

DEVRY INC
Form 11-K
March 29, 2011

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

FORM 11-K

ANNUAL REPORT
EMPLOYEE STOCK REPURCHASE AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2010

Commission file number: 1-13988

DeVry Inc. Nonqualified Deferred Compensation Plan

A. Full title of the plan:

DEVRY INC.
3005 HIGHLAND PARKWAY
DOWNERS GROVE, ILLINOIS 60515

B. Name of issuer of the securities held pursuant to the plan and address of its principal executive office:

REQUIRED INFORMATION

The Plan's audited financial statements and other required information are included on pages 2-10.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the following administrator of the DeVry Inc. Profit Sharing Retirement Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DeVry Inc. Nonqualified Deferred Compensation Plan

(Name of Plan)

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Date: March 29, 2011

By: /s/Donna Jennings
Donna Jennings – Administrator

Total Number of Pages --10

THE DEVRY INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

REPORT ON AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

THE DEVRY INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	3
Financial Statements:	
Statements of Financial Position	4
Statements of Changes in Plan Equity	5
Notes to Financial Statements	6 – 9
Consent of Independent Registered Public Accounting Firm	10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee
The DeVry Inc. Nonqualified Deferred Compensation Plan

We have audited the accompanying statements of financial position of The DeVry Inc. Nonqualified Deferred Compensation Plan as of December 31, 2010 and 2009, and the related statement of changes in plan equity for the years ended December 31, 2010, 2009 and 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The DeVry Inc. Nonqualified Deferred Compensation Plan as of December 31, 2010 and 2009, and the changes in plan equity for the years ended December 31, 2010, 2009 and 2008, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen LLP
Deerfield, IL
March 29, 2011

THE DEVRY INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2010	2009
Assets:		
Receivable from DeVry Inc.	\$10,017,799	\$7,686,636
Plan Equity:		
Plan equity	\$10,017,799	\$7,686,636

The accompanying notes are an integral part of these financial statements.

THE DEVRY INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

STATEMENTS OF CHANGES IN PLAN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

	Year Ended December 31,		
	2010	2009	2008
Increases (Decreases) in Plan Equity Attributed to:			
Investment income from interest and dividends of notional investments	\$266,650	\$177,178	\$411,543
Net appreciation (depreciation) in fair value of notional investments	612,451	862,786	(1,903,110)
Net notional investment income (loss)	879,101	1,039,964	(1,491,567)
Participant deferrals to notional investments	1,783,291	1,517,516	1,459,323
DeVry allocations to notional investments	164,770	213,816	177,987
Participant distributions from notional investments	(495,999)	(529,042)	(660,216)
Net Increase (Decrease) in Plan Equity	2,331,163	2,242,254	(514,473)
Plan Equity at Beginning of Year	7,686,636	5,444,382	5,958,855
Plan Equity at End of Year	\$10,017,799	\$7,686,636	\$5,444,382

The accompanying notes are an integral part of these financial statements.

THE DEVRY INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of The DeVry Inc. Nonqualified Deferred Compensation Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan became effective September 1, 1999 and was last amended and restated effective January 1, 2008. Generally, the purpose of the Plan is to permit a select group of employees of DeVry Inc. and its subsidiaries ("DeVry") and DeVry's Board of Directors to defer the receipt of compensation or board fees for personal income tax purposes that would otherwise be payable to them. It is intended that the Plan, by providing this deferral opportunity, will assist DeVry in retaining and attracting individuals of exceptional ability by providing them with this benefit. Plan participation is voluntary.

The Plan is not qualified under Section 401(a) of the Internal Revenue Code, and is generally not subject to the Employee Retirement Income Security Act of 1974.

The Plan is administered by the Compensation Committee of the Board of Directors of DeVry.

Participation Eligibility and Deferrals

Plan participation is limited to DeVry's Board of Directors and those key employees of DeVry who are designated by the Chief Executive Officer or the Chief Operating Officer as approved by the Compensation Committee of DeVry's Board of Directors. The Plan permits the deferral of up to 50% of a participant's salary, and up to 100% of a participant's bonus or Board of Director's fee. Participant deferrals are credited to a book account and are deemed invested in notional valuation funds selected by the participant from the investment options offered in the Plan. The notional investment funds available under the Plan are merely devices used to calculate gains and losses on the amounts deferred by Plan participants. No participant has any rights or interests in any particular funds, securities or property of DeVry or the Trust described below, or in any investment vehicle in which deferrals are deemed to be invested, by virtue of any investment election. Investment gains and losses are credited or charged to a participant's notional account based on earnings or losses in the selected valuation funds.

Effective September 17, 2010, DeVry Common Stock was offered as an additional investment option under the Plan. This notional investment fund tracks the performance of DeVry common stock.

A participant may allocate his/her deferrals into a Retirement Account and/or up to two In-Service Accounts. A Retirement Account is used to defer current compensation until the participant's retirement from DeVry. Participants may elect to receive Retirement Distributions in a lump sum payment or annual installments for a period up to fifteen years. Payments commence as soon as possible after the January (or six months, if later) following the date of the participant's retirement, and any installment payments are made on or about the anniversary of the initial payment. In-Service Accounts are used to defer current compensation for at least a two-year period after the first year that a participant elects to defer compensation into an In-Service Account. A participant may elect to receive In-Service Account distributions in a lump-sum or up to ten annual installments.

Participant deferrals are made by payroll deductions and are determined each pay period by multiplying the participant's selected deferral rate then in effect by his/her eligible salary and/or bonus for such period. The participant's account is credited with an amount equal to the payroll deduction as soon as practical after the date such amount otherwise would have been paid to the participant in cash.

A participant can designate and change on a daily basis the proportions in which his/her ongoing notional account balances are allocated among the Plan's active investment funds. The minimum allocation to each fund is 1%. However, investments in the DeVry Inc. Stock Fund may be made only with current period deferrals. Prior account balances may not be allocated to this fund.

Employer Allocations to Participants

For each year during which a participant has made the maximum elective contributions under the DeVry Inc. Success Sharing Retirement Plan ("401(k) Plan"), DeVry will credit that participant's account an amount equal to the 401(k) Plan match of 2% and any discretionary contribution, which were not made due to Section 401(a) (17) of the Internal Revenue Code compensation limits, as indexed (\$245,000 in 2010). In addition, DeVry will credit a participant's account with an amount equal to the reduction of the 401(k) Plan match and any discretionary contribution resulting from the employee's participation in the Plan. In order to qualify for these employer allocations, the participant must defer a minimum of 2% of his/her total compensation to the Plan and must elect to make the maximum contribution permitted in DeVry's 401(k) Plan.

Vesting

Participants are fully vested in their deferrals, DeVry employer allocations, and related investment earnings and losses at all times.

Distributions

Amounts credited to a participant's account will be payable upon the earlier of a Specified Date, as defined below, or the participant's separation from service. Separation from service means a participant's termination of employment or services as a Board of Director with DeVry, including the retirement or death of a participant. The Specified Date is defined as the date the participant elected to receive distributions from the In-Service Accounts. Distribution elections once made are fixed. Only limited changes in such elections are permitted under Section 409A of the Internal Revenue Code.

Distributions to participants are payable in cash.

Trust

The Plan is an unfunded plan. The obligation to make benefit payments under the Plan is solely the obligation of DeVry. However, DeVry may establish one or more trusts to assist in the payment of benefits. DeVry has established a Grantor (Rabbi) Trust (the "Trust") for the Plan, in which Wells Fargo serves as the trustee. The Trust shall be governed by and subject to the terms of a trust agreement entered into between DeVry, as grantor, and the trustee. Although DeVry maintains the Trust to accumulate certain assets to assist DeVry in meeting its obligations under the Plan, the Plan has no investments of its own. The sole asset of the Plan is a receivable from DeVry in an amount equal to the value of all participants' accounts. Plan participants are considered to be unsecured creditors, with no secured or preferential rights to any assets of DeVry. Assets held by the Trust are available to DeVry's general creditors in the event of insolvency of DeVry.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Receivable from DeVry

The Plan is unfunded with benefits paid solely out of the general assets of DeVry. The Plan records a receivable from DeVry equal to the sum of all participants' account balances.

Valuation of Assets and Income Recognition

Notional investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities within the notional accounts are recorded on a trade-date basis. The Plan presents in the Statements of Changes in Plan Equity the net appreciation (depreciation) in the fair value of its notional investments which consists of the related gains (losses) and the unrealized appreciation (depreciation) on those investments. Dividends of the notional investments are recorded on the ex-dividend date. Interest income of the notional investments is recorded on the accrual basis.

Administrative Expenses of the Plan

All administrative expenses of the Plan are paid by DeVry.

Subsequent Events

The Plan administrator monitors significant events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued. All subsequent events of which the Plan administrator was aware were evaluated through the date that these financial statements were issued.

3. Income Tax Status

The Plan is established as an unfunded deferred compensation plan under the Internal Revenue Code and is not subject to federal income tax. A participant will not incur federal income tax liability when the compensation is deferred pursuant to the Plan or when investment gains and losses are credited or charged to a participant's account. Rather, a participant will incur federal income tax liability for such contributions and related investment income only when distributions are made to a participant.

The Plan is not qualified under Section 401(a) of the Internal Revenue Code and is generally not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

4. Plan Termination

DeVry's Board of Directors may, in its sole discretion, terminate the entire Plan, or terminate a portion of the Plan that is identified as an elective account balance plan as defined in Section 409A of the Internal Revenue Code. Following termination of the Plan, no additional deferrals may be made, but all existing participant accounts will continue to be administered in accordance with the Plan, unless DeVry elects to accelerate distribution of all Plan accounts in accordance with Section 409A of the Internal Revenue Code.

5. Investment Risk

The amount of the Plan's receivable from DeVry is based in part on the performance of the notional investment options including DeVry Common Stock, a number of mutual funds, and an insurance contract. The performance of these notional investment options are exposed to risks such as changes in interest rates, fluctuations in market conditions and credit risk. The level of risk associated with certain investment securities and uncertainty related to changes in value of these securities could materially affect participant account balances and amounts reported in the financial statements and accompanying notes.

6. Related-Parties and Party-in-Interest Transactions

At December 31, 2010, the Plan's notional investment in DeVry Inc. Common Stock was 12.5 shares valued at \$599.

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Sales and other operating revenue:

Affiliates

\$2,572 \$706 \$1,117 \$173 \$ 303

Unaffiliated customers

7,540 4,696 6,691 1,507 1,955

Other income⁽¹⁾

24 28 30 8 2

Total revenues

10,136 5,430 7,838 1,688 2,260

Costs and expenses:

Cost of products sold and operating expenses

9,786 5,023 7,398 1,594 2,145

Depreciation and amortization

40 48 64 15 18

Impairment charge

6 3

Selling, general and administrative expenses

59 64 72 21 22

Total costs and expenses

9,891 5,135 7,537 1,630 2,185

Operating income

\$245 \$295 \$301 \$58 \$75

Net interest cost and debt expense

31 45 73 15 20

Gain on investments in affiliates

128

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Income before income tax expense

\$214 \$250 \$356 \$43 \$55

Provision for income taxes

8 5

Net Income

\$214 \$250 \$348 \$43 \$50

Net Income attributable to noncontrolling interests

2 2

Net Income attributable to Sunoco Logistics Partners L.P.

\$214 \$250 \$346 \$43 \$48

S-9

Table of Contents

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

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

Table of Contents

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

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

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

Table of Contents

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

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

Table of Contents

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

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

Table of Contents

RISK FACTORS

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

Risks Related to the Notes

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

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

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

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

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

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

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

Table of Contents

USE OF PROCEEDS

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

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

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

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

RATIO OF EARNINGS TO FIXED CHARGES

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

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

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

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

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

Table of Contents**CAPITALIZATION**

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

on an actual basis; and

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

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

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

Table of Contents

DESCRIPTION OF THE NOTES

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

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

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

Principal and Maturity

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

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

Interest

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

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

Table of Contents

Ranking

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

Parent Guarantee of Notes

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

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

Addition and Releases of Guarantors

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

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

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

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

Funded Debt means all debt:

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

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

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

Table of Contents

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

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

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

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

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

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

Optional Redemption

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

100% of the principal amount of the notes; and

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

The Independent Investment Banker will calculate the actual redemption price.

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

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

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

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

S-19

Table of Contents

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

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

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

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

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

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

Important Covenants

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

Limitations on Liens

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

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

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

Table of Contents

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

There is excluded from this restriction:

(1) Permitted Liens, as defined below;

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

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

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

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

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

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

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

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

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

Permitted Liens means:

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

Table of Contents

- (2) any statutory or governmental lien or lien arising by operation of law, or any mechanic s, repairman s, materialman s, supplier s, carrier s, landlord s, warehouseman s or similar lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined lien which is incidental to construction, development, improvement or repair;
- (3) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property;
- (4) liens of taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by us or any subsidiary in good faith;
- (5) liens of, or to secure performance of, leases, other than capital leases;
- (6) any lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;
- (7) any lien upon property or assets acquired or sold by us or any subsidiary resulting from the exercise of any rights arising out of defaults on receivables;
- (8) any lien incurred in the ordinary course of business in connection with worker s compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;
- (9) any lien in favor of us or any subsidiary;
- (10) any lien in favor of the United States of America or any state of the United States, or any department, agency or instrumentality or political subdivision of the United States of America or any state of the United States, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any debt incurred by us or any subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to the lien;
- (11) any lien securing industrial development, pollution control or similar revenue bonds;
- (12) any lien securing debt of ours or any subsidiary, all or a portion of the net proceeds of which are used, substantially concurrent with the funding thereof (and for purposes of determining substantial concurrence, taking into consideration, among other things, required notices to be given to holders of outstanding notes under the indenture in connection with the refunding, refinancing or repurchase, and the required corresponding durations thereof), to refinance, refund or repurchase all outstanding notes under the indenture, including the amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by us or any subsidiary in connection therewith;
- (13) liens in favor of any person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute; or
- (14) any lien upon or deposits of any assets to secure performance of bids, trade contracts, leases or statutory obligations.

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

all current liabilities, excluding:

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

Table of Contents

current maturities of long-term debt; and

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

Restriction on Sale-Leasebacks

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

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

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

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

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

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

Table of Contents

Events of Default

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

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

Legal Defeasance and Covenant Defeasance

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

Satisfaction and Discharge

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

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

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

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

Table of Contents

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

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

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

dealers in securities or currencies;

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

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

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

certain U.S. expatriates;

financial institutions;

insurance companies;

regulated investment companies;

real estate investment trusts;

persons subject to the alternative minimum tax;

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

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

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

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

S-25

Table of Contents

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

Tax Consequences to U.S. Holders

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

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

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

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

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

Interest on the Notes

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

Disposition of the Notes

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

Information Reporting and Backup Withholding

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

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

Table of Contents

Tax Consequences to Non-U.S. Holders

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

Interest on the Notes

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

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

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

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

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

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

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

Disposition of the Notes

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

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

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

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

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

S-27

Table of Contents

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

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

Information Reporting and Backup Withholding

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

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

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

is a United States person;

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

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

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

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

Recent Legislation Relating to Net Investment Income

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

Table of Contents

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

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

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

S-29

Table of Contents**UNDERWRITING**

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

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

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

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

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

	Paid by Us
Per 2022 note	0.650%
Per 2042 note	0.875%

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

Table of Contents

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

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

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

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

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

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

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

Relationships With Underwriters

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

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

Table of Contents

LEGAL

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

EXPERTS

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

S-32

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

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

INCORPORATION BY REFERENCE

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

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

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

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

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

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

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

Investor Relations Department

Sunoco Logistics Partners L.P.

1818 Market Street, Suite 1500

Philadelphia, Pennsylvania 19103-3615

(866) 248-4344

Table of Contents

PROSPECTUS

Sunoco Logistics Partners L.P.

Common Units

Representing Limited Partner Interests

Sunoco Logistics Partners Operations L.P.

Debt Securities

Fully and Unconditionally Guaranteed by

Sunoco Logistics Partners L.P.

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

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

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

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

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

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

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

The date of this prospectus is February 1, 2010

Table of Contents

TABLE OF CONTENTS

<u>About This Prospectus</u>	1
<u>About Sunoco Logistics Partners L.P. and Sunoco Logistics Partners Operations L.P.</u>	1
<u>Where You Can Find More Information</u>	2
<u>Incorporation By Reference</u>	2
<u>Risk</u>	