

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF MAGELLAN GP, LLC**

**July 21, 2011**

- I. Purpose. The Audit Committee is appointed by the Board of Directors (the "Board") of Magellan GP, LLC (the "Company") to assist Board oversight of (1) the integrity of the financial statements of Magellan Midstream Partners, L.P. (the "Partnership"), (2) the Partnership's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Partnership's internal audit function and independent auditors. **[NYSE 303A.07(b)(i)(A)]** In addition, the purpose of the Audit Committee includes preparing the Audit Committee Report that the Securities and Exchange Commission ("SEC") rules require to be included in the Partnership's annual proxy statement or annual report on Form 10-K, as applicable. **[NYSE 303A.07(b)(i)(B)]**
- II. Composition. The Audit Committee shall be comprised of three or more directors as determined by the Board. **[NYSE 303A.07(a)]** Each member of the Audit Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment. **[NYSE 303A.07(a) commentary]** Each member of the Audit Committee must satisfy the requirements for independence of the New York Stock Exchange and all other applicable rules, regulations and statutes. **[NYSE 303A.07(a)]** A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board, or any other Board committee, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company, Partnership or any subsidiary thereof, or be an affiliated person of the Company, Partnership or any subsidiary thereof. **[SEC Rule 10A-3(b)(1)(ii)(A) and (B)]** A member of the Audit Committee may not simultaneously serve on the audit committee of more than three public companies unless such service is approved by the Board upon its determination that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee. **[NYSE 303A.07(a) commentary]** The Chairman of the Audit Committee shall be designated by the Board.
- III. Meetings. The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and provide regular reports of its activities to the Board.
- IV. Duties and Responsibilities.
- (February) (1) To direct preparation of and approve the Audit Committee Report required by the rules of the SEC to be included in the Partnership's

annual Form 10-K or annual proxy statement, as applicable; **[SEC Regulation S-K, Item 407(d)(3)(i)]**

- (Ongoing) (2) To have direct responsibility (a) for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Partnership and (b) to instruct any registered public accounting firm that they are to directly report to the Audit Committee; **[NYSE 303A.07(b)(iii) and SEC Rule 10A-3(b)(2)]**
- (Ongoing) (3) To establish procedures for: (a) the receipt, retention and treatment of complaints received by the Partnership regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees providing services to the Partnership of concerns regarding questionable accounting or auditing matters; **[NYSE 303A.07(b)(iii) and SEC Rule 10A-3(b)(3)]**
- (As Needed) (4) To engage independent counsel and other advisors, as the Audit Committee determines necessary to carry out its duties; **[NYSE 303A.07(b)(iii) and SEC Rule 10A-3(b)(4)]**
- (Annually) (5) To determine the appropriate funding to be provided by the Partnership for payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Partnership; (b) compensation to any advisers employed by the Audit Committee under Section IV(4) herein; and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties; **[NYSE 303A.07(b)(iii) and SEC Rule 10A-3(b)(5)]**
- (October) (6) At least annually, to obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Partnership; **[NYSE 303A.07(b)(iii)(A)]**
- (October) (7) At least annually, to evaluate the qualifications, performance and independence of the Partnership's independent auditors, which evaluation should include the review and evaluation of the lead partner of the independent auditor, taking into account the opinions of management and the internal auditors (or other personnel responsible for the internal audit function) and to make recommendations to the Board regarding the replacement or termination of the independent auditors; **[NYSE 303A.07(b)(iii)(A) commentary]**

- (October) (8) To ensure the rotation of the lead audit partner every five years as required by law; **[NYSE 303A.07(b)(iii)(A) commentary and SEC Section 10A(j) of 1934 Act]**
- (October) (9) To consider whether, in order to assure continuing auditor independence, there should be regular rotation of the Partnership’s audit firm; **[NYSE 303A.07(b)(iii)(A) commentary]**
- (October) (10) To present to the Board the Audit Committee’s conclusions with respect to the independence of the Partnership’s independent auditor as evaluated in accordance with Sections IV(6 – 9) herein; **[NYSE 303A.07(b)(iii)(A) commentary]**
- (Quarterly) (11) To discuss, prior to filing with the SEC, the Partnership’s annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Partnership’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations;” **[NYSE 303A.07(b)(iii)(B)]**
- (As Needed) (12) To discuss generally the type and presentation of information to be included in the Partnership’s earnings press releases (paying particular attention to any use of “pro forma,” or “adjusted” non-GAAP, information), as well as financial information and earnings guidance provided to analysts and ratings agencies; **[NYSE 303A.07(b)(iii)(C) and commentary ]**
- (Quarterly) (13) To discuss policies with respect to risk assessment and risk management, including the Partnership’s major financial risk exposures and the steps management has taken to monitor and control such exposures; **[NYSE 303A.07(b)(iii)(D) and commentary]**
- (Quarterly) (14) To meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors; **[NYSE 303A.07(b)(iii)(E) and commentary]**
- (Quarterly) (15) To review with the independent auditor any audit problems or difficulties and management’s response, which review may include any accounting adjustments that were noted or proposed by the auditor but were “passed” (as immaterial or otherwise), any communications between the audit team and the audit firm’s national office respecting auditing or accounting issues presented by the engagement and any “management” or “internal control” letter issued, or proposed to be issued, by the audit firm to the Partnership; **[NYSE 303A.07(b)(iii)(F) and commentary]**
- (October) (16) To review the responsibilities, budget and staffing of the internal audit function; **[NYSE 303A.07(b)(iii)(F) commentary]**
- (As Needed) (17) To set clear hiring policies for employees or former employees of the independent auditors; **[NYSE 303A.07(b)(iii)(G)]**

- (Ongoing) (18) To report regularly to the Board any issues that arise with respect to the quality or integrity of the Partnership's financial statements, the Partnership's compliance with legal or regulatory requirements, the performance and independence of the Partnership's independent auditors or the performance of the internal audit function; **[NYSE 303A.07(b)(iii)(H) and commentary]**
- (Quarterly) (19) To review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Partnership's selection or application of accounting principles, and major issues as to the adequacy of the Partnership's internal controls and any special audit steps adopted in light of material control deficiencies; **[General Commentary to NYSE 303A.07(b)]**
- (Quarterly) (20) To review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; **[General Commentary to NYSE 303A.07(b)]**
- (Quarterly) (21) To review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Partnership; **[General Commentary to NYSE 303A.07(b)]**
- (As Needed) (22) To approve in advance all audit and non-audit services to be provided by any independent public accountants to the Partnership in accordance with the Audit and Non-Audit Services Pre-Approval Policy dated February 3, 2004, as may be amended from time to time;
- (Quarterly) (23) To instruct the independent public accountants to report to the Committee the fees charged for non-audit services;
- (As Needed) (24) To have authority to delegate to one or more designated members of the Audit Committee, the authority to grant pre-approvals of audit and non-audit services as described in Section IV(22) above; **[Section 10A(i)(3) of 1934 Act]**
- (July) (25) To review and accept, if appropriate, the annual audit plan of the Partnership's independent auditors, including the scope of audit activities;
- (February) (26) To review the results of the annual audit of the Partnership, including any comments or recommendations of the Partnership's independent auditors;
- (Ongoing) (27) To establish and maintain a free and open means of communication between and among the Board, the Audit Committee, the Partnership's independent auditors and management;
- (July) (28) To review and reassess annually the adequacy of the Audit Committee's charter and recommend any proposed changes to the Board for approval;

- (July) (29) To review and approve the Disclosure Committee’s charter and any changes thereto;
- (As Needed) (30) To meet with the general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Partnership;
- (As Requested by Independent Auditors) (31) To obtain from the Partnership's independent auditors any information required to be provided pursuant to Section 10A of the Securities Exchange Act of 1934;
- (February) (32) To obtain from the Partnership’s independent accountant the communications in accordance with SAS 114 and Auditing Standard #5;
- (January) (33) To annually self-evaluate the performance of the Audit Committee and report the results of the Audit Committee performance evaluation to the Board; and **[NYSE 303A.07(b)(ii)]**
- (Ongoing) (34) To perform such additional activities and consider such other matters within the scope of its responsibilities, as the Audit Committee or the Board deems necessary or appropriate.

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While the Audit Committee has the duties and responsibilities set forth in this charter, the Audit Committee is not responsible for planning or conducting the audit or for determining whether the Partnership's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Similarly, except to the extent otherwise provided herein, it is not the responsibility of the Audit Committee to resolve disagreements, if any, between management and the independent auditors or to ensure that the Partnership complies with all laws and regulations and the Code of Business Conduct.