

PHILLIPS 66 PARTNERS LP
Form 424B2
May 04, 2016

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed pursuant to Rule 424(b)(2)
Registration File No. 333-197797

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying base prospectus are not an offer to sell the securities described herein or therein and we are not soliciting offers to buy such securities in any jurisdiction where such offer or sale is not permitted.

Subject to Completion, dated May 4, 2016

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 31, 2015)

Phillips 66 Partners LP

7,500,000 Common Units
Representing Limited Partner Interests

This is an offering of 7,500,000 common units representing limited partner interests in Phillips 66 Partners LP.

Our common units are listed on the New York Stock Exchange under the symbol "PSXP." The last reported sales price of our common units on the New York Stock Exchange on May 3, 2016 was \$56.38 per common unit.

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

	Per common unit	Total
Public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds to us (before expenses)	\$	\$

We have granted the underwriters a 30-day option to purchase up to 1,125,000 additional common units on the same terms and conditions as set forth above if the underwriters sell more than 7,500,000 common units in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units on or about _____, 2016.

Barclays

Prospectus Supplement dated _____, 2016.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

Any statement made in this prospectus, any free writing prospectus authorized by us or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read "Incorporation by Reference" on page S-22 of this prospectus supplement.

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

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

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement includes forward-looking statements. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions.

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

the continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements;

the volume of crude oil, natural gas liquids, or NGL, and refined petroleum products we transport, fractionate, terminal and store;

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

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

fluctuations in the prices for crude oil, NGL and refined petroleum products;

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

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

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

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

failure to timely complete construction of announced and future capital projects;

the operation, financing and distribution decisions of our joint ventures;

Edgar Filing: PHILLIPS 66 PARTNERS LP - Form 424B2

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

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

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

S-ii

Table of Contents

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

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

our ability to complete the Subsequent Fractionator Transaction (as further described in this prospectus supplement).

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

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

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	<u>S-i</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>S-ii</u>
<u>SUMMARY</u>	<u>S-1</u>
<u>RISK FACTORS</u>	<u>S-7</u>
<u>USE OF PROCEEDS</u>	<u>S-9</u>
<u>CAPITALIZATION</u>	<u>S-10</u>
<u>PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS</u>	<u>S-11</u>
<u>MATERIAL TAX CONSEQUENCES</u>	<u>S-12</u>
<u>UNDERWRITING</u>	<u>S-17</u>
<u>VALIDITY OF THE COMMON UNITS</u>	<u>S-21</u>
<u>EXPERTS</u>	<u>S-21</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>S-22</u>
<u>INCORPORATION BY REFERENCE</u>	<u>S-22</u>

Base Prospectus

	Page
<u>ABOUT THIS PROSPECTUS</u>	<u>II</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>III</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>IV</u>
<u>ABOUT PHILLIPS 66 PARTNERS LP</u>	<u>1</u>
<u>RISK FACTORS</u>	<u>2</u>
<u>USE OF PROCEEDS</u>	<u>2</u>
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	<u>2</u>
<u>DESCRIPTION OF OUR COMMON UNITS</u>	<u>3</u>
<u>DESCRIPTION OF OUR DEBT SECURITIES</u>	<u>5</u>
<u>PROVISIONS OF OUR PARTNERSHIP AGREEMENT RELATING TO CASH DISTRIBUTIONS</u>	<u>13</u>
<u>OUR PARTNERSHIP AGREEMENT</u>	<u>28</u>
<u>MATERIAL FEDERAL INCOME TAX CONSEQUENCES</u>	<u>42</u>
<u>TAX CONSEQUENCES OF OWNERSHIP OF DEBT SECURITIES</u>	<u>60</u>
<u>INVESTMENT IN PHILLIPS 66 PARTNERS LP BY EMPLOYEE BENEFIT PLANS</u>	<u>60</u>
<u>LEGAL MATTERS</u>	<u>61</u>
<u>EXPERTS</u>	<u>61</u>

Table of Contents

SUMMARY

This summary provides a brief overview of information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common units. For a more complete understanding of this offering and our common units, you should read the entire prospectus supplement, the accompanying base prospectus and the documents incorporated by reference, including our historical financial statements and the notes to those financial statements, which are incorporated herein by reference. Please read "Where You Can Find More Information" on page S-22 of this prospectus supplement. Please read "Risk Factors" beginning on page S-7 of this prospectus supplement, on page 2 of the accompanying base prospectus and in the other documents incorporated by reference to which that section refers for more information about important risks that you should consider before investing in our common units.

About Phillips 66 Partners LP

We are a growth-oriented master limited partnership formed in 2013 by Phillips 66 to own, operate, develop and acquire primarily fee-based crude oil, refined petroleum product and natural gas liquids ("NGL") pipelines and terminals and other transportation and midstream assets. Our assets consist of one crude oil pipeline, terminal and storage system; four refined petroleum products pipeline, terminal and storage systems; two crude oil rail racks; two refinery-grade propylene storage spheres; one crude oil gathering system; a 25% interest in an NGL fractionator and associated storage caverns; and interests in six joint ventures, including one-third equity interests in the limited liability companies that respectively own the Sand Hills and Southern Hills NGL pipeline systems and a 19.46% equity interest in Explorer Pipeline Company, the owner of the Explorer refined products pipeline system. The majority of our assets are connected to, and integral to the operation of, seven of Phillips 66's wholly owned or jointly owned refineries.

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

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

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

Our Relationship with Phillips 66

One of our principal strengths is our relationship with Phillips 66. Phillips 66 is a diversified energy manufacturing and logistics company with an investment grade credit rating, midstream, chemicals, refining, and marketing and specialties businesses, and a key focus on safe and reliable operations. Phillips 66 is one of the largest independent petroleum refiners in the United States and globally, with a net crude oil processing capacity of 2.2 million barrels per day as of January 1, 2016. Phillips 66 has

Table of Contents

stated that it intends to grow its transportation and other midstream businesses and will use us as a primary vehicle for achieving that growth.

Following the closing of this offering and after giving effect to the closing of the Subsequent Fractionator Transaction (as described below), Phillips 66 will retain a significant interest in us through its ownership of our general partner, a 64.6% limited partner interest in us (or 63.8% if the underwriters' option to purchase additional common units is exercised in full) and all of our incentive distribution rights. We believe Phillips 66 will continue to promote and support the successful execution of our business strategies given its significant ownership in us following this offering, the importance of our assets to Phillips 66's refining and marketing operations and its stated intention to use us as a primary vehicle to grow its transportation and midstream businesses.

Recent Developments

Fractionator Transactions. On March 1, 2016, we acquired from Phillips 66 Project Development Inc. ("Phillips 66 PDI"), a wholly owned subsidiary of Phillips 66, an indirect 25% controlling interest in Phillips 66 Sweeny Frac LLC, which owns the assets described below (the "Initial Fractionator Transaction"):

an NGL fractionator located at Phillips 66 Company's Sweeny refinery in Old Ocean, Texas, with the capacity to fractionate 100,000 barrels per day of Y-grade NGL into ethane, propane, butane, isobutene and natural gasoline (the "Fractionator");

five storage caverns (the "Caverns" and, together with the Fractionator, the "Sweeny Assets") located between the Sweeny refinery and Freeport, Texas, that will have a combined capacity to store 7.5 million barrels of Y-grade NGL, propane, and butane. Three of the Caverns are currently in service, and the remaining two Caverns are expected to be in service by the end of 2016.

In exchange for the 25% interest acquired by us in the Initial Fractionator Transaction, Phillips 66 PDI received total consideration of \$236 million, consisting of our assumption of \$212 million in notes payable to Phillips 66 Company, a wholly owned subsidiary of Phillips 66 (the "Initial Note"), and the issuance of 412,823 common units to Phillips 66 PDI and 8,425 general partner units to our general partner to maintain its 2% general partner interest in us. In connection with the closing of the Initial Fractionator Transaction, on March 1, 2016, Phillips 66 Company and Phillips 66 Sweeny Frac LLC entered into fractionation and storage agreements, each with a 10-year term, that include minimum contract quantity deliveries to the Fractionator for fractionation and minimum storage commitments at the Caverns.

On May 4, 2016, we entered into a Contribution, Conveyance and Assumption Agreement (the "Contribution Agreement") with our general partner, Phillips 66 Company and Phillips 66 PDI pursuant to which we agreed to acquire from Phillips 66 PDI the remaining 75% interest in Phillips 66 Sweeny Frac LLC and a 100% interest in the Standish Pipeline, a refined petroleum pipeline system extending from Phillips 66 Company's Ponca City Refinery in Ponca City, Oklahoma to the Partnership's North Wichita Terminal in Wichita, Kansas (the "Subsequent Fractionator Transaction" and, together with the Initial Fractionator Transaction, the "Fractionator Transactions"). In exchange for the interests acquired by us in the Subsequent Fractionator Transaction, Phillips 66 PDI will receive total consideration of \$775 million, consisting of the assumption of \$625 million in notes payable to Phillips 66 Company (the "Assumed Notes" and, together with the Initial Note, the "Sponsor Notes") and the issuance of 2,531,513 newly issued units, to be allocated between common units to be issued to Phillips 66 PDI and general partner units to be issued to our general partner in a proportion necessary for our general partner to maintain its 2% general partner interest in us. We have the option to elect to issue fewer common units to Phillips 66 PDI and assume a greater principal amount of Assumed Notes, or to issue additional common units to Phillips 66 PDI and assume a lesser principal amount of

Table of Contents

Assumed Notes, provided that in each case, if we so elect, the total consideration payable in the Subsequent Fractionator Transaction will not exceed \$775 million. The Assumed Notes are comprised of three notes of identical terms and tenor. Each of the Sponsor Notes bears interest at the rate of 3% per annum. The Sponsor Notes mature on October 1, 2020, may be paid in whole or in part prior to that date with no penalty, and contain customary default provisions for failure to pay principal or interest. We intend to use the net proceeds from this offering to repay a portion of the Sponsor Notes assumed by us in the Fractionator Transactions. The closing of the Subsequent Fractionator Transaction is subject to customary closing conditions and is expected to occur in May 2016. The closing of this offering of common units is not conditioned on the closing of the Subsequent Fractionator Transaction.

The terms of the Fractionator Transactions were approved by our board of directors and the conflicts committee of our board of directors, which consists entirely of independent directors. The conflicts committee engaged an independent financial advisor and legal counsel in connection with evaluating the potential terms of the Fractionator Transactions and ultimately determined the entry into and consummation of the Fractionator Transactions was in the best interests of the Partnership. For more information about the Subsequent Fractionator Transaction, including historical and pro forma financial information, see our Current Report on Form 8-K filed with the SEC on May 4, 2016, which is incorporated by reference herein.

First Quarter 2016 Distributions. On April 20, 2016, the board of directors of our general partner declared a quarterly cash distribution of \$0.481 per common unit for the first quarter of 2016. This distribution is payable on May 12, 2016, to all unitholders of record at the close of business on May 3, 2016, and represents an increase of 5% over the 2015 fourth quarter distribution. Purchasers of common units in this offering will not be entitled to receive a cash distribution for the first quarter of 2016 because the common units will be issued after the record date.

Principal Executive Offices and Internet Address

Our executive offices are located at 3010 Briarpark Drive, Houston, Texas 77042, and our telephone number is (855) 283-9237. Our website is located at <http://www.phillips66partners.com>. We make available our periodic reports and other information filed with or furnished to the SEC, free of charge through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

Table of Contents

Partnership Structure

The table and simplified diagram below illustrate our organization and ownership after giving effect to this offering and the closing of the Subsequent Fractionator Transaction, assuming the underwriters do not exercise their option to purchase additional common units:

Public common units	33.4%
Phillips 66 common units	64.6%
General partner units	2.0%
Total	100.0%

Table of Contents

The Offering

Common units offered by us	7,500,000 common units.
	8,625,000 common units if the underwriters exercise in full their option to purchase an additional 1,125,000 common units from us.
Units outstanding before this offering	82,900,615 common units
Units outstanding after this offering	90,400,615 common units, or 91,525,615 common units if the underwriters exercise in full their option to purchase an additional 1,125,000 common units from us.
Use of proceeds	<p>We expect to receive net proceeds of approximately \$ million from this offering, or approximately \$ million if the underwriters exercise in full their option to purchase additional common units from us, in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to repay a portion of the Sponsor Notes assumed by us in the Fractionator Transactions. If the Subsequent Fractionator Transaction does not close, we intend to use the net proceeds from this offering for general partnership purposes, including to repay outstanding indebtedness, including all or a portion of the Initial Note, and to fund future acquisitions and capital expenditures. The closing of this offering is not conditioned on the closing of the Subsequent Fractionator Transaction.</p> <p>If the underwriters exercise their option to purchase additional common units, we expect to use those net proceeds for general partnership purposes, including to repay outstanding indebtedness and to fund future acquisitions and capital expenditures. Please read "Use of Proceeds."</p> <p>An affiliate of Barclays Capital Inc. is a lender under our revolving credit facility and, accordingly, may receive a portion of the net proceeds of this offering. Please read "Underwriting."</p>
Cash distributions	<p>Our general partner has adopted a cash distribution policy that requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as "available cash," and it is defined in our partnership agreement. Please read "Provisions of our Partnership Agreement Relating to Cash Distributions" in the accompanying base prospectus.</p> <p>On April 20, 2016, the board of directors of our general partner declared a quarterly cash distribution to our limited partners for the first quarter of 2016 of \$0.481 per common unit, payable on May 12, 2016, to holders of record as of May 3, 2016. This distribution represents an increase of 5% over the 2015 fourth quarter distribution. Purchasers of common units in this offering will not be entitled to receive a cash distribution for the first quarter of 2016 because the common units will be issued after the record date.</p>

Table of Contents

	<p>If cash distributions to our unitholders exceed \$0.244375 per unit in any quarter, our general partner will receive, in addition to distributions on its 2% general partner interest, increasing percentages, up to 48%, of the cash we distribute in excess of that amount. We refer to these distributions as "incentive distributions." Our partnership agreement authorizes us to issue an unlimited number of additional units without the approval of our unitholders. Please read "Our Partnership Agreement Issuance of Additional Securities" in the accompanying base prospectus.</p>
Issuance of additional units	<p>Our general partner manages and operates our partnership. Common unitholders have only limited voting rights on matters affecting our business. Common unitholders have no right to elect our general partner or its directors on an annual or continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66²/₃% of the outstanding units voting together as a single class, including any units owned by our general partner and its affiliates. After giving effect to this offering and the closing of the Subsequent Fractionator Transaction, and assuming that the underwriters exercise in full their option to purchase additional common units, Phillips 66 will own an aggregate of 65.1% of our common units, which gives Phillips 66 the ability to prevent the removal of our general partner.</p>
Limited voting rights	<p>We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, 2018, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. Please read "Material Tax Consequences" in this prospectus supplement.</p>
Estimated ratio of taxable income to distributions	<p>For a discussion of the material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read "Material Tax Consequences" in this prospectus supplement and "Material Federal Income Tax Consequences" in the accompanying base prospectus.</p>
Material tax consequences	<p>Our common units are listed on the New York Stock Exchange ("NYSE") under the symbol "PSXP."</p>
Exchange listing	<p>You should carefully read and consider the information beginning on page S-7 of this prospectus supplement set forth under the heading "Risk Factors," on page 2 of the accompanying base prospectus and all other information set forth in this prospectus, including the information incorporated by reference, before deciding to invest in our common units.</p>
Risk factors	

S-6

Table of Contents

RISK FACTORS

An investment in our common units involves risks. Before you invest in our common units, you should carefully consider the following risk factors and the risk factors included in our annual report on Form 10-K for the year ended December 31, 2015, as well as risks described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and cautionary notes regarding forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying base prospectus, together with all of the other information included or incorporated by reference herein.

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

Risks Related to the Subsequent Fractionator Transaction

Even if this offering is completed, the Subsequent Fractionator Transaction may not be consummated as anticipated, or at all, which could have an adverse impact on our cash available for distribution.

The Subsequent Fractionator Transaction is expected to close in May 2016 and is subject to customary closing conditions. Satisfaction of many of these conditions is beyond our control. If these conditions are not satisfied or waived, the Subsequent Fractionator Transaction will not be completed. Certain of the conditions that remain to be satisfied include, but are not limited to:

the continued accuracy of the representations and warranties contained in the Contribution Agreement;

the performance by each party of its respective obligations under the Contribution Agreement;

the absence of any legal proceeding or order by a governmental authority restraining, enjoining or otherwise prohibiting the Subsequent Fractionator Transaction;

the absence of a material adverse effect on the results of operations or financial condition of the interests to be acquired in the Subsequent Fractionator Transaction;

the execution of certain agreements and delivery of certain documents related to the consummation of the Subsequent Fractionator Transaction; and

the receipt by the Partnership of sufficient proceeds from any financing arrangement undertaken by the Partnership that are necessary or desirable to fund any amounts contemplated to be paid in connection with or immediately following the closing of the Subsequent Fractionator Transaction.

If these conditions are not satisfied or waived, the Subsequent Fractionator Transaction will not be consummated. There is no guarantee that the Subsequent Fractionator Transaction will close in May 2016, or at all. The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Subsequent Fractionator Transaction. Accordingly, if you decide to purchase our common units, you should be willing to do so whether or not we complete the Subsequent Fractionator Transaction. Failure to complete the Subsequent Fractionator Transaction or any delays in completing the Subsequent Fractionator Transaction could have an adverse impact on our future business and operations and our cash available for distribution and could negatively impact the price of our common units.

Table of Contents

Failure to successfully combine our business with the assets to be acquired from Phillips 66 in the Subsequent Fractionator Transaction, or an inaccurate estimate by us of the benefits to be realized from the Subsequent Fractionator Transaction, may adversely affect our future results.

The Subsequent Fractionator Transaction involves potential risks, including:

the failure to realize expected profitability, growth or accretion;

environmental or regulatory compliance matters or liabilities;

title or permit issues;

the diversion of management's attention from our existing businesses;

the incurrence of significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and

the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate.

The expected benefits from the pending Subsequent Fractionator Transaction may not be realized if our estimates of the potential net cash flows associated with the assets to be acquired by us in the Subsequent Fractionator Transaction are materially inaccurate or if we fail to identify operating problems or liabilities associated with the assets prior to closing. The accuracy of our estimates of the potential net cash flows attributable to such assets is inherently uncertain. If problems are identified after closing of the Subsequent Fractionator Transaction, the Contribution Agreement provides for limited recourse against Phillips 66.

If we consummate the Subsequent Fractionator Transaction and if any of these risks or unanticipated liabilities or costs were to materialize, any desired benefits of the Subsequent Fractionator Transaction may not be fully realized, if at all, and our future financial performance, results of operations and cash available for distribution could be negatively impacted.

Table of Contents

USE OF PROCEEDS

We expect to receive net proceeds of approximately \$ million, after deducting underwriting discounts and commissions and estimated offering expenses, from the sale of 7,500,000 common units offered by this prospectus supplement. If the underwriters exercise in full their option to purchase 1,125,000 additional common units, the net proceeds to us, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$ million.

We intend to use the net proceeds from this offering to repay a portion of the Sponsor Notes assumed by us in the Fractionator Transactions. For more information about the Sponsor Notes, please see "Summary Recent Developments Fractionator Transaction." If the Subsequent Fractionator Transaction does not close, we intend to use the net proceeds from this offering for general partnership purposes, including to repay outstanding indebtedness, including all or a portion of the Initial Note, and to fund future acquisitions and capital expenditures. The closing of this offering is not conditioned on the closing of the Subsequent Fractionator Transaction. The Subsequent Fractionator Transaction, which is subject to standard closing conditions, is expected to close in May 2016. Please read "Summary Recent Developments Fractionator Transactions" and "Risk Factors."

If the underwriters exercise their option to purchase additional common units, we expect to use those net proceeds for general partnership purposes, including to repay outstanding indebtedness and to fund future acquisitions and capital expenditures.

An affiliate of Barclays Capital Inc. is a lender under our revolving credit facility and, accordingly, may receive a portion of the net proceeds of this offering. See "Underwriting."

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2016, on

a historical basis (which gives effect to the closing of the Initial Fractionator Transaction);

a "pro forma" basis to give pro forma effect to the Subsequent Fractionator Transaction, including the financing assumptions as more fully described in our Current Report on Form 8-K filed on May 4, 2016; and

A "pro forma, as adjusted" basis to reflect the sale of 7,500,000 common units in this offering, which results in a \$ million adjustment in net offering proceeds and a corresponding \$ million adjustment in the assumed repayment of Sponsor Notes from those amounts assumed on a pro forma basis.

The closing of this offering of common units is not conditioned on the closing of the Subsequent Fractionator Transaction. You should read this information in conjunction with the "Use of Proceeds" portion of this prospectus supplement and our financial statements and notes thereto that are incorporated by reference into this prospectus supplement and the accompanying base prospectus for additional information about our capital structure. The following table does not reflect any common units that may be sold to the underwriters upon exercise of their option to purchase additional common units.

At March 31, 2016	(Millions of Dollars)		
	Historical	Pro Forma	Pro Forma, As Adjusted
Total debt			
Revolving credit facility	\$		
Sponsor notes	212.0	441.0	
Senior notes	1,090.9	1,090.9	
Total debt	\$ 1,302.9	1,531.9	
Equity			
Common unitholders public	\$ 808.5	1,203.7	
Common unitholder Phillips 66	301.5	525.5	
General partner Phillips 66	(646.8)	(628.3)	
Non-controlling interests	851.7		
Accumulated other comprehensive loss	(0.8)	(0.8)	
Total equity	\$ 1,314.1	1,100.1	
Total capitalization	\$ 2,617.0	2,632.0	

Table of Contents