitor, at:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Toll free: (800) 322-2855

Collect: (212) 929-5500

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. You are urged to read carefully the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the special meeting. See Where You Can Find More Information. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

**The Parties (See page 40)**

Sunoco Logistics Partners L.P. is a Delaware limited partnership with common units traded on the NYSE under the symbol SXL. SXL 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, natural gas liquids ( NGLs ) and refined products. Sunoco Partners LLC, a Pennsylvania limited liability company, is SXL's general partner, and SXL Acquisition Sub LLC, a Delaware limited liability company, and SXL Acquisition Sub LP, a Delaware limited partnership, are each a wholly owned subsidiary of SXL.

Energy Transfer Partners, L.P., is a Delaware limited partnership with common units traded on the NYSE under the symbol ETP. ETP is engaged in the transportation and storage of natural gas, NGLs and crude oil, and terminalling services and acquisition and marketing activities through SXL. ETP holds a controlling ownership interest in SXL through its ownership of a 99.9% membership interest in SXL GP, which owns 100% of the general partner interest and incentive distribution rights in SXL. Energy Transfer Partners GP, L.P., a Delaware limited partnership, is ETP's general partner.

Energy Transfer Equity, L.P. is a Delaware limited partnership with common units traded on the NYSE under the symbol ETE. ETE indirectly owns all of the incentive distribution rights and general partner interest in ETP. Additionally, ETE directly owns approximately 3.3% of the outstanding ETP common units and indirectly owns a 0.1% membership interest in SXL GP, which owns 100% of the general partner interest and incentive distribution rights in SXL, as well as all of the ETP Class H units, which entitle ETE to receive 90.05% of the distributions paid to ETP with respect to SXL's incentive distribution rights and general partner interest. ETE is a party to the merger agreement solely for purposes of certain provisions therein.

**The Merger (See page 63)**

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, the merger agreement provides for the merger of SXL Merger Sub LP with ETP (the merger). ETP will survive the merger and become a wholly owned subsidiary of SXL, but ETP will cease to be a publicly traded limited partnership. Following the consummation of the merger, it is expected that SXL will change its name to Energy Transfer Partners, L.P. and ETP will change its name to Energy Transfer, LP.

**The GP Merger (See page 63)**

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law and Pennsylvania law, and concurrently with the merger, SXL GP will merge with ETP GP (the GP merger and, together with the merger, the mergers). ETP GP will survive the GP merger and become the general partner of SXL, owning the general partner interest and incentive distribution rights in SXL, which will remain unchanged following the mergers.





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### **Merger Consideration (See page 117)**

**Common Units.** The merger agreement provides that, at the effective time, each ETP common unit issued and outstanding or deemed issued and outstanding as of immediately prior to the effective time will be converted into the right to receive 1.5 SXL common units.

**Other Classes of ETP Units.** The merger agreement provides that, at the effective time, each Class E unit, Class G unit, Class I unit and Class K unit of ETP issued and outstanding immediately prior to the effective time will be converted into an equal number of newly created classes of SXL units, with the same rights, preferences, privileges, duties and obligations as such classes of ETP units had immediately prior to the closing of the merger.

### **Treatment of Restricted Units and Cash Units (See page 117)**

**Restricted Units.** At the effective time, each outstanding award of ETP restricted units will, by virtue of the merger and without any action on the part of the holder of any such ETP restricted units, cease to relate to or represent a right to receive ETP common units and will be converted into the right to receive an award of SXL restricted units, on the same terms and conditions as were applicable to the corresponding award of ETP restricted units (including the right to receive distribution equivalents with respect to such award), except that the number of SXL common units covered by each such award will be equal to the number of ETP common units subject to the corresponding award of ETP restricted units multiplied by the exchange ratio, rounded up to the nearest whole unit.

**Cash Units.** At the effective time, each outstanding award of ETP cash units will, automatically and without any action on the part of the holder of such ETP cash units, be converted into the right to receive an award of restricted cash units relating to SXL common units on the same terms and conditions as were applicable to the award of ETP cash units, except that the number of notional SXL common units related to the award will be equal to the number of notional ETP common units relating to the corresponding award of ETP cash units multiplied by the exchange ratio, rounded up to the nearest whole unit.

### **Treatment of General Partner Interest; Incentive Distribution Rights and Class H Units (See page 117)**

In connection with the mergers, ETP GP will transfer the 0.6% general partner interest in ETP to SXL Merger Sub and SXL Merger Sub will assume the rights and duties of the general partner of ETP. As a result of the merger and the related transactions, the 100% limited partner interest in SXL Merger Sub LP will convert into a 99.4% limited partner interest in ETP, the non-economic general partner interest in SXL Merger Sub LP will be cancelled and SXL Merger Sub will become the general partner of ETP, holding a 0.6% general partner interest. In addition, the incentive distribution rights in ETP and the Class H units outstanding immediately prior to the effective time will be cancelled.

### **The Special Meeting; Units Entitled to Vote; Required Vote (See page 58)**

**Meeting.** The special meeting will be held at \_\_\_\_\_, on \_\_\_\_\_, 2017, at \_\_\_\_\_, local time. At the special meeting, ETP common unitholders will be asked to vote on the following proposals:

**Merger proposal:** To adopt the merger agreement, a composite copy of which, incorporating the amendment into the text of the initial agreement, is attached as Annex A to this proxy statement/prospectus, and the transactions contemplated thereby, including the merger;

***Adjournment proposal:*** To approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

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**Advisory compensation proposal:** To approve, on an advisory (non-binding) basis, the payments that will or may be paid by ETP to its named executive officers in connection with the merger.

**Record Date.** Only ETP common unitholders of record at the close of business on \_\_\_\_\_, 2017 will be entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date of \_\_\_\_\_, 2017, there were approximately \_\_\_\_\_ ETP common units outstanding and entitled to vote at the meeting. Each holder of ETP common units is entitled to one vote for each common unit owned as of the record date.

**Required Vote.** To adopt the merger agreement and the transactions contemplated thereby, holders of at least a majority of the outstanding ETP common units must vote in favor of such adoption. **ETP cannot complete the merger unless its common unitholders adopt the merger agreement and the transactions contemplated thereby.** Because approval is based on the affirmative vote of at least a majority of the outstanding ETP common units, **an ETP common unitholder's failure to vote, an abstention from voting or the failure of an ETP common unitholder who holds his or her units in \_\_\_\_\_ street name through a broker or other nominee to give voting instructions to such broker or other nominee, which we refer to as a broker non-vote, will have the same effect as a vote AGAINST adoption of the merger agreement.**

If a quorum is present at the special meeting, to approve the adjournment of the meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting, holders of at least a majority of the outstanding ETP common units must vote in favor of the proposal. Therefore, if a quorum is present at the meeting, abstentions, broker non-votes and an ETP common unitholder's failure to vote will have the same effect as a vote AGAINST approval of this proposal. If a quorum is not present at the special meeting, to approve the adjournment of the meeting, holders of at least a majority of the outstanding ETP common units represented thereat either in person or by proxy must vote in favor of the proposal. Therefore, if a quorum is not present, abstentions and broker non-votes will have the same effect as a vote AGAINST approval of the adjournment proposal, but an ETP common unitholder's failure to vote will have no effect on the outcome of the proposal.

To approve, on an advisory (non-binding) basis, the payments that will or may be paid by ETP to its named executive officers in connection with the merger, the affirmative vote of a majority of the votes cast on the advisory compensation proposal by the holders of ETP common units is required. Because approval of this proposal is based on the affirmative vote of at least a majority of the votes cast by the holders of the ETP common units, an ETP common unitholder's failure to vote, an abstention from voting or a broker non-vote will have no effect on the outcome of the proposal.

**Unit Ownership of and Voting by ETP's Directors, Executive Officers and Affiliates.** As of \_\_\_\_\_, 2017, ETP's \_\_\_\_\_ directors and executive officers and their affiliates (including ETE and its subsidiaries) beneficially owned and had the right to vote \_\_\_\_\_ ETP common units at the special meeting, which represent \_\_\_\_\_ % of the ETP common units entitled to vote at the special meeting. It is expected that ETP's \_\_\_\_\_ directors and executive officers will vote their units \_\_\_\_\_ FOR the adoption of the merger agreement and the transactions contemplated thereby, although none of them has entered into any agreement requiring them to do so. Additionally, under the terms of the merger agreement, ETE has agreed to vote all of the ETP common units owned beneficially or of record by ETE or its subsidiaries in favor of the approval of the merger agreement and the merger and the approval of any actions required in furtherance thereof.

**Recommendation of the ETP Board; Reasons for the Merger (See page 76)**

The ETP Board recommends that ETP common unitholders vote \_\_\_\_\_ FOR the adoption of the merger agreement and the transactions contemplated thereby.



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In the course of reaching their decisions to approve the merger agreement and the transactions contemplated by the merger agreement, the ETP Conflicts Committee and the ETP Board considered a number of factors in its deliberations. For a more complete discussion of these factors, see *The Merger Recommendation of the ETP Board; Reasons for the Merger*.

### **Opinion of the Financial Advisor to the ETP Conflicts Committee (See page 81)**

In connection with the proposed transaction, the ETP Conflicts Committee received, on November 20, 2016, an oral opinion from Barclays Capital Inc. ( *Barclays* ), which was subsequently confirmed in a written opinion, dated November 20, 2016, from Barclays, as to the fairness, as of the date of the opinion and based upon and subject to the qualifications, limitations and assumptions stated therein, from a financial point of view, to the holders of the ETP common units, other than ETE, SXL and their Affiliates (as defined in the merger agreement) (the *unaffiliated ETP unitholders* ), of the exchange ratio to be offered to such unaffiliated ETP unitholders in the proposed transaction.

**The full text of Barclays' written opinion, which is attached to this proxy statement/prospectus as Annex B, sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully and in its entirety. Barclays' opinion was provided for the information of the ETP Conflicts Committee in connection with its evaluation of the exchange ratio to be offered to unaffiliated ETP unitholders from a financial point of view and did not address any other aspects or implications of the proposed transaction. Barclays expressed no view as to, and its opinion does not in any manner address, the underlying business decision to proceed with or effect the proposed transaction, the likelihood of consummation of the proposed transaction or the relative merits of the proposed transaction as compared to any other transaction or business strategy in which ETP might engage. In addition, Barclays expressed no view as to, and its opinion does not in any manner address, the fairness of the amount or the nature of (i) any compensation to any officers, directors or employees of any parties to the proposed transaction, or any class of such persons, relative to the exchange ratio in the proposed transaction or otherwise; (ii) the fairness of any portion or aspect of the proposed transaction to the holders of any class of securities, creditors or other constituencies of ETP or any other person, or to any other person, other than the fairness, from a financial point of view, of the exchange ratio to be offered to the unaffiliated ETP unitholders; or (iii) any portion or aspect of the proposed transaction to any one class or group of ETP's or any other person's equity security holders vis a vis any other class or group of ETP's security holders or any other person's security holders (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders). The summary of Barclays' opinion provided in this proxy statement/prospectus is qualified in its entirety by reference to the full opinion. Barclays' opinion is not intended to be and does not constitute a recommendation to any unaffiliated ETP unitholder as to how such unaffiliated ETP unitholder should vote or act with respect to the proposed transaction or any other matter.**

### **No SXL Unitholder Approval Required (See page 105)**

SXL unitholders are not required to adopt the merger agreement or approve the merger or the issuance of SXL common units in connection with the merger.

### **Directors and Executive Officers of SXL After the Merger (See page 107)**

Following the consummation of the GP merger, ETP GP, as the general partner of SXL, will have direct responsibility for conducting SXL's business and for managing its operations. Therefore, after the closing of the mergers, the board of directors and officers of ETP GP will make decisions on SXL's behalf. SXL expects that



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the directors and executive officers of SXL GP immediately prior to the merger will continue in management roles of ETP GP after the merger, except that (i) Kelcy L. Warren, Chief Executive Officer of ETP, is expected to become the Chief Executive Officer of SXL, (ii) Marshall S. (Mackie) McCrea, III, Group Chief Operating Officer and Chief Commercial Officer of ETE, is expected to become the Chief Commercial Officer of SXL, (iii) Matthew S. Ramsey, President and Chief Operating Officer of ETP, is expected to become the President of SXL, and (iv) Thomas E. Long, Chief Financial Officer of ETP, is expected to become the Chief Financial Officer of SXL. SXL also expects that Michael J. Hennigan, the current President and Chief Executive Officer of SXL, and other members of the SXL management team will continue in management roles of the combined company with the current SXL business operations continuing to be headquartered in Philadelphia. Specifically, Mr. Hennigan is expected to serve as President, Crude, NGL and Refined Products following the merger.

### **Ownership of SXL After the Merger (See page 107)**

SXL will issue approximately            million SXL common units to former ETP common unitholders pursuant to the merger agreement. Based on the number of SXL common units outstanding as of the date of this proxy statement/prospectus, immediately following the completion of the merger, SXL expects to have approximately            million common units outstanding. ETP unitholders are therefore expected to hold approximately    % of the aggregate number of SXL common units outstanding immediately after the merger and approximately    % of SXL's total units of all classes. Holders of SXL common units (similarly to holders of ETP common units) are not entitled to elect SXL's general partner or the directors of the board of directors (the SXL Board) of SXL's general partner and have only limited voting rights on matters affecting SXL's business.

### **Interests of Directors and Executive Officers of ETP in the Merger (See page 100)**

ETP's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of ETP unitholders generally. The members of the ETP Board were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to ETP's unitholders that the merger agreement be adopted.

These interests include:

Certain members of the ETP Board are also members of the ETE board of directors and/or the SXL Board and are executives of ETE and/or ETP.

The members of the ETP Board are expected to serve as members of the ETP Board following the merger, when the ETP Board becomes responsible for managing ETP GP as the general partner of SXL.

Certain executive officers of ETP have been offered roles at SXL following the completion of the merger.

As with all holders of ETP restricted units, the ETP restricted units held by executive officers and directors of ETP will be converted into the right to receive an award of restricted units relating to SXL common units on the same terms and conditions as were applicable to the ETP restricted units, except that the number of SXL common units covered by the award will be equal to the number of ETP common units multiplied by



the exchange ratio, rounded up to the nearest whole unit.

**Interests of ETE and ETP in the Merger (See page 105)**

ETE holds a controlling ownership interest in ETP. ETE controls ETP through ETE's ownership of ETP GP LLC, which is the general partner of ETP GP. ETE also owns all of the limited partner interests of ETP GP. ETP GP owns 100% of the general partner interest and incentive distribution rights in ETP. ETE also owns all of the

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Class H units and Class I units in ETP, as well as approximately 3.3% of the outstanding ETP common units. In addition, ETE indirectly owns a 0.1% membership interest in SXL GP, which owns 100% of the general partner interest and incentive distribution rights in SXL. ETE has different economic interests in the merger than ETP common unitholders generally due to, among other things, ETE's ownership of economic interests in ETP other than ETP common units and ETE's ongoing ownership of the general partner interest and incentive distribution rights in SXL following the merger.

ETP holds a controlling ownership interest in SXL through its ownership of a 99.9% membership interest in SXL GP, which owns 100% of the general partner interest and incentive distribution rights in SXL. ETP also owns all of the Class B units in SXL and approximately 21% of the outstanding SXL common units.

Under the terms of the merger agreement, ETE has agreed to vote all of the ETP common units owned beneficially or of record by ETE and its subsidiaries in favor of the approval of the merger agreement and the merger and the approval of any actions required in furtherance thereof.

## **Risk Factors Relating to the Merger and Ownership of SXL Common Units (See page 29)**

ETP unitholders should consider carefully all the risk factors together with all of the other information included or incorporated by reference in this proxy statement/prospectus before deciding how to vote. Risks relating to the merger and ownership of SXL common units are described in the section titled "Risk Factors." Some of these risks include, but are not limited to, those described below:

Because the market price of SXL common units will fluctuate prior to the consummation of the merger, ETP unitholders cannot be sure of the market value of the SXL common units they will receive as merger consideration relative to the value of ETP common units they exchange.

SXL and ETP may be unable to obtain the regulatory clearances required to complete the merger or, in order to do so, SXL and ETP may be required to comply with material restrictions or satisfy material conditions.

The merger agreement contains provisions that limit ETP's ability to pursue alternatives to the merger, which could discourage a potential competing acquirer of ETP from making a favorable alternative transaction proposal and, in specified circumstances, including if unitholder approval is not obtained or if the merger agreement is terminated due to an adverse recommendation change having occurred, could require ETP to reimburse up to \$30.0 million of SXL's out-of-pocket expenses and pay a termination fee to SXL of \$630.0 million, less any previous expense reimbursements by ETP. Following payment of the termination fee, ETP will not be obligated to pay any additional expenses incurred by SXL or its affiliates.

Directors and officers of ETP have certain interests that are different from those of ETP unitholders generally.

ETP unitholders will have a reduced ownership in the combined organization after the merger.

SXL common units to be received by ETP unitholders as a result of the merger have different rights from ETP common units.

No ruling has been requested with respect to the U.S. federal income tax consequences of the merger.

The intended U.S. federal income tax consequences of the merger are dependent upon SXL and ETP being treated as partnerships for U.S. federal income tax purposes.

ETP GP is owned by ETE and SXL GP is owned by ETP and ETE. This may result in conflicts of interest.

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SXL common unitholders have limited voting rights and are not entitled to elect SXL's general partner or the directors of SXL's general partner.

SXL's tax treatment following the merger will depend on its status as a partnership for U.S. federal income tax purposes, as well as it not being subject to a material amount of entity-level taxation by individual states or local entities. If the IRS were to treat SXL as a corporation or SXL were to become subject to a material amount of entity-level taxation for state or local tax purposes, the amount of cash available for payment for distributions on the SXL common units would be substantially reduced.

**Material U.S. Federal Income Tax Consequences of the Merger (See page 135)**

Tax matters associated with the merger are complicated. The U.S. federal income tax consequences of the merger to an ETP common unitholder will depend, in part, on such unitholder's own personal tax situation. The tax discussions contained herein focus on the U.S. federal income tax consequences generally applicable to individuals who are residents or citizens of the United States that hold their ETP common units as capital assets, and these discussions have only limited application to other unitholders, including those subject to special tax treatment. ETP common unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger that will be applicable to them.

The expected U.S. federal income tax consequences of the merger are dependent upon SXL and ETP being treated as partnerships for U.S. federal income tax purposes at the time of the merger. Whether each of SXL and ETP will be treated as partnerships for U.S. federal income tax purposes at the time of the merger will depend, in part, on whether at least 90% of the gross income of each of them for the calendar year that immediately precedes the merger and the calendar year that includes the closing date of the merger is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code.

In connection with the merger, ETP expects to receive an opinion from Latham & Watkins LLP to the effect that (i) ETP should not recognize any income or gain as a result of the merger; (ii) no gain or loss should be recognized by holders of ETP common units as a result of the merger (other than any gain resulting from the distribution of cash or from any decrease in partnership liabilities pursuant to Section 752 of the Code); and (iii) at least 90% of the gross income of ETP for all of the calendar year that immediately precedes the calendar year that includes the closing date and each calendar quarter of the calendar year that includes the closing date for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code. The requirement to deliver such opinion may be waived.

In connection with the merger, SXL expects to receive an opinion from Vinson & Elkins L.L.P. to the effect that (i) for U.S. federal income tax purposes SXL should not recognize any income or gain as a result of the merger (other than any gain resulting from a disguised sale attributable to contributions of cash or other property to SXL after the date of the merger agreement and prior to the effective time of the merger); (ii) for U.S. federal income tax purposes no gain or loss should be recognized by holders of SXL common units as a result of the merger (other than any gain resulting from (A) any decrease in partnership liabilities pursuant to Section 752 of the Code and (B) a disguised sale attributable to contributions of cash or other property to SXL after the date of the merger agreement and prior to the effective time of the merger); (iii) at least 90% of the gross income of SXL for all of the calendar year that immediately precedes the calendar year that includes the closing date and each calendar quarter of the calendar year that includes the closing date for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code; and (iv) at least 90% of the combined gross income of each of SXL and ETP for all of the calendar year that immediately precedes the calendar year that includes the closing date and each calendar quarter of the calendar year that includes the closing date for which the necessary

financial information is available is from sources treated as qualifying income within the meaning of Section 7704(d) of the Code. The requirement to deliver such opinion may be waived.

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Opinions of counsel, however, are subject to certain limitations and are not binding on the Internal Revenue Service ( IRS ) and no assurance can be given that the IRS would not successfully assert a contrary position regarding the merger and the opinions of counsel. In addition, such opinions will be based upon certain factual assumptions and representations made by the officers of SXL, SXL GP, ETP, ETP GP and any of their respective affiliates. If either SXL or ETP waives the receipt of the requisite tax opinion as a condition to closing and the changes to the tax consequences would be material, then this proxy statement/prospectus will be amended and recirculated and unitholder approval will be resolicited. Please read Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of the U.S. federal income tax consequences of the merger.

### **Accounting Treatment of the Merger (See page 105)**

ETP controls SXL through its ownership of SXL GP and therefore currently consolidates the operations of SXL into ETP's financial statements. For accounting purposes, the merger will result in ETP being considered the surviving consolidated entity, rather than SXL, which is the surviving consolidated entity for legal and reporting purposes. Subsequent to the merger, SXL will present consolidated financial statements that reflect the historical consolidated financial statements of ETP. The merger will be accounted for as an equity transaction and will be reflected in the consolidated financial statements as ETP's acquisition of SXL's noncontrolling interest. The carrying amounts of SXL's and ETP's assets and liabilities will not be adjusted, nor will a gain or loss be recognized as a result of the merger.

### **Listing of SXL Common Units; Delisting and Deregistration of ETP Common Units (See page 107)**

SXL common units are currently listed on the NYSE under the ticker symbol SXL. It is a condition to closing that the SXL common units to be issued in the merger to ETP unitholders be approved for listing on the NYSE, subject to official notice of issuance. Following the consummation of the merger, it is expected that SXL will change its name to Energy Transfer Partners, L.P. and apply to continue the listing of its common units on the NYSE under the symbol ETP.

ETP common units are currently listed on the NYSE under the ticker symbol ETP. If the merger is completed, ETP common units will cease to be listed on the NYSE and will be deregistered under the Exchange Act. Following the consummation of the merger, it is expected that ETP will change its name to Energy Transfer, LP.

### **No Dissenters' Rights or Appraisal Rights (See page 105)**

Neither dissenters' rights nor appraisal rights are available in connection with the merger under the Delaware LP Act, the merger agreement or the ETP partnership agreement.

### **Conditions to Consummation of the Mergers (See page 110)**

SXL and ETP currently expect to complete the merger shortly following the conclusion of the meeting, subject to receipt of required ETP unitholder approval and regulatory approvals and clearances and to the satisfaction or waiver of the other conditions to the transactions contemplated by the merger agreement described below.

As more fully described in this proxy statement/prospectus, each party's obligation to complete the transactions contemplated by the merger agreement depends on a number of customary closing conditions being satisfied or, where legally permissible, waived, including the following:

the merger agreement and the transactions contemplated thereby must have been adopted by the affirmative vote or consent of the holders of at least a majority of the outstanding ETP common units;

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any waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ) must have been terminated or expired, and any approval or consent under any other applicable antitrust law must have been obtained;

no law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority will be in effect enjoining, restraining, preventing or prohibiting the consummation of the transactions contemplated by the merger agreement or making the consummation of such transactions illegal;

the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to any stop order or proceedings initiated or threatened by the SEC;

the SXL common units to be issued in the merger must have been approved for listing on the NYSE, subject to official notice of issuance;

ETP having received from Latham & Watkins LLP, tax counsel to ETP, a written opinion regarding certain U.S. federal income tax matters, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers ; and

SXL having received from Vinson & Elkins L.L.P., tax counsel to SXL, a written opinion regarding certain U.S. federal income tax matters, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers.

The obligations of SXL, SXL Merger Sub and SXL Merger Sub LP to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of ETP and ETP GP in the merger agreement being true and correct in all respects both when made and at and as of the date of the closing of the merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers ;

ETP and ETP GP having performed, in all material respects, all obligations required to be performed by them under the merger agreement;

the receipt of an officer s certificate executed by an executive officer of ETP GP certifying that the two preceding conditions have been satisfied



SXL having received from Vinson & Elkins L.L.P., tax counsel to SXL, a written opinion regarding certain U.S. federal income tax matters, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers ; and

ETP GP, as the GP surviving entity and the successor to SXL GP as general partner of SXL, having executed and delivered to SXL a joinder agreement by which ETP GP agrees to assume the rights and duties of the general partner of SXL under the Fourth Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P., a form of which is attached to this proxy statement/prospectus as Annex C (the SXL partnership agreement ), and to be bound by the provisions therein.

The obligations of ETP and ETP GP to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of SXL, SXL GP, SXL Merger Sub and SXL Merger Sub LP in the merger agreement being true and correct in all respects both when made and at and as of the date of the closing of the merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers ;

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SXL, SXL GP, SXL Merger Sub and SXL Merger Sub LP having performed, in all material respects, all obligations required to be performed by them under the merger agreement;

the receipt of an officer's certificate executed by an executive officer of SXL GP and an authorized signatory of SXL Merger Sub certifying that the two preceding conditions have been satisfied;

ETP having received from Latham & Watkins LLP, tax counsel to ETP, a written opinion regarding certain U.S. federal income tax matters, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers; and

SXL GP having executed and delivered to ETP the SXL partnership agreement, as described under Proposal 1: The Merger Agreement Conditions to Consummation of the Mergers.

**SXL Amended and Restated Partnership Agreement (See page 106)**

In conjunction with the merger, SXL GP will execute and deliver to ETP the SXL partnership agreement, and ETP GP will execute and deliver to SXL a joinder agreement by which ETP GP will agree to assume the rights and duties of the general partner of SXL under the SXL partnership agreement. The amendments to the current SXL partnership agreement contained within the SXL partnership agreement will provide for, among other things, (i) the reduction by ETE, as the indirect holder of SXL's incentive distribution rights following the consummation of the merger, in quarterly distributions in respect of such rights equal to the amount of the reduction in quarterly distributions in respect of ETP's incentive distribution rights set forth in the ETP partnership agreement prior to the date of the merger agreement, (ii) the creation of new, unissued Class J units representing limited partner interests in SXL (the SXL Class J units), with the same rights, preferences, privileges, duties and obligations that the Class J units representing limited partner interests in ETP (the Class J units) had immediately prior to the merger, (iii) the creation and issuance of the Class E, Class G, Class I and Class K units and (iv) a change in the definition of Operating Surplus in the SXL partnership agreement to provide that such term will include an amount equal to the accumulated and undistributed operating surplus of ETP as of the closing of the merger. See The Merger SXL Amended and Restated Partnership Agreement.

**Regulatory Approvals and Clearances Required for the Merger (See page 106)**

Consummation of the merger is subject to the expiration or termination of the applicable waiting period under the HSR Act, if any, and obtaining any approval or consent under any other applicable antitrust law. There is no filing requirement under the HSR Act for the merger, and therefore no waiting period applies. Further, no approvals or consents are required under any other antitrust law. Therefore, there are no regulatory approvals or clearances required to consummate the merger. See The Merger Regulatory Approvals and Clearances Required for the Merger.

**No Solicitation by ETP of Alternative Proposals (See page 114)**

The merger agreement contains detailed provisions prohibiting ETP from seeking an alternative proposal to the merger. Under these no solicitation provisions, ETP has agreed that it will not, and will cause its subsidiaries not to, and use its reasonable best efforts to cause its and its subsidiaries' directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives not to, directly or indirectly:

solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute or could reasonably be expected to lead to an alternative proposal;

grant any waiver or release of any standstill or similar agreement with respect to any units of ETP or of any of its subsidiaries; or

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except as permitted by the merger agreement, enter into any confidentiality agreement, merger agreement, letter of intent, agreement in principle, unit purchase agreement, asset purchase agreement or unit exchange agreement, option agreement or other similar agreement relating to an alternative proposal.

In addition, the merger agreement requires ETP and its subsidiaries to (i) cease and cause to be terminated any discussions or negotiations with any persons conducted prior to the execution of the merger agreement regarding an alternative proposal, (ii) request the return or destruction of all confidential information previously provided to any such persons and (iii) immediately prohibit any access by any persons (other than SXL and its representatives) to any physical or electronic data room relating to a possible alternative proposal.

Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances at any time prior to ETP unitholders voting in favor of adopting the merger agreement, ETP may furnish information, including confidential information, with respect to it and its subsidiaries to, and participate in discussions or negotiations with, any third party that makes a written alternative proposal that the ETP Board (upon the recommendation of the ETP Conflicts Committee) believes is bona fide so long as (after consultation with its financial advisors and outside legal counsel) the ETP Board (upon the recommendation of the ETP Conflicts Committee) determines in good faith that (i) such alternative proposal constitutes or could reasonably be expected to lead to or result in a superior proposal, (ii) failure to furnish such information or participate in such discussions would be inconsistent with the ETP Board's duties under the ETP partnership agreement or applicable law and (iii) such alternative proposal did not result from a material breach of the no solicitation provisions in the merger agreement.

ETP has also agreed in the merger agreement that it (i) will promptly, and in any event within 24 hours after receipt, notify SXL of any alternative proposal or any request for information or inquiry with regard to any alternative proposal and the identity of the person making any such alternative proposal, request or inquiry (including providing SXL with copies of any written materials received from or on behalf of such person relating to such proposal, offer, request or inquiry) and (ii) will provide SXL with the terms, conditions and nature of any such alternative proposal, request or inquiry. In addition, ETP agrees to keep SXL reasonably informed of all material developments affecting the status and terms of any such alternative proposals, offers, inquiries or requests (and promptly provide SXL with copies of any written materials received by it or that it has delivered to any third party making an alternative proposal that relate to such proposals, offers, requests or inquiries) and of the status of any such discussions or negotiations.

**Change in ETP Board Recommendation (See page 115)**

The merger agreement provides that ETP will not, and will cause its subsidiaries and use reasonable best efforts to cause its representatives not to, directly or indirectly, withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in a manner adverse to SXL, the recommendation of the ETP Board that its unitholders adopt the merger agreement or publicly recommend the approval or adoption of, or publicly approve or adopt, or propose to publicly recommend, approve or adopt, any alternative proposal, or fail to recommend against acceptance of any tender offer or exchange offer for ETP units within ten business days after commencement of such offer, or resolve or agree to take any of the foregoing actions. In addition, subject to certain limitations, if ETP receives an alternative proposal it will, within five business days of receipt of a written request from SXL, publicly reconfirm the recommendation of the ETP Board that its unitholders adopt the merger agreement and ETP may not unreasonably withhold, delay (beyond the five business day period) or condition such public reconfirmation.

ETP's taking or failing to take, as applicable, any of the actions described above is referred to as an adverse recommendation change.



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Subject to the satisfaction of specified conditions in the merger agreement described under Proposal 1: The Merger Agreement Change in ETP Board Recommendation, the ETP Board and the ETP Conflicts Committee may, at any time prior to the adoption of the merger agreement by the ETP unitholders, effect an adverse recommendation change in response to either (i) an alternative proposal constituting a superior proposal or (ii) a changed circumstance that was not known to or reasonably foreseeable by the ETP Board prior to the date of the merger agreement, in each case if the ETP Board, upon the recommendation of the ETP Conflicts Committee and after consultation with its outside legal counsel and financial advisors, determines in good faith that the failure to take such action would be inconsistent with its duties under the ETP partnership agreement or applicable law.

**Termination of the Merger Agreement (See page 118)**

The merger agreement may be terminated at any time prior to the effective time:

by mutual written consent of SXL and ETP;

by either SXL or ETP:

if the merger has not been consummated on or before May 20, 2017 (the outside date ); *provided*, that the right to terminate is not available to a party if the inability to satisfy such condition was due to the failure of such party to perform any of its obligations under the merger agreement or if the other party has filed and is pursuing an action seeking specific performance pursuant to the terms of the merger agreement;

if any governmental authority has issued a final and nonappealable law, injunction, judgment or ruling that enjoins or otherwise prohibits the consummation of the transactions contemplated by the merger agreement or makes the transactions contemplated by the merger agreement illegal; *provided, however*, that the right to terminate is not available to a party if such final law, injunction, judgment or rule was due to the failure of such party to perform any of its obligations under the merger agreement; or

if the ETP unitholders do not adopt the merger agreement at the special meeting or any adjournment or postponement of such meeting;

by SXL:

if an adverse recommendation change by the ETP Board shall have occurred;

if prior to the adoption of the merger agreement by ETP unitholders, ETP is in willful breach of its obligations to (i) duly call, give notice of, convene and hold a special meeting of ETP unitholders for

the purpose of obtaining unitholder approval of the merger agreement, use its reasonable best efforts to solicit proxies from the ETP unitholders in favor of such adoption and, through the ETP Board, recommend the adoption of the merger agreement to ETP unitholders or (ii) comply with the requirements described under Proposal 1: The Merger Agreement No Solicitation by ETP of Alternative Proposals, in each case, subject to certain exceptions discussed in Proposal 1: The Merger Agreement Termination of the Merger Agreement ; or

if there is a breach by ETP of any of its representations, warranties, covenants or agreements in the merger agreement such that certain closing conditions would not be satisfied, or if capable of being cured, such breach has not been cured within 30 days following delivery of written notice from SXL of such breach, subject to certain exceptions discussed in Proposal 1: The Merger Agreement Termination of the Merger Agreement ;

by ETP:

if there is a breach by SXL of any of its representations, warranties, covenants or agreements in the merger agreement such that certain closing conditions would not be satisfied, or if capable of

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being cured, such breach has not been cured within 30 days following delivery of written notice from ETP of such breach, subject to certain exceptions discussed in Proposal 1: The Merger Agreement Termination of the Merger Agreement ; or

prior to the adoption of the merger agreement by ETP's unitholders, in order to enter into (concurrently with such termination) any agreement, understanding or arrangement providing for a superior proposal in accordance with the requirements described under Proposal 1: The Merger Agreement No Solicitation by ETP of Alternative Proposals, including payment of the termination fee.

### **Expenses (See page 120)**

Generally, all fees and expenses incurred in connection with the transactions contemplated by the merger agreement will be the obligation of the party incurring such fees and expenses.

In addition, following a termination of the merger agreement in specified circumstances, including if ETP unitholder approval is not obtained, ETP will be required to pay all of the reasonably documented out-of-pocket expenses incurred by SXL and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$30.0 million. Following payment of the termination fee, ETP will not be obligated to pay any additional expenses incurred by SXL or its affiliates.

### **Termination Fee (See page 119)**

Following termination of the merger agreement under specified circumstances, including due to an adverse recommendation change having occurred, ETP will be required to pay SXL a termination fee of \$630.0 million, less any expenses of SXL and its affiliates previously reimbursed by ETP to SXL pursuant to the merger agreement. Following payment of the termination fee, ETP will not be obligated to pay any additional expenses incurred by SXL or its affiliates.

### **Comparison of Rights of SXL Unitholders and ETP Unitholders (See page 157)**

ETP unitholders will own SXL common units following the completion of the merger, and their rights associated with those SXL common units will be governed by the SXL partnership agreement, which differs in a number of respects from the ETP partnership agreement, and the Delaware LP Act.

### **Litigation Relating to the Merger (See page 108)**

Between January 6, 2017 and February 8, 2017, seven purported ETP common unitholders ( Plaintiffs ) separately filed seven putative unitholder class action lawsuits challenging the merger and the disclosures made in connection with the merger. Plaintiffs allege causes of action challenging the preliminary joint proxy statement/prospectus filed in connection with the merger. According to Plaintiffs, the preliminary joint proxy statement/prospectus is allegedly misleading because, among other things, it fails to disclose certain information concerning, in general, (a) the background and process that led to the merger; (b) ETE's, ETP's, and SXL's financial projections; (c) the financial analysis and fairness opinion provided by Barclays; and (d) alleged conflicts of interest concerning Barclays, ETE, and certain officers and directors of ETP and ETE. Plaintiffs also assert, in general, that the terms of the merger (including, among other terms, the merger consideration) are unfair to ETP common unitholders and resulted from an unfair and conflicted process. Based on these assertions, one Plaintiff also alleges causes of action for (a) breaches of the covenant of good faith and/or fiduciary duties, and (b) aiding and abetting those alleged breaches. Defendants cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this



joint proxy statement/prospectus, nor can

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Defendants predict the amount of time and expense that will be required to resolve such litigation. Defendants believe the lawsuits are without merit and intend to defend vigorously against the lawsuits and any other actions challenging the merger.

**Corporate Structure Prior to and Following the Mergers**

The following represents the simplified corporate structure of ETE, SXL and ETP prior to the mergers:

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The following represents the simplified corporate structure of ETE, SXL and ETP following the completion of the mergers:

- (1) Following the consummation of the merger, it is expected that SXL will change its name to Energy Transfer Partners, L.P. and apply to continue the listing of its common units on the NYSE under the symbol ETP.
- (2) Following the consummation of the merger, it is expected that ETP will change its name to Energy Transfer, LP.

**Table of Contents****Selected Historical Consolidated Financial Data of SXL**

The following table shows SXL's selected historical consolidated financial data for each of the years ended December 31, 2016, 2015, 2014, and 2013, the period from acquisition, October 5, 2012 to December 31, 2012, and the period from January 1, 2012 to October 4, 2012, are derived from SXL's audited historical consolidated financial statements.

You should read the following historical financial data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in SXL's Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information.

	<b>Successor</b>				<b>Period from</b>	<b>Predecessor</b>
	<b>Year Ended December 31,</b>				<b>Acquisition,</b>	<b>Period</b>
					<b>October</b>	<b>from</b>
					<b>5,</b>	<b>January 1,</b>
					<b>2012 to</b>	<b>2012 to</b>
					<b>December 31,</b>	<b>October</b>
					<b>2012</b>	<b>4,</b>
						<b>2012</b>
<i>(Dollars in millions, except per unit data)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>		
<b><i>Income Statement Data:</i></b>						
Revenues:						
Sales and other operating revenue:						
Unaffiliated customers	\$ 8,715	\$ 9,971	\$ 17,018	\$ 15,073	\$ 2,989	\$ 9,460
Affiliates	436	515	1,070	1,566	200	461
Gain on divestment and related matters						11
<b>Total revenues</b>	<b>\$ 9,151</b>	<b>\$ 10,486</b>	<b>\$ 18,088</b>	<b>\$ 16,639</b>	<b>\$ 3,189</b>	<b>\$ 9,932</b>
Operating income	\$ 815	\$ 530	\$ 367	\$ 560	\$ 159	\$ 460
Other income	\$ 37	\$ 22	\$ 25	\$ 21	\$ 5	\$ 18
Income before income tax expense	\$ 736	\$ 418	\$ 325	\$ 504	\$ 150	\$ 413
Net Income	\$ 709	\$ 397	\$ 300	\$ 474	\$ 142	\$ 389
Net income attributable to noncontrolling interests	(3)	(3)	(9)	(11)	(3)	(8)
Net income attributable to redeemable noncontrolling interests	(1)	(1)				
<b>Net Income Attributable to Sunoco Logistics Partners L.P.</b>	<b>\$ 705</b>	<b>\$ 393</b>	<b>\$ 291</b>	<b>\$ 463</b>	<b>\$ 139</b>	<b>\$ 381</b>
<b>Net Income Attributable to Sunoco Logistics Partners L.P. per Limited Partner unit:</b>						
Basic	\$ 0.98	\$ 0.42	\$ 0.52	\$ 1.63	\$ 0.55	\$ 1.57
Diluted	\$ 0.98	\$ 0.42	\$ 0.51	\$ 1.63	\$ 0.55	\$ 1.57
<b><i>Cash distributions per unit to Limited Partners:</i></b>						

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Paid	\$ 1.98	\$ 1.715	\$ 1.426	\$ 1.174	\$ 0.259	\$ 0.659
Declared	\$ 2.02	\$ 1.794	\$ 1.495	\$ 1.232	\$ 0.273	\$ 0.707

**Table of Contents****Selected Historical Consolidated Financial Data of ETP**

The following summary historical consolidated balance sheet data as of December 31, 2016, 2015, 2014, 2013, and 2012 and the summary historical consolidated statement of operations for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 are derived from ETP's audited historical consolidated financial statements.

You should read the following historical consolidated financial data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in ETP's Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

<i>(Dollars in millions, except per unit data)</i>	<b>Historical</b>				
	<b>2016</b>	<b>Year Ended December 31,</b>			<b>2012</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>		
<b>Statement of Operations Data:</b>					
Total revenues	\$ 21,827	\$ 34,292	\$ 55,475	\$ 48,335	\$ 16,964
Operating income	1,802	2,259	2,443	1,619	1,425
Income from continuing operations	624	1,521	1,235	713	1,754
Basic net income (loss) per limited partner unit	(2.06)	(0.09)	1.58	(0.23)	4.93
Diluted net income (loss) per limited partner unit	(2.06)	(0.10)	1.58	(0.23)	4.91
Cash distributions per unit	4.22	4.16	3.86	3.61	3.58
<b>Balance Sheet Data (at period end):</b>					
Total assets	70,191	65,173	62,518	49,900	48,394
Long-term debt, less current maturities	31,741	28,553	24,831	19,761	17,599
Total equity	26,527	27,031	25,311	18,694	19,982
<b>Other Financial Data:</b>					
Capital expenditures:					
Maintenance (accrual basis)	368	485	444	391	347
Growth (accrual basis)	5,442	7,682	5,050	2,936	3,186
Cash paid for acquisitions	1,227	804	2,367	1,737	1,364

**Selected Unaudited Pro Forma Financial Information**

The following selected unaudited pro forma condensed consolidated balance sheet data as of December 31, 2016 reflects the merger as if it occurred on December 31, 2016. The unaudited pro forma condensed consolidated statement of continuing operations data for the year ended December 31, 2016 reflects the merger as if it occurred on January 1, 2016.

The following selected unaudited pro forma combined financial information has been prepared for illustrative purposes only and is not necessarily indicative of what the combined organization's condensed financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma combined financial information does not purport to project the future financial position or operating results of the combined organization. Future results may vary significantly from the results reflected because of various factors. The following selected unaudited pro forma combined financial information should be read in conjunction with the section entitled [Sunoco Logistics Partners L.P. Unaudited Pro Forma Financial Information](#) and related notes included in this proxy statement/prospectus.



**Table of Contents****Unaudited Pro Forma Condensed Consolidated Balance Sheet Data as of December 31, 2016 (in millions)**

	<b>ETP Historical</b>	<b>Pro Forma Adjustments</b>	<b>SXL Pro Forma for Merger</b>
Total assets	\$ 70,191	\$ (25)	\$ 70,166
Total equity	26,527	(25)	26,502
Total liabilities and equity	\$ 70,191	\$ (25)	\$ 70,166

**Unaudited Pro Forma Condensed Consolidated Statement of Continuing Operations for the Year Ended December 31, 2016**

	<b>ETP Historical</b>	<b>Pro Forma Adjustments</b>	<b>SXL Pro Forma for Merger</b>
Net income (in millions)	\$ 624	\$	\$ 624
Net income (loss) per common unit:			
Basic	\$ (2.06)		\$ (0.41)
Diluted	\$ (2.06)		\$ (0.41)
Weighted average number of common units (in millions):			
Basic	505.5		986.3
Diluted	505.5		986.3

**Unaudited Comparative Per Unit Information**

The table below sets forth historical and unaudited pro forma combined per unit information of SXL and ETP.

**Historical Per Unit Information of SXL and ETP**

The historical per unit information of SXL and ETP set forth in the table below is derived from the audited consolidated financial statements as of and for the year ended December 31, 2016 for each of SXL and ETP.

**Pro Forma Combined Per Unit Information of SXL**

The unaudited pro forma combined per unit information of SXL set forth in the table below gives effect to the merger under the purchase method of accounting, as if the merger had been effective on January 1, 2016, in the case of income from continuing operations per unit and cash distributions data, and December 31, 2016, in the case of book



value per unit data, and, in each case, assuming that a number of SXL common units equal to 1.5 have been issued in exchange for each outstanding ETP common unit, after giving effect to the settlement of outstanding ETP restricted units and ETP cash units in accordance with the merger agreement. The unaudited pro forma combined per unit information of SXL is derived from the audited consolidated financial statements as of and for the year ended December 31, 2016 for each of SXL and ETP.

***Equivalent Pro Forma Combined Per Unit Information of ETP***

The unaudited ETP equivalent pro forma per unit amounts set forth in the table below are calculated by multiplying the unaudited pro forma combined per unit amounts of SXL by the sum of the exchange ratio of 1.5.

**Table of Contents*****General***

You should read the information set forth below in conjunction with the selected historical financial information of SXL and ETP included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes of SXL and ETP that are incorporated into this proxy statement/prospectus by reference. See Selected Historical Consolidated Financial Data of SXL, Selected Historical Consolidated Financial Data of ETP and Where You Can Find More Information.

The unaudited pro forma per unit information of SXL does not purport to represent the actual results of operations that SXL would have achieved or distributions that would have been declared had the companies been combined during these periods or to project the future results of operations that SXL may achieve or the distributions it may pay after the merger.

	<b>As of and for the Year Ended December 31, 2016</b>	
	(in millions, except per unit data)	
<b><u>Historical SXL</u></b>		
Income from continuing operations	\$	709
Distribution per common unit declared for the period	\$	2.019
Book value per limited partner unit	\$	24

	<b>As of and for the Year Ended December 31, 2016</b>	
	(in millions, except per unit data)	
<b><u>Historical ETP</u></b>		
Income from continuing operations	\$	624
Distribution per common unit declared for the period	\$	4.22
Book value per limited partner unit	\$	36

	<b>As of and for the Year Ended December 31, 2016</b>	
	(in millions, except per unit data)	
<b><u>Pro Forma Combined</u></b>		
Income from continuing operations	\$	624
Distribution per common unit declared for the period(1)	\$	2.019
Book value per limited partner unit	\$	23

- (1) Pro forma combined distributions per common unit are assumed to be consistent with the historical distributions per common unit declared by SXL.



**Table of Contents****Comparative Unit Prices and Distributions**

SXL common units are currently listed on the NYSE under the ticker symbol SXL. ETP common units are currently listed on the NYSE under the ticker symbol ETP. The table below sets forth, for the calendar quarters indicated, the high and low sale prices per SXL common unit on the NYSE and per ETP common unit on the NYSE. The table also shows the amount of cash distributions declared on SXL common units and ETP common units, respectively, for the calendar quarters indicated.

	SXL Common Units			ETP Common Units		
	High	Low	Cash Distributions	High	Low	Cash Distributions
<b>2017</b>						
First quarter (through March 1, 2017)(1)	\$ 26.73	\$ 23.71	\$	\$ 39.71	\$ 35.42	\$
<b>2016</b>						
Fourth quarter	\$ 28.61	\$ 22.07	\$ 0.5200	\$ 40.70	\$ 32.67	\$ 1.0550
Third quarter	31.49	26.88	0.5100	43.50	35.02	1.0550
Second quarter	29.77	22.63	0.5000	41.29	29.86	1.0550
First quarter	28.72	15.43	0.4890	35.39	18.62	1.0550
<b>2015</b>						
Fourth quarter	\$ 32.89	\$ 21.41	\$ 0.4790	\$ 47.53	\$ 27.44	\$ 1.0550
Third quarter	38.65	25.44	0.4580	54.64	36.84	1.0550
Second quarter	44.90	37.10	0.4380	59.37	51.73	1.0350
First quarter	46.72	36.62	0.4190	66.58	53.25	1.0150

(1) Cash distributions in respect of the first quarter of 2017 have not been declared or paid.

The following table presents per unit closing prices of SXL common units and ETP common units on (i) November 18, 2016, the last trading day before the public announcement of the merger, and (ii) \_\_\_\_\_, 2017, the most recent practicable trading day before the date of this proxy statement/prospectus. This table also presents the equivalent market value per ETP common unit on such dates. The equivalent market value per ETP common unit has been determined by multiplying the closing price of SXL common units on those dates by the exchange ratio if the merger had been effective on such date.

	SXL Common Units	ETP Common Units	Equivalent Market Value per ETP Common Unit
November 18, 2016	\$ 26.19	\$ 39.37	\$ 39.29
_____, 2017	\$	\$	\$

Although the exchange ratio is fixed, the market prices of SXL common units and ETP common units will fluctuate prior to the consummation of the merger and the market value of the merger consideration ultimately received by ETP common unitholders will depend on the closing price of SXL common units on the day the merger is consummated. Thus, ETP common unitholders will not know the exact market value of the merger consideration they will receive

until the closing of the merger.

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**RISK FACTORS**

*In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section titled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for the adoption of the merger agreement and the transactions contemplated thereby. You should also read and carefully consider the risks associated with each of SXL and ETP and their respective businesses. These risks can be found in SXL's and ETP's respective Annual Reports on Form 10-K for the year ended December 31, 2016 as updated by any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. For further information regarding the documents incorporated into this proxy statement/prospectus by reference, please see the section titled **Where You Can Find More Information**. Realization of any of the risks described below, any of the events described under **Cautionary Statement Regarding Forward-Looking Statements** or any of the risks or events described in the documents incorporated by reference could have a material adverse effect on SXL's, ETP's or the combined organization's businesses, financial condition, cash flows and results of operations and could result in a decline in the trading prices of their respective common units.*

**Risk Factors Relating to the Merger**

***Because the market price of SXL common units will fluctuate prior to the consummation of the merger, ETP common unitholders cannot be sure of the market value of the SXL common units they will receive as merger consideration relative to the value of ETP common units they exchange.***

The market value of the merger consideration that ETP common unitholders will receive in the merger will depend on the trading price of SXL's common units at the closing of the merger. The exchange ratio that determines the number of SXL common units that ETP common unitholders will receive as consideration in the merger is fixed. This means that there is no mechanism contained in the merger agreement that would adjust the number of SXL common units that ETP common unitholders will receive as the merger consideration based on any decreases in the trading price of SXL common units. Unit price changes may result from a variety of factors (many of which are beyond SXL's or ETP's control), including:

changes in SXL's business, operations and prospects;

changes in market assessments of SXL's business, operations and prospects;

interest rates, general market, industry and economic conditions and other factors generally affecting the price of SXL common units; and

federal, state and local legislation, governmental regulation and legal developments in the businesses in which SXL operates.

Because the merger will be completed after the special meeting, at the time of the meeting, you will not know the exact market value of the SXL common units that you will receive upon completion of the merger. If SXL's common unit price at the closing of the merger is less than SXL's common unit price on the date that the merger agreement was

signed, then the market value of the merger consideration received by ETP unitholders will be less than contemplated at the time the merger agreement was signed.

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***The fairness opinion rendered to the ETP Conflicts Committee by Barclays was based on Barclays' financial analysis and considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to Barclays, as of the date of the opinion. As a result, the opinion does not reflect changes in events or circumstances after the date of such opinion, including the amendment to the merger agreement. The ETP Conflicts Committee has not obtained, and does not expect to obtain, an updated fairness opinion from Barclays reflecting changes in circumstances that may have occurred since the signing of the merger agreement.***

The fairness opinion rendered to the ETP Conflicts Committee by Barclays was provided in connection with, and at the time of, the evaluation of the merger and the merger agreement by the ETP Conflicts Committee. The opinion was based on the financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to Barclays, as of the date of the opinion, which may have changed, or may change, after the date of the opinion. The ETP Conflicts Committee has not obtained an updated opinion as of the date of the amendment to the merger agreement or as of the date of this proxy statement/prospectus from Barclays and does not expect to obtain an updated opinion prior to completion of the merger. Changes in the operations and prospects of SXL or ETP, general market and economic conditions and other factors that may be beyond the control of SXL and ETP, and on which the fairness opinion was based, may have altered the value of SXL or ETP or the prices of SXL common units or ETP common units since the date of such opinion, or may alter such values and prices by the time the merger is completed. The opinion does not speak as of any date other than the date of the opinion. For a description of the opinion that Barclays rendered to the ETP Conflicts Committee, please refer to "The Merger Opinion of the Financial Advisor to the ETP Conflicts Committee."

***ETP is subject to provisions that limit its ability to pursue alternatives to the merger, which could discourage a potential competing acquirer of ETP from making a favorable alternative transaction proposal and, in specified circumstances under the merger agreement, would require ETP to reimburse up to \$30.0 million of SXL's out-of-pocket expenses and pay a termination fee to SXL of \$630.0 million less any previous expense reimbursements.***

Under the merger agreement, ETP is restricted from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in "Proposal 1: The Merger Agreement - No Solicitation by ETP of Alternative Proposals"), ETP is restricted from soliciting, initiating, knowingly facilitating, knowingly encouraging or knowingly inducing or negotiating, any inquiry, proposal or offer for a competing acquisition proposal with any person. In addition, ETP may not grant any waiver or release any standstill or similar agreement with respect to any units of ETP or any of its subsidiaries. Under the merger agreement, in the event of a potential change by the ETP Board of its recommendation with respect to the proposed merger in light of a superior proposal, ETP must provide SXL with five days' notice to allow SXL to propose an adjustment to the terms and conditions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of ETP from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per unit market value than the merger consideration, or might result in a potential competing acquirer of ETP proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in specified circumstances.

If the merger agreement is terminated under specified circumstances, including if the ETP unitholder approval is not obtained, then ETP will be required to pay all of the reasonably documented out-of-pocket expenses incurred by SXL and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$30.0 million. In addition, if the merger agreement is terminated under specified circumstances, including due to an adverse recommendation change having occurred, ETP will be required to pay SXL a termination fee of \$630.0 million, less any expenses previously paid by ETP. Following payment of the termination fee, ETP will



not be obligated to pay any additional expenses incurred by SXL or its affiliates. Please read Proposal 1: The Merger Agreement Expenses and Termination Fee. If such a termination fee is

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payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of ETP. For a discussion of the restrictions on soliciting or entering into an alternative transaction and the ability of the ETP Board to change its recommendation, see Proposal 1: The Merger Agreement No Solicitation by ETP of Alternative Proposals and Change in ETP Board Recommendation.

***Directors and executive officers of ETP have certain interests that are different from those of ETP unitholders generally.***

Directors and executive officers of ETP are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or in addition to, your interests as a unitholder of ETP. You should consider these interests in voting on the merger. These different interests are described under The Merger Interests of Directors and Executive Officers of ETP in the Merger.

***SXL or ETP may have difficulty attracting, motivating and retaining executives and other employees in light of the merger.***

Uncertainty about the effect of the merger on SXL or ETP employees may have an adverse effect on the combined organization. This uncertainty may impair these companies' ability to attract, retain and motivate personnel until the merger is completed. Employee retention may be particularly challenging during the pendency of the merger, as employees may feel uncertain about their future roles with the combined organization. In addition, SXL or ETP may have to provide additional compensation in order to retain employees. If employees of SXL or ETP depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the combined organization, the combined organization's ability to realize the anticipated benefits of the merger could be adversely affected.

***SXL and ETP are subject to business uncertainties and contractual restrictions while the proposed merger is pending, which could adversely affect each party's business and operations.***

In connection with the pending merger, it is possible that some customers, suppliers and other persons with whom SXL or ETP have business relationships may delay or defer certain business decisions, or might decide to seek to terminate, change or renegotiate their relationship with SXL or ETP as a result of the merger, which could negatively affect SXL's and ETP's respective revenues, earnings and cash available for distribution, as well as the market price of SXL common units and ETP common units, regardless of whether the merger is completed.

Under the terms of the merger agreement, each of SXL and ETP is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies. Such limitations could negatively affect each party's businesses and operations prior to the completion of the merger. Furthermore, the process of planning to integrate two businesses and organizations for the post-merger period can divert management attention and resources and could ultimately have an adverse effect on each party. For a discussion of these restrictions, see Proposal 1: The Merger Agreement Conduct of Business Pending the Consummation of the Merger.

***SXL and ETP will incur substantial transaction-related costs in connection with the merger.***

SXL and ETP expect to incur a number of non-recurring transaction-related costs associated with completing the merger, combining the operations of the two organizations and achieving desired synergies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of

the businesses of SXL and ETP. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

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***Failure to successfully combine the businesses of SXL and ETP in the expected time frame may adversely affect the future results of the combined organization, and, consequently, the value of the SXL common units that ETP common unitholders receive as part of the merger consideration.***

The success of the proposed merger will depend, in part, on the ability of SXL to realize the anticipated benefits and synergies from combining the businesses of SXL and ETP. To realize these anticipated benefits, the businesses must be successfully combined. If the combined organization is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the merger may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger. These integration difficulties could result in declines in the market value of SXL's common units and, consequently, result in declines in the market value of the SXL common units that ETP common unitholders receive as part of the merger consideration.

***The merger is subject to conditions, including certain conditions that may not be satisfied on a timely basis, if at all. Failure to complete the merger, or significant delays in completing the merger, could negatively affect the trading prices of SXL common units and ETP common units and the future business and financial results of SXL and ETP.***

The completion of the merger is subject to a number of conditions. The completion of the merger is not assured and is subject to risks, including the risk that approval of the merger by ETP common unitholders or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the merger is not completed, or if there are significant delays in completing the merger, the trading prices of SXL common units and ETP common units and the respective future business and financial results of SXL and ETP could be negatively affected, and each of them will be subject to several risks, including the following:

the parties may be liable for damages to one another under the terms and conditions of the merger agreement;

negative reactions from the financial markets, including declines in the price of SXL common units or ETP common units due to the fact that current prices may reflect a market assumption that the merger will be completed;

having to pay certain significant costs relating to the merger, including, in certain circumstances, the reimbursement by ETP of up to \$30.0 million of SXL's expenses and a termination fee of \$630.0 million less any previous expense reimbursements by ETP, as described in Proposal 1: The Merger Agreement Expenses and Termination Fee ; and

the attention of management of SXL and ETP will have been diverted to the merger rather than each organization's own operations and pursuit of other opportunities that could have been beneficial to that organization.

***If a governmental authority asserts objections to the merger, SXL and ETP may be unable to complete the merger or, in order to do so, SXL and ETP may be required to comply with material restrictions or satisfy material conditions.***

The closing of the merger is subject to the condition that there is no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining, preventing or prohibiting the merger contemplated by the merger agreement. If a governmental authority asserts objections to the merger, SXL or ETP may be required to divest assets or accept other remedies in order to complete the merger. There can be no assurance as to the cost, scope or impact of the actions that may be required to address any governmental authority objections to the merger. If SXL or ETP takes such actions, it could be detrimental to it or to the combined organization following the consummation of the merger. Furthermore, these actions could have the effect of delaying or preventing completion of the proposed merger or imposing additional costs on or limiting the revenues or cash available for distribution of the combined organization following the consummation of the merger. See Proposal 1: The Merger Agreement Regulatory Matters.

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Additionally, state attorneys general could seek to block or challenge the merger as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. SXL may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

***If the merger is approved by ETP common unitholders, the date that ETP unitholders will receive the merger consideration is uncertain.***

As described in this proxy statement/prospectus, completing the proposed merger is subject to several conditions, not all of which are controllable or waivable by SXL or ETP. Accordingly, if the proposed merger is approved by ETP unitholders, the date that ETP common unitholders will receive the merger consideration depends on the completion date of the merger, which is uncertain.

***ETP's and SXL's financial estimates are based on various assumptions that may not prove to be correct.***

The financial estimates set forth in the forecast included under "The Merger - Unaudited Financial Projections of ETP and Unaudited Financial Projections of SXL" are based on assumptions of, and information available to, ETP and SXL at the time they were prepared and provided to the ETP Board and SXL Board, as applicable, and the ETP Conflicts Committee and SXL Conflicts Committee, as applicable, and their respective financial advisors. Neither ETP nor SXL knows whether such assumptions will prove correct. Any or all of such estimates may turn out to be wrong. Such estimates can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond ETP's and SXL's control. Many factors mentioned in this proxy statement/prospectus, including the risks outlined in this "Risk Factors" section and the events or circumstances described under "Cautionary Statement Regarding Forward-Looking Statements," will be important in determining ETP's and SXL's future results. As a result of these contingencies, actual future results may vary materially from ETP's and SXL's estimates. In view of these uncertainties, the inclusion of ETP's and SXL's financial estimates in this proxy statement/prospectus is not and should not be viewed as a representation that the forecast results will be achieved.

ETP's and SXL's financial estimates were not prepared with a view toward public disclosure, and such financial estimates were not prepared with a view toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and ETP and SXL undertake no obligation, other than as required by applicable law, to update their respective financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances.

The financial estimates included in this proxy statement/prospectus have been prepared by, and are the responsibility of, ETP and SXL alone. Moreover, neither ETP's or SXL's independent accountants, Grant Thornton LLP, nor any other independent accountants, have compiled, examined or performed any procedures with respect to ETP's or SXL's prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and, accordingly, Grant Thornton L