

Silver William R.
Form 4
October 02, 2012

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Silver William R.

2. Issuer Name and Ticker or Trading Symbol
SUNOCO LOGISTICS PARTNERS L.P. [SXL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1818 MARKET STREET, SUITE 1500

3. Date of Earliest Transaction (Month/Day/Year)
09/28/2012

Director 10% Owner
 Officer (give title below) Other (specify below)

(Street)
PHILADELPHIA, PA 19103-3615

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction of	5. Number	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. Price of Derivative
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	Security (Instr. 5)				
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Restricted Units	(1)	09/28/2012	A		228 (2)		(3)	(3)	Common Units	228	\$ 48.2
Voluntary Deferred Restricted Units	(1)	09/28/2012	A		373 (4)		(3)	(3)	Common Units	373	\$ 48.2

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Silver William R. 1818 MARKET STREET SUITE 1500 PHILADELPHIA, PA 19103-3615	X			

Signatures

/s/John J. DiRocco, Jr., attorney-in-fact for William R. Silver	10/02/2012
<u> </u> Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The conversion rate is 1 for 1.
- (2) Reflects crediting of Restricted Units into the Director's Mandatory Deferred Compensation Account pursuant to the Directors' Deferred Compensation Plan, in a transaction exempt under Rule 16b-3(d).
- (3) Not applicable.
- (4) Reflects crediting of Restricted Units into the Director's Voluntary Deferred Compensation Account pursuant to the Directors' Deferred Compensation Plan, in a transaction exempt under Rule 16b-3(d).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

40%

40%

80%

Kyle A. McGraw

Director, Executive Vice President and Chief Development Office

40%

40%

80%

James Daniel Westcott

Executive Vice President and Chief Financial Officer

40%

40%

80%

Dan G. LeRoy

Vice President, General Counsel and Secretary

20%

20%

40%

The objective component (up to 50% of the annual cash incentive compensation) will be based on two measures of equal weight:

EBITDA (as defined as Adjusted EBITDA in the Partnership's annual report on Form 10-K); and

Growth in cash distributions per unit.

The percentage levels that may be earned each year are based on the ranges of performance levels with respect to each target as set forth in the following table, as determined by straight-line interpolation.

The General Partner's executive officers will not receive a cash bonus (with respect to either of the two performance measures) under this objective component unless the Partnership maintains its cash distribution per unit or achieves EBITDA that is at least 85% of the target EBITDA for the year.

Measure	Weight	Performance Level/Percent Earned		
EBITDA	50%	85% of Target	100% of Target	115% of Target
		50%	100%	150%
Growth in Cash Distributions Per Unit	50%	0% Growth	7.5% Growth	15% Growth
		50%	100%	150%

These objective measures are intended to align the incentive compensation of each executive officer with unitholder return by rewarding performance that maintains or grows distributions and exceeds the specified EBITDA target levels. EBITDA and growth in cash distributions per unit are used to determine the objective component of the cash bonus. The respective target levels, for purposes of the annual cash bonus determination only, will be set by the Committee at the beginning of each year after considering management's recommendation.

Equity-Based Incentive Compensation. The equity-based incentive compensation also employs a mix of subjective (weighted at 60% of total) and objective (weighted at 40% of total) measures.

Subjective or Service-Based Component. The subjective or service-based component is determined by a subjective evaluation of prior fiscal year performance and, with respect to each executive officer, may be awarded up to two times the target percentage of annual salary as set forth in the table below. Once granted, subject to the respective executive officer's employment agreement, the only condition to vesting will be that the executive officer remain in the service of the Partnership until the end of the three-year vesting period. The vesting of service-based equity-based awards, once granted, is not subject to the attainment of any performance criteria.

Objective or Performance-Based Component. The objective or performance-based component will be granted each year at two times the target percentage listed in the table below, but the amount vested at the end of the three-year vesting period will be determined on the vesting date in accordance with a formula (as set forth under "Calculation of Vesting of

Objective Component of Equity-Based Compensation” below) based on the objective average annual total unitholder return and relative performance measures (described below) achieved during the cumulative three-year measurement period prior to the vesting date. While as many as two times the target number of units may vest based on the Partnership's performance, if none or only a portion of phantom units vest as a result of target levels not being met, the unvested portion of phantom units will be forfeited.

All equity-based incentive compensation awards will be phantom units, with associated distribution equivalent rights (“DERs”), up to two times the target amounts reflected as percentages of annual salary as set forth in the following table. The percentages listed below will be applied with respect to the Partnership's and executive officers' performance during fiscal year 2013, but may change in the future at the Committee's discretion.

Executive Officer	Title	Target Value of Phantom Units as a Percentage of Annual Salary		
		Subjective	Objective	Total
Cary D. Brown	Chairman of the Board, President and Chief Executive Officer	175%	115%	290%
Paul T. Horne	Executive Vice President and Chief Operating Officer	105%	70%	175%
Kyle A. McGraw	Director, Executive Vice President and Chief Development Officer	105%	70%	175%
James Daniel Westcott	Executive Vice President and Chief Financial Officer	105%	70%	175%
Dan G. LeRoy	Vice President, General Counsel and Secretary	45%	30%	75%

A phantom unit is a notional unit that entitles the holder upon vesting to receive a corresponding number of Partnership units.

The number of phantom units granted for both the subjective and objective unit grants is determined by dividing the dollar amount of the intended grant value by the average closing price of Partnership units for the 20 trading day period ended the last trading day prior to January 1st in the year of the grant. All phantom unit grants vest over a three-year period, at the third anniversary of the initial grant date, or such date as determined by the Committee. With respect to the objective component only, the actual number vested will be determined based on the three-step formula set forth below.

With respect to all phantom unit grants, DERs accumulate and accrue based on the assumed vesting of all phantom units. Payments will be made at vesting of the underlying phantom units. With respect to the objective component only, the actual amounts payable are based solely on the number of vested underlying phantom units at the end of the three-year vesting period.

Calculation of Vesting of Objective Component of Equity-Based Compensation

The objective-based phantom units granted at two times the target level each year are subject to a three-year measurement and vesting period. At the three-year vesting date of the objective or performance-based component of equity-based compensation, the number of phantom units to vest is determined based on the following three-step process, with the total vested amount to be determined by adding the values arrived at in Step 1 and Step 2.

Step 1: 50% of the performance-based award will be a function of the average annual Total Unitholder Return for the Partnership (“Legacy TUR”) and the percentile rank of the Legacy TUR among such upstream master limited partnership (“MLP”) peer companies as determined by the Committee at the beginning of each fiscal year (“Peer Group”). The average annual Legacy TUR or the average annual Total Unitholder Return for any entity in the Peer Group for any performance period means the percentage increase in the value of a \$100 investment in a unit or common unit purchased at the average closing price of such a unit or common unit over the 20 trading days prior to January 1 of the year with respect to which the grant is made, assuming such investment is liquidated on the January 1 immediately prior to the vesting date, at a price that is the average price of the unit or common unit over the 20 trading days prior

to the liquidation, plus any cash distributions paid in the three-year period from the grant date to the vesting date. The following matrix will be used to determine the Legacy TUR vs.

Peer Group portion of the award. The total grant value to vest is the sum of the results derived from each of the two grids shown below.

Legacy TUR Ranking vs Peer Group*	>=90 th %ile	0%	125%	150%	175%	200%
	75 th %ile	0%	100%	125%	150%	175%
	50 th %ile	0%	75%	100%	125%	150%
	25 th %ile	0%	50%	75%	100%	125%
	<=10 th %ile	0%	25%	50%	75%	100%
	<=0%	8%	12%	20%	>=25%	
	Average Annual Legacy TUR					

The current Peer Group consists of Atlas Resource Partners, L.P., Breitburn Energy Partners L.P., Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P., Linn Energy, LLC, LRR Energy L.P., Memorial Production *Partners LP, Mid-Con Energy Partners, LP, QR Energy, LP, Pioneer Southwest Energy Partners L.P. and Vanguard Natural Resources LLC. If any company in the Peer Group ceases to be publicly traded during any performance period, the Committee will adjust the composition of the Peer Group as it deems appropriate.

To determine the performance-based awards earned for this Legacy TUR vs. Peer Group component, the percentage determined in accordance with the performance grid (using straight-line interpolation between the percentages given above) is multiplied by 50% and multiplied by the target number of phantom units available for vesting.

Step 2: 50% of the performance-based award will be a function of the Legacy TUR and the percentile rank of the Partnership among a group of MLPs included in the Alerian MLP Index (such group of MLPs as determined by the Committee, excluding publicly traded general partners of MLPs and shipping companies) (the “Adjusted Alerian Index”) based on such entities' average annual Total Unitholder Return. The following matrix will be used to determine the Legacy TUR vs. Adjusted Alerian Index portion of the award.

TUR Relative to Adjusted Alerian Index **	>=90 th %ile	0%	125%	150%	175%	200%
	75 th %ile	0%	100%	125%	150%	175%
	50 th %ile	0%	75%	100%	125%	150%
	25 th %ile	0%	50%	75%	100%	125%
	<=10 th %ile	0%	25%	50%	75%	100%
	<=0%	8%	12%	20%	>=25%	
	Legacy TUR					

** “Adjusted Alerian Index” means a subset of companies included in the Alerian MLP Index as determined by the Committee and excludes publicly traded general partners of MLPs and shipping companies, as of the beginning of each fiscal year. The calculation of the Adjusted Alerian Index along with calculation of percentile results and the Legacy TUR percentile ranking is subject to third-party review.

To determine the performance-based awards earned on this Legacy TUR vs. Adjusted Alerian Index component, the percentage earned in accordance with the above matrix (using straight-line interpolation between the percentages set forth in the matrix) is multiplied by 50% and multiplied by the target number of phantom units available for vesting.

Step 3: The respective award values arrived at by performing the calculations set forth in Step 1 and Step 2 above will be added to determine the total vested portion of the performance-based equity award with respect to a particular three-year performance period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Legacy Reserves LP

By: Legacy Reserves GP, LLC,
its General Partner

Date: March 13, 2013

/s/ Dan G. LeRoy
Dan G. LeRoy
Vice President, General Counsel and Secretary