

Deutsche Bank MLP, Midstream and Natural Gas Conference

New York City
May 2017

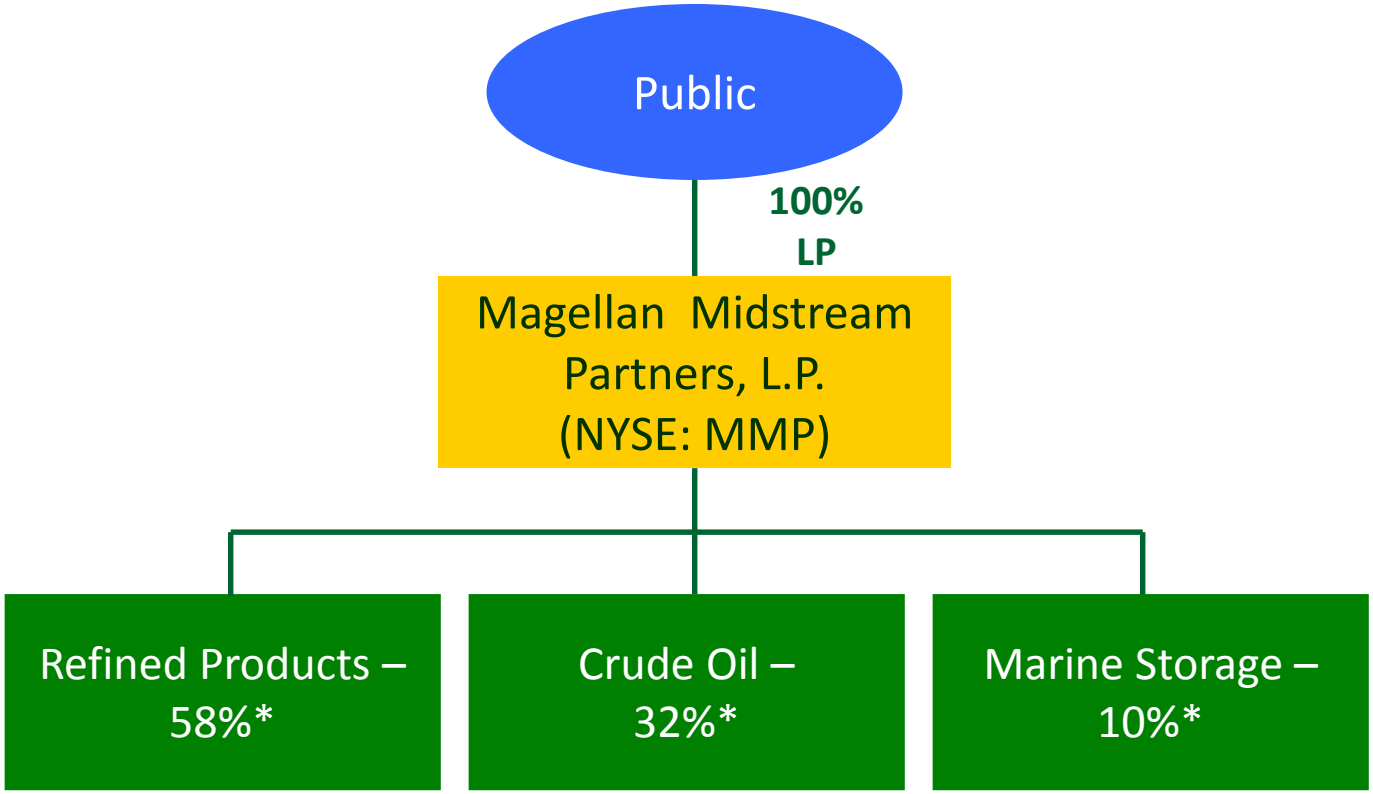
MAGELLAN® MIDSTREAM PARTNERS, L.P.

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 and 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, storage, blending or processing 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 refineries or other businesses that use or supply the partnership's services; (5) changes in the throughput or interruption in service on pipelines or other facilities owned and operated by third parties and connected to the partnership's terminals, pipelines or other facilities; (6) the occurrence of operational hazards or unforeseen interruptions; (7) the treatment of the partnership as a corporation for federal or state income tax purposes or the partnership becoming 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, 2016 and subsequent reports on Forms 8-K and 10-Q. Forward-looking statements made by the partnership in this presentation are based only on information currently known, and the partnership undertakes no obligation to revise its forward-looking statements to reflect events or circumstances learned of or occurring after today's date.

Straight-Forward Business Model

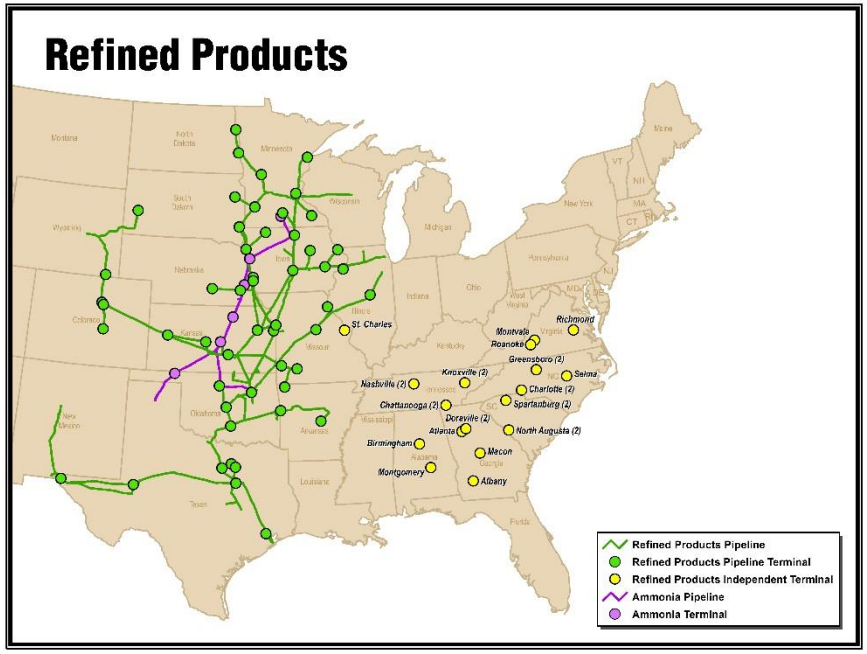
- Investment grade MLP with no incentive distribution rights
  - Provides MMP a simple organizational structure and one of the lowest costs of capital in the MLP space



* Percentage of 2016 operating margin

Refined Products

- Longest refined products pipeline system, primarily transporting gasoline and diesel fuel, with 9,700 miles, 53 terminals and 42mm barrels of storage
- Profit driven by throughput volume and tariffs
  - Tariff changes related to Producer Price Index; increased tariffs by 2% in mid-2016 and expect to increase by average 2% again in mid-2017
- Strong competitive position and stable business platform due to breadth of system (can access nearly 50% of refining capacity) and independent service provider model

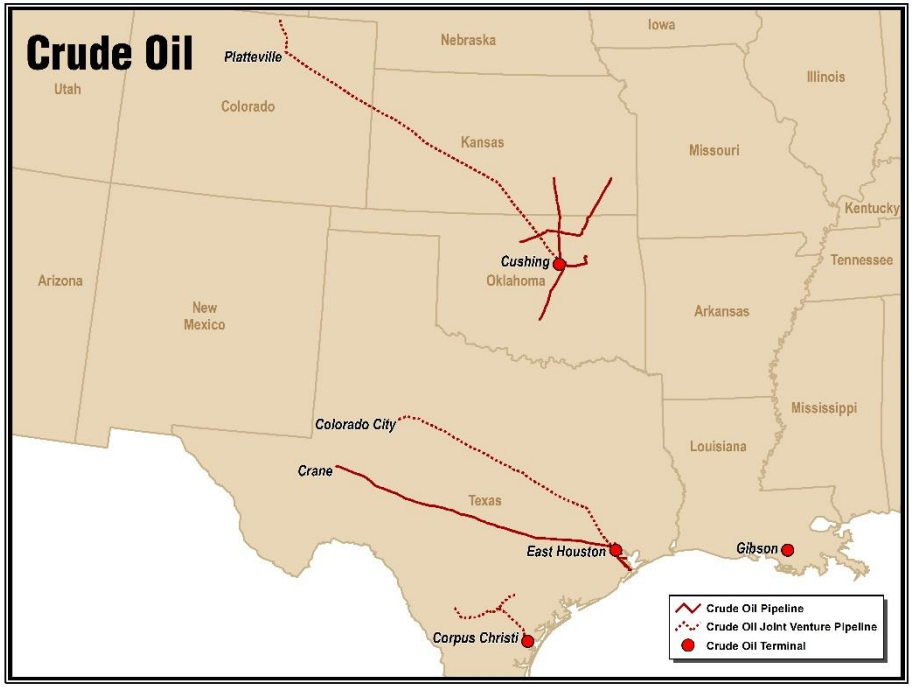




Crude Oil

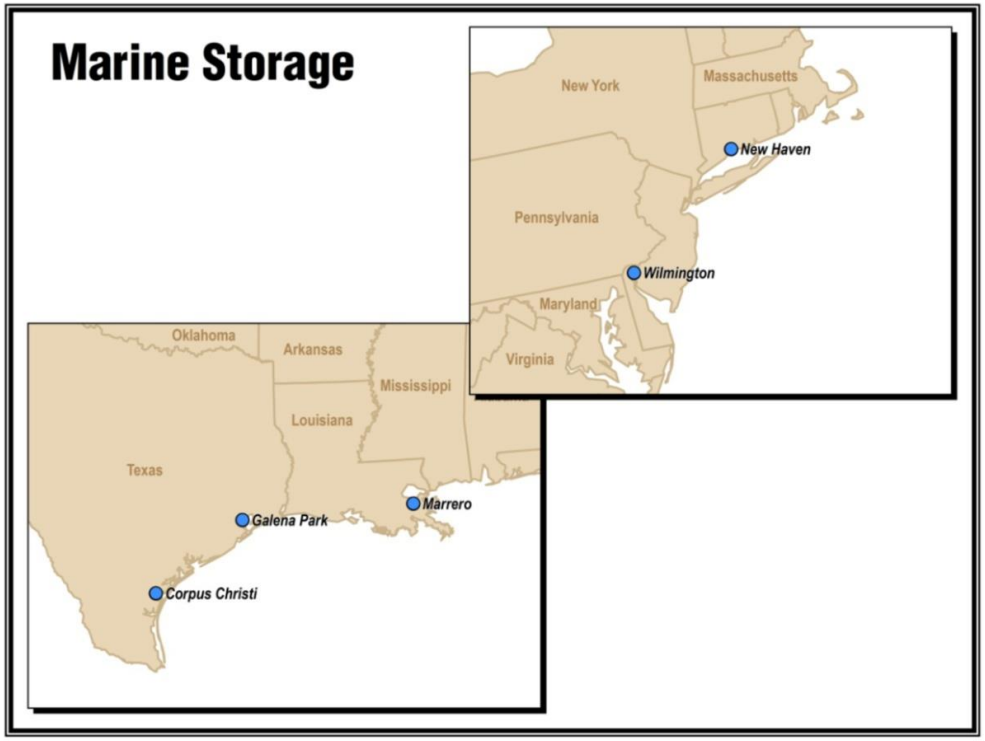
- 2,200 miles of crude oil pipelines, substantially backed by long-term throughput commitments
- 26mm barrels of total crude oil storage, including 17mm barrels used for contract storage
  - One of the largest storage providers in Cushing, OK





Marine Storage

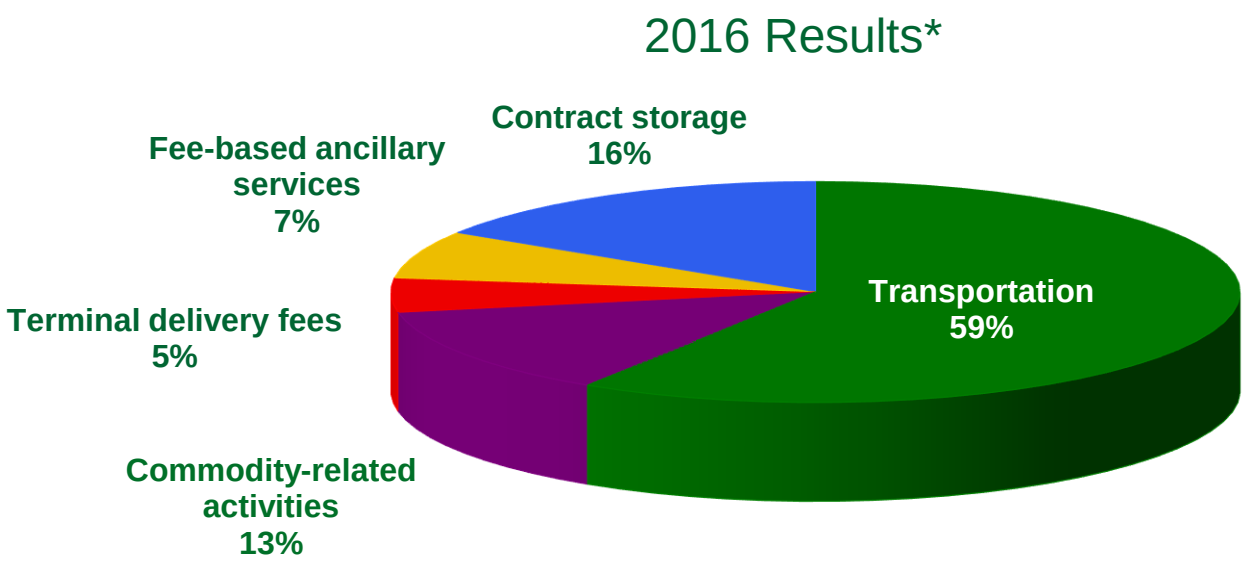
- 5 storage facilities with 26mm barrels of aggregate storage, supported by long-term agreements
- Utilization rates typically greater than 90%
- Strong demand due to market structure, pricing volatility and connectivity





Primarily Fee-Based Business

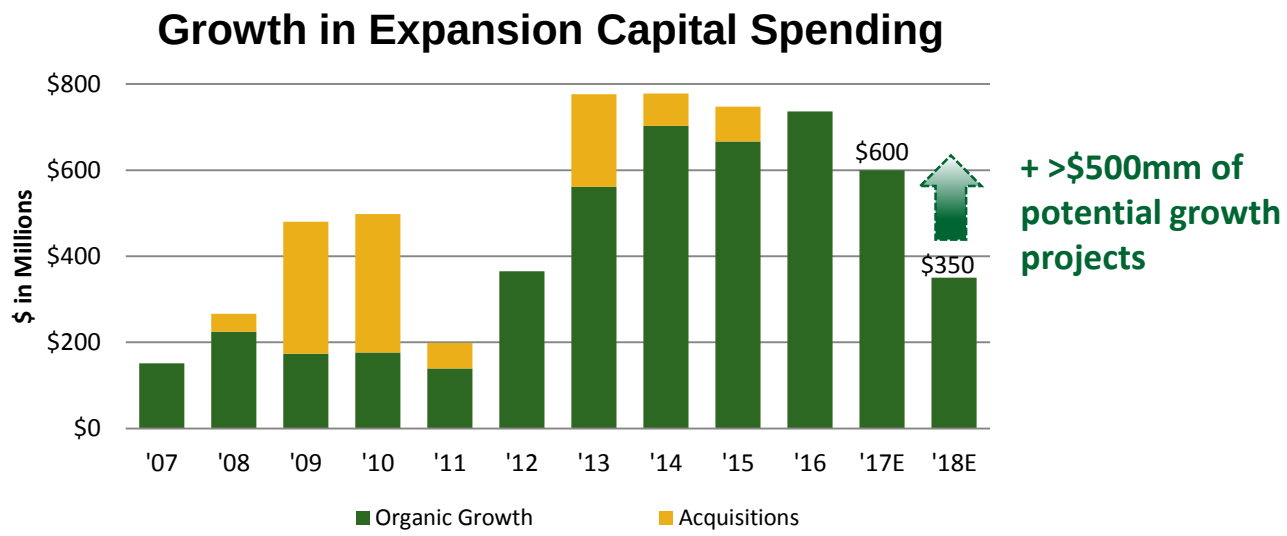
Expect Future Fee-Based, Low Risk Activities to Comprise 85% or More of Operating Margin



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

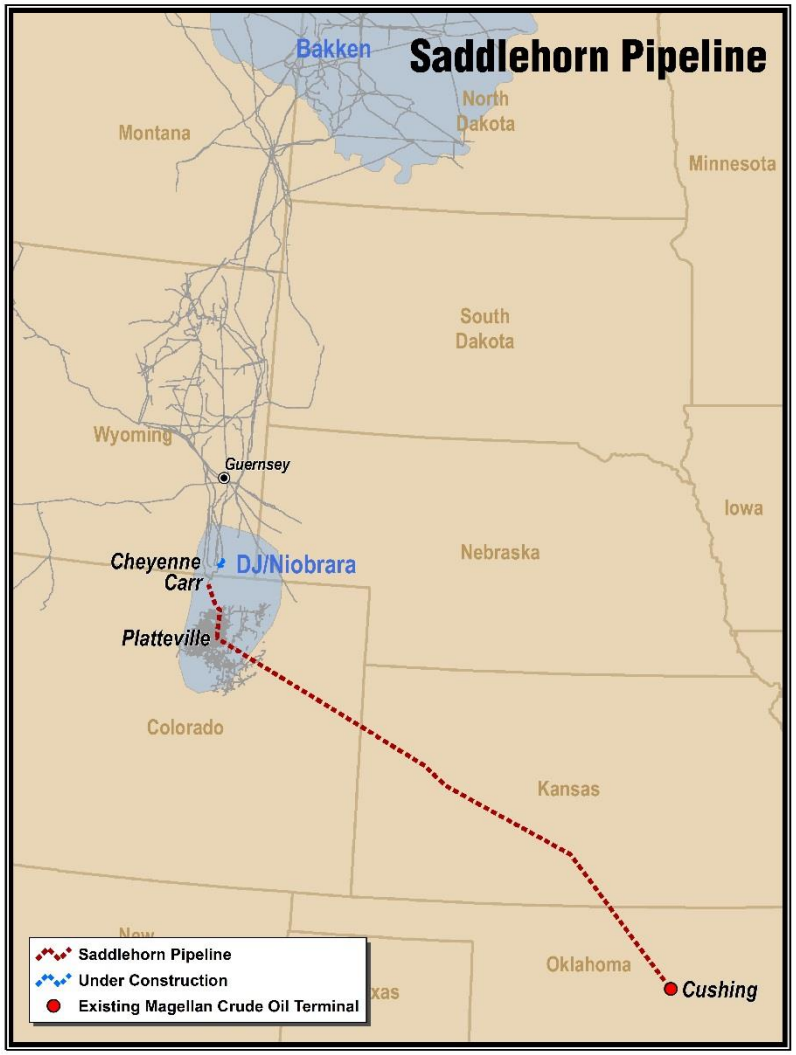
Growth in Expansion Capital Spending

- Over the last 10 years, Magellan has invested $5 billion in organic growth projects and acquisitions
- Expect to spend $950mm in 2017-2018 on construction projects currently underway
- Many opportunities exist for continued growth:
  - Continue to evaluate well in excess of $500mm of potential growth projects
  - Potential acquisitions always under review
  - Management committed to maintaining disciplined approach for future growth



Saddlehorn Pipeline

- Joint venture to deliver crude oil from DJ Basin and potentially broader Rocky Mtn region to Cushing
  - 600-mile pipeline with initial capacity of 190k bpd (max capacity up to 300k bpd)
  - Ownership structure: Magellan 40%, Plains 40%, Anadarko 20%
- Platteville-to-Cushing segment operational Sept. 2016, Carr lateral complete March '17; Cheyenne extension expected 3Q17
- Binding commitments received from Anadarko and Noble
  - Total annual committed volume <50% of capacity (ramps from 40k to 80k bpd over 5 years), providing significant upside potential
- $220mm for MMP's share of project cost
- 7x average EBITDA multiple based on ramp of committed volumes only



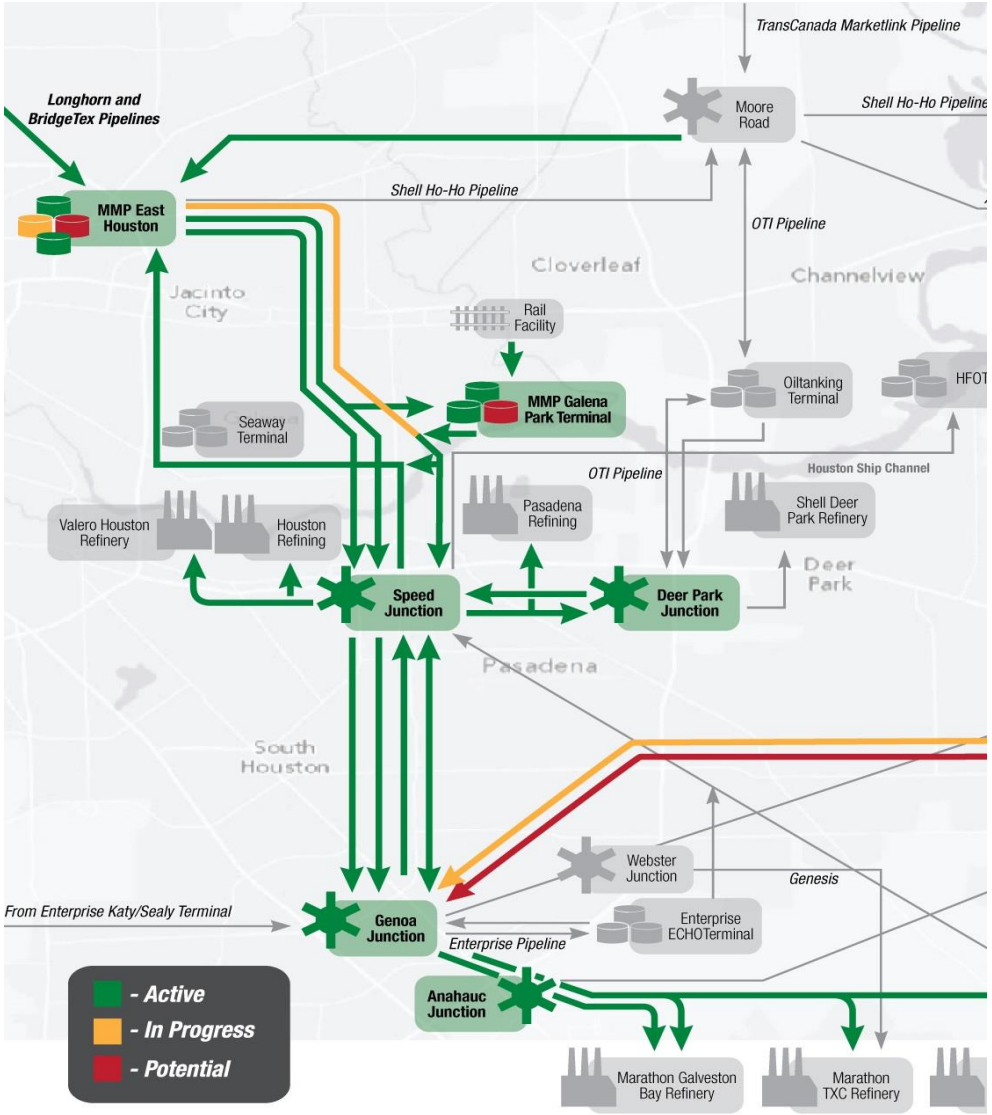
Corpus Christi Condensate Splitter

- Magellan recently constructed a 50k bpd condensate splitter at our Corpus Christi terminal
- Fee-based project, fully committed with long-term, take-or-pay agreement with Trafigura
- $330mm spending: 65% of cost related to terminal infrastructure, such as storage and pipeline connectivity
- Mechanically complete, with commercial operations expected to begin late 2Q17
- 7x EBITDA multiple expected



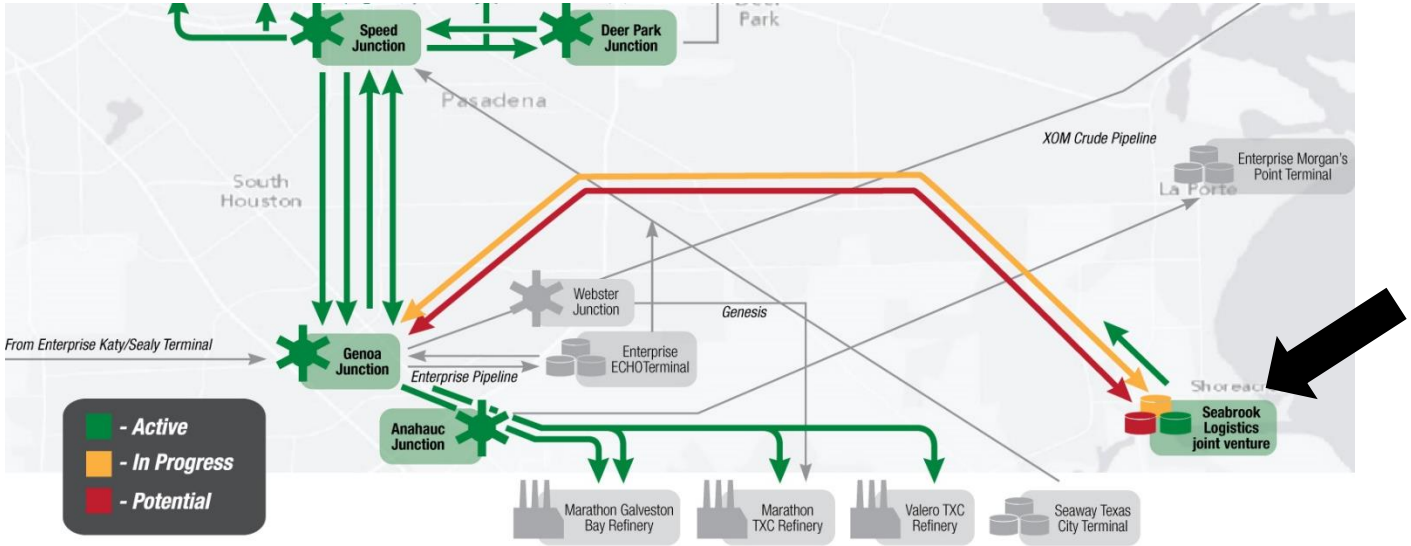
Houston Distribution System Enhancements

- HoustonLink joint venture with TransCanada now operational
  - Enhances strategic value of Magellan's Houston distribution system by improving connectivity, providing Marketlink shippers access to MMP's extensive network
- Magellan is also building a new 24-inch diameter pipeline from MMP's East Houston terminal to Holland Avenue to handle incremental volumes from various sources
  - $70mm investment
  - Expect to be operational mid-2018



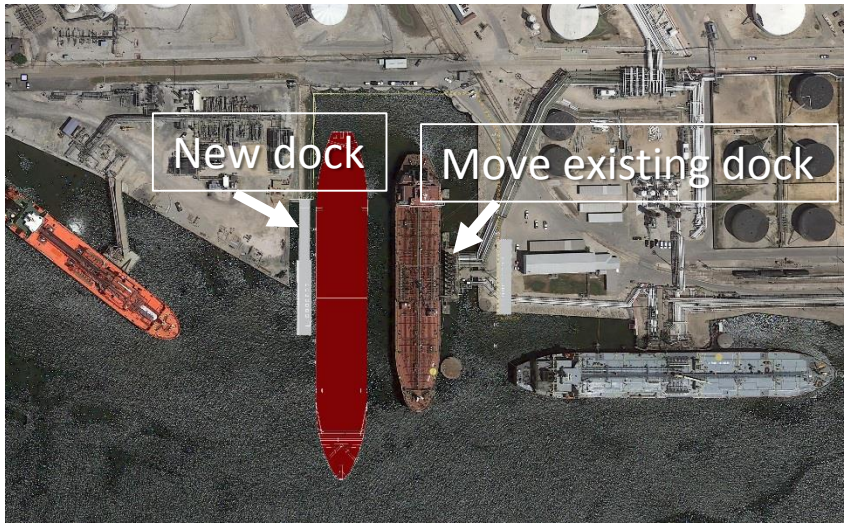
Seabrook Logistics Joint Venture

- 50/50 joint venture with LBC Tank Terminals
  - Phase 1: Now operational, including 700k bbls of crude oil storage to handle crude oil imports under a long-term commitment
    - MMP's share of capital spend almost $50mm
  - Phase 2: Additional 1.7mm bbls of crude oil storage and connectivity to MMP's Houston crude oil distribution system
    - MMP's share of capital spend $125mm; Expect to be operational mid-2018
  - Potential opportunity for 3mm more bbls of storage, an additional Aframax-capable dock and second connection to MMP's Houston crude oil pipeline system



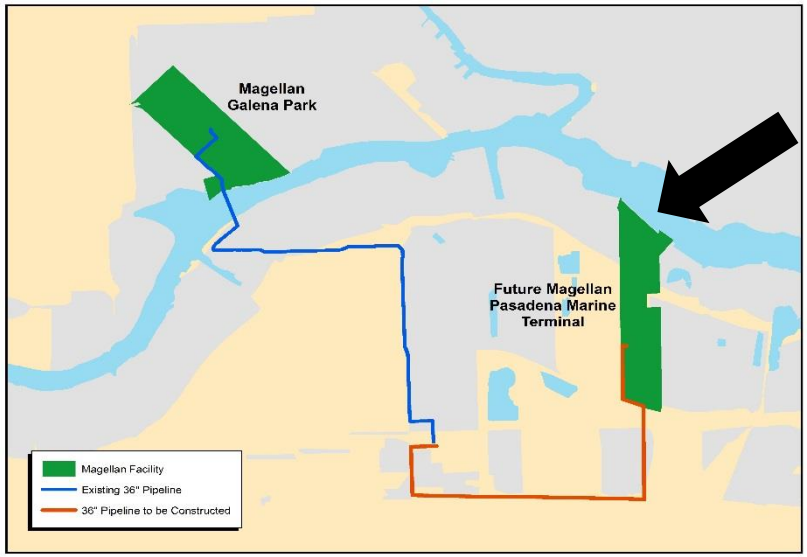
Galena Park Dock Expansion

- To meet increased demand for export capabilities, Magellan is adding a 5th dock at its Galena Park marine terminal
  - Multi-phase project to build new dock capable of handling Panamax-sized ships and barges with up to a 40-foot draft
  - Incremental dock capabilities fully operational by late 2018
  - Recently connected Galena Park to MMP's Houston crude pipeline system
  - Expect to increase storage rates as contracts renew to bring more inline with market, generating 9x average EBITDA multiple on $115mm investment, with upside potential



Pasadena Marine Terminal

- Magellan is constructing a new marine terminal in Pasadena, Texas
- Initial project includes 1mm bbls of refined products and ethanol storage, marine dock and pipeline connectivity to existing Galena Park facility
- $335mm capital spend supported by long-term customer commitment, generating 12x EBITDA multiple on initial phase and providing platform for significant future growth
- Expect to be operational in early 2019
- Facility could be expanded to include up to 10mm bbls of storage and 5 docks, representing potential investment of ~$1 billion at 8x EBITDA multiple



Potential Expansion Projects

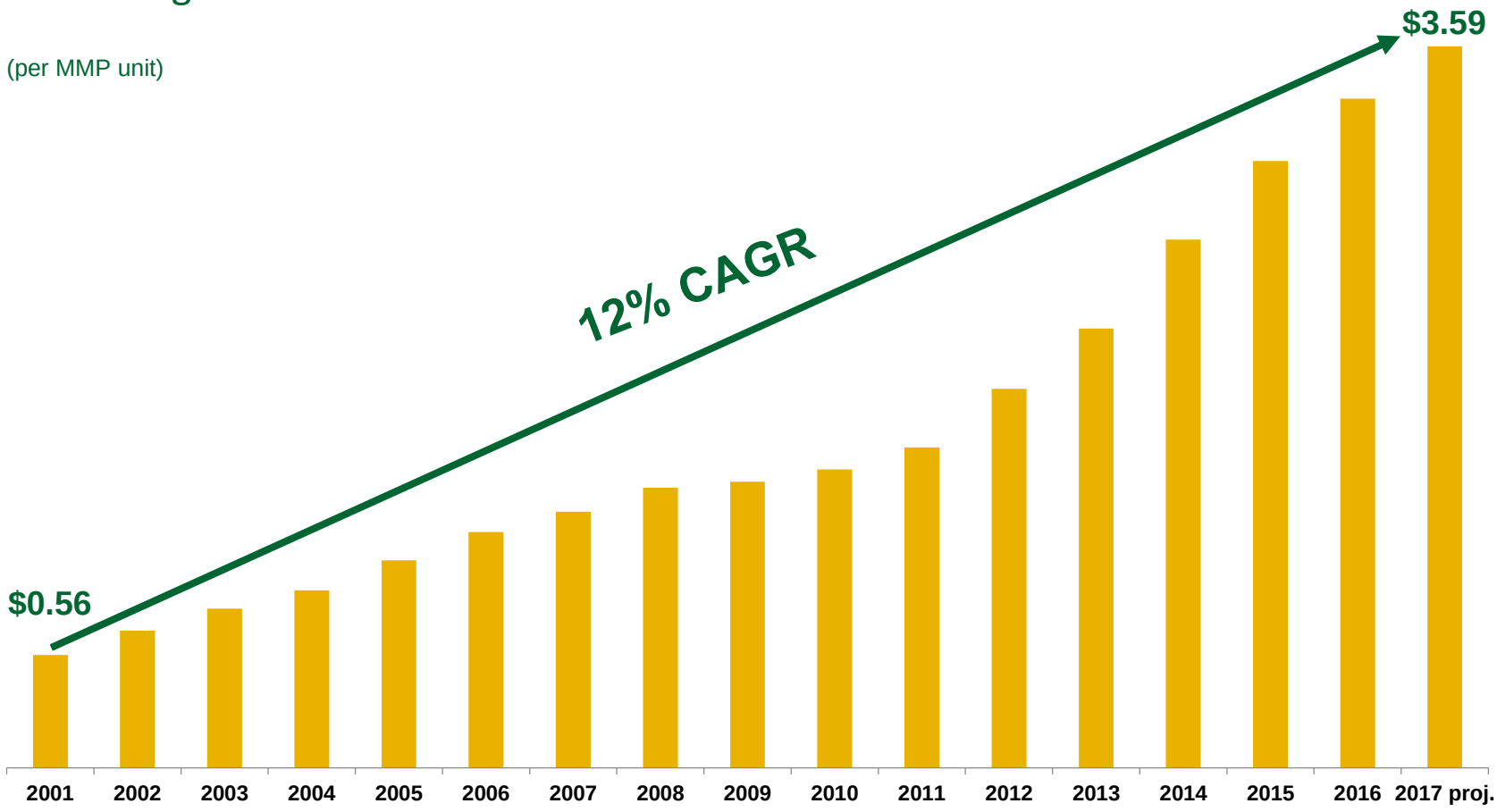
- Magellan has continually been able to keep its potential growth project list well in excess of $500mm even as projects are completed and placed into service
  - Healthy mix of refined products and crude oil opportunities
  - Stated goal to increase marine infrastructure capabilities, including further expansion of Pasadena marine terminal and Seabrook Logistics joint venture
  - Considering additional refined products and crude oil pipeline opportunities, including increased take-away capacity from Permian Basin
  - Targeting 6-8x EBITDA multiple but will consider higher multiples for strategic value creation





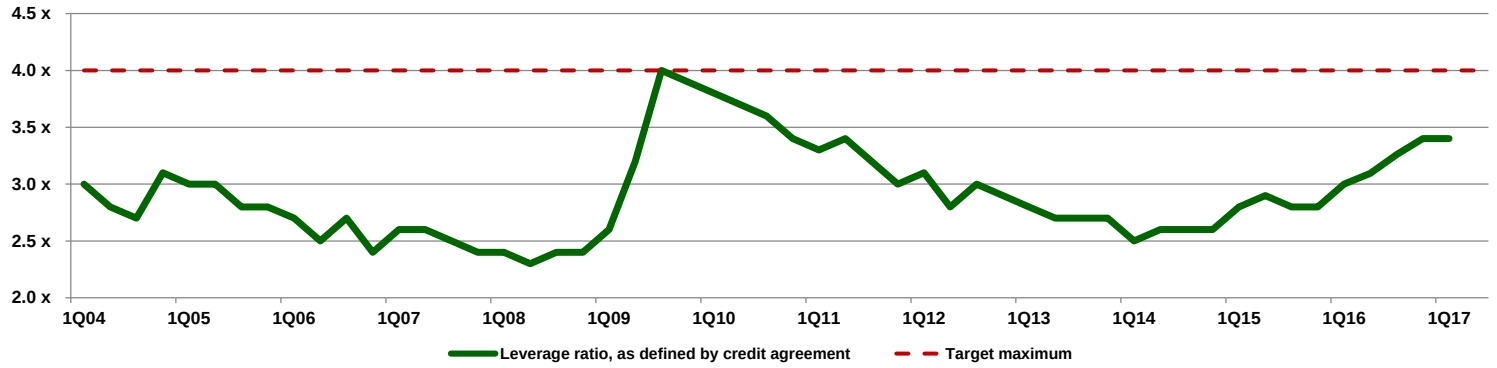
Distribution Growth Trend

- Proven history of distribution growth with 60 quarterly increases since IPO
- Targeting 8% annual distribution growth for 2017 and 2018 with 1.2x distribution coverage



Conservative Financial Profile

- Committed to maintaining solid balance sheet
  - Currently, one of the highest-rated MLPs at BBB+ / Baa1
- Targeting distribution coverage of at least 1.1x on long-term basis, 1.2x near term
  - DCF of $947mm in 2016 provided coverage of 1.25x ($190mm excess cash)
  - DCF guidance of $1 billion for 2017 with coverage of 1.2x ($180mm excess cash)
- Leverage ratio of ≤ 4x
  - History of maintaining sector-leading credit metrics
  - No equity issuances anticipated to fund current growth projects; however, will capitalize as necessary to stay within leverage target if material potential projects come to fruition
  - Significant liquidity with $1 billion credit facility, $250mm 364-day facility and commercial paper program



Magellan Summary

- Proven history of exceptional returns and distribution growth
- Straight-forward, 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

