

Domestic Crude Oil Transportation and Storage Infrastructure

Argus Americas Crude Summit
Houston
Jan. 2016

www.magellanlp.com

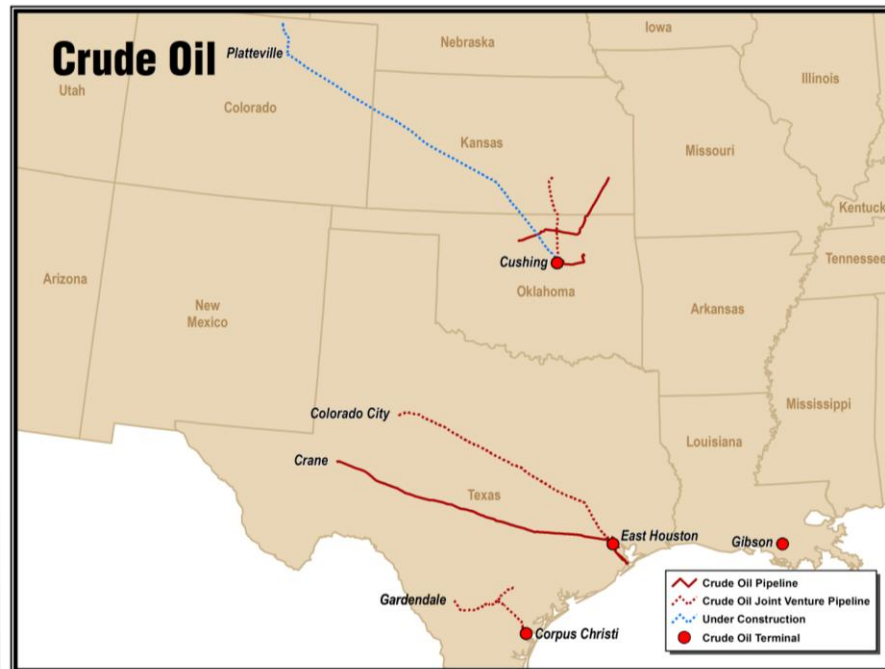
NYSE: **MMP**

Forward-Looking Statements

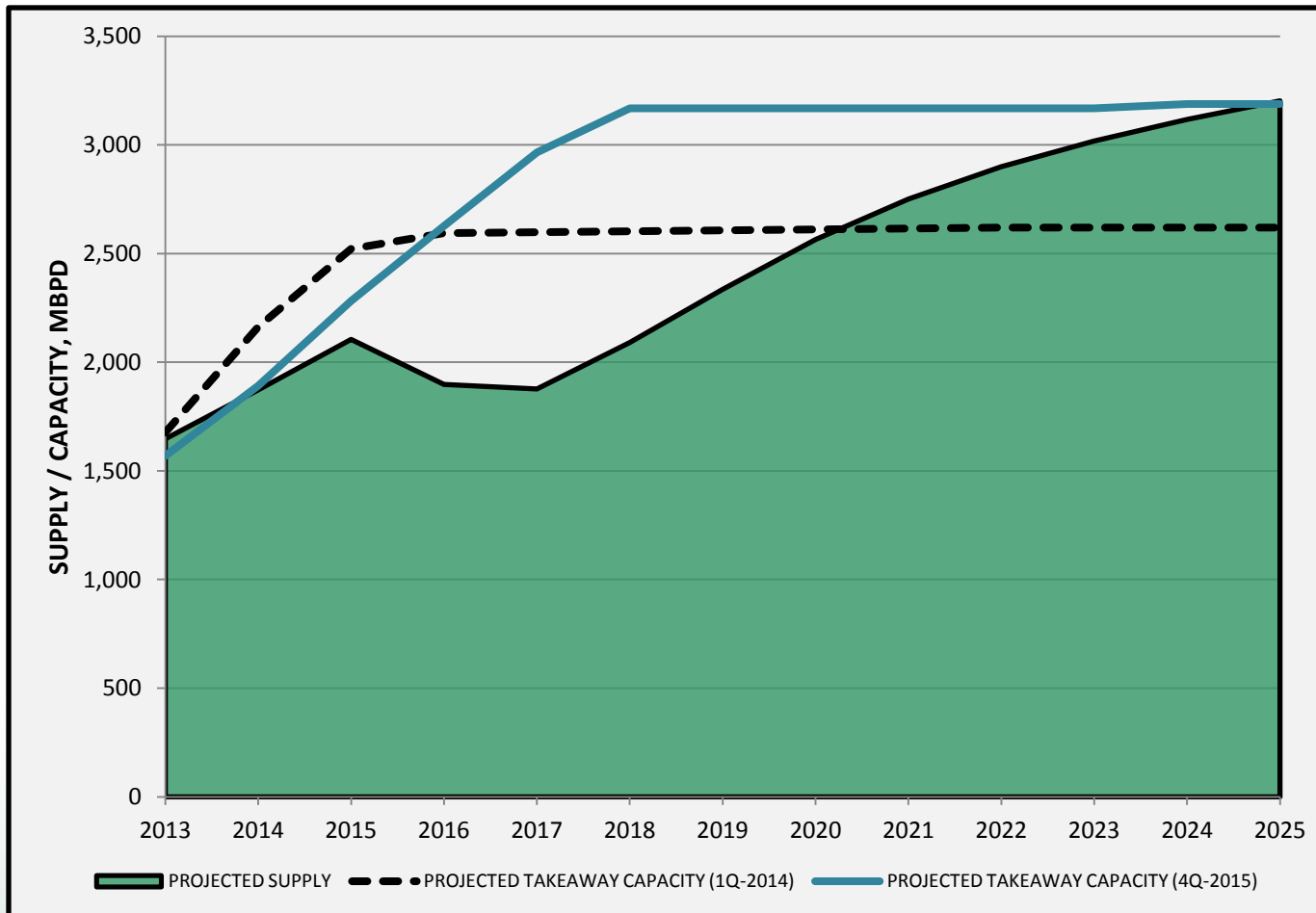
Portions of this document constitute forward-looking statements as defined by federal law. Although management believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Among the key risk factors that may have a direct 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.

Magellan Crude Oil Infrastructure

- 1,600 miles of crude oil pipelines, substantially backed by long-term throughput commitments
- 21mm barrels of total crude oil storage, including 13mm 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 DJ Basin pipeline



Permian Supply vs. Takeaway Capacity



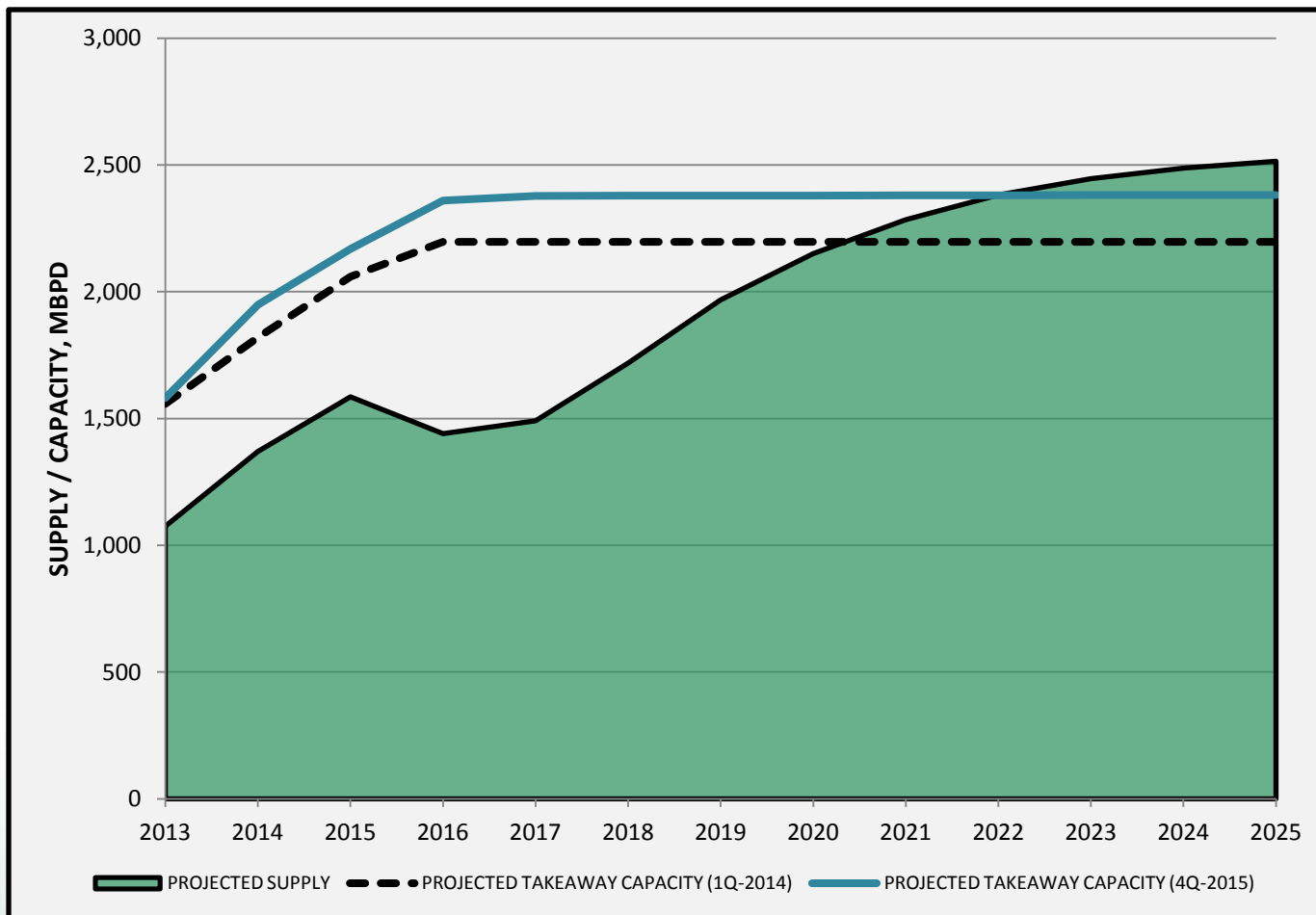
Projected Overcapacity:

2017 – 1.1mm bpd

2025 – 0.0mm bpd

Source: EAI, Jan '16

Eagle Ford Supply vs. Takeaway Capacity



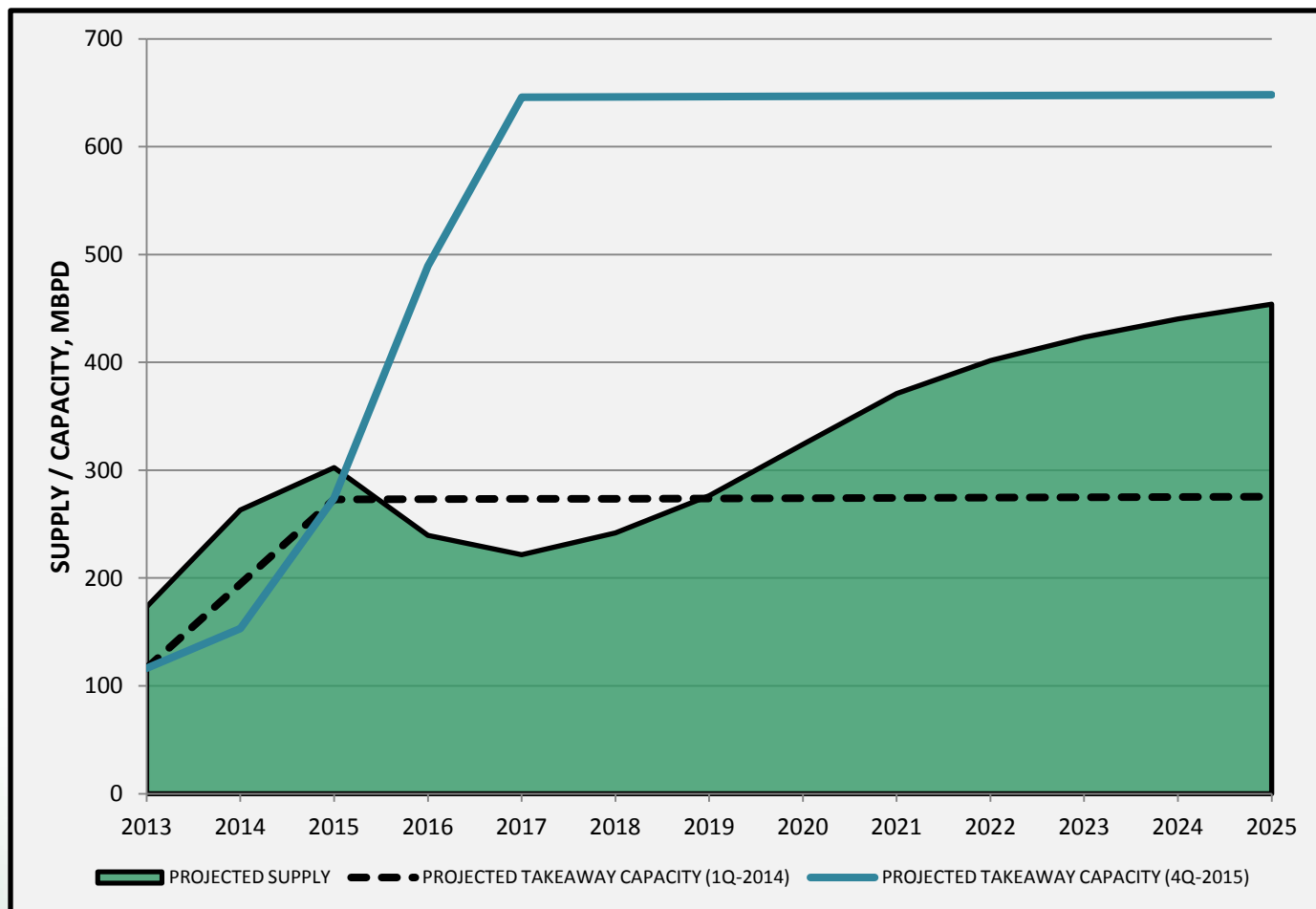
Projected Overcapacity:

2017 – 0.9mm bpd

2025 – (0.1)mm bpd

Source: EAI, Jan '16

DJ Basin Supply vs. Takeaway Capacity

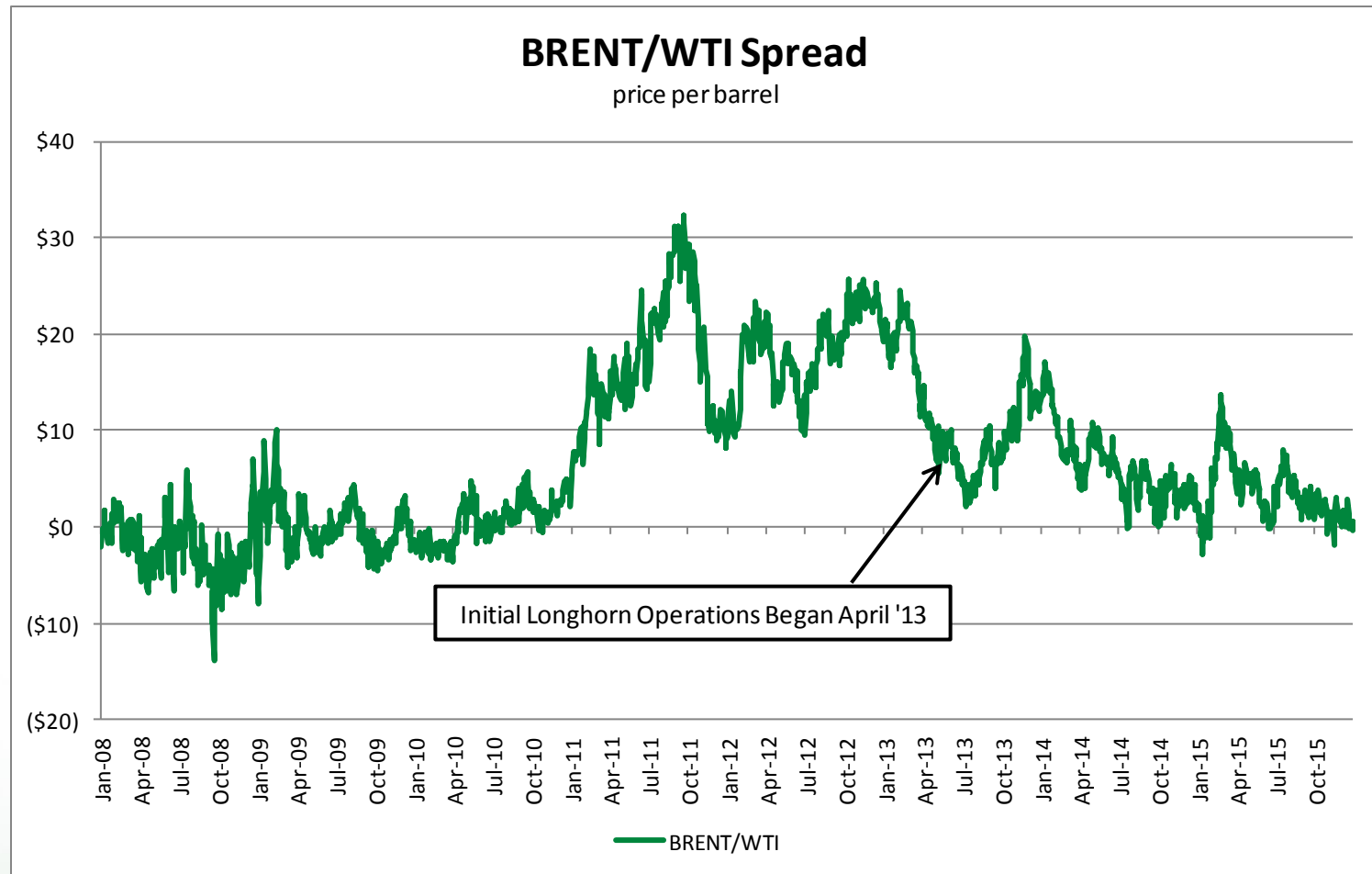


Projected Overcapacity:

2017 – 0.4mm bpd

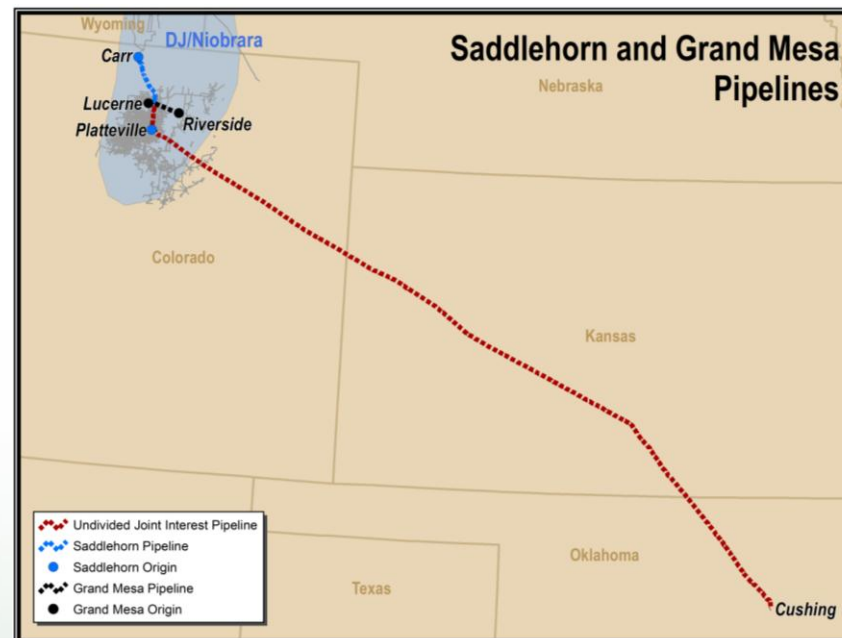
2025 – 0.2mm bpd

Source: EAI, Jan '16



Source : Argus Media

- Recently announced undivided joint interest for Saddlehorn and Grand Mesa pipelines
 - Combined capacity of 350k bpd (vs initial capacity of 400k bpd for proposed separate construction projects)
 - Driven by economics and production
 - Reduces capital and operating expenses
 - Preserves contract terms with each joint interest owner

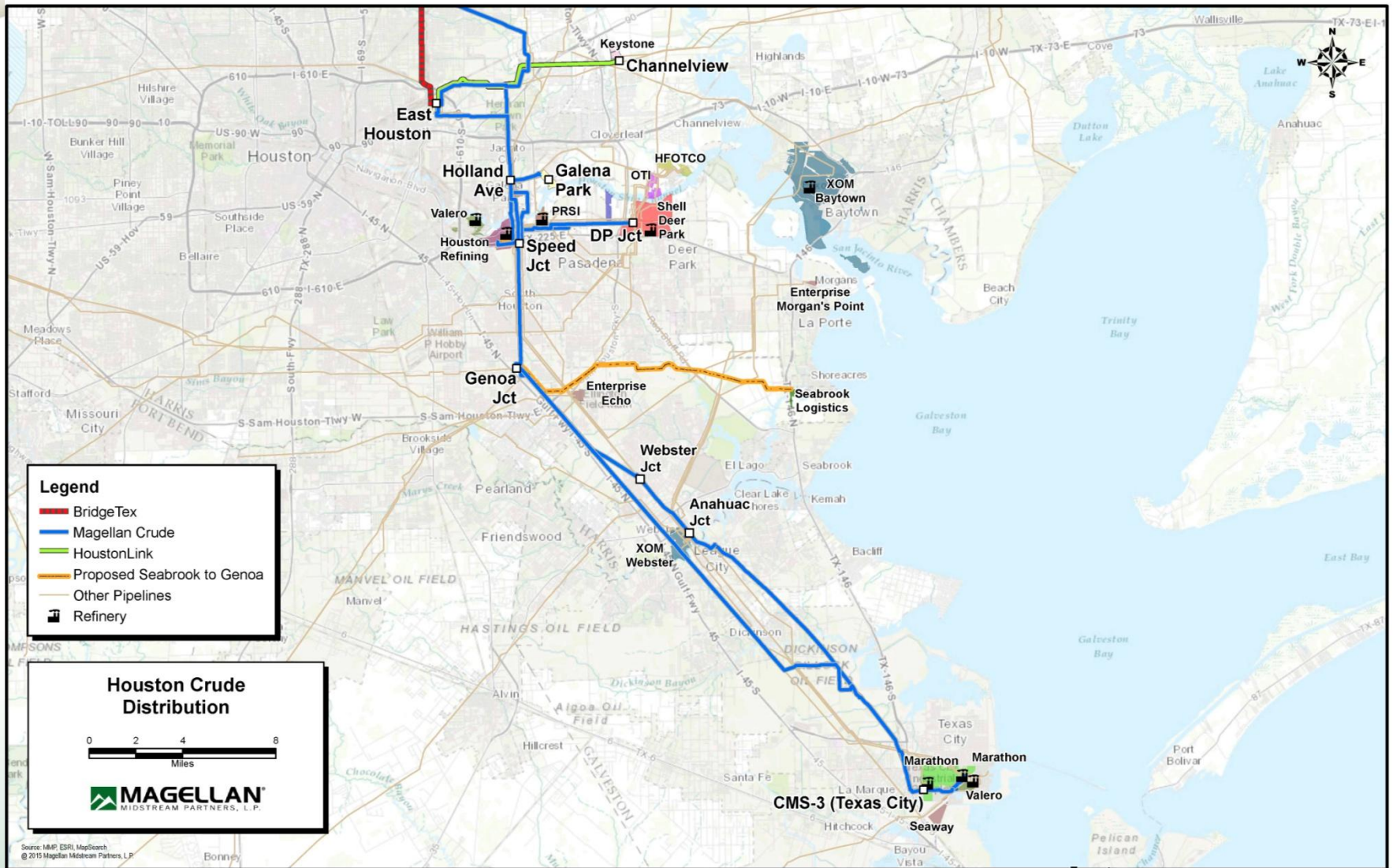


Elimination of Export Restrictions

- Will there be material crude oil exports?
- Does the infrastructure exist to support exports?
 - Pipeline infrastructure in place
 - Significant crude oil marine access in place in Houston, Corpus Christi and Beaumont
 - Additional infrastructure will most likely be needed following price / production recovery



Houston Crude Oil Connectivity



- Industry consolidation
 - Some large transactions taking place but not occurring at the rate some anticipated
 - MLPs with strong balance sheets reluctant to diversify into higher-risk space
- MLPs – are they the “right” organizational structure?
 - Remains the right structure for fee-based MLPs with no IDRs
 - Can create issues for MLPs with high IDR burdens or highly-variable income
- Challenges to infrastructure development
 - Public awareness of pipelines and pipeline development are growing
 - Regulatory system not designed for current market dynamics
 - Organized opposition is growing, primarily as a vehicle to stop production

- Although short-term overcapacity in select basins, takeaway appears fairly balanced on a long-term basis
- Elimination of crude export restrictions creates additional infrastructure opportunities along the Gulf Coast
 - Liquids fuels will continue to play an important role in our nation's economy