MAGELLAN®
MIDSTREAM PARTNERS, L.P.
Moving What Moves America®

Credit Suisse MLP and Energy Logistics Conference

New York City
June 2015

www.magellanlp.com

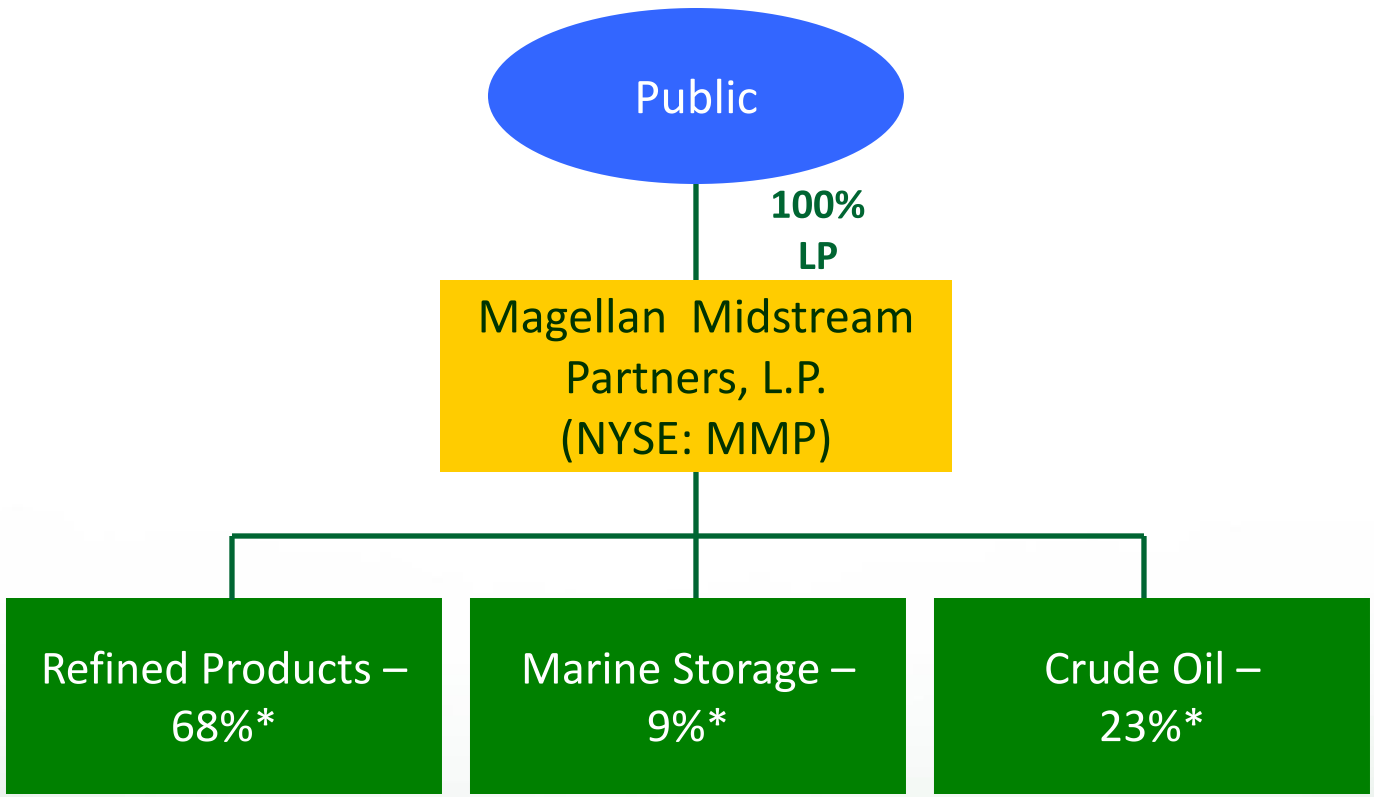
NYSE: **MMP**

Forward-Looking Statements

Portions of this document constitute forward-looking statements as defined by federal law. Although management believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Among the key risk factors that may have a direct impact on the partnership's results of operations and financial condition are: (1) its ability to identify growth projects or to complete identified projects on time and at expected costs; (2) price fluctuations and changes in demand for refined petroleum products, crude oil and natural gas liquids, or changes in demand for transportation or storage of those commodities through its existing or planned facilities; (3) changes in the partnership's tariff rates or other terms imposed by state or federal regulatory agencies; (4) shut-downs or cutbacks at major refineries, petrochemical plants, ammonia production facilities or other businesses that use or supply the partnership's services; (5) changes in the throughput or interruption in service on pipelines owned and operated by third parties and connected to the partnership's terminals or pipelines; (6) the occurrence of an operational hazard or unforeseen interruption; (7) the treatment of the partnership as a corporation for federal or state income tax purposes or if the partnership becomes subject to significant forms of other taxation; (8) an increase in the competition the partnership's operations encounter; (9) disruption in the debt and equity markets that negatively impacts the partnership's ability to finance its capital spending and (10) failure of customers to meet or continue contractual obligations to the partnership. Additional information about issues that could lead to material changes in performance is contained in the partnership's filings with the Securities and Exchange Commission, including the partnership's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2014 and subsequent reports on Forms 8-K and 10-Q. The partnership undertakes no obligation to revise its forward-looking statements to reflect events or circumstances occurring after today's date.

Structure = Competitive Advantage

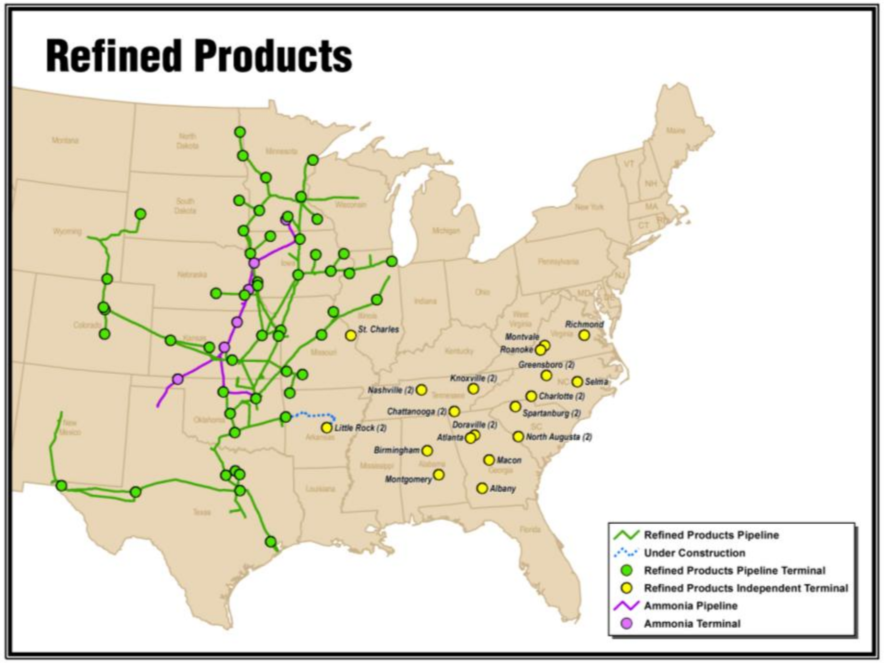
- Investment grade MLP with <u>no incentive distribution rights</u>
  - Provides MMP a competitive advantage with one of the lowest costs of capital in the MLP space



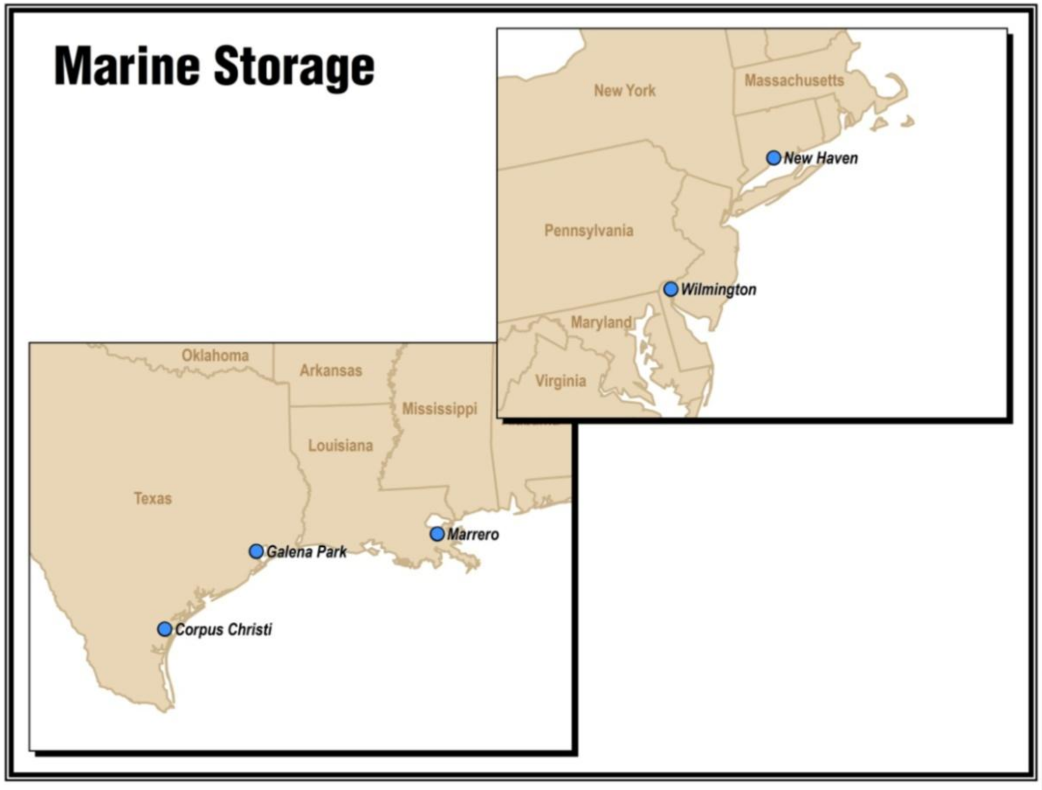
* Percentage of 2014 operating margin

Refined Products

- Longest refined products pipeline system, primarily transporting gasoline and diesel fuel, with 9,500 miles, 52 terminals and 42mm barrels of storage
- Profit driven by throughput volume and tariffs
  - Tariff increase directly related to Producer Price Index; increased tariffs by 3.9% in mid-2014, expect to raise rates by 4.6% on July 1, 2015
- Competitive position = breadth of system (access nearly 50% of refining capacity) + independent service provider model



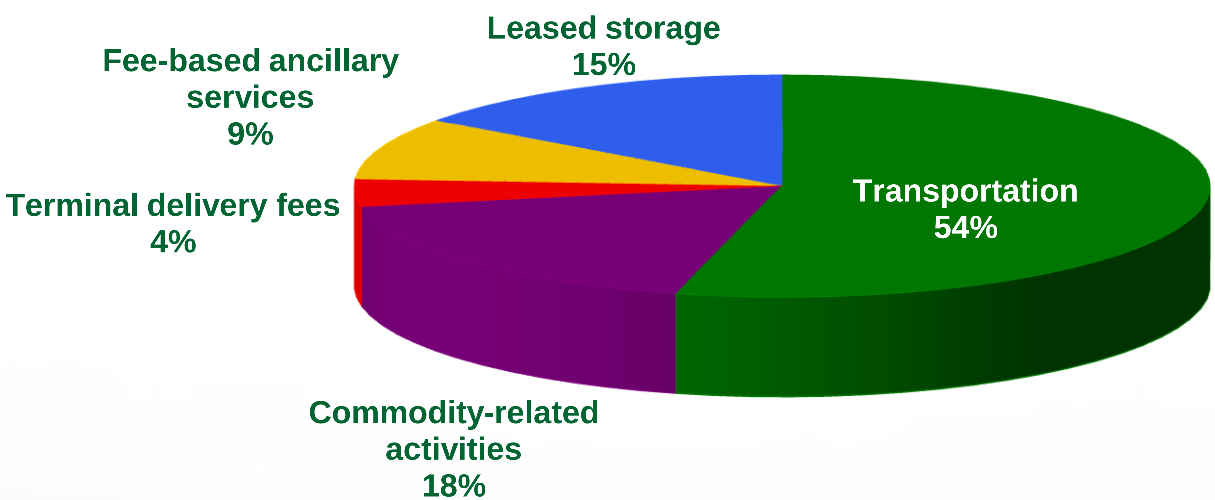
- 5 storage facilities with 26mm barrels of aggregate storage, supported by long-term agreements
- Profit driven by amount of storage leased
- Strong demand due to market structure, pricing volatility and connectivity



- 1,600 miles of crude oil pipelines, substantially backed by long-term throughput commitments
- 21mm barrels of total crude oil storage, including 12mm barrels used for leased storage
  - One of the largest storage providers in Cushing, OK
- Significant source of growth for Magellan with recent Permian Basin projects and future Niobrara pipeline

Expect Future Fee-Based, Low Risk Activities to Comprise ~85% or More of Operating Margin

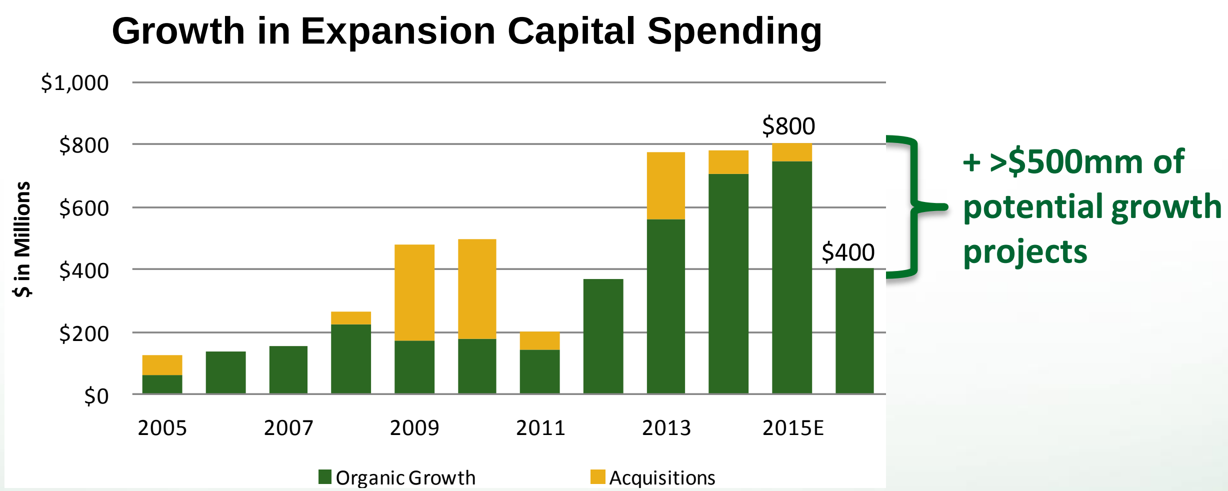
2014 Results*



* Operating margin represents operating profit before depreciation & amortization and general & administrative costs; excludes unrealized mark-to-market commodity-related adjustments

Growth in Expansion Capital Spending

- Over the last 10 years, Magellan has invested $3.8 billion in organic growth projects and acquisitions
- Expect to spend $1.2 billion in 2015 - 2016 to finish construction projects currently underway
- Many opportunities exist for continued growth:
  - Continue to evaluate well in excess of $500mm of potential growth projects
  - Future acquisitions always under review
  - Management committed to disciplined approach for future growth



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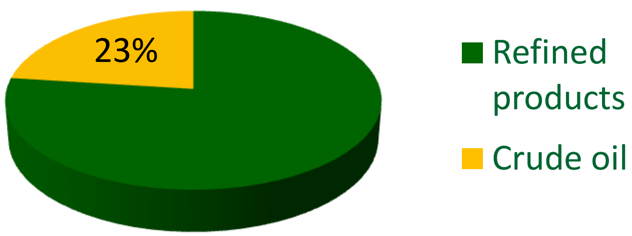
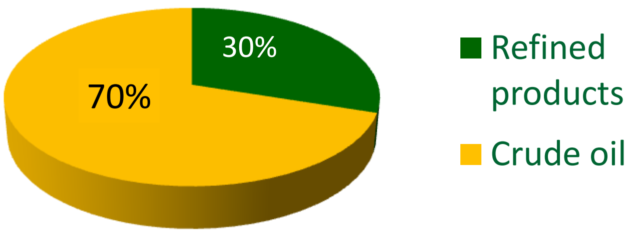
Significant Future Growth from Crude Oil Projects

- While refined products assets generate the largest portion of our financial results, Magellan's growing crude oil asset profile continues to provide springboard for additional crude oil opportunities

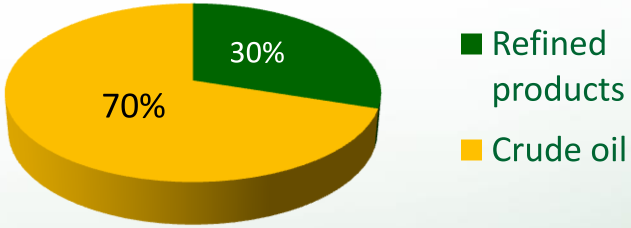
Current Operating Margin
2014



Current Expansion Spending
2015 - 2016 estimate: $1.2 billion

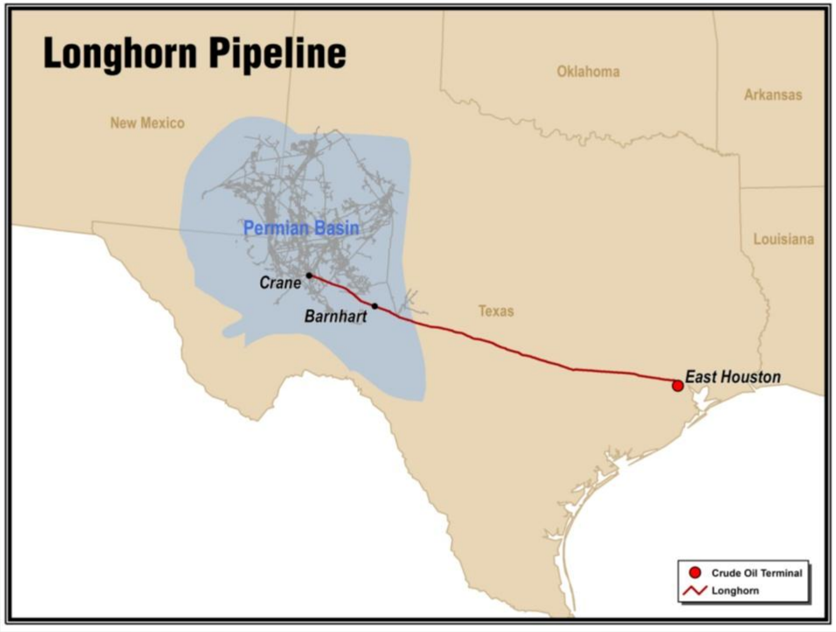


Potential Expansion Projects
> $500mm



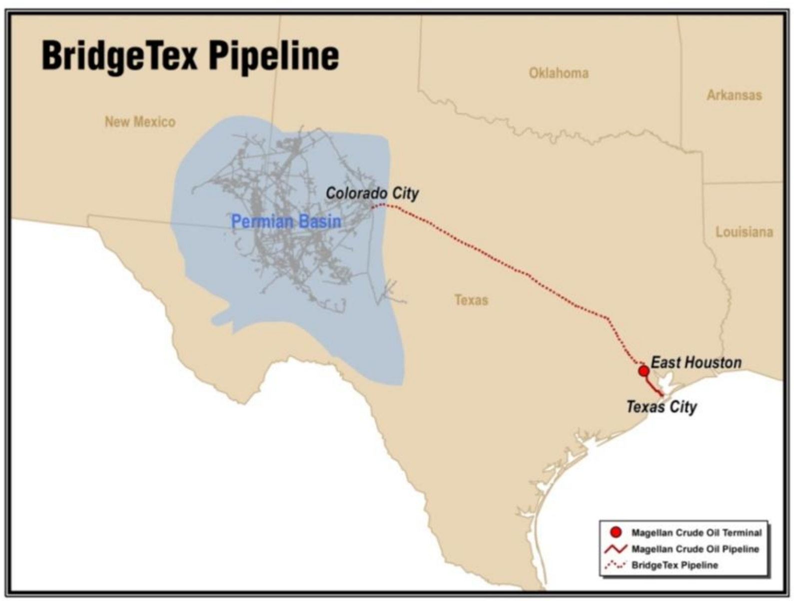
Longhorn Pipeline

- Current capacity of 275k bpd; averaged 250k bpd during first quarter 2015
- Pipeline fully subscribed under long-term, take-or-pay agreements
  - 10% of capacity reserved for spot shippers
- $430mm combined capital spending
- 3x EBITDA multiple
- New origin at Barnhart added in May '15 to improve pipeline access



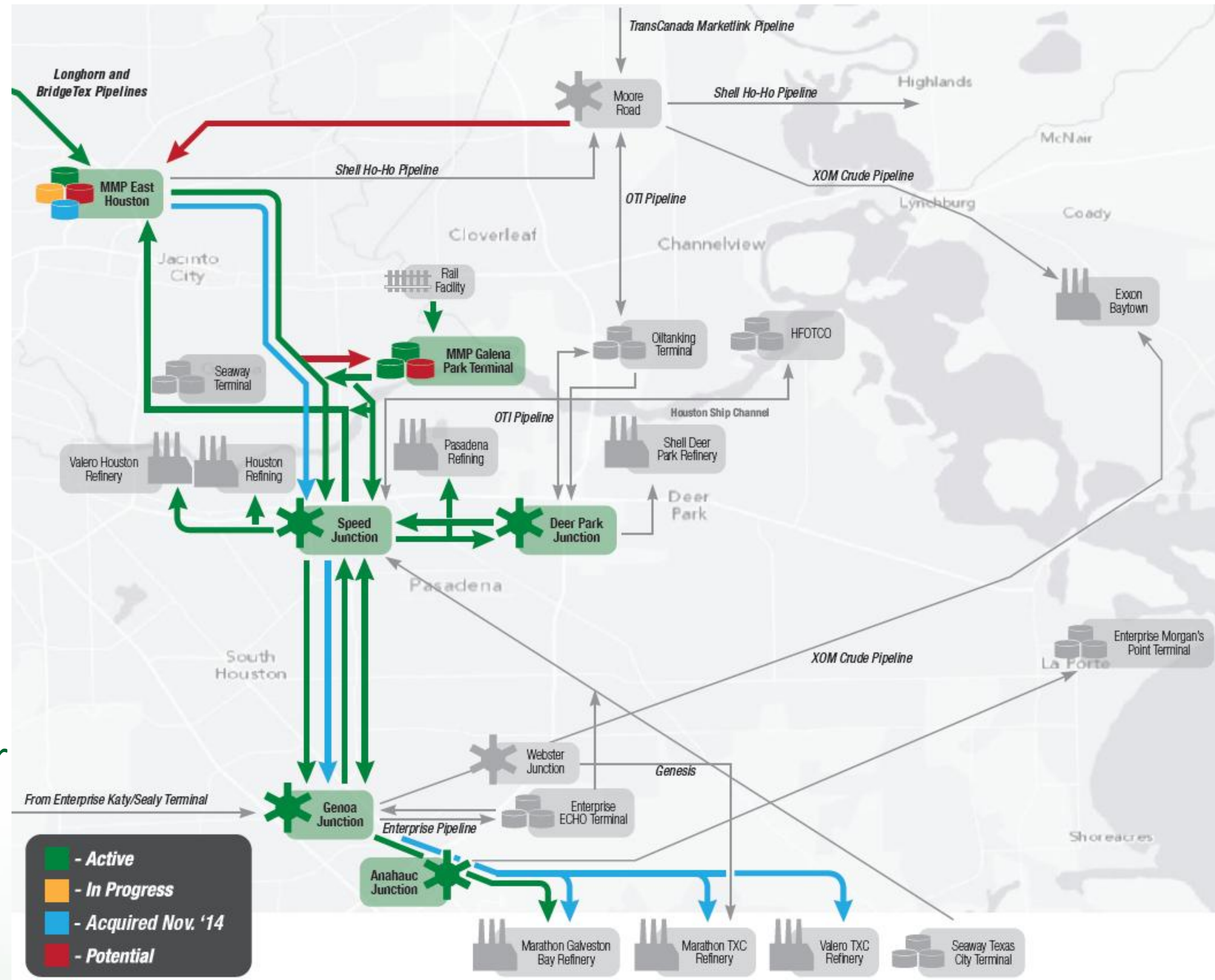
BridgeTex Pipeline

- 50/50 joint venture with Plains that began operation late Sept '14
- 300k bpd capacity; expect to average approx. 200k bpd in 2015
- 80% of pipeline capacity committed under long-term, take-or-pay agreements
- $775mm for MMP's total capital spending (construction + pipeline acquisition)
- 7x EBITDA multiple expected on committed volume with upside potential
- Expansion of pipeline system currently under consideration



Houston Crude Oil Connectivity

- Magellan's Houston distribution network is the most comprehensive system to deliver crude oil to the Houston Gulf Coast area
  - Access to all domestic inbound crude production
  - Delivery capabilities to Houston and Texas City refineries and Shell Ho-Ho pipeline
- Acquired remaining 50% interest in BridgeTex Houston tanks and Gulf Coast pipes for $75mm in late '14
- Recently announced joint development agreement for TransCanada connection



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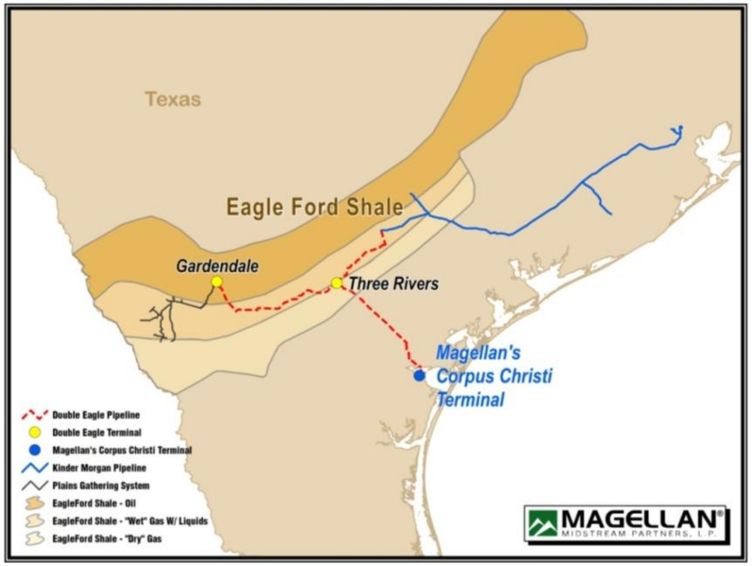
- 50/50 joint venture with Kinder Morgan to transport condensate from the Eagle Ford shale
  - 200-mile, 100k bpd pipeline
  - Delivers to Magellan's Corpus Christi terminal
  - JV recently connected Double Eagle to Kinder's system for delivery to the Houston Ship Channel beginning in March
  - Committed volumes expected to ramp up to 70% of capacity in late 2016

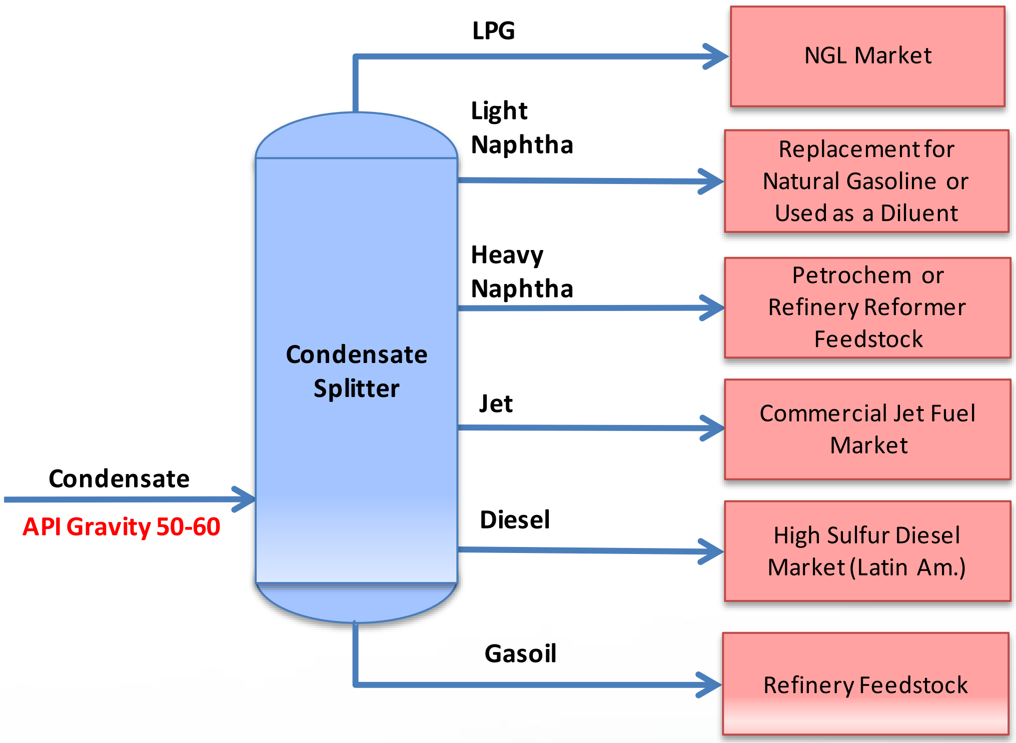


Corpus Christi Condensate Splitter

- Magellan is constructing a 50k bpd condensate splitter at our Corpus Christi terminal
- Fee-based project, fully committed with long-term, take-or-pay agreement with Trafigura
- $250mm spending: 65% of cost related to terminal infrastructure, such as storage, dock improvements and pipeline connectivity
- Air permits received and construction now underway
- Targeted in-service date during second half of 2016
- Average EBITDA multiple of 6x expected

Condensate Splitter

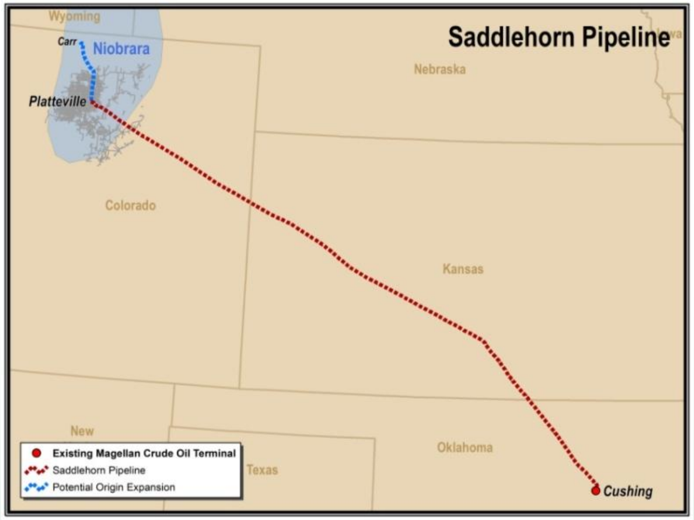
- With restrictions on crude oil exports, investments in condensate splitters on the Gulf Coast are needed to handle the influx of Eagle Ford production
  - Even with recent private letter rulings on lightly processed condensate, Magellan believes some level of domestic splitter capacity will be needed
- Splitters are a simplified process, similar to a fractionator
- Product output varies based on condensate gravity and desired mix
- Domestic processing allows optimization of end-use markets for finished products



Typical Splitter production = LPG: 3 - 7%, total Naphtha: 25 - 50%, Jet & Diesel Fuel: 30 - 40% and Gasoil: 10 - 35%

Saddlehorn Pipeline

- Joint venture to deliver various grades of crude oil from Niobrara play to storage facilities in Cushing, OK owned by Magellan and Plains
  - 550-mile, 20-inch diameter pipeline capable of transporting up to 400k bpd
  - Ownership structure: MMP 40%, Plains 40%, Anadarko 20%
- Targeted in-service date of mid-2016 with initial capacity of 200k bpd
- Binding commitments received from Anadarko and Noble
- $320mm - $340mm for MMP's share of project cost ($800 – 850mm total project cost estimated)
- 10-11x EBITDA multiple based on committed volumes only, with significant upside expected

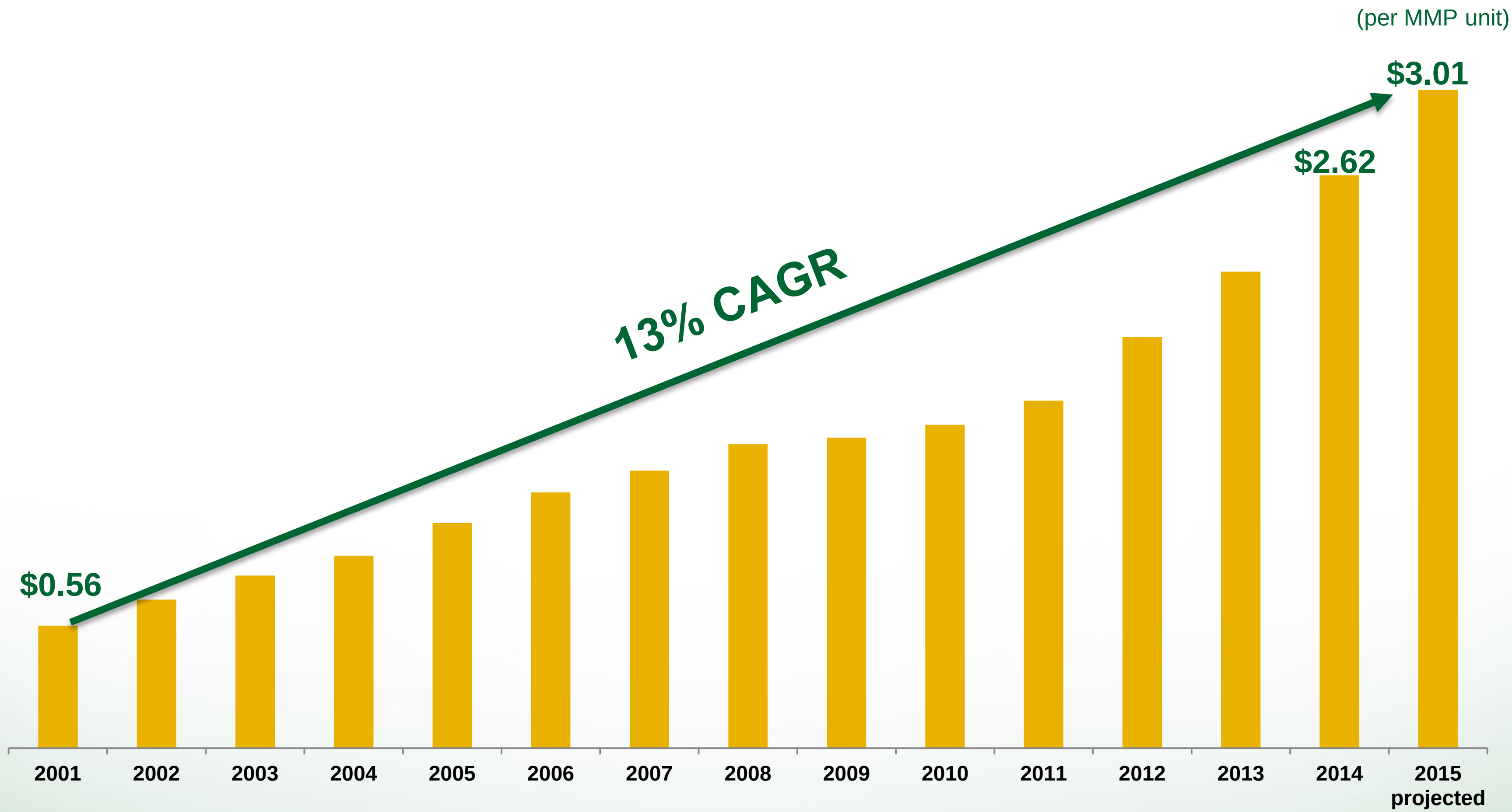


Little Rock Pipeline

- Midcontinent refiners do not currently have access to Little Rock via pipeline
  - Our pipeline system extends to Ft. Smith, AR at this point
- Magellan plans to deliver refined products to the Little Rock market from both Midcontinent and Gulf Coast refineries beginning in mid-2016
- $150mm capital spending: construct 50 miles of pipeline and enhancements to our pipeline system to handle additional volume
  - utilizing existing leased third-party pipeline for portion of route
- Supported by committed volumes
- 8x EBITDA multiple expected

Distribution Growth Trend

- Proven history of distribution growth with 52 quarterly increases to date
- Targeting 15% annual distribution growth for 2015 and *at least* 10% for 2016



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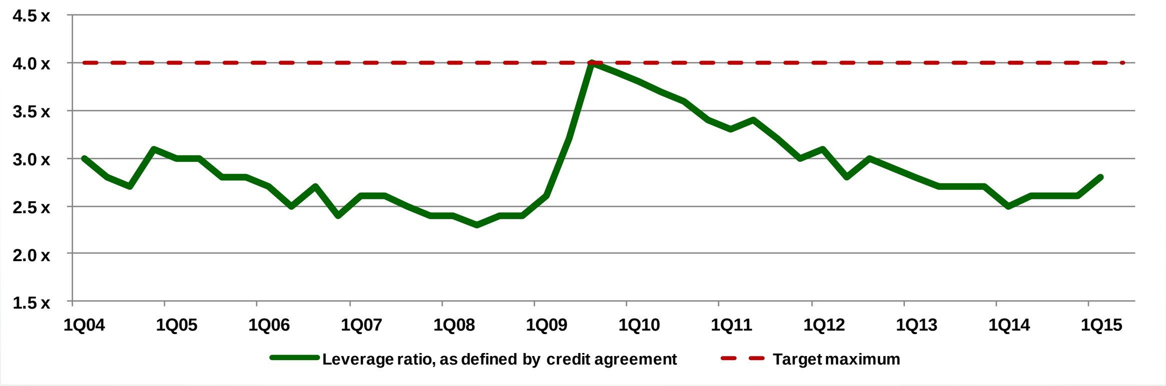
Conservative Financial Profile

- Committed to maintaining solid investment grade rating
  - Currently, one of the highest-rated MLPs at BBB+ / Baa1
- Targeting distribution coverage of at least 1.1x on long-term basis
  - DCF guidance of $870mm for 2015 results in coverage of 1.3x ($180mm+ excess cash)
- Long-term leverage ratio of < 4x
  - History of maintaining sector-leading credit metrics
  - No equity issuances anticipated in foreseeable future
  - Significant liquidity with $1 billion credit facility and commercial paper program



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Magellan Summary

- Proven history of exceptional returns and distribution growth
- Straight-forward, low risk, stable business model
- Forecasted strong distributable cash flow generation with solid distribution coverage
- Conservative, disciplined management team
- Financial flexibility and low cost of capital
  - Strong investment-grade balance sheet
  - No incentive distribution rights
- Attractive growth opportunities, current and potential