SUNOCO LOGISTICS PARTNERS OPERATIONS LP
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Final Pricing Terms

Sunoco Logistics Partners Operations L.P.

$600,000,000 4.40% Senior Notes Due 2021

$400,000,000 5.95% Senior Notes Due 2025

Issuer:	Sunoco Logistics Partners Operations L.P.	
Guarantor:	Sunoco Logistics Partners L.P.	
Ratings (Moody s / S&P / Fitch)*:	Baa3/BBB/BBB	
Security Type:	Senior Unsecured Notes	
Form:	SEC Registered	
Pricing Date:	November 12, 2015	
Settlement Date:	November 17, 2015 (T+3)	
Net Proceeds (before offering expenses):	$992,170,000	
	4.40% Senior Notes due 2021	**5.95% Senior Notes due 2025**
Principal Amount:	$600,000,000	$400,000,000
Maturity Date:	April 1, 2021	December 1, 2025
Interest Payment Dates:	April 1 and October 1, beginning April 1, 2016	June 1 and December 1, beginning June 1, 2016
Benchmark Treasury:	1.375% due October 31, 2020	2.00% due August 15, 2025
Benchmark Treasury Price / Yield:	98 11+ / 1.721%	97 03 / 2.335%
Spread to Benchmark:	+270 bps	+365 bps
Re-offer Yield:	4.421%	5.985%
Coupon:	4.40%	5.95%
Public Offering Price:	99.905%	99.735%

Make Whole Call:	T+45 bps	T+50 bps
Call at Par:	On or after March 1, 2021	On or after September 1, 2025
CUSIP / ISIN:	86765B AR0 / US86765BAR06	86765B AS8 / US86765BAS88
Joint Book-Running Managers:	U.S. Bancorp Investments, Inc. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. BBVA Securities Inc. PNC Capital Markets LLC SunTrust Robinson Humphrey, Inc. TD Securities (USA) LLC BNP Paribas Securities Corp. DNB Markets, Inc. Scotia Capital (USA) Inc. SMBC Nikko Securities America, Inc.	

Co-Managers:	Comerica Securities, Inc.
	RBS Securities Inc.

*Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Pro Forma Ratio of Earnings to Fixed Charges

For the year ended December 31, 2014 and the nine months ended September 30, 2015, our ratio of earnings to fixed charges, on a pro forma basis giving effect to this offering, would have been 1.9x and 2.6x, respectively.

The issuer has filed a registration statement (including a base prospectus) and a prospectus supplement with the U.S. Securities and Exchange Commission (SEC) for this offering. Before you invest, you should read the prospectus supplement for this offering, the base prospectus in that registration statement and other documents the issuer (including its parent, Sunoco Logistics Partners L.P.) has filed with the SEC for more complete information about the issuer (including its parent, Sunoco Logistics Partners L.P.) and this offering. You may obtain these documents for free by visiting EDGAR on the SEC Web site at http://www.sec.gov. Alternatively, you may obtain a copy of the prospectus supplement if you request it by calling U.S. Bancorp Investments, Inc. toll-free at (877) 558-2607, Mitsubishi UFJ Securities (USA), Inc. toll-free at (877) 649-6848, or Mizuho Securities USA Inc. toll-free at (866) 271-7403.

t>2013 period reflecting organic revenue growth of 3.6% and growth of 3.3% related to acquisitions.

Gross Profit

Gross profit for the third quarter of 2014 increased $45.5 million, or 6.0%, driven by productivity initiatives and increased volume due to industry and market expansion, partially offset by labor inflation, particularly at Energy and Engineered Systems, and higher acquisition-related depreciation and amortization of $3.3 million. Gross profit margin decreased 70 basis points as compared to the prior year quarter primarily due to higher labor costs as we completed the transition to new production sites and an unfavorable product mix.

For the nine months ended September 30, 2014, gross profit increased $140.7 million, or 6.4%, from the comparable 2013 period, while gross profit margin decreased 20 basis points to 38.7%. Increased sales volume, as well as increased productivity, were partially offset by the aforementioned unfavorable product mix and costs associated with international expansion activities.

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Selling and Administrative Expenses

Selling and administrative expenses increased $34.4 million, or 8.4%, as compared to the prior year quarter. Increased headcount to support higher volumes and growth initiatives contributed to the increase quarter over quarter. Also, the prior year period included a $4.4 million one-time pension curtailment gain. Adjusting for this gain, as well as incremental acquisition-related depreciation and amortization expense, selling and administrative expenses as a percentage of revenue improved 20 basis points over the prior year.

For the nine months ended September 30, 2014, selling and administrative expenses increased $90.8 million, or 7.2%. Higher acquisition-related depreciation and amortization expense accounted for $11.2 million of the increase compared to the prior year period. Additionally, included in 2013 expense was a $6.8 million gain associated with the sale of land in Switzerland and the curtailment gain discussed above. Adjusting for these items, selling and administrative expenses as a percentage of revenue improved approximately 40 basis points.

Non-Operating Items

Interest expense, net
Net interest expense increased $1.0 million, or 3.3%, and $5.1 million, or 5.6%, for the three and nine months ended September 30, 2014, respectively, primarily due to the euro-denominated notes the Company issued in December 2013 totaling €300.0 million. These notes mature on December 1, 2020.

Other (income) expense, net
The current year quarter net other income of $0.8 million primarily related to foreign exchange gains resulting from the remeasurement and settlement of foreign currency denominated balances. The prior year quarter net other expense of $0.2 million was largely driven by $3.4 million related to insurance settlements for property damage at two locations, which were more than offset by foreign exchange losses and other unfavorable nonrecurring items.

Net other income of $6.5 million for the current year to date included $6.0 million of income related to an insurance settlement for property damage and acquisition termination fees. These items were partially offset by foreign exchange losses of $2.2 million resulting from the remeasurement and settlement of foreign currency denominated balances. Additionally, the current year to date amount included several nonrecurring items totaling $2.7 million of income, none of which were individually significant. The prior year to date net other income of $1.1 million consisted primarily of the aforementioned insurance settlements, offset by foreign exchange losses.

Income Taxes

The effective tax rates for continuing operations for the three and nine months ended September 30, 2014 were 29.2% and 29.9%, respectively. Impacting these rates were favorable discrete tax items of $5.5 million and $7.4 million for the three and nine months ended September 30, 2014, respectively. Effective tax rates for continuing operations were 28.8% and 22.8% for the three and nine months ended September 30, 2013, respectively. These rates were impacted by favorable net discrete items totaling $7.8 million and $73.6 million for the three and nine months ended September 30, 2013, respectively, principally resulting from the conclusion of certain U.S. federal tax audits, as well as certain state and international tax audits, and the effect of the American Tax Relief Act of 2012 signed into law on January 2, 2013.

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Excluding discrete tax items, the effective tax rates were 30.8% and 30.7% for the three and nine months ended September 30, 2014, and 31.2% and 31.5% for the three and nine months ended September 30, 2013, respectively.

Dover and its subsidiaries file tax returns in the U.S., including various state and local returns, and in other foreign jurisdictions. We believe adequate provision has been made for all income tax uncertainties. The Company is routinely audited by taxing authorities in its filing jurisdictions, and a number of these audits are currently underway. We believe that within the next twelve months uncertain tax positions may be resolved and statutes of limitations will expire, which could result in a decrease in the gross amount of unrecognized tax benefits of approximately zero to $37.8 million, of which a portion will be reported as discontinued operations.

Earnings from Continuing Operations

Earnings from continuing operations for three months ended September 30, 2014 increased 2.9% to $232.8 million, or $1.38 diluted earnings per share, and decreased 3.8% to $626.6 million, or $3.69 diluted earnings per share for the nine months ended September 30, 2014. Excluding discrete tax benefits recognized in both the current and prior year periods, earnings from continuing operations increased 4.0% and 7.1% for the three and nine months ended September 30, 2014, respectively. The increase in earnings from continuing operations is primarily the result of higher revenues, offset in part by higher acquisition-related expenses, including depreciation and amortization. The increase in earnings per share reflects the increase in earnings, as well as lower weighted average shares outstanding for the 2014 period relative to the 2013 period.

Discontinued Operations

Management evaluates Dover's businesses periodically for their strategic fit within Dover's operations. Accordingly, the results of discontinued operations for the nine months ended September 30, 2014 and the three and nine months ended September 30, 2013 include the historical results of Knowles prior to its distribution on February 28, 2014. Costs incurred by Dover to complete the spin-off of Knowles totaled $0.3 million and $10.6 million for the three months ended September 30, 2014 and 2013, respectively, and $27.1 million and $14.0 million for the nine months ended September 30, 2014 and 2013, respectively, bringing the total one-time costs associated with the spin-off to $57.1 million.

Additionally, the results of discontinued operations reflect the net earnings of certain non-core businesses serving the electronic assembly and test markets that are either held for sale or have been previously sold. The Company completed the sale of one of these businesses, Everett Charles Technologies, in the fourth quarter of 2013. The Company completed the sale of the remaining business, DEK International, in the third quarter of 2014. The Company recorded a loss on the sale of DEK of $6.9 million during the nine months ended September 30, 2014, of which a loss of $7.2 million was recorded in the second quarter of 2014 to write down the carrying value of this business to fair value, based on estimated net proceeds at the time. See Note 4 Discontinued Operations.

Restructuring Activities

The restructuring expenses of $2.1 million and $8.5 million incurred in the three and nine months ended September 30, 2014, respectively, related to restructuring programs initiated during 2014 and 2013. These programs are designed to better align the Company's operations with current market conditions through targeted facility consolidations, headcount reductions and other measures to further optimize operations. The Company currently expects full year 2014 restructuring expenses of approximately $10.0 million related to these programs. We expect the programs currently underway to be substantially completed in the next twelve to eighteen months.

The $2.1 million of restructuring charges incurred during the third quarter of 2014 included the following items:

- The Energy segment incurred restructuring charges of $0.2 million related principally to a facility consolidation in its businesses serving the compression markets.

- The Engineered Systems segment recorded $0.8 million of restructuring charges relating to facility consolidations within the Industrials platform, as well as actions taken to optimize costs related to marketing and administrative functions within the Printing & Identification platform.

- The Fluids segment recorded $0.5 million of restructuring charges principally related to severance for those businesses serving the fluid transfer markets.

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- Corporate restructuring charges of $0.6 million resulted from the Company's decision to realign its businesses into a new segment structure in the first quarter of 2014 following the spin-off of Knowles. Nonrecurring charges related to this realignment, primarily severance expense, are not expected to be significant in total.

For the three and nine months ended September 30, 2013, the Company incurred restructuring charges of $2.6 million and $8.6 million, respectively, for programs at several targeted facilities to optimize cost structure, across several of the segments. See Note 8 Restructuring Activities in our Condensed Consolidated Financial Statements for additional information related to our restructuring programs.

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SEGMENT RESULTS OF OPERATIONS

Energy

Our Energy segment, serving the Drilling & Production and Bearings & Compression end markets, is a provider of customer driven solutions and services for safe and efficient production and processing of fuels worldwide, and has a strong presence in the bearings and compression components markets.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	2014	2013	% Change	2014	2013	% Change
Revenue:						
Drilling & Production	$411,770	$376,674	9.3 %	$1,196,798	$1,130,789	5.8 %
Bearings & Compression	95,564	91,014	5.0 %	270,325	265,484	1.8 %
Total	$507,334	$467,688	8.5 %	$1,467,123	$1,396,273	5.1 %
Segment earnings	$122,738	$119,086	3.1 %	$356,697	$347,456	2.7 %
Operating margin	24.2 %	25.5 %		24.3 %	24.9 %	
Segment EBITDA	$149,883	$143,793	4.2 %	$435,224	$421,325	3.3 %
Segment EBITDA margin	29.5 %	30.7 %		29.7 %	30.2 %	
Other measures:						
Depreciation and amortization	$27,145	$24,707	9.9 %	$78,527	$73,869	6.3 %
Bookings	526,134	481,021	9.4 %	1,481,765	1,413,301	4.8 %
Backlog				232,739	233,820	(0.5)%

Components of revenue growth:	Q3 2014 vs. Q3 2013	YTD 2014 vs. 2013
Organic growth	5.2 %	3.8 %
Acquisitions	3.5 %	2.0 %
Foreign currency translation	(0.2)%	(0.7)%
	8.5 %	5.1 %

Third Quarter 2014 Compared to the Third Quarter 2013

Energy revenue increased $39.6 million, or 8.5%, in the third quarter of 2014 over the prior year period, comprised of organic growth of 5.2% and 3.5% acquisition-related growth. Foreign currency translation had a 0.2% negative impact.

- Drilling & Production end market revenue (representing 81.2% of segment revenue) increased $35.1 million, or 9.3%. Growth was driven by strong drilling and U.S. artificial lift activity and the impact of acquisitions, partially offset by expected lower project-related shipments in Australia and softer demand in Canada.

- Bearings & Compression end market revenue (representing 18.8% of segment revenue) increased $4.6 million, or 5.0%, reflecting increased demand in our compression end market, partially offset by continued softness in our bearings end market due to slower OEM build rates.

Segment earnings increased $3.7 million, or 3.1%, for our Energy segment as compared to the prior year quarter, mainly due to favorable product mix driven by higher drilling revenue. This growth was partially offset by higher

acquisition-related costs. Operating margin declined 130 basis points as compared to the comparable prior year period, mainly due to the aforementioned higher acquisition-related costs and unfavorable material pricing within our artificial lift businesses.

Bookings for the third quarter increased 9.4% from the prior year quarter, reflecting broad-based growth across the segment. Book-to-bill was 1.04.

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Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

Revenue generated by our Energy segment for the nine months ended September 30, 2014 increased $70.9 million, or 5.1%, comprised of 3.8% organic growth, 2.0% acquisition-related growth and an unfavorable 0.7% impact related to foreign currency translation. Growth was driven by strong demand for drilling, U.S. artificial lift and compression products, partially offset by softer demand for winch and bearing products.

Earnings for the nine months ended September 30, 2014 increased $9.2 million, or 2.7%, due to productivity gains and higher volume, partially offset by the impact of acquisitions. Operating margin decreased 60 basis points as compared to the prior year period, due to costs associated with continued expansion, including recent acquisitions.

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Engineered Systems

Our Engineered Systems segment is comprised of two platforms, Industrials and Printing & Identification, and is focused on the design, manufacture and service of critical equipment and components serving the printing & identification, vehicle service, environmental solutions and industrial markets.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	2014	2013	% Change	2014	2013	% Change
Revenue:						
Printing & Identification	$290,635	$256,565	13.3 %	$841,452	$745,050	12.9 %
Industrials	404,609	385,640	4.9 %	1,202,527	1,141,906	5.3 %
Total	$695,244	$642,205	8.3 %	$2,043,979	$1,886,956	8.3 %
Segment earnings	$119,316	$111,850	6.7 %	$324,058	$297,937	8.8 %
Operating margin	17.2 %	17.4 %		15.9 %	15.8 %	
Segment EBITDA	$137,716	$129,960	6.0 %	$380,463	$351,382	8.3 %
Segment EBITDA margin	19.8 %	20.2 %		18.6 %	18.6 %	
Other measures:						
Depreciation and amortization	$18,400	$18,110	1.6 %	$56,405	$53,445	5.5 %
Bookings:						
Printing & Identification	$281,115	$256,210	9.7 %	$846,308	$752,881	12.4 %
Industrials	386,325	344,764	12.1 %	1,223,697	1,147,205	6.7 %
Eliminations	(11)	(5)		(45)	(216)	
	$667,429	$600,969	11.1 %	$2,069,960	$1,899,870	9.0 %
Backlog:						
Printing & Identification				$120,780	$105,699	14.3 %
Industrials				392,985	379,456	3.6 %
				$513,765	$485,155	5.9 %

Components of revenue growth:	Q3 2014 vs. Q3 2013	YTD 2014 vs. 2013
Organic growth	4.5 %	4.6 %
Acquisitions	4.0 %	3.6 %
Foreign currency translation	(0.2)%	0.1 %
	8.3 %	8.3 %

Third Quarter 2014 Compared to the Third Quarter 2013

Engineered Systems revenue for the third quarter of 2014 increased $53.0 million, or 8.3%, driven by organic growth of 4.5%, growth from acquisitions of 4.0%, and an unfavorable impact from foreign currency of 0.2%.

- Revenue of our Printing & Identification platform (representing 41.8% of third quarter 2014 segment revenue) increased $34.1 million, or 13.3%, as compared to the prior year quarter. Broad-based global growth in both our fast moving consumer goods and industrial markets, especially in the U.S., drove organic revenue growth of 3.8%. Acquisition growth, most notably MS Printing Solutions, drove an increase of 10.1%. Foreign currency had an unfavorable impact of 0.7%.

- Revenue of our Industrials platform (representing 58.2% of third quarter 2014 segment revenue), increased $19.0 million, or 4.9%, as compared to the prior year quarter primarily due to organic growth resulting primarily from strength in auto-related businesses.

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Engineered Systems segment earnings increased $7.5 million, or 6.7%, as compared to the prior year quarter. Increased volume due to broad-based organic growth and operating leverage more than offset the impact of product mix. Operating margin decreased 20 basis points compared to the third quarter of 2013, as the impact of business mix in the Industrials platform more than offset productivity gains.

Segment bookings for the third quarter of 2014 increased 11.1% as compared to the prior year period. Bookings for our Industrials platform reflected broad-based growth, resulting in an increase of 12.1%. Our Printing & Identification platform's bookings increased 9.7%, due to the impact of recent acquisitions and continued strong activity in our core fast moving consumer goods markets, especially in the U.S. Segment book-to-bill was 0.96.

Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

Engineered Systems revenue for the nine months ended September 30, 2014 increased $157.0 million, or 8.3%, comprised of 4.6% organic revenue growth, 3.6% growth from recent acquisitions and a negligible favorable impact from foreign currency translation. The revenue trends for the nine-month period were relatively consistent in each of our end markets to those outlined for the quarter.

Earnings for the nine months ended September 30, 2014 increased $26.1 million, or 8.8%, compared to the 2013 period, as a result of increased volume and productivity improvements that more than offset the impact of business mix. Operating margin increased slightly as compared to prior year period, as productivity savings were partially offset by acquisition-related costs, including $5.4 million of depreciation and amortization.

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Fluids

Our Fluids segment, serving the Fluid Transfer and Pumps end markets, is focused on the safe handling of critical fluids across the oil & gas, retail fueling, chemical, hygienic and industrial markets.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	2014	2013	% Change	2014	2013	% Change
Revenue:						
Fluid Transfer	$201,864	$167,142	20.8 %	$573,236	$483,814	18.5 %
Pumps	159,933	142,099	12.6 %	479,845	409,202	17.3 %
	$361,797	$309,241	17.0 %	$1,053,081	$893,016	17.9 %
Segment earnings	$67,559	$63,056	7.1 %	$188,613	$169,425	11.3 %
Operating margin	18.7 %	20.4 %		17.9 %	19.0 %	
Segment EBITDA	$81,578	$74,846	9.0 %	$234,306	$204,146	14.8 %
Segment EBITDA margin	22.5 %	24.2 %		22.2 %	22.9 %	
Other measures:						
Depreciation and amortization	$14,019	$11,790	18.9 %	$45,693	$34,721	31.6 %
Bookings	350,853	307,729	14.0 %	1,088,805	910,155	19.6 %
Backlog				323,424	228,880	41.3 %

Components of revenue growth:	Q3 2014 vs. Q3 2013	YTD 2014 vs. 2013
Organic growth	6.4 %	7.1 %
Acquisitions	10.7 %	10.1 %
Foreign currency translation	(0.1)%	0.7 %
	17.0 %	17.9 %

Third Quarter 2014 Compared to the Third Quarter 2013

Fluids revenue for the third quarter of 2014 increased $52.5 million, or 17.0%, resulting from organic growth of 6.4%, growth from recent acquisitions of 10.7% and a negligible unfavorable impact from foreign currency translation.

- Fluid Transfer revenue (representing 55.8% of 2014 third quarter segment revenue) grew $34.7 million, or 20.8%, as compared to the prior year quarter, with organic growth of 9.6% and acquisition-related growth of 11.2%. The Fluid Transfer businesses continue to benefit from strong fuel transportation and global retail fueling environment markets, as well as recent acquisitions.

- Pumps revenue (representing 44.2% of 2014 third quarter segment revenue) increased $17.8 million, or 12.6%, compared with the prior year quarter, with organic growth of 2.8%, acquisition-related growth of 10.0% and a 0.2% unfavorable impact from foreign currency translation. Growth was driven by solid U.S. demand, growth from recent acquisitions and new product introductions.

Earnings in our Fluids segment increased $4.5 million, or 7.1%, over the prior year quarter due to volume leverage and the benefit of acquisition-related growth, partially offset by costs associated with recent acquisitions. Operating margin of 18.7% for the current year quarter decreased 170 basis points mainly due to the impact of recent acquisitions.

Bookings for the third quarter increased 14.0% over the prior year quarter, driven by continued strong market dynamics in Fluid Transfer. Book to bill was 0.97.

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Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

Fluids segment revenue increased $160.1 million, or 17.9%, compared to the nine months ended September 30, 2013 attributable to 10.1% acquisition-related growth, 7.1% organic growth and a 0.7% favorable impact from foreign currency translation. Strong demand for products serving the plastics and petro-chemical markets, as well as the fuel transportation and global retail fueling markets, and revenue from recent acquisitions of $90.8 million, resulted in solid performance for the current year period.

Fluids segment earnings increased $19.2 million, or 11.3%, for the nine months ended September 30, 2014 compared to the comparable prior year period, as volume leverage and strategic pricing more than offset incremental costs associated with recent acquisitions, including $8.6 million of depreciation and amortization. Operating margin decreased 110 basis points, primarily due to the aforementioned impact of recent acquisitions.

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Refrigeration & Food Equipment

Our Refrigeration & Food Equipment segment, serving the Refrigeration and Food Equipment end markets, is a provider of innovative and energy efficient equipment and systems serving the commercial refrigeration and food service industries.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in thousands)	2014	2013	% Change	2014	2013	% Change
Revenue:						
Refrigeration	$421,715	$408,749	3.2 %	$1,138,858	$1,138,531	— %
Food Equipment	107,092	112,573	(4.9)%	323,799	322,833	0.3 %
Total	$528,807	$521,322	1.4 %	$1,462,657	$1,461,364	0.1 %
Segment earnings	$78,012	$86,446	(9.8)%	$207,800	$220,733	(5.9)%
Operating margin	14.8 %	16.6 %		14.2 %	15.1 %	
Segment EBITDA	$95,085	$103,408	(8.0)%	$259,536	$270,891	(4.2)%
Segment EBITDA margin	18.0 %	19.8 %		17.7 %	18.5 %	
Other measures:						
Depreciation and amortization	$17,073	$16,962	0.7 %	$51,736	$50,158	3.1 %
Bookings	459,099	433,426	5.9 %	1,495,640	1,431,488	4.5 %
Backlog				376,141	324,042	16.1 %

Components of revenue growth:	Q3 2014 vs. Q3 2013	YTD 2014 vs. 2013
Organic growth	1.3 %	(0.3)%
Acquisitions	0.3 %	0.2 %
Foreign currency translation	(0.2)%	0.2 %
	1.4 %	0.1 %

Third Quarter 2014 Compared to the Third Quarter 2013

Refrigeration & Food Equipment segment revenue increased $7.5 million, or 1.4%, compared to the third quarter of 2013, comprised of organic growth of 1.3%, acquisition-related growth of 0.3% and a 0.2% unfavorable impact from foreign currency translation.

- Refrigeration revenue (representing 79.7% of 2014 third quarter segment revenue) increased $13.0 million, or 3.2%, quarter over quarter due to strong shipments to major food retailers, partially dampened by the timing of shipments to a key customer.
- Food Equipment revenue (representing 20.3% of 2014 third quarter segment revenue) decreased $5.5 million, or 4.9%, compared with the prior year quarter mainly due to the timing of shipments at Belvac.

Refrigeration & Food Equipment segment earnings decreased $8.4 million, or 9.8%, and operating margin decreased 180 basis points to 14.8%. These results largely reflect the impact of unanticipated supply chain costs, inefficiencies connected with customer push-outs and customer mix.

Third quarter 2014 bookings increased 5.9% from the prior year comparable quarter reflecting strong demand for refrigeration products, and backlog increased 16.1%. Book to bill for the third quarter of 2014 was seasonally strong at 0.87.

Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

Refrigeration & Food Equipment segment revenue increased $1.3 million, or 0.1%, compared to the nine months ended September 30, 2014. An overall increase in our food equipment end market and a slightly favorable impact from foreign currency translation was partially offset by the timing of shipments and the aforementioned transition to the consolidated manufacturing center for Refrigeration.

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Refrigeration & Food Equipment segment earnings decreased $12.9 million, or 5.9%, for the nine months ended September 30, 2014 as compared to the prior year period, and operating margin declined 90 basis points. These decreases were largely attributable to unfavorable product mix, particularly in our Refrigeration end market, and a $6.8 million gain associated with the sale of land in Switzerland in the prior year that did not repeat.

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FINANCIAL CONDITION

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Significant factors affecting liquidity are: cash flows generated from operating activities, capital expenditures, acquisitions, dispositions, dividends, repurchase of outstanding shares, adequacy of available commercial paper and bank lines of credit, and the ability to attract long-term capital with satisfactory terms. We generate substantial cash from the operations of our businesses and remain in a strong financial position, with sufficient liquidity available for reinvestment in existing businesses and strategic acquisitions, while managing our capital structure on a short and long-term basis.

Cash Flow Summary

The following table is derived from our unaudited Condensed Consolidated Statement of Cash Flows:

	Nine Months Ended September 30,	
Cash Flows from Continuing Operations (in thousands)	2014	2013
Net Cash Flows Provided By (Used In):		
Operating activities	$532,136	$588,437
Investing activities	(311,790)	(202,814)
Financing activities	(304,509)	(523,835)

Operating Activities

Cash provided by operating activities for the nine months ended September 30, 2014 decreased approximately $56.3 million compared to the comparable period in 2013. This decrease was primarily driven by higher investments in working capital of $46.6 million in 2014 to support higher sales volumes and higher federal income tax payments, offset by lower long-term incentive payouts relative to the prior year period.

Adjusted Working Capital

Adjusted working capital (a non-GAAP measure calculated as accounts receivable, plus inventory, less accounts payable) increased $234.0 million in 2014, or 17.2%, to $1.6 billion, which reflected increases of $204.9 million in accounts receivable and $130.2 million in inventory, offset by an increase of $101.1 million in accounts payable.

Investing Activities

Cash used in investing activities generally results from cash outflows for capital expenditures and acquisitions, partially offset by proceeds from sales of businesses and property, plant and equipment. For the nine months ended September 30, 2014, we used cash in investing activities of $311.8 million as compared to $202.8 million for the same period of 2013, driven mainly by the following factors:

- Acquisitions: During 2014, we deployed approximately $365.6 million to acquire six businesses across our four segments. In comparison, in 2013, we acquired four businesses for an aggregate cash purchase price of approximately $119.0 million.

- Capital spending: Our capital expenditures increased $14.7 million in 2014 as compared to the same period in 2013, with continued expansion across several businesses, including those within our Energy and Refrigeration & Food Equipment segments. We expect full year 2014 capital expenditures to approximate 2.5% of revenue.

- Other investing activities: We spent approximately $21.8 million in 2014 primarily to acquire a minority interest in a business serving the Refrigeration end market.

We anticipate that capital expenditures and any acquisitions we make through the remainder of 2014 will be funded from available cash and internally generated funds and, if necessary, through the issuance of commercial paper, use of established lines of credit or public debt or equity markets.

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Financing Activities

Our cash flow from financing activities generally relates to a use of cash for the purchases of our common stock and payments of dividends, offset by net borrowing activity and proceeds from the exercises of stock options. For the nine months ended September 30, 2014 and 2013, we used cash totaling $304.5 million and $523.8 million, respectively, for financing activities, with the activity primarily attributable to the following:

- Cash received from Knowles, net of cash distributed: In connection with the separation of Knowles from Dover, Knowles incurred $400.0 million of borrowings under its revolving credit and term loan facilities. Knowles used these borrowings to finance a cash payment of $400.0 million to Dover immediately prior to the distribution and in connection with Dover's contribution to Knowles of stock and assets relating to the businesses spun off with Knowles. Dover received net cash of $359.8 million upon separation, which reflects $40.2 million of cash held by Knowles at the time of distribution and retained by it in in connection with its separation from Dover. Dover utilized the net proceeds of $359.8 million from Knowles to pay down commercial paper and to repurchase shares of its common stock in the first quarter of 2014.

- Share purchases: During 2014, the Company used $392.6 million to repurchase 4.7 million shares of common stock. The Company completed its November 2012 $1.0 billion stock repurchase program during the first quarter of 2014 through an accelerated share repurchase transaction, whereby Dover paid $292.6 million to receive a variable number of shares. The number of shares repurchased through this transaction totaled 3.6 million. In May 2012, the Board of Directors renewed its standing authorization of the Company's share repurchase program, on terms consistent with its prior five-year authorization which expired at that time. The Company repurchased 1.1 million shares under this authorization during the nine months ended September 30, 2014. As of September 30, 2014, the approximate number of shares still available for repurchase under the May 2012 share repurchase authorization was 2.8 million. In 2013, the Company used $407.9 million to repurchase 5.5 million shares of common stock under the November 2012 share repurchase program.

- Notes payable and long-term debt: Commercial paper and notes payable, net decreased $76.0 million as compared to the prior year period, as the Company utilized a portion of the aforementioned cash distribution to pay down commercial paper. The Company generally uses commercial paper borrowings for general corporate purposes, as well as the funding of acquisitions and repurchasing of its common stock.

- Dividend payments: We paid $8.5 million more in dividends to common shareholders in 2014 as compared to 2013. Our dividends paid per common share increased 7% to $1.15 in 2014 compared to $1.075 in 2013.

- Proceeds from the exercise of stock options. We received $8.4 million less in net proceeds from employee exercises of stock options in 2014 as compared to 2013. These proceeds have declined in the current period as the number of stock options are diminishing and a larger number of cashless exercises of equity awards have occurred.

Liquidity and Capital Resources

Free Cash Flow

In addition to measuring our cash flow generation and usage based upon the operating, investing and financing classifications included in the unaudited Condensed Consolidated Statement of Cash Flows, we also measure free cash flow (a non-GAAP measure). We believe that free cash flow is an important measure of operating performance because it provides management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase our common stock.

The following table reconciles our free cash flow to cash flow provided by operating activities:

	Nine Months Ended September 30,	
Free Cash Flow (dollars in thousands)	2014	2013
Cash flow provided by operating activities	$532,136	$588,437
Less: Capital expenditures	(112,639)	(97,987)
Free cash flow	$419,497	$490,450
Free cash flow as a percentage of revenue	7.0%	8.7%

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For the nine months ended September 30, 2014, we generated free cash flow of $419.5 million, representing 7.0% of revenue and 66.9% of net earnings from continuing operations, while continuing to make investments necessary to support our growth. Free cash flow generated during the period reflects typical seasonality. Free cash flow in 2014 declined $71.0 million primarily due to $56.3 million lower cash from operating activities, which was driven by higher investments in working capital and higher income tax payments, offset by lower incentive payouts. Additionally, higher capital expenditures of $14.7 million, primarily within businesses in our Energy and Refrigeration & Food Equipment segments, contributed to the lower free cash flow in 2014 relative to the prior year performance. We expect to generate free cash flow in 2014 of approximately 11.0% of revenue, consistent with recent performance.

Net Debt to Net Capitalization

We utilize the net debt to net capitalization calculation (a non-GAAP measure) to assess our overall financial leverage and capacity and believe the calculation is useful to investors for the same reason. The following table provides a reconciliation of net debt to net capitalization to the most directly comparable GAAP measures:

Net Debt to Net Capitalization Ratio (dollars in thousands)	September 30, 2014		December 31, 2013	
Current maturities of long-term debt	$2,566		$2,778	
Commercial paper	150,500		226,500	
Long-term debt	2,570,257		2,599,201	
Total debt	2,723,323		2,828,479	
Less: Cash and cash equivalents	(706,234	)	(803,882	)
Net debt	2,017,089		2,024,597	
Add: Stockholders' equity	3,921,939		5,377,396	
Net capitalization	$5,939,028		$7,401,993	
Net debt to net capitalization	34.0	%	27.4	%

Our net debt to net capitalization ratio increased to 34.0% at September 30, 2014 from 27.4% at December 31, 2013. The increase in this ratio was driven primarily by the reduction in our net capitalization of $1.5 billion for the period primarily due to the distribution of Knowles, $392.6 million in share repurchases, and $192.6 million of dividends, offset by $605.9 million of current earnings. As described above, we also received a cash payment of $400.0 million from Knowles upon distribution on February 28, 2014, which was used to fund share repurchases and reduce commercial paper balances. Net debt decreased $7.5 million during the period primarily due to reductions in commercial paper balances and favorable currency translation on the euro-denominated debt, offset by a reduction in cash levels to fund acquisitions, dividend payments, and other general operating purposes.

We use commercial paper borrowings for general corporate purposes, including the funding of acquisitions and the repurchasing of our common stock. We currently maintain an unsecured revolving credit facility with a syndicate of banks which permits borrowings up to $1 billion and expires on November 10, 2016. This facility is used primarily as liquidity back-up for our commercial paper program. We have not borrowed any funds under this facility nor do we anticipate doing so. If we were to draw down a loan, at our election, the loan would bear interest at a Eurodollar or Sterling rate based on LIBOR, plus an applicable margin ranging from 0.565% to 1.225% (subject to adjustment based on the rating accorded our senior unsecured debt by S&P and Moody’s) or at a base rate pursuant to a formula defined in the facility. Under this facility, we are required to maintain an interest coverage ratio of EBITDA to consolidated net interest expense of not less than 3.0 to 1. We were in compliance with this covenant and our other long-term debt covenants at September 30, 2014 and had a coverage ratio of 11.5 to 1. We are not aware of any potential impairment to our liquidity and expect to remain in compliance with all of our debt covenants.

We also have a current shelf registration statement filed with the SEC that allows for the issuance of additional debt securities that may be utilized in one or more offerings on terms to be determined at the time of the offering. Net proceeds of any offering would be used for general corporate purposes, including repayment of existing indebtedness, capital expenditures and acquisitions.

At September 30, 2014, our cash and cash equivalents totaled $706.2 million, of which $675.0 million was held outside the United States. Cash and equivalents are invested in highly liquid investment-grade money market instruments and bank deposits with maturities of three months or less. We regularly invest cash in excess of near-term requirements in money market instruments or short-term investments, which consist of investment grade time deposits with original maturity dates at the time of purchase of no greater than three months.

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In February 2013, we made a one-time, lump sum distribution of approximately $190.0 million from Luxembourg to the U.S. as a tax-free return of U.S. tax basis. If our cash held outside of the U.S. were to be repatriated, under current law, it would be subject to U.S. federal income taxes, less applicable foreign tax credits. However, our intent is to permanently reinvest these funds outside of the U.S. The cash that our foreign subsidiaries hold for indefinite reinvestment is generally used to finance foreign operations and investments, including acquisitions. It is not practicable to estimate the amount of tax that might be payable if some or all of such earnings were to be repatriated, and the amount of foreign tax credits that would be available to reduce or eliminate the resulting U.S. income tax liability. Management believes that it has sufficient liquidity to satisfy its cash needs, including its cash needs in the United States.

At September 30, 2014, we have an outstanding floating-to-floating cross currency swap agreement for a total notional amount of $50.0 million in exchange for CHF 65.1 million, which matures on October 15, 2015. This transaction continues to hedge a portion of our net investment in CHF-denominated operations. The agreement qualifies as a net investment hedge and the effective portion of the change in fair value is reported within the cumulative translation adjustment section of other comprehensive income. The fair value at September 30, 2014 reflected a loss of $18.3 million due to the strengthening of the Swiss franc relative to the U.S. dollar over the term of this arrangement.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and related public financial information are based on the application of GAAP which requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our public disclosures, including information regarding contingencies, risk and our financial condition. We believe our use of estimates and underlying accounting assumptions conform to GAAP and are consistently applied. We review valuations based on estimates for reasonableness on a consistent basis.

Goodwill

Accounting Standards Codification ("ASC") 350, “Intangibles - Goodwill and Other Intangibles” provides guidance on an entity's subsequent measurement and subsequent recognition of goodwill and other intangibles, including subsequent changes to carrying amounts, including impairment and fair value adjustments. In accordance with the guidance set forth in ASC 350, and in connection with the realignment of its businesses, the Company reallocated goodwill among its reporting units based on the current relative fair value and tested goodwill for impairment in the first quarter of 2014. The Company concluded that no impairment indicators exist. Additionally, due to the separation of Knowles in the first quarter of 2014, the Company was required to reallocate a portion of its goodwill from continuing operations to a reporting unit included in the Knowles distribution. The reallocation of $19.7 million of goodwill was determined using a relative fair value approach.

Recent Accounting Standards

See Part 1, Notes to Unaudited Condensed Consolidated Financial Statements, Note 19 Recent Accounting Standards. The adoption of recent accounting standards as included in Note 19 Recent Accounting Standards in the unaudited Condensed Consolidated Financial Statements has not had and is not expected to have a significant impact on our revenue, earnings or liquidity.

Special Notes Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, especially "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such statements relate to, among other things, operating and strategic plans, income, earnings, cash flows, changes in operations, industries in which Dover businesses operate, and operating improvements. Forward-looking statements may be indicated by words or phrases such as “anticipates,” “expects,” “believes,” “indicates,” “suggests,” “will,” “plans,” “supports,” “projects,” “should,” “would,” “could,” “forecast” and “manag opinion,” or the use of the future tense and similar words or phrases. Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from current expectations, including, but not limited to, the ability of Dover's businesses to expand into new geographic markets, particularly outside of North America and Europe; Dover's ability to identify and successfully consummate value-adding acquisition opportunities; Dover's ability to achieve expected savings from integration and synergies from existing businesses and future acquisitions, and other cost-control initiatives, such as lean and productivity programs; changes in customer demand or the impact of loss of a significant customer, or loss or non-renewal of significant contracts; the ability of Dover's businesses to develop and launch new products, timing of such launches and risks relating to market acceptance by customers; the relative mix of products and services which impacts margins and operating efficiencies; economic conditions generally and changes in economic conditions

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globally and in markets served by Dover businesses, including well activity, U.S. industrials activity and the status of economic recovery in Europe; the impact of natural disasters and their effect on global supply chains and energy markets; instability in countries where Dover conducts business; increased competition and pricing pressures in the markets served by Dover's businesses; the impact of loss of a single-source manufacturing facility on our businesses that use the facility; short-term capacity constraints; increases in the cost of raw materials; domestic and foreign governmental and public policy changes or developments, including environmental regulations, conflict minerals disclosure requirements, and tax policies (including domestic and international export subsidy programs, R&E credits and other similar programs); protection and validity of patent and other intellectual property rights; the impact of regulation and regulatory and legal matters and legal compliance risks; the impact of interest rate and currency exchange rate fluctuations; conditions and events affecting domestic and global financial and capital markets; possible future terrorist threats and their effect on the worldwide economy; and a downgrade in Dover's credit ratings which, among other matters, could make obtaining financing more difficult and costly. Dover refers you to the documents that it files from time to time with the Securities and Exchange Commission, such as its reports on Form 10-K for a discussion of these and other risks and uncertainties that could cause its actual results to differ materially from its current expectations and from the forward-looking statements contained herein. Dover undertakes no obligation to update any forward-looking statement, except as required by law.

Non-GAAP Disclosures
In an effort to provide investors with additional information regarding our results as determined by generally accepted accounting principles (GAAP), we also disclose non-GAAP information that we believe provides useful information to investors. Free cash flow, net debt, total debt, net capitalization, the net debt to net capitalization ratio, adjusted working capital, earnings adjusted for non-recurring items, effective tax rate adjusted for discrete and other items, revenue excluding the impact of changes in foreign currency exchange rates and organic revenue growth are not financial measures under GAAP and should not be considered as a substitute for cash flows from operating activities, debt or equity, earnings, revenue or working capital as determined in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies. We believe the (1) net debt to net capitalization ratio and (2) free cash flow are important measures of operating performance and liquidity. Net debt to net capitalization is helpful in evaluating our capital structure and the amount of leverage we employ. Free cash flow provides both management and investors a measurement of cash generated from operations that is available to fund acquisitions, pay dividends, repay debt and repurchase our common stock. Reconciliations of free cash flow, total debt and net debt can be found above in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations." We believe that reporting our effective tax rate adjusted for discrete and other items is useful to management and investors as it facilitates comparisons of our ongoing tax rate to prior and future periods and our peers. We believe that reporting adjusted working capital (also sometimes called "working capital"), which is calculated as accounts receivable, plus inventory, less accounts payable, provides a meaningful measure of our operational results by showing the changes caused solely by revenue. We believe that reporting adjusted working capital and revenues at constant currency, which excludes the positive or negative impact of fluctuations in foreign currency exchange rates, provides a meaningful measure of our operational changes, given the global nature of our businesses. We believe that reporting organic or core revenue growth, which excludes the impact of foreign currency exchange rates and the impact of acquisitions, provides a useful comparison of our revenue performance and trends between periods.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the nine months ended September 30, 2014. For a discussion of our exposure to market risk, refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ("Form 10-K").

Item 4. Controls and Procedures

At the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2014.

During the third quarter of 2014, there were no changes in the Company’s internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. In making its assessment of changes in internal control over financial reporting as of September 30, 2014, management has excluded all companies acquired in purchase business combinations during the twelve months ended September 30, 2014. The Company is currently assessing the control environments of these acquisitions. These companies are wholly-owned by the Company and their total revenue for the nine months ended September 30, 2014 represents approximately 2.4% of the Company’s consolidated revenue for the same period. Their excluded assets represent approximately 2.3% of the Company’s consolidated assets at September 30, 2014.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Notes to unaudited Condensed Consolidated Financial Statements, Note 13 Commitments and Contingent Liabilities.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Form 10-K.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.
(b) Not applicable.
(c) The table below presents shares of Dover stock that we acquired during the quarter.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs (2)	
				May 2012 Program	November 2012 Program
July 1 to July 31	201,843	$89.20	201,843	3,416,516	$—
August 1 to August 31	655,173	87.02	655,173	2,761,343	—
September 1 to September 30	—	—	—	2,761,343	—
For the Third Quarter	857,016	$87.53	857,016	2,761,343	$—

(1) In May 2012, the Board of Directors renewed its standing authorization of the Company's share repurchase program, on terms consistent with its prior five-year authorization which expired at that time. This renewal authorizes the repurchase of up to 10,000,000 shares of the Company's common stock during the five-year period ending May 2017. We repurchased 857,016 shares under this program during the third quarter.

(2) As of September 30, 2014, the number of shares still available for repurchase under the May 2012 share repurchase authorization was 2,761,343. In November 2012, the Board of Directors approved a $1 billion share repurchase program authorizing repurchases of Dover's common stock over the following 12 to 18 months. This program was completed in the first quarter of 2014.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. Exhibits

10.1	Amendment Number 2, adopted and effective as of August 6, 2014, to the Dover Corporation 2012 Equity and Cash Incentive Plan*
10.2	Third Amendment, adopted on July 31, 2014 and effective as of January 1, 2014, to the Dover Corporation Deferred Compensation Plan*
31.1	Certificate pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, signed and dated by Brad M. Cerepak.
31.2	Certificate pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, signed and dated by Robert A. Livingston.
32	Certificate pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Robert A. Livingston and Brad M. Cerepak.
101	The following materials from Dover Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Comprehensive Earnings, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statement of Shareholders’ Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.

* Executive compensation plan or arrangement

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form
10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

	DOVER CORPORATION
Date: October 16, 2014	/s/ Brad M. Cerepak Brad M. Cerepak, Senior Vice President & Chief Financial Officer (Principal Financial Officer)
Date: October 16, 2014	/s/ Raymond T. McKay, Jr. Raymond T. McKay, Jr. Vice President, Controller (Principal Accounting Officer)

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