PHILLIPS 66 PARTNERS LP
Form 424B2
October 10, 2017
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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying base prospectus are not an offer to sell the securities described herein or therein and we are not soliciting offers to buy such securities in any jurisdiction where such offer or sale is not permitted.
Subject to Completion, dated October 10, 2017
PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated May 5, 2017)

$
Phillips 66 Partners LP
$ % Senior Notes due
$ 4.680% Senior Notes due 2045

We are offering $ aggregate principal amount of Senior Notes, consisting of $ aggregate principal amount of Senior Notes due bearing interest at % per year, or the " notes," and $ aggregate principal amount of Senior Notes due 2045 bearing interest at 4.680% per year, or the "new 2045 notes." The new 2045 notes are being offered as additional notes under the indenture, dated February 23, 2015, pursuant to which we issued $300,000,000 aggregate principal amount of 4.680% Senior Notes due 2045, or the "existing 2045 notes." We refer to the new 2045 notes and the existing 2045 notes, collectively, as the "2045 notes." The new 2045 notes and the existing 2045 notes will be treated as a single class of securities under the applicable indenture and, immediately upon settlement, the new 2045 notes will have the same CUSIP number as and will trade interchangeably with the existing 2045 notes. We refer to the notes and the new 2045 notes, collectively, as "the notes."
Interest on the notes will accrue from , 2017 and will be payable on and of each year, beginning on , 2018. Interest on the new 2045 notes will accrue from August 15, 2017 and will be payable on February 15 and August 15 of each year, beginning on February 15, 2018. The notes will mature on , and the new 2045 notes will mature on February 15, 2045.
We may redeem some or all of the notes of each series at our option at any time and from time to time prior to their maturity at the applicable redemption prices set forth in this prospectus supplement, plus accrued and unpaid interest up to, but not including, the date of redemption. Please read the section "Description of Notes — Optional Redemption."
Similar to the existing 2045 notes, the notes will be the senior unsecured obligations of Phillips 66 Partners LP (the "Partnership"). The notes will rank equally in right of payment with all of our existing and future senior debt, senior in right of payment to all of our future subordinated debt, if any, and effectively junior in right of payment to all of our future senior secured debt, if any, to the extent of the value of the collateral securing such indebtedness. Similar to the existing 2045 notes, the notes will not be guaranteed by any of our subsidiaries and, as such, will be structurally subordinated in right of payment to the liabilities of our subsidiaries.

Investing in the notes involves risks. Limited partnerships are inherently different from corporations. You should consider carefully each of the factors described under "Risk Factors" beginning on page S-7 of this prospectus supplement and on page 2 of the accompanying base prospectus before you make an investment in the notes.

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of the securities described herein or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total	Per New 2045 Note	Total
Price to the public	%(1)	$	%(2)	$
Underwriting discount	%	$	%	$
Proceeds to us (before expenses)	%(1)	$	%(2)	$

(1)
Plus accrued interest on the notes, if any, from , 2017.

(2)
Plus accrued interest on the new 2045 notes from August 15, 2017 (the most recent interest payment date for the existing 2045 notes) to, but excluding, the delivery date of the new 2045 notes, which is expected to be , 2017.

The notes offered by this prospectus supplement will not be listed on any securities exchange and there is no existing trading market for the notes.
The underwriters expect that the delivery of the notes will be made in book-entry form through the facilities of The Depository Trust Company on or about , 2017.
Joint Book-Running Managers
CitigroupMUFG Scotiabank TD Securities
Prospectus Supplement dated , 2017

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of the notes. The second part is the accompanying base prospectus, which provides more general information. Generally, when we use the term "prospectus," we are referring to both parts combined. If the information varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

In making an investment decision, prospective investors must rely on their own examination of the partnership and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable laws and regulations.

Any statement made in this prospectus, any free writing prospectus authorized by us or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other free writing prospectus authorized by us or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read "Incorporation by Reference" on page S-39 of this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of the notes. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

Unless the context otherwise requires, references in this prospectus supplement to the "Partnership" and uses of the first person refer to Phillips 66 Partners LP and its subsidiaries. Our "general partner" refers to Phillips 66 Partners GP LLC. References to "Phillips 66" refer collectively to Phillips 66 and its subsidiaries, other than us, our subsidiaries and our general partner.

We expect that delivery of the notes will be made to investors on , 2017, which will be the third business day following the date of pricing of the notes (such settlement being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the initial trade date of the notes will be required, by virtue of the fact that the notes initially will settle in T+3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement and should consult their advisors.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement includes forward-looking statements. You can identify our forward-looking statements by the words “anticipate,” “estimate,” “believe,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “s “will,” “would,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar ex We based the forward-looking statements on our current expectations, estimates and projections about us and the industries in which we operate in general. We caution you that these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- the continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements;
- the volume of crude oil, natural gas liquids (“NGL”) and refined petroleum products we transport, fractionate, terminal and store;
- the tariff rates with respect to volumes that we transport through our regulated assets, which rates are subject to review and possible adjustment by federal and state regulators;
- changes in revenue we realize under the loss allowance provisions of our regulated tariffs resulting from changes in underlying commodity prices;
- fluctuations in the prices for crude oil, NGL and refined petroleum products;
- changes in global economic conditions and the effects of a global economic downturn on the business of Phillips 66 and the business of its suppliers, customers, business partners and credit lenders;
- liabilities associated with the risks and operational hazards inherent in transporting, fractionating, terminaling and storing crude oil, NGL and refined petroleum products;
- curtailment of operations due to severe weather disruption; riots, strikes, lockouts or other industrial disturbances; or failure of information technology systems due to various causes, including unauthorized access or attack;
- inability to timely obtain or maintain permits, including those necessary for capital projects; comply with government regulations; or make capital expenditures required to maintain compliance;
- failure to timely complete construction of announced and future capital projects;
- the operation, financing and distribution decisions of our joint ventures;

- costs or liabilities associated with federal, state and local laws and regulations relating to environmental protection and safety, including spills, releases and pipeline integrity;

- costs associated with compliance with evolving environmental laws and regulations on climate change;

- costs associated with compliance with safety regulations, including pipeline integrity management program testing and related repairs;

- changes in the cost or availability of third-party vessels, pipelines, rail cars and other means of delivering and transporting crude oil, NGL and refined petroleum products;

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- direct or indirect effects on our business resulting from actual or threatened terrorist incidents or acts of war; and

- our ability to successfully combine our business with the assets acquired in the Acquisition (as defined herein).

Other factors that could cause our actual results to differ from our projected results are described under the caption "Risk Factors" and elsewhere in this prospectus supplement, the accompanying base prospectus and in our reports filed from time to time with the Securities and Exchange Commission, or the SEC, and incorporated by reference in this prospectus supplement.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

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SUMMARY

This summary provides a brief overview of information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in the notes offered hereby. For a more complete understanding of this offering and the notes, you should read the entire prospectus supplement, the accompanying base prospectus and the documents incorporated by reference, including our historical financial statements and the notes to those financial statements, which are incorporated herein by reference. Please read "Where You Can Find More Information" on page S-39 of this prospectus supplement. Please read "Risk Factors" beginning on page S-7 of this prospectus supplement, on page 2 of the accompanying base prospectus and in the other documents incorporated by reference to which that section refers for more information about important risks that you should consider before investing in the notes.

About Phillips 66 Partners LP

We are a growth-oriented master limited partnership formed in 2013 by Phillips 66 to own, operate, develop and acquire primarily fee-based crude oil, refined petroleum product and NGL pipelines, terminals and other transportation and midstream assets. Our assets consist of crude oil, refined petroleum products and NGL transportation, terminaling and storage systems, as well as an NGL fractionation facility and a petroleum coke processing facility. We conduct our operations through both wholly owned and joint venture operations. The majority of our wholly owned assets are connected to, and integral to the operation of, nine of Phillips 66's owned or joint-venture refineries.

We primarily generate revenue by providing fee-based transportation, terminaling, storage, petroleum, coke processing and NGL fractionation services to Phillips 66 and other customers. Our equity affiliates generate revenue primarily from transporting and terminaling NGL, refined petroleum products and crude oil. Since we do not own any of the NGL, crude oil and refined petroleum products we handle and do not engage in the trading of NGL, crude oil and refined petroleum products, we have limited direct exposure to risks associated with fluctuating commodity prices, although these risks indirectly influence our activities and results of operations over the long term.

We have multiple commercial agreements with Phillips 66, including transportation services agreements, terminal services agreements, storage services agreements, stevedoring services agreements, a fractionation agreement, rail terminal services agreements and a tolling services agreement. Under these long-term, fee-based agreements, we provide transportation, terminaling, storage, stevedoring, fractionation and processing services to Phillips 66, and Phillips 66 commits to provide us with minimum quarterly throughput volumes of crude oil, NGL and refined petroleum products or minimum monthly service fees.

Our general partner is a Delaware limited liability company that is owned by Phillips 66. We are managed and controlled by our general partner.

Our Relationship with Phillips 66

One of our principal strengths is our relationship with Phillips 66. Phillips 66 is a diversified energy manufacturing and logistics company with an investment grade credit rating, midstream, chemicals, refining and marketing and specialties businesses, and a key focus on safe and reliable operations. Phillips 66 is one of the largest independent petroleum refiners in the United States and globally, with a net crude oil processing capacity of 2.1 million barrels per day. Phillips 66 has stated that it intends to grow its transportation and other midstream businesses and will use us as a primary vehicle for achieving that growth.

Phillips 66 has a significant interest in us through its ownership of our general partner, a 55.5% limited partner interest in us based on the limited partner interests outstanding as of October 9, 2017, and all of our incentive distribution rights. We believe Phillips 66 will continue to promote and support the successful execution of our business strategies given its significant ownership in us, the importance of our assets to Phillips 66's refining and marketing operations and its stated intention to use us as a primary vehicle to grow its transportation and other midstream businesses.

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Recent Developments

The Acquisition. On October 6, 2017, the Partnership consummated the transactions contemplated by the Contribution, Conveyance and Assumption Agreement (the "Contribution Agreement") entered into on September 19, 2017 with our general partner, Phillips 66 Company ("P66 Company"), and Phillips 66 Project Development Inc. ("P66 PDI"). Pursuant to the Contribution Agreement, the Partnership acquired an indirect 25% interest in each of Dakota Access, LLC and Energy Transfer Crude Oil Company, LLC (collectively, "Dakota/ETCO") and a direct 100% interest in Merey Sweeny, L.P. ("MSLP") (the acquisitions pursuant to the Contribution Agreement, collectively, the "Acquisition").

The assets owned by Dakota/ETCO and MSLP are described below:

- Dakota/ETCO owns the Bakken Pipeline, a material portion of which is represented by the Dakota Access Pipeline. The Bakken Pipeline includes 1,926 combined pipeline miles and 520,000 barrels per day ("BPD") of crude oil capacity expandable to 570,000 BPD. The Bakken Pipeline has receipt stations in North Dakota to access Bakken and Three Forks production, a delivery and receipt point in Patoka, Illinois, and delivery points in Nederland, Texas, including at the Phillips 66 Beaumont Terminal.

- MSLP owns a 125,000 BPD capacity vacuum distillation unit and a 70,000 BPD capacity delayed coker unit. MSLP processes residue from heavy sour crude oil into liquid products and fuel-grade petroleum coke at the Phillips 66 Sweeny Refinery in Old Ocean, Texas.

In connection with the Acquisition, MSLP and P66 Company entered into an amended and restated tolling services agreement with a 15-year term that includes a base throughput fee and a minimum volume commitment from P66 Company.

Pursuant to the Contribution Agreement, and subject to certain limitations, the Partnership has agreed to indemnify P66 Company, P66 PDI and their respective affiliates (other than the Partnership and its subsidiaries), directors, officers, employees, agents and representatives (collectively, the "P66 Company Parties") for any and all damages resulting from any breach of a representation, warranty, agreement or covenant of the Partnership contained in the Contribution Agreement and for certain other matters. P66 Company and P66 PDI have agreed, subject to certain limitations, to indemnify the Partnership, its subsidiaries and its and their respective affiliates, directors, officers, employees, agents and representatives (other than any of the P66 Company Parties) for any and all damages resulting from any breach of a representation, warranty, agreement or covenant of P66 Company or P66 PDI contained in the Contribution Agreement and for certain other matters, including indemnification for costs associated with the pending Dakota/ETCO federal district court litigation, which may include costs and expenses in defending such litigation, costs of pipeline redirection or modification, or a reduction in the fair value purchase price of the assets owned by Dakota/ETCO.

The total consideration for the Acquisition was approximately $1.65 billion, which included $372 million in cash; the assumption of certain liabilities, including the assumption by the Partnership of a $450 million term loan, of which approximately $175 million remains outstanding, under which P66 PDI was the primary obligor (the "Assumed Term Loan") and approximately $588 million of term promissory notes, of which approximately $272 million remains outstanding, payable to P66 Company (the "PDI Notes"); the issuance of 4,713,113 common units representing limited partner interests in the Partnership ("Common Units") to P66 PDI; and the issuance of 292,665 general partner units to our general partner in order for our general partner to maintain its 2% general partner interest in the Partnership. The terms of the Contribution Agreement were unanimously approved by the Board of Directors of our general partner and the Conflicts Committee of the Board of Directors of our general partner. The Conflicts Committee, a committee comprised of the independent members of the Board of Directors, retained independent legal and financial advisors to assist it in evaluating and negotiating the Contribution Agreement and related transactions.

The Private Placement. On September 21, 2017, the Partnership entered into a Series A Preferred Unit and Common Unit Purchase Agreement (the "Purchase Agreement") with certain affiliates of Stonepeak Infrastructure Partners, First Reserve XIII Advisors, L.L.C. and Tortoise Capital Advisors, LLC (collectively, the "Purchasers"), to issue and sell in a

private placement (the “Private Placement”) an
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aggregate of 13,819,791 Series A Perpetual Convertible Preferred Units representing limited partner interests in the Partnership (the "Preferred Units") for a cash purchase price of $54.27 per Preferred Unit and an aggregate of 6,304,204 Common Units for a cash purchase price of $47.59 per Common Unit, resulting in net proceeds of approximately $1.03 billion after expenses and fees. Pursuant to the Purchase Agreement, the Partnership issued and sold the Preferred Units and the Common Units to the Purchasers on October 6, 2017. The Partnership used a portion of the net proceeds from the Private Placement to fund a portion of the consideration payable by the Partnership in the Acquisition described above and intends to use the remainder of the net proceeds for general partnership purposes, including funding future acquisitions and organic projects and repayment of outstanding indebtedness, including amounts outstanding under our revolving credit facility.

Principal Executive Offices and Internet Address

Our executive offices are located at 2331 CityWest Boulevard, Houston, Texas 77042, and our telephone number is (855) 283-9237. Our website is located at http://www.phillips66partners.com. We make available our periodic reports and other information filed with or furnished to the SEC, free of charge through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

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The Offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section in this prospectus supplement entitled "Description of Notes" and the section in the accompanying base prospectus entitled "Description of Our Debt Securities."

Issuer

Phillips 66 Partners LP

Notes Offered

$ aggregate principal amount of the notes, consisting of:

- $ aggregate principal amount of % Senior Notes due ; and

- $ aggregate principal amount of 4.680% Senior Notes due 2045.

Maturity

Unless redeemed prior to maturity as described below, the notes will mature on , and the 2045 notes will mature on February 15, 2045.

Interest Payment Dates

Interest on the notes will be payable semi-annually on and of each year, commencing , 2018. Interest on the 2045 notes will accrue from August 15, 2017 and will be payable semi-annually on February 15 and August 15 of each year, beginning on February 15, 2018.

Optional Redemption

We may redeem the notes of each series for cash, in whole or in part at any time and from time to time, at our option at the applicable redemption prices set forth under the heading "Description of Notes — Optional Redemption."

Subsidiary Guarantees

Like the existing 2045 notes, the notes will not be guaranteed by any of our subsidiaries.

Ranking

Like the existing 2045 notes, the notes will constitute our senior unsecured debt and will rank:

- equally in right of payment with our senior unsecured debt from time to time outstanding, including our obligations under our revolving credit facility and existing senior notes;

- senior in right of payment to our future subordinated debt, if any, from time to time outstanding;

- effectively junior in right of payment to all of our future secured debt from time to time outstanding, to the extent of the value of the assets constituting the collateral securing the debt; and

- structurally junior in right of payment to the liabilities of our subsidiaries.

As of September 30, 2017, after giving effect to (i) the closing of the Acquisition and (ii) the closing of the Private Placement and the application of the net proceeds therefrom, we had approximately $2.8 billion of consolidated indebtedness. Upon the closing of this offering and the application of the net proceeds therefrom in the manner described under "Use of Proceeds," we anticipate that we will have approximately $ billion of

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consolidated indebtedness (including the notes offered hereby) ranking equally in right of payment with the notes. As of September 30, 2017, we had no secured or subordinated indebtedness outstanding. As of September 30, 2017, our subsidiaries had no indebtedness outstanding other than the guarantee of our revolving credit facility by Philips 66 Partners Holdings LLC ("Phillips Holdings").

Covenants

We will issue the notes under a supplement to an indenture with The Bank of New York Mellon Trust Company, N.A., as trustee. The new 2045 notes will be issued under the 2045 indenture (as defined herein). The covenants in the supplemental indenture for the notes, like the covenants in the 2045 indenture, will contain, among other things, covenants that restrict our ability, with certain exceptions, to:

- incur debt secured by liens;
- engage in sale/leaseback transactions; and
- merge, consolidate or transfer all or substantially all of our assets.

Please read "Description of Notes — Certain Covenants."

Lack of a Public Market for the Notes

The notes are new securities and there is currently no existing trading market for the notes. The new 2045 notes will constitute one series with the existing 2045 notes, for which a trading market currently exists. However, there can be no assurance regarding:

- any future development or liquidity of a trading market for the notes;
- your ability to sell your notes at all; or
- the prices at which you may be able to sell your notes.

Future trading prices of the notes will depend on many factors, including:

- prevailing interest rates;
- our operating results and financial condition; and
- the markets for similar securities.

We do not currently intend to apply for the listing of the notes on any securities exchange or for quotation of the notes in any dealer quotation system.

Use of Proceeds

We expect net proceeds of approximately $ from the offering of the notes, after deducting underwriting discounts and estimated expenses of the offering that we will pay. We intend to use the net proceeds of this offering (i) to repay a portion of the indebtedness that was assumed by us in connection with the Acquisition, including the amounts remaining outstanding under the Assumed Term Loan and the PDI Notes, including accrued and unpaid interest on such notes, and (ii) for general partnership purposes, including funding future acquisitions and organic projects and

the repayment of outstanding indebtedness, including amounts outstanding under our revolving credit facility. Please read “Use of Proceeds.”

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Affiliates of Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC, underwriters in this offering, are lenders under our revolving credit facility as well as the credit facility relating to the Assumed Term Loan and, accordingly, will receive a portion of the net proceeds of this offering. Please read "Underwriting."

Additional Notes

We may create and issue, or with respect to the 2045 notes, again issue, additional notes ranking equally and ratably with any series of notes offered by this prospectus supplement in all respects, except for the issue date, issue price and, in some cases, the first interest payment date, so that such additional notes will form a single series with the applicable series of notes offered by this prospectus supplement and will have substantially identical terms as such series of notes, including with respect to ranking, redemption and otherwise.

Governing Law

The notes and the indenture are or will be governed by, and construed in accordance with, the laws of the State of New York.

Risk Factors

You should carefully read and consider the information beginning on page S-7 of this prospectus supplement and on page 2 of the accompanying base prospectus, in each case set forth under the heading "Risk Factors" and all other information set forth in this prospectus, including the information incorporated herein by reference, before deciding to invest in the notes.

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RISK FACTORS

An investment in our notes involves risks. Before you invest in the notes offered hereby, you should carefully consider the following risk factors and the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2016, as well as risks described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and cautionary notes regarding forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying base prospectus, together with all of the other information included or incorporated by reference herein.

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

Risks Related to an Investment in the Notes

Your ability to transfer the notes at a time or price you desire may be limited by the absence of an active trading market, which may not develop.

The notes will constitute new securities and although we will register the notes under the Securities Act of 1933, as amended (the "Securities Act"), we do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system. In addition, although the underwriters have informed us that they intend to make a market in the notes and continue to make a market in the 2045 notes, as permitted by applicable laws and regulations, they are not obligated to make a market in the notes, and they may discontinue their market-making activities at any time without notice. An active market for the notes may not exist or develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

Our significant indebtedness and the restrictions in our debt agreements may adversely affect our future financial and operating flexibility.

As of September 30, 2017, after giving effect to (i) the Acquisition and (ii) the closing of the Private Placement and the application of the net proceeds therefrom, we have approximately $2.8 billion of consolidated indebtedness. Upon the closing of this offering and the application of the net proceeds therefrom, our consolidated indebtedness will be $ billion. Our substantial indebtedness and the additional debt we may incur in the future for potential acquisitions or working capital may adversely affect our liquidity and therefore our ability to make interest payments on the notes.

Debt service obligations and restrictive covenants in our revolving credit facility and the indenture governing the notes may adversely affect our ability to finance future operations, pursue acquisitions and fund other capital needs as well as our ability to make cash distributions to our unitholders. In addition, our leverage may make our results of operations more susceptible to adverse economic or operating conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have relatively less debt.

If we incur any additional indebtedness that ranks equally with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. This may have the effect of reducing the amount of proceeds paid to noteholders. If new debt is added to our current debt levels, the related risks that we now face could intensify.

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We do not have significant assets other than equity in our subsidiaries and equity investees. As a result, our ability to make required payments on the notes depends on the performance of our

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subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, credit instruments, applicable state business organization laws and other laws and regulations. If our subsidiaries are prevented from distributing funds to us, we may be unable to pay all the principal and interest on the notes when due.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the notes or to repay them at maturity.

Our limited partnership agreement requires us to distribute, on a quarterly basis, 100% of our available cash to our unitholders and our general partner. Available cash is generally defined as all of our cash on hand as of the end of a fiscal quarter, adjusted for cash distributions and net changes to reserves. Our partnership agreement permits the general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash we have available to distribute to our unitholders. Although our payment obligations to our unitholders will be subordinate to our payment obligations to holders of the notes, the value of our units may decrease with decreases in the amount we distribute per unit. Accordingly, if we experience a decrease in liquidity in the future, the value of our common units may decrease, and we may not be able to issue equity to recapitalize or otherwise improve our liquidity.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to service our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and would permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including our credit agreement and the indenture. In the absence of such cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions, and any proceeds may not be adequate to meet any debt service obligations then due. Please read “Description of Notes” and “Description of Other Indebtedness.”

The notes will be structurally subordinated to liabilities and indebtedness of our subsidiaries and effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness.

Our subsidiaries own all of our operating assets. However, none of our subsidiaries will guarantee our obligations with respect to the notes. Creditors of our subsidiaries will have claims with respect to the assets of those subsidiaries that rank structurally senior to the notes. In the event of any distribution or payment of assets of such subsidiaries in connection with any dissolution, winding up, liquidation, reorganization or other bankruptcy proceeding, the claims of those creditors must be satisfied before making any distribution or payment to us in respect of our direct or indirect equity interests in such subsidiaries. Accordingly, after satisfaction of the claims of such creditors, there may be little or no amounts left available to make payments in respect of the notes. As of September 30, 2017, as adjusted for the (i) closing of the Acquisition, (ii) the Private Placement and the application of the net proceeds therefrom, and (iii) the offering of the notes and the application of the net proceeds as described in “Use of Proceeds,” our subsidiaries would have had no indebtedness outstanding other than MSLP’s approximately $100 million of environmental facilities revenue bonds and Phillips Holdings’ guarantee of our revolving credit facility. Furthermore, such subsidiaries will not be prohibited under the indenture from incurring other indebtedness, and any such indebtedness will rank structurally senior to the notes with respect to the assets of such subsidiaries.

In addition, holders of any future secured indebtedness of the Partnership would have claims with respect to the assets constituting collateral for such indebtedness that are effectively senior to the claims of

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the holders of the notes. The Partnership (excluding its subsidiaries) does not currently have any secured indebtedness, but may have secured indebtedness in the future. In the event of an acceleration of any secured indebtedness or our bankruptcy, liquidation or reorganization, our assets would be used to satisfy obligations with respect to the indebtedness secured thereby before any payment could be made on the notes. While the indenture governing the notes will place some limitations on our ability to create liens, there are significant exceptions to these limitations that will allow us to secure a significant amount of indebtedness without equally and ratably securing the notes. To the extent the value of the collateral is not sufficient to satisfy the secured indebtedness, the holders of that indebtedness would be entitled to share with the holders of the notes and the holders of other claims against us with respect to our other assets.

Risks Related to the Partnership

Failure to successfully combine our business with the assets we acquired in the Acquisition, or an inaccurate estimate by us of the benefits to be realized from the Acquisition, may adversely affect our future results.

The Acquisition involves potential risks, including:

- the failure to realize expected profitability, growth or accretion;
- environmental or regulatory compliance matters or liabilities;
- title or permit issues;
- the diversion of management's attention from our existing businesses;
- the incurrence of significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and
- the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate.

Litigation is currently pending in the U.S. District Court for the District of Columbia (the "Court") relating to the Dakota Access Pipeline, in which the Partnership owns a 25% interest after the closing of the Acquisition. As part of the litigation, the Court has ordered the U.S. Army Corps of Engineers (the "USACE") to further analyze and provide additional explanations involving certain limited and discrete issues, in connection with the USACE's issuance of permits and easements relating to the pipeline. The USACE has stated that it intends to complete its supplemental review by early April 2018. In the interim, the Standing Rock Sioux and Cheyenne River Sioux Tribes have petitioned the Court to halt pipeline operations during the pendency of the USACE's supplemental review. The parties completed briefing the Court on continuing ongoing pipeline operations at the end of August 2017. To date, the Court has not yet ruled on this issue, but the parties presently expect a ruling during the fourth quarter of 2017. While we believe that the pending litigation remedy is unlikely to block continued operation of the pipeline, we cannot assure this outcome. We cannot determine when or how this litigation will be resolved or the impact it may have on the Dakota Access Pipeline.

Additionally, the expected benefits from the Acquisition may not be realized if our estimates of the potential net cash flows associated with the assets acquired by us in the Acquisition are materially inaccurate. The accuracy of our estimates of the potential net cash flows attributable to the assets is inherently uncertain. If problems are identified in the future, the agreement pursuant to which we acquired the assets provides for limited recourse against Phillips 66.

If any of these risks or unanticipated liabilities or costs were to materialize, any desired benefits of the Acquisition may not be fully realized, if at all, and our future financial performance, results of operations and cash available for

distribution could be negatively impacted.

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Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for tax purposes or we become subject to a material amount of entity-level taxation, it would substantially reduce the amount of cash available for payment of principal and interest on the notes.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state and local income tax at varying rates. Treatment of us as a corporation would cause a material reduction in the anticipated cash flow, which could materially and adversely affect our ability to make payments on the notes.

Current law may change that could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. At the federal level, members of Congress and the President have periodically considered substantive changes to the tax laws that would affect the tax treatment of certain publicly traded partnerships, including the elimination of partnership tax treatment for publicly traded partnerships. We are unable to predict whether these changes or other proposals will ultimately be enacted. Moreover, any such modifications to federal income tax laws and interpretations thereof may or may not be applied retroactively. Any such legislative changes could negatively impact the amount of cash we have to make payments on the notes. In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. If any state were to impose an additional tax on us, the cash we have available to make payments on the notes could be materially reduced.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case our cash available for payment of principal and interest on the notes might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our general partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so under all circumstances. If we are required to make payments of taxes, penalties and interest resulting from audit adjustments, our cash available for payment of principal and interest on the notes might be substantially reduced.

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USE OF PROCEEDS

We expect to receive net proceeds of approximately $ after deducting underwriting discounts and commissions and estimated offering expenses, from the sale of the notes offered hereby. We intend to use the net proceeds from this offering (i) to repay the remaining indebtedness assumed in connection with the Acquisition, including all of the remaining indebtedness outstanding under the Assumed Term Loan and the PDI Notes, including accrued and unpaid interest on such notes, and (ii) for general partnership purposes, including funding future acquisitions and organic projects and the repayment of outstanding indebtedness, including amounts outstanding under our revolving credit facility. Please read "Summary — Recent Developments."

As of October 9, 2017, there was approximately $175 million outstanding under the Assumed Term Loan. The Assumed Term Loan matures on April 26, 2018 and bears interest at 2.1%. We assumed the Assumed Term Loan in connection with the closing of the Acquisition.

As of October 9, 2017, borrowings outstanding under our revolving credit facility totaled approximately $70 million. Borrowings under the revolving credit facility bear interest, at our option, at either: (a) the Eurodollar rate in effect from time to time plus the applicable margin; or (b) the base rate (as described in the credit agreement) plus the applicable margin. Existing borrowings under the revolving credit facility were incurred to fund our ongoing capital expenditure program and to provide working capital for general partnership purposes.

As of October 9, 2017, the outstanding balance of the PDI Notes was approximately $272 million in the aggregate. The PDI Notes mature on August 1, 2022 and accrue interest at a rate of 2.5% per annum. We assumed the PDI Notes in connection with the closing of the Acquisition.

Affiliates of Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC are lenders under our revolving credit facility, as well as the credit facility relating to the Assumed Term Loan and, accordingly, will receive a portion of the net proceeds of this offering. Please read "Underwriting."

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of computing the ratio of earnings to fixed charges, "earnings" are defined as income before taxes plus fixed charges less capitalized interest. "Fixed charges" consist of interest expensed and capitalized, amortization of deferred loan costs and an estimate of interest within rent expense.

	Millions of Dollars					
	Six Months Ended June 30, 2017	Years Ended December 31, 2016	2015	2014	2013	2012
Earnings Available for Fixed Charges						
Income before income taxes	$ 201	410	306	246	176	123
Adjustment to equity earnings for cash distributions received	2	1	—	—	—	—
Fixed charges, excluding capitalized interest	50	53	35	5	—(1)	—(1)
Amortization of capitalized interest	1	2	—	—	—	—
	$ 254	466	341	251	176	123
Fixed Charges						
Interest and expense on indebtedness, excluding capitalized interest	$ 48	52	34	5	—	—
Capitalized interest	—	5	32	7	—	—
Interest portion of rental expense	2	1	0.601	—	—	—
	$ 50	58	67	12	—	—
Ratio of Earnings to Fixed Charges	5.1	8.0	5.1	20.9	N/A	N/A

(1)
Not applicable as we did not incur fixed charges in 2013 and 2012.

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DESCRIPTION OF OTHER INDEBTEDNESS

Existing Senior Notes

Our indebtedness as of September 30, 2017 consisted of (i) a revolving credit facility that allows for borrowings up to $750 million available through October 3, 2021, unless extended, and (ii) the following series of senior notes, which we refer to collectively as our existing senior notes:

- $300 million of 2.646% Senior Notes due 2020;
- $500 million of 3.605% Senior Notes due 2025;
- $500 million of 3.55% Senior Notes due 2026;
- $300 million of 4.680% Senior Notes due 2045; and
- $625 million of 4.90% Senior Notes due 2046.

We may elect, at our option, to redeem any or all of the existing senior notes at any time prior to the following early call dates:

- January 15, 2020 (one month prior to their maturity date) for the 2.646% Senior Notes due 2020;
- November 15, 2024 (three months prior to their maturity date) for the 3.605% Senior Notes due 2025;
- July 1, 2026 (three months prior to their maturity date) for the 3.55% Senior Notes due 2026;
- August 15, 2044 (six months prior to their maturity date) for the 4.680% Senior Notes due 2045; and
- April 1, 2046 (six months prior to their maturity date) for the 4.90% Senior Notes due 2046,

at a price equal to the principal amount of notes redeemed plus a make-whole premium and accrued but unpaid interest to, but not including, the redemption date.

In addition, we may redeem each series of existing senior notes, in whole or in part at any time on or after the applicable early call date, at a redemption price equal to 100% of the principal amount of the series of notes to be redeemed, plus accrued but unpaid interest thereon to, but not including, the redemption date.

Revolving Credit Facility

On October 3, 2016, the Partnership entered into a Second Amendment (the “Amendment”) to its Credit Agreement dated June 7, 2013, with the lenders party thereto and JPMorgan Chase Bank, N.A. as the administrative agent (the “Credit Agreement”). The Amendment increased the amount available under the Credit Agreement to $750 million and extended the termination date to October 3, 2021. As of October 9, 2017, we had approximately $70 million of borrowings outstanding under the Credit Agreement.

The Partnership has the option to increase the overall capacity of the Credit Agreement by up to an additional $250 million for a total of $1 billion, subject to, among other things, the consent of the existing lenders whose commitments

will be increased or any additional lenders providing such additional capacity. The Partnership also has the option to extend the Credit Agreement for two additional one-year terms after October 3, 2021, subject to, among other things, the consent of the lenders holding the majority of the commitments and of each lender extending its commitment. Outstanding borrowings under the Credit Agreement bear interest, at the Partnership's option, at either: (a) the Eurodollar rate in effect from time to time plus the applicable margin; or (b) the base rate (as described in the Credit Agreement) plus the applicable margin. The pricing levels for the commitment fee and interest-rate margins are determined based on the credit ratings in effect from time to time. The Credit Agreement requires that our ratio of total debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA") for the prior four fiscal quarters must be not greater than 5.0 to 1.0 as of the last day of each fiscal quarter (and 5.5 to 1.0 during the specified period following certain acquisitions).

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The Credit Agreement may be used to pay fees and expenses incurred in connection with this offering, for our working capital needs and for general partnership purposes. The Credit Agreement can also be used to fund our quarterly distributions at the option of the board of directors of the general partner.

The Credit Agreement contains customary covenants and events of default. If an event of default occurs under the Credit Agreement and is continuing, the lenders may terminate their commitments and declare the amount of all outstanding borrowings, together with accrued interest and all fees, to be immediately due and payable.

MSLP Environmental Revenue Bonds

In addition to our revolving credit facility and the senior notes described above, one of our new subsidiaries that we acquired in the Acquisition, MSLP, has $100 million of long-term debt related to MSLP's obligation to make payments at the time, and in the amounts sufficient to pay, when due, the principal on four issues of special tax-exempt bonds issued by Brazos River Harbor Navigation District of Brazoria County, Texas. The tax-exempt bonds were issued to pay a portion of the costs of the acquisition, financing, construction and improvement of certain sold waste disposal facilities that form a part of MSLP's coker facility. The first $25 million issue of tax-exempt bonds (issued in 1998) matures in 2018, the second $25 million issue of tax-exempt bonds (issued in 2000) matures in 2020, the third issue of $25 million issue of tax-exempt bonds (issued in 2001) matures in 2021, and the fourth $25 million issue of tax-exempt bonds (issued in 2002) matures in 2021. All four issues accrue interest monthly based on a daily rate designed to represent the lowest rate acceptable by the tax-exempt, variable-rate bond market and approximate the tax-exempt bonds trading at par. This interest is paid by MSLP.

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DESCRIPTION OF NOTES

The Partnership issued the existing 2045 notes under an indenture dated as of February 23, 2015 (the "base indenture") between itself and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented by the third supplemental indenture creating the existing 2045 notes (as so supplemented, the "2045 indenture"). The Partnership will issue the new 2045 notes as additional notes under the 2045 indenture, and the new 2045 notes will be treated with the existing 2045 notes as a single series of senior debt securities under the 2045 indenture. The Partnership will issue the notes under the base indenture, as supplemented by another supplemental indenture creating the notes (as so supplemented, the "new issuance indenture" and, together with the 2045 indenture, the "indenture"). You can find the definitions of certain terms used in this "Description of Notes" under "— Certain Definitions." In this "Description of Notes," the term "Partnership," "us," "our" or "we" refers only to Phillips 66 Partners LP and not to any of its Subsidiaries.

General

The following description of the particular terms of each series of notes supplements the general description of the debt securities of the Partnership included in the accompanying base prospectus under the caption "Description of Our Debt Securities." You should review this "Description of Notes" together with the "Description of Our Debt Securities" included in the accompanying base prospectus. To the extent that this "Description of Notes" is inconsistent with the terms under the caption "Description of Our Debt Securities" in the accompanying base prospectus, the terms set forth in this "Description of Notes" will control and govern each series of notes offered hereby.

We have summarized some of the material provisions of the notes and the indenture below. The summary supplements the description of additional material provisions in the accompanying base prospectus that may be important to you. We also urge you to read the base indenture and the applicable supplemental indenture because they, and not this "Description of Notes," define your rights as a holder of notes. You may request copies of the base indenture and the applicable supplemental indenture from us as set forth under "Description of Notes — Additional Information." Capitalized terms defined in the base prospectus and the indenture have the same meanings when used in this prospectus supplement. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The registered holder of a note will be treated as the owner of the note for all purposes. Only registered holders will have rights under the indenture.

The notes:

- will, similar to the existing 2045 notes, be the general unsecured, senior obligations of the Partnership, ranking equally in right of payment with all other existing and future senior unsecured Debt from time to time outstanding;

- will initially be issued in an aggregate principal amount of $ with respect to the notes, and an aggregate principal amount of $ with respect to the 2045 notes;

- will mature on , , with respect to the notes, and February 15, 2045 with respect to the 2045 notes;

- will, like the existing 2045 notes, be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each series of notes will be represented by one or more global notes, as described below under "— Book-Entry Delivery and Settlement";

- will bear interest at an annual rate of %, with respect to the notes, and 4.680%, with respect to the new 2045 notes;

-

will, like the existing 2045 notes, be redeemable at any time at our option at the applicable redemption prices described below under "— Optional Redemption."

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The notes and the 2045 notes each constitute a separate series of debt securities under the indenture. The indenture does not limit the amount of debt securities we may issue under the indenture from time to time in one or more series.

Interest

Interest on the notes will accrue from and including , . We will pay interest on the notes in cash semi-annually in arrears on and of each year, beginning on , 2018. We will make interest payments on the notes to the persons in whose names the notes are registered at the close of business on or , as applicable, before the next interest payment date.

Interest on the new 2045 notes will accrue from August 15, 2017. Consistent with the existing 2045 notes, we will pay interest on the new 2045 notes in cash semi-annually in arrears on February 15 and August 15 of each year, with the next such interest payment being February 15, 2018. We will make interest payments on the 2045 notes to the persons in whose names the notes are registered at the close of business on February 1 or August 1, as applicable, before the next interest payment date.

Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. If any interest payment date falls on a day that is not a business day, the payment will be made on the next business day, and no interest will accrue on the amount of interest due on that interest payment date for the period from and after the interest payment date to the date of payment.

Further Issuances

We may from time to time, without notice to or the consent of the holders of the notes or the trustee, create and issue, or with respect to the 2045 notes, again issue, additional notes having the same terms as the notes offered by this prospectus supplement and accompanying prospectus, except for issue date, issue price and, in some cases, the first interest payment date. Additional notes issued in this manner will form a single series with the previously issued and outstanding notes of such series.

Transfer and Exchange

A holder may transfer or exchange the notes in accordance with the indenture. No service charge will be imposed in connection with any transfer or exchange of any note, but the Partnership, the registrar and the trustee may require such holder, among other things, to furnish appropriate endorsements and transfer documents, and the Partnership may require such holder to pay any taxes and fees required by law or permitted by the indenture. The Partnership is not required to transfer or exchange any notes selected for redemption. Also, the Partnership is not required to transfer or exchange any notes in respect of which a notice of redemption has been given or for a period of 15 days before any mailing of a notice of redemption.

Paying Agent and Registrar

The trustee will initially act as paying agent and registrar for the notes. The Partnership may change the paying agent or registrar without prior notice to the holders of the notes, and the Partnership or any of the Partnership's Subsidiaries may act as paying agent or registrar. At our option, payments may be made by wire transfer for notes held in book-entry form or by wire transfer or by check mailed to the address of the person entitled to the payment as it appears in the security register.

Future Subsidiary Guarantees

At the closing of this offering, the notes will not be guaranteed by any of our Subsidiaries. If in the future any of our Subsidiaries (other than Phillips 66 Partners Holdings LLC) becomes a borrower or guarantor under, or grants any Lien to secure any obligations pursuant to, our Revolving Credit Facility, then we will cause such Subsidiary to become a Guarantor by executing supplements to the indenture and delivering such supplements to the trustee promptly (but in any event, within thirty days of the date on

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which it guaranteed or incurred such obligations or granted such Lien, as the case may be). In the event of a bankruptcy, liquidation or reorganization of any Subsidiary that does not guarantee the notes, such Subsidiary will pay the holders of its Debt and its trade creditors before it will distribute any of its assets to us.

Any Subsidiary Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. If a Subsidiary Guarantee is rendered voidable, it could be subordinated by a court to all other Debt (including guarantees and other contingent liabilities) of the applicable Guarantor, and, depending on the amount of such Debt, a Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The indenture limits the ability of a Guarantor to consolidate with or merge with or into any other Person, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets and the properties or assets of its Subsidiaries (taken as a whole with the properties or assets of such Guarantor) to another Person in one or more related transactions.

If any of our Subsidiaries guarantees the notes, its Subsidiary Guarantee will be released:

(1)
in connection with any sale or other disposition of all or substantially all of the properties or assets of, or all of our direct or indirect limited partnership, limited liability company or other equity interests in, that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) an affiliate of the Partnership;

(2)
upon the merger of the Guarantor into us or any other Guarantor or the liquidation or dissolution of the Guarantor;

(3)
upon legal defeasance or covenant defeasance as described below under the caption "— Discharge, Legal Defeasance and Covenant Defeasance" or upon satisfaction and discharge of the indenture as described below under "— Satisfaction and Discharge"; or

(4)
upon delivery of written notice to the trustee of the release of all guarantees or other obligations of the Guarantor under our Revolving Credit Facility.

If at any time following any release of a Guarantor from its guarantee of the notes pursuant to clause (4) in the preceding paragraph, the Guarantor again incurs obligations under our Revolving Credit Facility, then we will cause the Guarantor to again guarantee the notes in accordance with the indenture.

Optional Redemption

The Partnership will have the right to redeem the notes, in whole or in part at any time before , 20 (the d that is months prior to the maturity date of the notes, which is referred to in this prospectus supplement as the " Notes Early Call Date") at a redemption price, as determined by the Partnership, equal to the greater of: (1) 100% of the principal amount of the notes to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed that would be due if such notes matured on the Notes Early Call Date but for the redemption (exclusive of any portion of the payments of interest accrued to the date of redemption), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus basis points, in each case, together with accrued but unpaid interest thereon to, but not including, the redemption date.

The Partnership will have the right to redeem the new 2045 notes, in whole or in part at any time before August 15, 2044 (the date that is six months prior to the maturity date of the 2045 notes, which is referred to in this prospectus supplement as the "2045 Notes Early Call Date") at a redemption price, as determined by the Partnership, equal to the greater of: (1) 100% of the principal amount of the 2045 notes to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 2045 notes being redeemed that would be due if such notes matured on the 2045 Notes Early Call Date but for the redemption (exclusive of any portion of the

payments of interest accrued to the date

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of redemption), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield plus 30 basis points, in each case, together with accrued but unpaid interest thereon to, but not including, the redemption date.

In addition, the Partnership may redeem the notes, in whole or in part at any time on or after the applicable early call date, at a redemption price equal to 100% of the principal amount of the series of notes to be redeemed, plus accrued but unpaid interest thereon to, but not including, the redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed (assuming, for this purpose, that the notes matured on the applicable Early Call Date) that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the series of notes being redeemed.

"Comparable Treasury Price" means (a) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if the Partnership obtains fewer than four such Reference Treasury Dealer Quotations, the average of all quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers selected by the Partnership or, if we are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing in the United States appointed by us.

"Reference Treasury Dealer" as it relates to (1) the notes means each of (a) Citigroup Global Markets Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC, or their respective affiliates or successors (provided, however, that if any shall cease to be a primary U.S. Government securities dealer in The City of New York (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer), and (b) any other Primary Treasury Dealer selected by us. and (2) as it relates to the 2045 notes means each of (a) RBS Securities Inc., Barclays Capital Inc., Goldman, Sachs & Co. and RBC Capital Markets, LLC, or their respective successors (provided, however, that if any shall cease to be a primary U.S. Government securities dealer in The City of New York (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer), and (b) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer as of 3:30 p.m., New York time, on the third business day preceding the redemption date.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Except as described above, each series of notes will not be redeemable by the Partnership prior to maturity and will not be entitled to the benefit of any sinking fund or mandatory redemption provisions.

Redemption Procedures

If fewer than all of the notes of any series are to be redeemed at any time, such notes will be selected for redemption not more than 60 days prior to the redemption date and such selection will be made by the trustee on a pro rata basis unless otherwise required by law (or, in the case of notes represented by a note in global form, by such method as The Depository Trust Company ("DTC") or its nominee or successor may require or, where such nominee or successor is the trustee, a method that most nearly approximates pro rata selection as the trustee deems fair and appropriate unless otherwise required by law); provided, that no partial redemption of any note will occur if such redemption would reduce the principal amount of such note to less than $2,000. Notices of redemption with respect to the notes shall be mailed by first class mail (or sent electronically if DTC is the recipient) at least 30 but not more than 60 days before the redemption

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date to each holder of notes to be redeemed at its registered address except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption shall become due on the date fixed for redemption. Unless the Partnership defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

Any such redemption may, at the Partnership's discretion, be subject to one or more conditions precedent. In addition, if such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition, and if applicable, shall state that, in the Partnership's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (provided that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was mailed or sent), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

Open Market Purchases; No Mandatory Redemption or Sinking Fund

The Partnership may at any time and from time to time repurchase notes in the open market or otherwise, in each case without any restriction under the indenture. The Partnership is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Certain Covenants

Limitation on Liens

The 2045 indenture provides, and the new issuance indenture will provide, that while any notes of the applicable series remain outstanding, the Partnership will not, and will not permit any of its Principal Domestic Subsidiaries to, issue, assume or guarantee any Debt for borrowed money secured by any mortgage, lien, pledge, security interest, charge, adverse claim, or other encumbrance ("Lien") upon any Principal Property of the Partnership or any of its Principal Domestic Subsidiaries, or upon any equity interests of any Principal Domestic Subsidiary, whether such Principal Property is, or equity interests are, owned on or acquired after the date of the supplemental indenture creating the notes, unless the notes then outstanding are equally and ratably secured by such Lien for so long as any such Debt is so secured, other than:

(1)

(a) Liens on assets (including improvements and accession thereto and proceeds thereof) existing at the time of the acquisition thereof and (b) conditional sales agreements or other title retention agreements and leases in the nature of title retention agreements with respect to any property hereafter acquired, and any additions thereto, proceeds thereof and property in replacement or substitution thereof, so long as no such Lien shall extend to or cover any other property of the Partnership or such Principal Domestic Subsidiary;

(2)

Liens upon any property of the Partnership or any Principal Domestic Subsidiary or any equity interests of any Principal Domestic Subsidiary existing as of the date of the initial issuance of the notes;

(3)

Liens upon the property or any equity interests of any entity, which Liens existed at the time such entity became a Subsidiary of the Partnership; provided, however, that such Liens only encumber the property or assets of such entity at the time such entity becomes a Subsidiary of the Partnership, and any additions thereto, proceeds thereof and property or assets in replacement or substitution thereof;

(4)

Liens upon the property or assets of any entity at the time such entity is merged into or consolidated with the Partnership or any Subsidiary or at the time of a sale, lease or other

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disposition of the properties of an entity (or division thereof) as an entirety or substantially as an entirety to the Partnership or a Subsidiary; provided, however, that such Liens only encumber such entity or the property or assets of such entity, as applicable, at the time of such merger, consolidation or sale, lease or other disposition, and any additions thereto, proceeds thereof and property or assets in replacement or substitution thereof;

(5)

Liens for taxes or assessments or other governmental charges or levies relating to amounts that are not yet delinquent or are being contested in good faith;

(6)

pledges or deposits to secure: (a) any governmental charges or levies; (b) obligations under workers' compensation laws, unemployment insurance and other social security legislation; (c) performance in connection with bids, tenders, contracts (other than contracts solely for the payment of money) or leases to which the Partnership or any Principal Domestic Subsidiary is a party; (d) public or statutory obligations of the Partnership or any Principal Domestic Subsidiary; and (e) surety, stay, appeal, indemnity, customs, performance or return-of-money bonds or pledges or deposits in lieu thereof;

(7)

builders', materialmen's, mechanics', carriers', warehousemen's, workers', repairmen's, operators', landlords' or other similar Liens, in the ordinary course of business;

(8)

Liens created by or resulting from any litigation or proceeding that at the time is being contested in good faith by appropriate proceedings, including Liens relating to judgments thereunder as to which the Partnership or any Principal Domestic Subsidiary has not exhausted its appellate rights;

(9)

Liens on deposits or customary netting or offset provisions required by any Person with whom the Partnership or any Principal Domestic Subsidiary enters into forward contracts, futures contracts, swap agreements or other commodities contracts in the ordinary course of business and in accordance with established risk management policies and Liens in connection with leases (other than capital leases) made, or existing on property acquired, in the ordinary course of business;

(10)

easements (including, without limitation, reciprocal easement agreements and utility agreements), zoning restrictions, rights-of-way, covenants, consents, reservations, encroachments, variations and other restrictions on the use of property or minor irregularities in title thereto, charges or encumbrances (whether or not recorded) affecting the use of real property and which are incidental to, and do not materially impair the use of such property in the operation of the business of the Partnership and its Subsidiaries, taken as a whole, or the value of such property for the purpose of such business;

(11)

Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt of the pollution control or industrial revenue bond type;

(12)

Liens on assets (a) securing all or any portion of the cost of acquiring, constructing, improving, developing, repairing or expanding such assets or (b) securing Debt incurred prior to, at the time of, or within 12 months after the later of

the acquisition, the completion of construction, improvement, development, repair or expansion or the commencement of commercial operations of such assets, for the purpose (in the case of this clause (b)) of (x) financing all or any part of the purchase price of such assets or (y) financing all or any part of the cost of construction, improvement, development, repair or expansion of any such assets;

(13)
Liens in favor of the Partnership, one or more Principal Domestic Subsidiaries, one or more wholly owned Subsidiaries of the Partnership or any combination of the foregoing;

(14)
the replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien, or of any agreement, referred to in the clauses above, or the replacement, extension or renewal of the Debt secured thereby (not exceeding the principal amount of Debt secured thereby, other than to provide for the payment of any underwriting or

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other fees related to any such replacement, extension or renewal, as well as any premiums owed on and accrued and unpaid interest payable in connection with any such replacement, extension or renewal); provided that such replacement, extension or renewal is limited to all or a part of the same property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto); or

(15)

any Lien not excepted by the foregoing clauses; provided that immediately after the creation or assumption of such Lien the aggregate principal amount of Debt of the Partnership or any Principal Domestic Subsidiary secured by all Liens created or assumed under the provisions of this clause, together with all net sale proceeds from any Sale-Leaseback Transactions, subject to certain exceptions, shall not exceed an amount equal to 15% of Consolidated Net Tangible Assets for the fiscal quarter that was most recently completed prior to the creation or assumption of such Lien.

Notwithstanding the foregoing, for purposes of making the calculation set forth in clause (15) of the preceding paragraph, with respect to any such secured Debt of a non-wholly-owned Principal Domestic Subsidiary of the Partnership with no recourse to the Partnership or any wholly owned Principal Domestic Subsidiary thereof, only that portion of the aggregate principal amount of such secured Debt reflecting the Partnership's pro rata ownership interest in such non-wholly-owned Principal Domestic Subsidiary shall be included in calculating compliance herewith.

Limitation on Sale-Leaseback Transactions

The 2045 indenture provides, and the new issuance indenture will provide, that while any notes of the applicable series remain outstanding, the Partnership will not, and will not permit any of its Principal Domestic Subsidiaries to, engage in a Sale-Leaseback Transaction, unless:

(1)

the Sale-Leaseback Transaction occurs within one year from the date of acquisition of the relevant Principal Property or the date of the completion of construction, development or substantial repair or improvement or commencement of full operations on such Principal Property, whichever is later;

(2)

the Partnership or such Principal Domestic Subsidiary would be entitled under the "Limitations on Liens" to incur Debt secured by a Lien on the Principal Property subject to the Sale-Leaseback Transaction in a principal amount equal to or exceeding the net sale proceeds from such Sale-Leaseback Transaction without equally and ratably securing the notes; or

(3)

the Partnership or such Principal Domestic Subsidiary, within a one year period after such Sale-Leaseback Transaction, applies or causes to be applied an amount equal to all or a portion of the net sale proceeds from such Sale-Leaseback Transaction (with any such amount not being so designated to be permitted as set forth in clause (2) above) to (a) the prepayment, repayment, redemption or retirement of any Debt of the Partnership or any of its Subsidiaries that is not by its terms subordinated to the notes (1) for borrowed money or (2) evidenced by bonds, debentures, notes or other similar instruments, or (b) the acquisition, construction, improvement, repair or expansion of one or more Principal Properties.

Reports

The 2045 indenture provides, and the new issuance indenture will provide, that so long as any notes of the applicable series are outstanding, the Partnership will:

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during such time as it is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), file with the trustee, within 30 days after it files the same with the Securities and Exchange Commission (the "SEC"), copies of the annual reports and the information, documents and other reports that it is required to file with the SEC pursuant to the Exchange Act; and

- during such time as it is not subject to the reporting requirements of the Exchange Act, file with the trustee, within 30 days after it would have been required to file the same with the SEC, financial statements, including any notes thereto (and with respect to annual reports, an auditors'

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report by a firm of established national reputation) and a Management's Discussion and Analysis of Financial Condition and Results of Operations, both comparable to what it would have been required to file with the SEC had it been subject to the reporting requirements of the Exchange Act.

Reports, information and documents filed with the SEC via the EDGAR system will be deemed to be delivered to the trustee as of the time of such filing via EDGAR for purposes of this covenant, provided, that the trustee shall have no responsibility to determine if such filing has occurred.

Consolidation, Merger, Conveyance or Transfer

The 2045 indenture provides, and the new issuance indenture will provide, that the Partnership may not consolidate with or merge with or into any other Person, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets and the properties or assets of its Subsidiaries (taken as a whole with the properties or assets of the Partnership) to another Person in one or more related transactions, unless:

- either: (a) in the case of a merger or consolidation, the Partnership is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Partnership) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is a Person formed, organized or existing under the laws of the United States, any state thereof or the District of Columbia;

- the Person formed by or surviving any such consolidation or merger (if other than the Partnership) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made expressly assumes all of the Partnership's obligations under the notes and the indenture, including the Partnership's obligation to pay all principal of, premium, if any, and interest on, the notes pursuant to the indenture;

- the Partnership delivers an officers' certificate and opinion of counsel to the trustee, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and any supplemental indenture required in connection therewith comply with the indenture and that all conditions precedent set forth in the indenture have been complied with; and

- immediately after giving effect to the transaction, no event of default or default under the indenture will have occurred and be continuing.

Upon the assumption of the Partnership's obligations under the indenture by a successor, the Partnership will be discharged from all obligations under the indenture (except in the case of a lease).

Discharge, Legal Defeasance and Covenant Defeasance

The 2045 indenture provides, and the new issuance indenture will provide, that the Partnership may be:

- discharged from its obligations, with certain limited exceptions, with respect to the notes of any series, as described in the indenture, such a discharge being called a "legal defeasance" in this prospectus supplement; and

- released from its obligations under certain covenants, including those described in "— Certain Covenants — Limitation on Liens," "— Certain Covenants — Limitation on Sale-Leaseback Transactions" and "— Certain Covenants — Consolidation, Merger, Conveyance or Transfer," such a release being called a "covenant defeasance" in this prospectus supplement.

The defeasance provisions of the indenture described in the accompanying base prospectus will apply to the notes. See "Description of Our Debt Securities — Defeasance of Debt Securities and Certain Covenants in Certain Circumstances" in the accompanying base prospectus.

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Satisfaction and Discharge

The Partnership may discharge all its obligations under the indenture with respect to the notes of any series when:

(a)
either:

(1)
all outstanding notes of such series that have been authenticated and issued (except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has theretofore been deposited in trust and thereafter repaid by the Partnership) have been delivered to the trustee for cancellation; or

(2)
all such notes that have not been delivered to the trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense of, the Partnership and the Partnership has deposited cash, certain U.S. government obligations or a combination thereof, in such amounts as will be sufficient to pay the entire indebtedness of such notes not delivered to the trustee for cancellation, for principal, premium, if any, and accrued interest to the stated maturity or redemption date;

(b)
the Partnership has paid or caused to be paid all other sums payable by them under the indenture with respect to the notes; and

(c)
the Partnership has delivered to the trustee an accountants' or investment bank's certificate as to the sufficiency of the trust funds, without reinvestment, to pay the entire indebtedness of such series of the notes at maturity.

Notwithstanding such satisfaction and discharge, the Partnership's obligations to compensate and indemnify the trustee, to pay additional amounts, if any, in respect of the applicable series of notes in certain circumstances and to transfer and exchange the notes pursuant to the terms of the applicable indenture and the Partnership's obligations and the obligations of the trustee to hold funds in trust and to apply such funds pursuant to the terms of the applicable indenture, with respect to issuing temporary notes, with respect to the registration, transfer and exchange of notes, with respect to the replacement of mutilated, destroyed, lost or stolen notes and with respect to the maintenance of an office or agency for payment, shall in each case survive such satisfaction and discharge.

Concerning the Trustee

The trustee will perform only those duties that are specifically set forth in the indenture unless an event of default occurs and is continuing. If an event of default occurs and is continuing, the trustee will exercise the same degree of care and skill in the exercise of its rights and powers under the indenture as a prudent man would exercise in the conduct of his own affairs. The trustee will be under no obligation to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the indenture, or in the exercise of any of its rights or powers.

Notice

Notice to holders of the notes will be given by first-class mail at such holder's address as it appears in the security register or, in the case of global notes, it will be given in accordance with the depositary's applicable procedures.

Other

The Partnership will make all payments on the notes without withholding or deducting any taxes or other governmental charges imposed by a United States jurisdiction, unless it is required to do so by applicable law. A holder of the notes may, however, be subject to U.S. federal income taxes, and taxes may be withheld on certain payments on the notes, as described under the caption "Material U.S. Federal Income Tax Consequences." If the Partnership is required to withhold taxes, it will not pay any additional, or gross up, amounts with respect to the

withholding or deduction.

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Title

The Partnership, the trustee and any agents of the foregoing may treat the person in whose name the notes are registered as the owner of the notes, whether or not such notes may be overdue, for the purpose of making payment and for all other purposes.

Governing Law

The 2045 indenture is, and the new issuance indenture and notes will be, governed by, and construed in accordance with, the laws of the State of New York.

Additional Information

Anyone who receives this prospectus supplement may obtain a copy of each of the base indenture and the supplemental indentures without charge by writing to Phillips 66 Partners LP, Attention: Investor Relations, 2331 CityWest Boulevard, Houston, Texas 77042, (855) 283-9237, or investorrelations@p66partners.com.

BOOK-ENTRY DELIVERY AND SETTLEMENT

Global Notes

Each series of notes offered hereby initially will be represented by one or more permanent global notes in fully registered, book-entry form. The global notes will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

DTC, Clearstream and Euroclear

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through DTC (in the United States of America), Clearstream Banking, société anonyme, Luxembourg ("Clearstream"), or Euroclear Bank S.A./N.V. (the "Euroclear Operator"), as operator of the Euroclear System (in Europe) ("Euroclear"), either directly if they are participants of such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the U.S. depositaries' names on the books of DTC. DTC has advised us as follows:

- DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Exchange Act.

- Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

- Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

- The rules applicable to DTC and its direct and indirect participants are on file with the SEC.

The Partnership has provided the descriptions of the operations and procedures of DTC, Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the underwriters or the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC, Clearstream and Euroclear or their participants directly to discuss these matters.

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The Partnership expects that under procedures established by DTC:

- upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and

- ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the applicable indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive physical delivery of definitive notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global note.

None of the Partnership, the underwriters or the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the notes.

Payments on the notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. The Partnership expects that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. The Partnership also expects that payments by participants to owners of beneficial interests in a global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Distributions on the notes held beneficially through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions on the notes held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for Euroclear.

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Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC's system in accordance with DTC rules on behalf of the relevant European international clearing system by the U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving the notes in DTC's system, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC.

Clearstream customers and Euroclear participants may not deliver instructions directly to their U.S. depositaries.

Because of time-zone differences, credits of the notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in the notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

Definitive Notes

The Partnership will issue definitive notes under the indenture to each person that DTC identifies as the beneficial owner of the notes represented by a global note upon surrender by DTC of the global note only if:

- DTC notifies us that it is unwilling, unable or ineligible to continue as a depositary for the global note, and the Partnership has not appointed a successor depositary within 90 days of that notice;

- DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered and the Partnership has not appointed a successor depository within 90 days of becoming aware of such cessation;

- the Partnership, subject to the procedures of DTC, determines not to have the notes represented by global notes; or

- an event of default under such indenture has occurred and is continuing, and DTC requests the issuance of certificated notes.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related notes. The Partnership and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

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Certain Definitions

"Consolidated Net Tangible Assets" means at any date of determination, the total amount of consolidated assets of the Partnership and its Subsidiaries after deducting therefrom (1) all current liabilities (excluding (a) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed and (b) current maturities of long-term debt), and (2) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on the consolidated balance sheet of the Partnership and its Subsidiaries for the most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles in the United States.

"Debt" of any Person means, without duplication, (1) all indebtedness of such Person for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (3) all obligations of such Person in respect of letters of credit or other similar instruments (or reimbursement obligations with respect thereto), other than trade letters of credit and documentary letters of credit, performance bonds and other obligations issued by or for the account of such Person in the ordinary course of business, to the extent not drawn or, to the extent drawn, if such drawing is not reimbursed by the third Business Day following demand for reimbursement, (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses incurred in the ordinary course of business, (5) all capitalized lease obligations of such Person, (6) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person (provided that if the obligations so secured have not been assumed in full by such Person or are not otherwise such Person's legal liability in full, then such obligations shall be deemed to be in an amount equal to the greater of (a) the lesser of (i) the full amount of such obligations and (ii) the fair market value of such assets, as determined in good faith by the Board of Directors of such Person, which determination shall be evidenced by a resolutions of the Board of Directors of the General Partner, and (b) the amount of obligations as have been assumed by such Person or which are otherwise such Person's legal liability), and (7) all Debt of others (other than endorsements in the ordinary course of business) guaranteed by such Person to the extent of such guarantee.

"General Partner" means Phillips 66 Partners GP LLC, a Delaware limited liability company.

"Guarantors" means any Subsidiary of the Partnership that becomes a Guarantor in accordance with the provisions of the indenture.

"obligations" means any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Debt or in respect thereto.

"Person" means any individual, corporation, partnership, joint venture, joint stock company, association, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"Principal Property" means, whether currently owned or leased or subsequently acquired, any pipeline, gathering system, terminal, storage facility, processing plant or other plant or facility located in the United States of America or any territory or political subdivision thereof owned or leased by the Partnership or any of its Subsidiaries and used in the transportation, distribution, terminalling, gathering, treating, processing, marketing or storage of crude oil, natural gas, natural gas liquids and propane and refined petroleum products except (1) any property or asset consisting of inventories, furniture, office fixtures and equipment (including data processing equipment), vehicles and equipment used on, or useful with, vehicles (but excluding vehicles that generate transportation revenues) and (2) any such property or asset, plant or terminal which, in the good faith opinion of the Board of Directors of the General Partner as evidenced by resolutions of the Board of Directors of the General Partner, is not of material importance to the total business conducted by the Partnership and its Subsidiaries, taken as a whole.

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"Principal Domestic Subsidiary" means any of the Partnership's Subsidiaries that (i) has substantially all of its assets located in the United States, (ii) owns or leases, directly or indirectly, a Principal Property and (iii) in which the Partnership's direct or indirect capital investment, together with the outstanding balance of (a) any loans and advances made to such Subsidiary by the Partnership or any other Subsidiary and (b) any Debt of such Subsidiary guaranteed by the Partnership or any other Subsidiary exceeds $20,000,000.

"Revolving Credit Facility" means the Credit Agreement, dated as of June 7, 2013, among Phillips 66 Partners LP, Phillips 66 Partners Holdings LLC, JPMorgan Chase Bank, N.A., as administrative agent, The Royal Bank of Scotland PLC and DNB Bank ASA, New York Branch, as co-syndication agents, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and PNC Bank, National Association, as co-documentation agents, and each of RBS Securities Inc., DNB Markets, Inc., Mizuho Corporate Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and PNC Capital Markets LLC, as joint lead arrangers and book runners, and the other commercial lending institutions parties thereto, as amended, restated, refinanced, replaced or refunded from time to time.

"Sale-Leaseback Transaction" means the sale or transfer by the Partnership or any Principal Domestic Subsidiary of any Principal Property to a Person (other than the Partnership or a Principal Domestic Subsidiary) and the taking back by the Partnership or any Principal Domestic Subsidiary, as the case may be, of a lease of such Principal Property, other than (1) temporary leases for a term, including renewals at the option of the lessee, of not more than three years, (2) leases between the Partnership and a Subsidiary or between Subsidiaries, and (3) leases of Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction, repair or improvement, or the commencement of commercial operation of the Principal Property.

"Subsidiary" means, as to any Person, (1) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than 50% of the outstanding capital stock having ordinary voting power is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or (2) any general or limited partnership or limited liability company, (a) the sole general partner or member of which is the Person or a Subsidiary of the Person or (b) if there is more than one general partner or member, either (i) the only managing general partners or managing members of such partnership or limited liability company are such Person or Subsidiaries of such Person or (ii) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other voting equities of such partnership or limited liability company, respectively.

"Subsidiary Guarantee" means any guarantee by a Guarantor of the Partnership's obligations under the indenture and on the notes.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the notes.

This discussion is limited to holders who hold the notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing (a) the notes for cash in this offering and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the notes is sold to the public for cash) and (b) the new 2045 notes in this offering for a price equal to the price of the new 2045 notes shown on the front cover of this prospectus supplement. This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes and other pass through entities (and investors therein);

- tax-exempt organizations or governmental organizations; and

- persons deemed to sell the notes under the constructive sale provisions of the Code.

If an entity treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

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Tax Consequences Applicable to U.S. Holders

Definition of a U.S. Holder

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a note that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Qualified Reopening

It is anticipated, and the following discussion assumes, that the notes will be issued with no more than a de minimis amount of original issue discount, and therefore we intend to treat the new 2045 notes as issued pursuant to a "qualified reopening" of the existing 2045 notes. For U.S. federal income tax purposes, debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under the treatment described in this paragraph, all of the new 2045 notes issued pursuant to this prospectus supplement will be deemed to have the same issue date and the same issue price as the existing 2045 notes for U.S. federal income tax purposes. The remainder of this discussion assumes that the issuance of the new 2045 notes offered hereby will be treated as a qualified reopening of the existing 2045 notes.

Payments of Interest

Interest on a note generally will be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. Holder's method of tax accounting for U.S. federal income tax purposes.

A portion of the price paid for a new 2045 note will be attributable to interest that "accrued" prior to the date the new 2045 note is issued ("pre-issuance accrued interest"). To the extent a portion of your purchase price for a new 2045 note is attributable to pre-issuance accrued interest, a portion of the first stated interest payment equal to the amount of such pre-issuance accrued interest may be treated as a nontaxable return of such pre-issuance accrued interest and accordingly the pre-issuance accrued interest, when received, will not be taxable as interest on the new 2045 notes. In this event, amounts treated as a return of pre-issuance accrued interest will reduce your adjusted tax basis in the new 2045 notes by a corresponding amount.

Premium

If you purchase a new 2045 note for an amount (excluding any amounts that are treated for U.S. federal income tax purposes as pre-issuance accrued interest as described above) that exceeds the principal amount of the new 2045 note, you will be considered to have purchased the new 2045 note with "amortizable bond premium" equal in amount to the excess. Generally, you may elect to amortize the bond premium (or, if it results in a smaller amortizable bond premium attributable to the period of an earlier call date, an amount determined with reference to the amount payable on the earlier call date) as an offset to stated interest income, using a constant yield method, over the remaining term of the new 2045 note (or assuming the exercise of a call option, if use of the call date in lieu of the stated maturity date results in a smaller amortizable bond premium for the period ending on the call date). If you elect to amortize bond premium, you must reduce your adjusted tax basis in the new 2045 note by the amount of the bond premium used to offset stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations held or subsequently acquired by you on or after the first day of the

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first taxable year to which the election applies and may be revoked only with the consent of the IRS. If you do not elect to amortize bond premium, that premium will decrease the gain or increase the loss you would otherwise recognize on the disposition of the new 2045 note.

Sale or Other Taxable Disposition

A U.S. Holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note. The amount of such gain or loss will generally equal the difference between the amount received for the note in cash or other property valued at fair market value (less amounts attributable to any accrued but unpaid interest (that is not pre-issuance accrued interest), which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount the U.S. Holder paid for the note, which, in the case of a new 2045 note, will be decreased by amortizable bond premium that the U.S. Holder has previously elected to amortize against interest income and a portion representing any pre-issuance accrued interest you receive from us. Any gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of sale or other taxable disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, generally will be taxable at a reduced rate. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

A U.S. Holder may be subject to information reporting and backup withholding when such holder receives payments on a note or receives proceeds from the sale or other taxable disposition of a note (including a redemption or retirement of a note). Certain U.S. Holders are exempt from backup withholding, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and:

- the holder fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;

- the holder furnishes an incorrect taxpayer identification number;

- the applicable withholding agent is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or

- the holder fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Tax Consequences Applicable to Non-U.S. Holders

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of a note that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

Payments of Interest

Subject to the discussion of backup withholding and FATCA withholding below, interest paid on a note to a Non-U.S. Holder that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S. federal income tax, or withholding tax of 30% (or such lower rate specified by an applicable income tax treaty), provided that:

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- the Non-U.S. Holder does not, actually or constructively, own 10% or more of our capital or profits;

- the Non-U.S. Holder is not a controlled foreign corporation related to us (actually or constructively); and

- either (1) the Non-U.S. Holder certifies in a statement provided to the applicable withholding agent under penalties of perjury that it is not a United States person and provides its name and address; (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the note on behalf of the Non-U.S. Holder certifies to the applicable withholding agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a statement under penalties of perjury that such holder is not a United States person and provides a copy of such statement to the applicable withholding agent; or (3) the Non-U.S. Holder holds its note directly through a "qualified intermediary" (within the meaning of applicable Treasury Regulations) and certain conditions are satisfied.

Even if a Non-U.S. Holder does not satisfy the requirements above, such Non-U.S. Holder may be entitled to a reduction in or an exemption from withholding on such interest as a result of an applicable tax treaty. To claim such entitlement, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) claiming a reduction in or exemption from withholding tax under the benefit of an income tax treaty between the United States and the country in which the Non-U.S. Holder resides or is established.

If interest paid to a Non-U.S. Holder is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such interest is attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that interest paid on a note is not subject to withholding tax because it is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States.

Any such effectively connected interest generally will be subject to U.S. federal income tax at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected interest, as adjusted for certain items.

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition

Subject to the discussion of backup withholding and FATCA withholding below, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange, redemption, retirement or other taxable disposition of a note (such amount excludes any amount allocable to accrued and unpaid interest, which generally will be treated as interest and may be subject to the rules discussed above in "— Payments of Interest") unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable); or

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the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

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Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of interest generally will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder certifies its non-U.S. status as described above under "— Payments of Interest." However, information returns are required to be filed with the IRS in connection with any interest paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of a note (including a retirement or redemption of the note) within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the statement described above and does not have actual knowledge or reason to know that such holder is a United States person or the holder otherwise establishes an exemption. Proceeds of a disposition of a note paid outside the United States and conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on payments of interest on, or gross proceeds from the sale or other disposition of, a note paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of interest on a note and will apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019.

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Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in the notes.

Debt Indemnification Agreement

Concurrently with the closing of this offering, we, our general partner and P66 Company will enter into a debt indemnification agreement with respect to the notes that provides that P66 Company will repay up to $ million of any amounts (including principal) outstanding under the notes, but only after an occurrence of an event of default coupled with an acceleration of the notes and to the extent our assets are insufficient to pay such losses. P66 Company will be required to maintain sufficient net worth independent of its interest in the Partnership to support its obligations under this debt indemnification agreement, which will be enforceable under Texas state law.

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UNDERWRITING

Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in the underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of the notes set forth opposite its name below.

Underwriter	Principal amount of notes	Principal amount of new 2045 notes
Citigroup Global Markets Inc.	$	$
MUFG Securities Americas Inc.		
Scotia Capital (USA) Inc.		
TD Securities (USA) LLC		
Total	$	$

The underwriting agreement provides that the obligations of the several underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the notes if they purchase any of the notes. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

	Per note	Total	Per new 2045 note	Total
Underwriting discount paid by us	%	$	%	$

We do not intend to apply for listing of the notes on a national securities exchange. The new 2045 notes will constitute one series with the existing 2045 notes, for which a trading market currently exists. We have been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to whether or not a trading market for the notes will develop or as to the liquidity of any trading market for the notes that may develop.

In connection with the offering, the representatives, on behalf of the underwriters, may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

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

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

We estimate that our total expenses (not including the underwriting discount) for this offering will be $1.5 million.

We and our general partner have agreed that we will not offer, sell, issue, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any U.S. dollar-denominated debt securities issued or guaranteed by us and having a

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maturity of more than one year from the date of issue, or publicly disclose an intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the representatives, for a period ending on the first business day after the closing of this offering of notes.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Relationships

Certain of the underwriters and their affiliates have, from time to time, performed and may in the future perform, various financial advisory, investment banking and commercial services for us, for which they have received or will receive customary fees and expense reimbursements. In addition, affiliates of Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC are lenders under our revolving credit facility, affiliates of Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC are lenders under Phillips 66's Credit Agreement dated as of February 22, 2012, as amended and affiliates of Citigroup Global Markets Inc., MUFG Securities Americas Inc., Scotia Capital (USA) Inc. and TD Securities (USA) LLC are lenders under the credit agreement relating to the Assumed Term Loan, for which such affiliates of such underwriters, in all cases, have received customary fees. We may use a portion of the net proceeds from the offering to repay borrowings outstanding under our revolving credit facility and the Assumed Term Loan, and as a result of such repayments, such affiliates of the underwriters will receive a portion of the proceeds of this offering.

Because the Financial Industry Regulatory Authority, Inc. ("FINRA") view our securities as interests in a direct participation program, any offering of notes under the registration statement of which this prospectus supplement forms a part will be made in accordance with Rule 2310 of the FINRA Rules.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Extended Settlement

We expect that delivery of the notes will be made to investors on , 2017, which will be the third business day following the date of pricing of the notes (such settlement being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the initial trade date of the notes will be required, by virtue of the fact that the notes initially will settle in T+3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement and should consult their advisors.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

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Selling Restrictions

Notice to Prospective Investors in the United Kingdom

Each of the underwriters severally represents warrants and agrees as follows:

(a)

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the securities in circumstances in which Section 21 of the FSMA does not apply to us; and

(b)

it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities described herein. The securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor the Company nor the securities have been or will be filed with or approved by any Swiss regulatory authority. The securities are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("FINMA"), and investors in the securities will not benefit from protection or supervision by such authority.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of securities which are the subject of the offering contemplated by this prospectus to the public in that Relevant Member State other than:

(a)

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b)

to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c)

in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means

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Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in Hong Kong

Each Underwriter (i) has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each initial purchaser has not offered or sold any notes or caused such notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such notes or cause such notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such notes, whether directly or indirectly, to persons in Singapore other than

(1)

to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"),

(2)

to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or

(3)

otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a.

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

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b.

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Debentures pursuant to an offer made under Section 275 of the SFA, except:

i.

to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA;

ii.

where no consideration is or will be given for the transfer;

iii.

where the transfer is by operation of law;

iv.

as specified in Section 276(7) of the SFA; or

v.

as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

LEGAL MATTERS

Certain legal matters with respect to the validity of the notes will be passed upon for us by Latham & Watkins LLP, Houston, Texas. The underwriters have been represented in connection with this offering by Cravath, Swaine & Moore, LLP, New York, New York.

EXPERTS

The consolidated financial statements of Phillips 66 Partners LP at December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and the effectiveness of Phillips 66 Partners LP's internal control over financial reporting as of December 31, 2016, appearing in Phillips 66 Partners LP's Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference, which as to the consolidated financial statements for the years ended December 31, 2016 and December 31, 2015, are based in part on the reports of Deloitte & Touche LLP, independent registered public accounting firm. The consolidated financial statements of DCP Sand Hills Pipeline, LLC (which Phillips 66 Partners LP accounts for using the equity method of accounting) as of December 31, 2016 and 2015, and for the year ended December 31, 2016 and the period from March 2, 2015 through December 31, 2015, and the consolidated financial statements of DCP Southern Hills Pipeline, LLC (which Phillips 66 Partners LP accounts for using the equity method of accounting) as of and for the years ended December 31, 2016 and 2015, have been audited by Deloitte & Touche LLP, as stated in their reports, which are incorporated herein by reference. The consolidated financial statements of Phillips 66 Partners LP, referred to above, are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC under the Securities Act that registers the offer and sale from time to time of our common units and debt securities, including the notes covered by this prospectus supplement. The registration statement, including the attached exhibits, contains additional relevant information about us and our securities. In addition, we file annual, quarterly and current reports with the SEC. Our SEC filings are available over the internet at the SEC's website at http://www.sec.gov. You also can read and copy any document we file at the SEC's

public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference room and its copy charges.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus supplement or the accompanying base prospectus by referring you to other

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documents filed separately with the SEC. The information incorporated by reference is an important part of this prospectus supplement and the accompanying base prospectus. Information that we later provide to the SEC, and that is deemed to be "filed" with the SEC, will automatically update information previously filed with the SEC and may replace information in this prospectus supplement and the accompanying base prospectus and information previously filed with the SEC.

We incorporate by reference in this prospectus supplement the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (excluding information deemed to be furnished and not filed with the SEC), until all the notes offered hereby are sold:

- Our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on February 12, 2017;

- Our Quarterly Report on Form 10-Q for the period ended March 31, 2017, as filed with the SEC on May 5, 2017;

- Our Quarterly Report on Form 10-Q for the period ended June 30, 2017 as filed with the SEC on August 1, 2017; and

- Our Current Reports on Form 8-K as filed with the SEC on January 18, 2017, April 19, 2017, July 19, 2017, September 25, 2017, and October 10, 2017 (excluding any information furnished pursuant to Item 2.02 or Item 7.01 of any such Current Report on Form 8-K).

You may request a copy of any document incorporated by reference in this prospectus supplement and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

Phillips 66 Partners LP
2331 CityWest Boulevard
Houston, Texas 77042
Attention: Investor Relations
Telephone: (855) 283-9237

We also make available free of charge on our internet website at www.phillips66partners.com our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus supplement and you should not consider information contained on our website as part of this prospectus supplement.

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PROSPECTUS

Phillips 66 Partners LP
Common Units Representing Limited Partner Interests
Preferred Units Representing Limited Partner Interests
Debt Securities

We may from time to time, in one or more offerings, offer and sell common units representing limited partner interests in Phillips 66 Partners LP, preferred units representing limited partner interests or debt securities described in this prospectus. We refer collectively to the common units, preferred units and debt securities as the "securities."
This prospectus describes only the general terms of these securities and the general manner in which we will offer the securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The prospectus supplement will describe the specific manner in which we will offer the securities and also may add, update or change information contained in this prospectus. The names of any underwriters and the specific terms of a plan of distribution will be stated in the prospectus supplement. You should carefully read this prospectus and the applicable prospectus supplement before you invest in any of our securities.
We may offer and sell the securities in amounts, at prices and on terms to be determined by market conditions and other factors at the time of the offering. No securities may be sold without the delivery of this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such securities.
Our common units are traded on the New York Stock Exchange, or the NYSE, under the symbol "PSXP."

Investing in our securities involves risks. You should carefully consider the factors described under "Risk Factors" beginning on page 2 of this prospectus and any similar section contained in the applicable prospectus supplement before you make an investment in our securities.
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 5, 2017.

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In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. You should not assume that the information contained in the documents incorporated by reference in this prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we have filed with the Securities and Exchange Commission, or the SEC, as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933 as amended, or the Securities Act, utilizing a "shelf" registration process or continuous offering process. Under this shelf registration process, we may, from time to time, sell an unlimited amount of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of Phillips 66 Partners LP and the securities that are registered hereunder that may be offered by us. Each time we sell any securities offered by this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. To the extent information in this prospectus is inconsistent with the information contained in a prospectus supplement, you should rely on the information in the prospectus supplement.

A prospectus supplement may include additional risk factors or other special considerations applicable to those securities and may also add, update or change information in this prospectus. Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. Please read "Where You Can Find More Information." You are urged to read carefully this prospectus and any attached prospectus supplements relating to the securities offered to you, together with the additional information described under the heading "Where You Can Find More Information," before investing in our securities.

Unless the context otherwise requires, references in this prospectus to "Phillips 66 Partners LP," "the Partnership," "we," "our," "us," or like terms refer to Phillips 66 Partners LP and our subsidiaries. "Phillips 66" refers to Phillips 66 and its consolidated subsidiaries, other than Phillips 66 Partners LP, our subsidiaries and our general partner.

WHERE YOU CAN FIND MORE INFORMATION

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

The SEC allows us to "incorporate by reference" the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. These other documents contain important information about us, our financial condition and our results of operations. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), excluding any information in those documents that is deemed by the rules of the SEC to be furnished not filed, until the termination of the registration statement:

- our annual report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017;

- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which was filed with the SEC on May 5, 2017;

- our Current Reports on Form 8-K as filed with the SEC on April 19, 2017 and April 28, 2017 (excluding any information furnished pursuant to Items 2.02 or 7.01 of any such Current Report on Form 8-K); and

- the description of our common units contained in our registration statement on Form 8-A (File No. 001-36011) filed with the SEC on July 18, 2013, and including any other amendments or reports filed for the purpose of updating such

description.

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Our principal executive offices are located at 2331 CityWest Blvd., Houston, Texas 77042, and our telephone number is (855) 283-9237. Our common units trade on the New York Stock Exchange under the symbol "PSXP." We file annual, quarterly and other reports and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public on the SEC's website at http://www.sec.gov. We also make available, free of charge on our website at http://www.phillips66partners.com, all materials that we electronically file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports, and amendments to these reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website, however, is not, and should not be deemed to be, a part of this prospectus. You may request a copy of any document incorporated by reference in this prospectus (including exhibits to those documents specifically incorporated by reference in this prospectus), free of charge by contacting us at Phillips 66 Partners LP, Attention: Investor Relations, 2331 CityWest Blvd., Houston, Texas 77042, (855) 283-9237, or investorrelations@p66partners.com. We also post on our website our governance guidelines, code of business ethics and conduct, and the charter for the audit committee of our board of directors.

FORWARD-LOOKING STATEMENTS

Some of the statements and information included in this prospectus, any prospectus supplement and the information incorporated by reference in this prospectus or any prospectus supplement may contain forward-looking statements. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "outlook," "effort," "target" and similar expressions.

We based the forward-looking statements on our current expectations, estimates and projections about us and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- The continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements.

- The volume of crude oil, natural gas liquids ("NGL") and refined petroleum products we transport, fractionate, terminal and store.

- The tariff rates with respect to volumes that we transport through our regulated assets, which rates are subject to review and possible adjustment by federal and state regulators.

- Changes in revenue we realize under the loss allowance provisions of our regulated tariffs resulting from changes in underlying commodity prices.

- Fluctuations in the prices for crude oil, NGL and refined petroleum products.

- Changes in global economic conditions and the effects of a global economic downturn on the business of Phillips 66 and the business of its suppliers, customers, business partners and credit lenders.

- Liabilities associated with the risks and operational hazards inherent in transporting, fractionating, terminaling and storing crude oil, NGL and refined petroleum products.

- Curtailment of operations due to severe weather disruption; riots, strikes, lockouts or other industrial disturbances; or failure of information technology systems due to various causes, including unauthorized access or attack.

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- Inability to timely obtain or maintain permits, including those necessary for capital projects; comply with government regulations; or make capital expenditures required to maintain compliance.

- Failure to timely complete construction of announced and future capital projects.

- The operation, financing and distribution decisions of our joint ventures.

- Costs or liabilities associated with federal, state, and local laws and regulations relating to environmental protection and safety, including spills, releases and pipeline integrity.

- Costs associated with compliance with evolving environmental laws and regulations on climate change.

- Costs associated with compliance with safety regulations, including pipeline integrity management program testing and related repairs.

- Changes in the cost or availability of third-party vessels, pipelines, railcars and other means of delivering and transporting crude oil, NGL and refined petroleum products.

- Direct or indirect effects on our business resulting from actual or threatened terrorist incidents or acts of war.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in this prospectus and any prospectus supplement, as well as other written and oral statements made or incorporated by reference from time to time by us in other reports and filings with the SEC. All forward-looking statements included in this prospectus, any prospectus supplement and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made, other than as required by law, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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ABOUT PHILLIPS 66 PARTNERS LP

We are a growth-oriented master limited partnership formed to own, operate, develop and acquire primarily fee-based crude oil, refined petroleum product and NGL pipelines and terminals, as well as other midstream assets. We are managed and operated by the executive officers of our general partner, with oversight provided by its board of directors. Neither we nor our subsidiaries have any employees. Our general partner has the sole responsibility for providing the employees and other personnel necessary to conduct our operations.

We generate revenue primarily by charging tariffs and fees for transporting crude oil, refined petroleum products and NGL through our pipelines, and terminaling and storing crude oil, refined petroleum products and NGL at our terminals, rail racks and storage facilities. In addition, we also generate revenue from the fractionation of NGL. Our equity affiliates generate revenue primarily from transporting and terminaling NGL, refined petroleum products and crude oil. Since we do not own any of the crude oil, refined petroleum products and NGL we handle, and do not engage in the trading of these commodities, we have limited direct exposure to risks associated with fluctuating commodity prices, although these risks indirectly influence our activities and results of operations over the long term.

We have multiple commercial agreements with Phillips 66, including transportation services agreements, terminal services agreements, storage services agreements, stevedoring services agreements, a fractionation services agreement and rail terminal services agreements. Under many of these agreements, Phillips 66 commits to provide us with minimum quarterly throughput volumes or minimum monthly capacity or service fees. If Phillips 66 fails to transport, throughput or store its minimum throughput volume during any quarter, then Phillips 66 will pay us a deficiency payment based on the calculation described in the agreement. We believe these agreements promote stable and predictable cash flows and they are the source of a substantial portion of our revenue.

Our general partner, Phillips 66 Partners GP LLC, is a Delaware limited liability company. We are managed and controlled by our general partner.

Our executive offices are located at 2331 CityWest Blvd., Houston, Texas 77042, and our telephone number is (855) 283-9237. Our website is located at http://www.phillips66partners.com.

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RISK FACTORS

An investment in our securities involves risks. Before you invest in our securities, you should carefully consider the risk factors included in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and those that may be included in any applicable prospectus supplement, as well as risks described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and cautionary notes regarding forward-looking statements included or incorporated by reference in this prospectus, together with all of the other information included or incorporated by reference in this prospectus, any prospectus supplement and the documents we incorporate by reference.

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

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USE OF PROCEEDS

Unless otherwise indicated to the contrary in an applicable prospectus supplement, we will use the net proceeds from the sale of the securities covered by this prospectus for general partnership purposes, which may include debt repayment, future acquisitions, capital expenditures and additions to working capital.

Any allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of the offering and will be described in a prospectus supplement.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of computing the ratio of earnings to fixed charges, "earnings" are defined as income before taxes adjusted for undistributed equity earnings, plus fixed charges less capitalized interest. "Fixed charges" consist of interest expensed and capitalized, amortization of deferred loan costs and an estimate of interest within rent expense.

	Three months ended March 31, 2017	Year Ended December 31, 2016	2015	2014	2013	2012
	(Millions of Dollars)					
Earnings Available for Fixed Charges						
Income before income tax	$ 97	410	306	246	176	123
Undistributed equity earnings*	(4)	1	—	—	—	—
Fixed charges, excluding capitalized interest	24	53	35	5	—	—
Amortization of capitalized interest	—	2	—	—	—	—
	$ 117	466	341	251	176	123
Fixed Charges						
Interest and expense on indebtedness, excluding capitalized interest	$ 24	52	34	5	—	—
Capitalized interest	—	5	32	7	—	—
Interest portion of rental expense	—	1	1	—	—	—
	$ 24	58	67	12	—	—
Ratio of Earnings to Fixed Charges	4.9X	8.0X	5.1X	20.9X	N/A	N/A

*
Includes unfunded equity losses.

For the periods indicated above, we did not have any outstanding preferred units with required distributions. Therefore, the ratios of earnings to combined fixed charges and preferred unit distributions are identical to the ratios presented in the tables above.

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DESCRIPTION OF OUR COMMON UNITS

The following description of our common units is not complete and may not contain all the information you should consider before investing in our common units. This description is summarized from, and qualified in its entirety by reference to, our partnership agreement, which has been publicly filed with the SEC. See "Where You Can Find More Information."

The Units

The common units represent limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of common units in and to partnership distributions, please read this section and "Provisions of Our Partnership Agreement Relating to Cash Distributions." For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, please read "Our Partnership Agreement." Our outstanding common units are listed on the NYSE under the symbol "PSXP" and any additional common units we issue will also be listed on the NYSE. As of April 30, 2017, 107,993,894 common units were outstanding.

Transfer Agent and Registrar

Duties

American Stock Transfer & Trust Company, LLC serves as registrar and transfer agent for our common units. We pay all fees charged by the transfer agent for transfers of common units, except for the following, which must be paid by unitholders:

- surety bond premiums to replace lost or stolen certificates, or to cover related taxes and other governmental charges;
- special charges for services requested by a holder of a common unit; and
- other similar fees or charges.

There is no charge to unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of the resignation or removal, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

Upon the transfer of a common unit in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

- automatically agrees to be bound by the terms and conditions of, and is deemed to have executed, our partnership agreement;
- represents and warrants that the transferee has the right, power, authority, and capacity to enter into our partnership agreement; and
-

gives the consents, waivers and approvals contained in our partnership agreement.

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Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly. We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and any transfers are subject to the laws governing the transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

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DESCRIPTION OF OUR PREFERRED UNITS

Our partnership agreement authorizes us to issue an unlimited number of additional limited partner interests and other equity securities on the terms and conditions established by our general partner without the approval of any of our limited partners. In accordance with Delaware law and the provisions of our partnership agreement, we may issue additional partnership interests that have special voting rights to which our common units are not entitled, which we refer to in this prospectus as "preferred units." As of the date of this prospectus, we have no preferred units outstanding. Should we offer preferred units under this prospectus, a prospectus supplement relating to the particular series of preferred units offered will include the specific terms of those preferred units, including, among other things, the following:

- the designation, stated value and liquidation preference of the preferred units and the number of preferred units offered;
- the initial public offering price at which the preferred units will be issued;
- any conversion or exchange provisions of the preferred units;
- any redemption, repurchase or sinking fund provisions of the preferred units;
- the distribution rights of the preferred units, if any;
- a discussion of any additional material federal income tax considerations with respect to the preferred units; and
- any additional rights, preferences, privileges, limitations, and restrictions of the preferred units.

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DESCRIPTION OF OUR DEBT SECURITIES

The following description, together with the additional information we include in any applicable prospectus supplement, summarizes certain general terms and provisions of the debt securities that we may offer under this prospectus. When we offer to sell a particular series of debt securities, we will describe the specific terms of the series in a supplement to this prospectus. We will also indicate in the prospectus supplement to what extent the general terms and provisions described in this prospectus apply to a particular series of debt securities. To the extent the information contained in the prospectus supplement differs from this summary description, you should rely on the information in the prospectus supplement.

We may issue debt securities either separately, or together with, or upon the conversion or exercise of or in exchange for, other securities described in this prospectus. Debt securities may be our senior, senior subordinated or subordinated obligations and, unless otherwise specified in a supplement to this prospectus, the debt securities will be our direct, unsecured obligations and may be issued in one or more series. In the event that any series of debt securities will be subordinated to other indebtedness that we have outstanding or may incur, the terms of the subordination will be set forth in the prospectus supplement relating to the subordinated debt securities.

The debt securities will be issued under the indenture, dated as of February 23, 2015, between us and The Bank of New York Mellon Trust Company, National Association, as trustee (the "indenture"). We have summarized select portions of the indenture below. The summary is not complete. The indenture has been filed as an exhibit to the registration statement and you should read the indenture for provisions that may be important to you. In the summary below, we have included references to the section numbers of the indenture so that you can easily locate these provisions. Capitalized terms used in the summary and not defined herein have the meanings specified in the indenture.

As used in this section only, references to the words "we," "us," "our", or "the Partnership" refer to Phillips 66 Partners LP.

General

The terms of each series of debt securities will be established by or pursuant to a resolution of the board of directors of our general partner and set forth or determined in the manner provided in a resolution of such board of directors, in an officer's certificate or by a supplemental indenture. (Section 2.2) The particular terms of each series of debt securities will be described in a prospectus supplement relating to such series (including any pricing supplement or term sheet).

We can issue an unlimited amount of debt securities under the indenture that may be in one or more series with the same or various maturities, at par, at a premium, or at a discount. (Section 2.1) We will set forth in a prospectus supplement (including any pricing supplement or term sheet) relating to any series of debt securities being offered the aggregate principal amount and the following terms of such series of debt securities, if applicable:

- the title and ranking of the debt securities (including the terms of any subordination provisions);
- the price or prices (expressed as a percentage of the principal amount) at which we will sell the debt securities;
- any limit on the aggregate principal amount of the debt securities;
- the date or dates on which the principal of the securities of the series is payable;
- the rate or rates (which may be fixed or variable) per annum or the method used to determine the rate or rates (including any commodity, commodity index, stock exchange index or financial index) at which the debt securities will bear interest, the date or dates from which interest will accrue, the date or dates on which interest will commence and be payable and any regular record date for the interest payable on any interest payment date;
-

the place or places where principal of, and interest, if any, on the debt securities will be payable (and the method of such payment), where the securities may be surrendered for registration of transfer or exchange, and where notices and demands to us in respect of the debt securities may be delivered;

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- the period or periods within which, the price or prices at which and the terms and conditions upon which we may redeem the debt securities at our option;

- any obligation we have to redeem or purchase the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder of debt securities and the period or periods within which, the price or prices at which and the terms and conditions upon which securities shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

- the dates on which and the price or prices at which we will repurchase debt securities at the option of the holders of debt securities and other detailed terms and provisions of these repurchase obligations;

- the denominations in which the debt securities will be issued, if other than denominations of $1,000 and any integral multiple thereof;

- whether the debt securities will be issued in the form of certificated debt securities or global debt securities;

- the portion of principal amount of the debt securities payable upon declaration of acceleration of the maturity date, if other than the principal amount;

- the currency of denomination of the debt securities, which may be United States Dollars or any foreign currency, and if such currency of denomination is a composite currency, the agency or organization, if any, responsible for overseeing such composite currency;

- the designation of the currency, currencies or currency units in which payment of principal of and interest on the debt securities will be made;

- if payments of principal of or interest on the debt securities will be made in one or more currencies or currency units other than that or those in which the debt securities are denominated, the manner in which the exchange rate with respect to these payments will be determined;

- the manner in which the amounts of payment of principal of or interest on the debt securities will be determined, if these amounts may be determined by reference to an index based on a currency or currencies or by reference to a commodity, commodity index, stock exchange index or financial index;

- any provisions relating to any security provided for the debt securities;

- any addition to, deletion of or change in the Events of Default described in this prospectus or in the indenture with respect to the debt securities and any change in the acceleration provisions described in this prospectus or in the

indenture with respect to the debt securities;

- any addition to, deletion of or change in the covenants described in this prospectus or in the indenture with respect to the debt securities;

- any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents with respect to the debt securities;

- the provisions, if any, relating to conversion or exchange of any debt securities, including, if applicable, the conversion or exchange price and period, provisions as to whether conversion or exchange will be mandatory at the option of the holders or of us, the events requiring an adjustment of the conversion or exchange price and provisions affecting conversion or exchange; and

- any other terms of the debt securities, which may supplement, modify or delete any provision of the indenture as it applies to that series, including any terms that may be required under applicable law or regulations or advisable in connection with the marketing of the securities. (Section 2.2)

We may issue debt securities that provide for an amount less than their stated principal amount to be due and payable upon declaration of acceleration of their maturity pursuant to the terms of the indenture. We will provide you with information on the federal income tax considerations and other special considerations applicable to any of these debt securities in the applicable prospectus supplement.

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If we denominate the purchase price of any of the debt securities in a foreign currency or currencies or a foreign currency unit or units, or if the principal of and any premium and interest on any series of debt securities is payable in a foreign currency or currencies or a foreign currency unit or units, we will provide you with information on the restrictions, elections, general tax considerations, specific terms and other information with respect to that issue of debt securities and such foreign currency or currencies or foreign currency unit or units in the applicable prospectus supplement.

Transfer and Exchange

Each debt security will be represented by either one or more global securities registered in the name of The Depository Trust Company, or the Depositary, or a nominee of the Depositary (we will refer to any debt security represented by a global debt security as a "book-entry debt security"), or a certificate issued in definitive registered form (we will refer to any debt security represented by a certificated security as a "certificated debt security") as set forth in the applicable prospectus supplement. Except as set forth under the heading "Global Debt Securities and Book-Entry System" below, book-entry debt securities will not be issuable in certificated form.

Certificated Debt Securities. You may transfer or exchange certificated debt securities at any office we maintain for this purpose in accordance with the terms of the indenture. (Section 2.4) No service charge will be made for any transfer or exchange of certificated debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange. (Section 2.7)

You may effect the transfer of certificated debt securities and the right to receive the principal of, premium and interest on certificated debt securities only by surrendering the certificate representing those certificated debt securities and either reissuance by us or the trustee of the certificate to the new holder or the issuance by us or the trustee of a new certificate to the new holder.

Global Debt Securities and Book-Entry System. Each global debt security representing book-entry debt securities will be deposited with, or on behalf of, the Depositary, and registered in the name of the Depositary or a nominee of the Depositary. Please see "Global Securities."

Covenants

We will set forth in the applicable prospectus supplement any restrictive covenants applicable to any issue of debt securities. (Article IV)

No Protection in the Event of a Change of Control

Unless we state otherwise in the applicable prospectus supplement, the debt securities will not contain any provisions that may afford holders of the debt securities protection in the event we have a change in control or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control) that could adversely affect holders of debt securities.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our properties and assets to, any person (a "successor person") unless:

- we are the surviving entity or the successor person (if other than us) is a corporation, limited liability company, partnership, trust or other entity organized and validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes our obligations on the debt securities and under the indenture;

- immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and be continuing; and

- certain other conditions are met.

Notwithstanding the above, any of our subsidiaries may consolidate with, merge into or transfer all or part of its properties to us. (Section 5.1)

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Events of Default

"Event of Default" means with respect to any series of debt securities, any of the following:

- default in the payment of any interest upon any debt security of that series when it becomes due and payable, and continuance of such default for a period of 30 days (unless the entire amount of the payment is deposited by us with the trustee or with a paying agent prior to the expiration of the 30-day period);

- default in the payment of principal of any security of that series at its maturity;

- default in the performance or breach of any other covenant or agreement by us in the indenture (other than a covenant or agreement that has been included in the indenture solely for the benefit of a series of debt securities other than that series), which default continues uncured for a period of 90 days after (i) we receive written notice from the trustee or (ii) we and the trustee receive written notice from the holders of not less than 25% in principal amount of the outstanding debt securities of that series as provided in the indenture;

- certain voluntary or involuntary events of bankruptcy, insolvency or reorganization of us;

- any other Event of Default provided with respect to debt securities of that series that is described in the applicable prospectus supplement. (Section 6.1)

No Event of Default with respect to a particular series of debt securities (except as to certain events of bankruptcy, insolvency or reorganization) necessarily constitutes an Event of Default with respect to any other series of debt securities. (Section 6.1) The occurrence of certain Events of Default or an acceleration under the indenture may constitute an event of default under certain indebtedness of ours or our subsidiaries outstanding from time to time. We will provide the trustee written notice of any Default or Event of Default promptly after becoming aware of the occurrence of such Default or Event of Default, which notice will describe in reasonable detail the status of such Default or Event of Default and what action we are taking or propose to take in respect thereof. (Section 4.3)

If an Event of Default with respect to debt securities of any series at the time outstanding occurs and is continuing, then the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may, by a notice in writing to us (and to the trustee if given by the holders), declare to be due and payable immediately the principal of (or, if the debt securities of that series are discount securities, that portion of the principal amount as may be specified in the terms of that series) and accrued and unpaid interest, if any, on all debt securities of that series. In the case of an Event of Default resulting from certain events of bankruptcy, insolvency or reorganization, the principal (or such specified amount) of and accrued and unpaid interest, if any, on all outstanding debt securities will become and be immediately due and payable without any declaration, notice or other act on the part of the trustee or any holder of outstanding debt securities. At any time after a declaration of acceleration with respect to debt securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul the acceleration and its consequences if all Events of Default, other than the non-payment of accelerated principal and interest, if any, with respect to debt securities of that series, have been cured or waived as provided in the indenture. (Section 6.2) We refer you to the prospectus supplement relating to any series of debt securities that are discount securities for the particular provisions relating to acceleration of a portion of the principal amount of such discount securities upon the occurrence of an Event of Default.

The indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture unless the trustee receives indemnity reasonably satisfactory to it against any cost, liability or expense that might be incurred by it in exercising such right or power. (Section 7.1(e)) Subject to certain rights of the trustee, the

holders of a majority in principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of that series. (Section 6.12)

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No holder of any debt security of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or trustee, or for any remedy under the indenture, unless:

- that holder has previously given to the trustee written notice of a continuing Event of Default with respect to debt securities of that series; and

- the holders of at least 25% in principal amount of the outstanding debt securities of that series have made written request, and offered indemnity or security reasonably satisfactory to the trustee, to the trustee to institute the proceeding as trustee, and the trustee has not received from the holders of not less than a majority in principal amount of the outstanding debt securities of that series a direction inconsistent with that request and has failed to institute the proceeding within 60 days. (Section 6.7)

Notwithstanding any other provision in the indenture, the holder of any debt security will have an absolute and unconditional right to receive payment of the principal of and any interest on that debt security on or after the due dates expressed in that debt security and to institute suit for the enforcement of payment. (Section 6.8)

The indenture requires us, within 120 days after the end of our fiscal year, to furnish to the trustee a statement as to compliance with the indenture. (Section 4.3) If a Default or Event of Default occurs and is continuing with respect to the securities of any series and if it is known to a responsible officer of the trustee, the trustee shall mail to each securityholder of the securities of that series notice of a Default or Event of Default within 90 days after it occurs. The indenture provides that the trustee may withhold notice to the holders of debt securities of any series of any Default or Event of Default (except in payment on any debt securities of that series) with respect to debt securities of that series if the trustee determines in good faith that withholding notice is in the interest of the holders of those debt securities. (Section 7.5)

Modification and Waiver

We and the trustee may modify and amend or supplement the indenture or the debt securities of any series or waive any provision thereof without the consent of any holder of any debt security then outstanding:

- to cure any ambiguity, omission, defect or inconsistency;

- to comply with covenants in the indenture described above under the heading “Consolidation, Merger and Sale of Assets;”

- to provide for uncertificated securities in addition to or in place of certificated securities;

- to surrender any of our rights or powers under the indenture;

- to add covenants or events of default for the benefit of the holders of debt securities of any series;

- to comply with the applicable procedures of the applicable depositary;

- to make any change that does not adversely affect the rights of any holder of debt securities;

-

to provide for the issuance of and establish the form and terms and conditions of debt securities of any series as permitted by the indenture;

- to effect the appointment of a successor trustee with respect to the debt securities of any series and to add to or change any of the provisions of the indenture to provide for or facilitate administration by more than one trustee;

- to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act; or

- to comply with the rules or regulations of any securities exchange or automated quotation system on which any of the securities may be listed or traded. (Section 9.1)

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We may also modify and amend the indenture with the consent of the holders of at least a majority in principal amount of the outstanding debt securities of each series affected by the modifications or amendments. We may not make any modification or amendment without the consent of the holders of each affected debt security then outstanding if that amendment will:

- reduce the amount of debt securities whose holders must consent to an amendment, supplement or waiver;

- reduce the rate of or extend the time for payment of interest (including default interest) on any debt security;

- reduce the principal of or premium on or change the fixed maturity of any debt security or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation with respect to any series of debt securities;

- reduce the principal amount of discount securities payable upon acceleration of maturity;

- waive a default or Event of Default in the payment of the principal of, premium or interest on any debt security (except in connection with a rescission of acceleration of the debt securities of any series by the holders of at least a majority in aggregate principal amount of the then outstanding debt securities of that series and a related waiver of the payment default that resulted from such acceleration);

- make the principal of or premium or interest on any debt security payable in currency other than that stated in the debt security;

- make any change to certain provisions of the indenture relating to, among other things, the right of holders of debt securities to receive payment of the principal of, premium and interest on those debt securities and to institute suit for the enforcement of any such payment and to waivers or amendments; or

- waive a redemption payment with respect to any debt security. (Section 9.3)

Except for certain specified provisions, the holders of at least a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all debt securities of that series waive our compliance with provisions of the indenture. (Section 9.2) The holders of a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all the debt securities of such series waive any existing or past default and its consequences under the indenture with respect to that series, except a default in the payment of the principal of, premium or any interest on any debt security of that series; provided, however, that the holders of a majority in principal amount of the outstanding debt securities of any series may rescind an acceleration and its consequences, including any related payment default that resulted from the acceleration. (Section 6.13)

Defeasance of Debt Securities and Certain Covenants in Certain Circumstances

Legal Defeasance. The indenture provides that, unless otherwise provided by the terms of the applicable series of debt securities, we may be discharged from any and all obligations in respect of the debt securities of any series (subject to certain exceptions). We will be so discharged upon the deposit with the trustee, in trust, of money and/or U.S. government obligations or, in the case of debt securities denominated in a single currency other than U.S. Dollars, government obligations of the government that issued or caused to be issued such currency, that, through the

payment of interest and principal in accordance with their terms, will provide money or U.S. government obligations or both in an amount sufficient in the opinion of a nationally recognized firm of independent public accountants or investment bank to pay and discharge each installment of principal, premium and interest on and any mandatory sinking fund payments in respect of the debt securities of that series on the stated maturity of those payments in accordance with the terms of the indenture and those debt securities.

This discharge may occur only if, among other things, no default or event of default with respect to the applicable series of debt securities shall have occurred and be continuing on the date of such deposit or, with regard to any such default or event of default related to bankruptcy, at any time on or prior to the 90th day after the date of such deposit; and we have delivered to the trustee an opinion of counsel stating that we

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have received from, or there has been published by, the United States Internal Revenue Service a ruling or, since the date of execution of the indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the debt securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of the deposit, defeasance and discharge and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit, defeasance and discharge had not occurred. (Section 8.3)

Defeasance of Certain Covenants. The indenture provides that, unless otherwise provided by the terms of the applicable series of debt securities, upon compliance with certain conditions we shall be released from our obligations under the covenant described under the heading "Consolidation, Merger and Sale of Assets" and certain other covenants set forth in the indenture, as well as any additional covenants that may be set forth in the applicable prospectus supplement; and any omission to comply with those covenants will not constitute a Default or an Event of Default with respect to the debt securities of that series ("covenant defeasance").

The conditions include:

- depositing with the trustee, in trust, money and/or U.S. government obligations or, in the case of debt securities denominated in a single currency other than U.S. Dollars, government obligations of the government that issued or caused to be issued such currency, that, through the payment of interest and principal in accordance with their terms, will provide cash in an amount sufficient in the opinion of a nationally recognized firm of independent public accountants or investment bank to pay and discharge each installment of principal, premium and interest on and any mandatory sinking fund payments in respect of the debt securities of that series on the stated maturity of those payments in accordance with the terms of the indenture and those debt securities;

- no default or event of default with respect to the applicable series of debt securities shall have occurred and be continuing on the date of such deposit or, with regard to any such default or event of default related to bankruptcy, at any time on or prior to the 90th day after the date of such deposit; and

- delivering to the trustee an opinion of counsel to the effect that the holders of the debt securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of the deposit and related covenant defeasance and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit and related covenant defeasance had not occurred. (Section 8.4)

Covenant Defeasance and Events of Default. In the event we exercise our option to effect covenant defeasance with respect to any series of debt securities and the debt securities of that series are declared due and payable because of the occurrence of any Event of Default, the amount of money and/or U.S. government obligations or foreign government obligations on deposit with the trustee will be sufficient to pay amounts due on the debt securities of that series at the time of their stated maturity but may not be sufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from the Event of Default. However, we shall remain liable for those payments. (Section 8.4).

No Personal Liability of Directors, Officers, Employees, Partners or Unitholders

None of our past, present or future directors, officers, employees, partners or unitholders, as such, will have any liability for any of our obligations under the debt securities or the indenture or for any claim based on, or in respect or by reason of, such obligations or their creation. By accepting a debt security, each holder waives and releases all such liability. This waiver and release is part of the consideration for the issue of the debt securities. However, this waiver and release may not be effective to waive liabilities under U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Governing Law

The indenture and the debt securities, including any claim or controversy arising out of or relating to the indenture or the securities, will be governed by the laws of the State of New York (without regard to the conflicts of laws provisions thereof other than Section 5-1401 of the General Obligations Law). (Section 12.10)

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PROVISIONS OF OUR PARTNERSHIP AGREEMENT RELATING TO CASH DISTRIBUTIONS

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions.

Distributions of Available Cash

General

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

Definition of available cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- less, the amount of cash reserves established by our general partner to:

- provide for the proper conduct of our business (including reserves for our future capital expenditures, future acquisitions, anticipated future debt service requirements and refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceedings or rate proceedings under applicable law subsequent to that quarter);

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

- provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions if the effect of the establishment of such reserves will prevent us from distributing the minimum quarterly distribution on all common units and any cumulative arrearages on such common units for the current quarter);

- plus, if our general partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Under our partnership agreement, working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners and with the intent of the borrower to repay such borrowings within 12 months with funds other than from additional working capital borrowings.

Intent to distribute the minimum quarterly distribution

We intend to make at least the minimum quarterly distribution to the holders of our common units of $0.2125 per unit, or $0.85 per unit on an annualized basis, to the extent we have sufficient available cash after the establishment of cash reserves. Our most recent quarterly distribution declared by the board of directors of our general partner, which was for the three months ended March 31, 2017, was $0.586 per unit, or $2.344 per unit on an annualized basis. However, there is no guarantee that we will pay the minimum quarterly distribution on our units in any quarter. The amount of distributions paid under our cash distribution policy and the decision to make any distribution will be determined by our general partner, in accordance with the terms of our partnership agreement.

General partner interest and incentive distribution rights

As of the date of this prospectus, our general partner is entitled to approximately 2% of all quarterly distributions that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner

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interest. The general partner interest in these distributions will be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2% general partner interest.

Our general partner also currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 48%, of the available cash we distribute from operating surplus (as defined below) in excess of $0.244375 per unit per quarter. The maximum distribution of 48% does not include any distributions that our general partner or its affiliates may receive on common units or general partner units that they own. Please read "— General Partner Interest and Incentive Distribution Rights" for additional information.

Operating Surplus and Capital Surplus

General

All cash distributed to unitholders will be characterized as either being paid from "operating surplus" or "capital surplus." We treat distributions of available cash from operating surplus differently than distributions of available cash from capital surplus.

Operating surplus

We define operating surplus as:

- $60.0 million (as described below); plus
- all of our cash receipts, excluding cash from interim capital transactions (as defined below), and the termination of commodity hedge or interest rate hedge contracts, provided that cash receipts from the termination of a commodity hedge or interest rate hedge prior to its specified termination date shall be included in operating surplus in equal quarterly installments over the remaining scheduled life of such commodity hedge or interest rate hedge; plus
- working capital borrowings made after the end of a quarter but on or before the date of determination of operating surplus for that quarter; plus
- cash distributions (including incremental distributions on incentive distribution rights) paid in respect of equity issued to finance all or a portion of expansion capital expenditures in respect of the period from the date that we enter into a binding obligation to commence the construction, development, replacement, improvement or expansion of a capital asset and ending on the earlier to occur of the date the capital asset commences commercial service and the date that it is abandoned or disposed of; less
- all of our operating expenditures (as defined below); less
- the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less
- all working capital borrowings not repaid within twelve months after having been incurred, or repaid within such 12-month period with the proceeds of additional working capital borrowings.

As described above, operating surplus does not reflect actual cash on hand that is available for distribution to our unitholders and is not limited to cash generated by operations. For example, it includes a provision that will enable us, if we choose, to distribute as operating surplus up to $60.0 million of cash we receive in the future from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity interests in

operating surplus will be to increase operating surplus by the amount of any such cash distributions. As a result, we may also distribute as operating surplus up to the amount of any such cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures (as described below) and thus reduce operating surplus when repayments are made. However, if working capital borrowings, which increase operating

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surplus, are not repaid during the twelve-month period following the borrowing, they will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowings are in fact repaid, they will not be treated as a further reduction in operating surplus because operating surplus will have been previously reduced by the deemed repayment.

We define interim capital transactions as (1) borrowings, refinancings or refundings of indebtedness (other than working capital borrowings and items purchased on open account or for a deferred purchase price in the ordinary course of business) and sales of debt securities, (2) sales of equity securities, and (3) sales or other dispositions of assets, other than sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business and sales or other dispositions of assets as part of normal asset retirements or replacements.

We define operating expenditures as all of our cash expenditures, including, but not limited to, taxes, reimbursements of expenses of our general partner and its affiliates, officer, director and employee compensation, debt service payments, payments made in the ordinary course of business under interest rate hedge contracts and commodity hedge contracts (provided that payments made in connection with the termination of any interest rate hedge contract or commodity hedge contract prior to the expiration of its settlement or termination date specified therein will be included in operating expenditures in equal quarterly installments over the remaining scheduled life of such interest rate hedge contract or commodity hedge contract and amounts paid in connection with the initial purchase of an interest rate hedge contract or a commodity hedge contract will be amortized over the life of such interest rate hedge contract or commodity hedge contract), maintenance capital expenditures (as discussed in further detail below), and repayment of working capital borrowings; provided, however, that operating expenditures will not include:

- repayments of working capital borrowings where such borrowings have previously been deemed to have been repaid (as described above);
- payments (including prepayments and prepayment penalties) of principal of and premium on indebtedness other than working capital borrowings;
- expansion capital expenditures;
- payment of transaction expenses (including taxes) relating to interim capital transactions;
- distributions to our partners; or
- repurchases of partnership interests (excluding repurchases we make to satisfy obligations under employee benefit plans).

Capital surplus

Capital surplus is defined in our partnership agreement as any distribution of available cash in excess of our cumulative operating surplus. Accordingly, except as described above, capital surplus would generally be generated by:

- borrowings other than working capital borrowings;
- sales of our equity and debt securities;

- sales or other dispositions of assets, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of ordinary course retirement or replacement of assets; and

- capital contributions received.

Characterization of cash distributions

All available cash distributed by us on any date from any source will be treated as distributed from operating surplus until the sum of all available cash distributed equals our cumulative operating surplus. We anticipate that distributions from operating surplus will generally not represent a return of capital. However, operating surplus, as defined in our partnership agreement, includes certain components, including a $60.0 million cash basket, that represent non-operating sources of cash. Consequently, it is

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possible that all or a portion of specific distributions from operating surplus may represent a return of capital. Any available cash distributed by us in excess of our cumulative operating surplus will be deemed to be capital surplus under our partnership agreement. Our partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from our initial public offering and as a return of capital. We do not anticipate that we will make any distributions from capital surplus.

Capital Expenditures

Maintenance capital expenditures are cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain, over the long term, our operating capacity or operating income. Examples of maintenance capital expenditures are expenditures to repair, refurbish and replace pipelines and storage facilities, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

Expansion capital expenditures are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating capacity or operating income over the long term. Examples of expansion capital expenditures include the acquisition of equipment, or the construction, development or acquisition of additional pipeline or storage capacity, to the extent such capital expenditures are expected to expand our long-term operating capacity or operating income. Expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of expansion capital expenditures in respect of the period from the date that we enter into a binding obligation to commence the construction, development, replacement, improvement or expansion of a capital asset and ending on the earlier to occur of the date that such capital improvement commences commercial service and the date that such capital improvement is abandoned or disposed of.

Capital expenditures that are made in part for maintenance capital purposes and in part for expansion capital purposes will be allocated as maintenance capital expenditures or expansion capital expenditures by our general partner.

Distributions of Available Cash From Operating Surplus

Assuming our general partner maintains its 2% general partner interest and we do not issue additional classes of equity securities, we will make distributions of available cash from operating surplus for any quarter in the following manner:

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

- thereafter, in the manner described in "— General Partner Interest and Incentive Distribution Rights" below.

General Partner Interest and Incentive Distribution Rights

Our partnership agreement provides that our general partner initially will be entitled to 2% of all distributions that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us in order to maintain its 2% general partner interest if we issue additional units. Our general partner's 2% interest, and the percentage of our cash distributions to which it is entitled from such 2% interest, will be proportionately reduced if we issue additional units in the future (other than the issuance of common units upon a reset of the incentive distribution rights) and our general partner does not contribute a proportionate amount of capital to us in order to maintain its 2% general partner interest. Our partnership agreement does not require that our general partner fund its capital contribution with cash. Our general partner may instead fund its capital contribution by the contribution to us of common units or other property.

Incentive distribution rights represent the right to receive an increasing percentage (13%, 23% and 48%) of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest.

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The following discussion assumes that our general partner maintains its 2% general partner interest, and that our general partner continues to own the incentive distribution rights.

If for any quarter:

- we have distributed available cash from operating surplus to the common unitholders in an amount equal to the minimum quarterly distribution; and

- we have distributed available cash from operating surplus on outstanding common units in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

then, we will distribute any additional available cash from operating surplus for that quarter among the unitholders and our general partner in the following manner:

- first, 98% to all unitholders, pro rata, and 2% to our general partner, until each unitholder receives a total of $0.244375 per unit for that quarter (the “first target distribution”);

- second, 85% to all unitholders, pro rata, and 15% to our general partner, until each unitholder receives a total of $0.265625 per unit for that quarter (the “second target distribution”);

- third, 75% to all unitholders, pro rata, and 25% to our general partner, until each unitholder receives a total of $0.318750 per unit for that quarter (the “third target distribution”); and

- thereafter, 50% to all unitholders, pro rata, and 50% to our general partner.

Percentage Allocations of Available Cash from Operating Surplus

The following table illustrates the percentage allocations of available cash from operating surplus between the unitholders and our general partner based on the specified target distribution levels. The amounts set forth under “Marginal percentage interest in distributions” are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column “Total quarterly distribution per unit target amount.” The percentage interests shown for our unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below for our general partner include its 2% general partner interest and assume that our general partner has contributed any additional capital necessary to maintain its 2% general partner interest, our general partner has not transferred its incentive distribution rights and that there are no arrearages on common units.

		Marginal percentage interest in distributions	
	Total quarterly distribution per unit target amount	Unitholders	General Partner
Minimum Quarterly Distribution	$0.2125	98%	2%
First Target Distribution	above $0.2125 up to $0.244375	98%	2%
Second Target Distribution	above $0.244375 up to $0.265625	85%	15%
Third Target Distribution	above $0.265625 up to $0.318750	75%	25%

Thereafter	above $0.318750	50%	50%

General Partner’s Right to Reset Incentive Distribution Levels

Our general partner, as the initial holder of our incentive distribution rights, has the right under our partnership agreement, subject to certain conditions, to elect to relinquish the right to receive incentive distribution payments based on the initial target distribution levels and to reset, at higher levels, the minimum quarterly distribution amount and target distribution levels upon which the incentive distribution payments to our general partner would be set. If our general partner transfers all or a portion of the incentive distribution rights in the future, then the holder or holders of a majority of our incentive distribution rights will be entitled to exercise this right. The following discussion assumes that our general partner holds all of the incentive distribution rights at the time that a reset election is made. Our general

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partner's right to reset the minimum quarterly distribution amount and the target distribution levels upon which the incentive distributions payable to our general partner are based may be exercised, without approval of our unitholders or the conflicts committee, at any time when we have made cash distributions to the holders of the incentive distribution rights at the highest level of incentive distributions for each of the four consecutive fiscal quarters immediately preceding such time and the amount of each such distribution did not exceed adjusted operating surplus for such quarter. If our general partner and its affiliates are not the holders of a majority of the incentive distribution rights at the time an election is made to reset the minimum quarterly distribution amount and the target distribution levels, then the proposed reset will be subject to the prior written concurrence of the general partner that the conditions described above have been satisfied. The reset minimum quarterly distribution amount and target distribution levels will be higher than the minimum quarterly distribution amount and the target distribution levels prior to the reset such that the holder of the incentive distribution rights will not receive any incentive distributions under the reset target distribution levels until cash distributions per unit following this event increase as described below. We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made to our general partner.

In connection with the resetting of the minimum quarterly distribution amount and the target distribution levels and the corresponding relinquishment by our general partner of incentive distribution payments based on the target distributions prior to the reset, our general partner will be entitled to receive a number of newly issued common units based on a predetermined formula described below that takes into account the "cash parity" value of the average cash distributions related to the incentive distribution rights received by our general partner for the two quarters immediately preceding the reset event as compared to the average cash distributions per common unit during that two-quarter period. In addition, our general partner will be issued the number of general partner units necessary to maintain our general partner's interest in us immediately prior to the reset election.

The number of common units that our general partner (or the then-holder of the incentive distribution rights, if other than our general partner) would be entitled to receive from us in connection with a resetting of the minimum quarterly distribution amount and the target distribution levels then in effect would be equal to the quotient determined by dividing (x) the average aggregate amount of cash distributions received by our general partner in respect of its incentive distribution rights during the two consecutive fiscal quarters ended immediately prior to the date of such reset election by (y) the average of the aggregate amount of cash distributed per common unit during each of these two quarters.

Following a reset election, the minimum quarterly distribution amount will be reset to an amount equal to the average cash distribution amount per common unit for the two fiscal quarters immediately preceding the reset election (which amount we refer to as the "reset minimum quarterly distribution") and the target distribution levels will be reset to be correspondingly higher such that we would distribute all of our available cash from operating surplus for each quarter thereafter as follows:

- first, 98% to all unitholders, pro rata, and 2% to our general partner, until each unitholder receives an amount equal to 115% of the reset minimum quarterly distribution for that quarter;

- second, 85% to all unitholders, pro rata, and 15% to our general partner, until each unitholder receives an amount per unit equal to 125% of the reset minimum quarterly distribution for the quarter;

- third, 75% to all unitholders, pro rata, and 25% to our general partner, until each unitholder receives an amount per unit equal to 150% of the reset minimum quarterly distribution for the quarter; and

- thereafter, 50% to all unitholders, pro rata, and 50% to our general partner.

Our general partner will be entitled to cause the minimum quarterly distribution amount and the target distribution levels to be reset on more than one occasion, provided that it may not make a reset election except at a time when it has received incentive distributions for the immediately preceding four consecutive fiscal quarters based on the highest level of incentive distributions that it is entitled to receive under our partnership agreement.

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Distributions from Capital Surplus

How distributions from capital surplus will be made

Assuming our general partner maintains its 2% general partner interest and we do not issue additional classes of equity securities, we will make distributions of available cash from capital surplus, if any, in the following manner:

- first, 98% to all unitholders, pro rata, and 2% to our general partner, until we distribute for each common unit that was issued in our initial public offering, an amount of available cash from capital surplus equal to the initial public offering price;

- second, 98% to all unitholders, pro rata, and 2% to our general partner, until we distribute for each common unit, an amount of available cash from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the outstanding common units; and

- thereafter, as if they were from operating surplus.

Effect of a distribution from capital surplus

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

Once we distribute capital surplus on a unit issued in our initial public offering in an amount equal to the initial unit price, we will reduce the minimum quarterly distribution and the target distribution levels to zero. Then, after distributing an amount of capital surplus for each common unit equal to any unpaid arrearages of the minimum quarterly distributions on outstanding common units, we will then make all future distributions from operating surplus, with 50% being paid to the unitholders, pro rata, and 2% to our general partner and 48% to the holder of our incentive distribution rights.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

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

- the minimum quarterly distribution;

- target distribution levels;

- the unrecovered initial unit price;

- the number of general partner units comprising the general partner interest; and

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the arrearages per common unit in payment of the minimum quarterly distribution on the common units.

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