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MIDSTREAM PARTNERS, L.P.
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# 2022 Analyst Day

Houston, Texas

March 29, 2022

*Moving What Moves America®*

# Welcome and Agenda

Paula Farrell
Associate vice president, investor relations

# Today's agenda

| | |
|---|---|
| • Magellan's track record | Mike Mears, CEO |
| • Long-term outlook | Aaron Milford, COO |
| ➢ 15-minute break | |
| • Refined products | Mark Roles, Sr. VP |
| • Crude oil | Robb Barnes, Sr. VP |
| • Capital allocation | Jeff Holman, CFO |
| • Closing remarks | |
| • Lunch | |

# Forward-looking statements

Except for statements of historical fact, this document constitutes forward-looking statements as defined by federal law. Although management believes such statements are based on reasonable assumptions, such statements necessarily involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different. Among the key risk factors that may have a direct impact on Magellan's results of operations and financial condition are: impacts from the pandemic; changes in supply, price or demand for refined petroleum products, crude oil, natural gas liquids and the commodities used in the production thereof or for transportation, storage, blending or processing of those commodities through our facilities; changes in laws applicable to us; changes in government incentives or initiatives that negatively impact us or positively impact competitive alternatives; changes in our tariff rates or other terms as required by state or federal regulatory authorities; shut-downs or cutbacks at refineries, of hydrocarbon production or at other businesses that use or supply our services; changes in the throughput or interruption in service on pipelines or other facilities owned and operated by third parties and connected to our terminals, pipelines or other facilities; the occurrence of operational hazards or unforeseen interruptions; the treatment of us as a corporation for federal or state income tax purposes or us becoming subject to significant forms of other taxation; changes in our capital needs, cash flows or availability of cash to fund unit repurchases or distributions; and failure of customers or vendors to meet or continue contractual obligations to us. Additional factors that could lead to material changes in performance are described in Magellan's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2021. You are urged to carefully review and consider the cautionary statements and other disclosures made in those filings, especially under the headings "Risk Factors" and "Forward-Looking Statements." Forward-looking statements made by us in this presentation are based only on information currently known, and we undertake no obligation to revise our forward-looking statements to reflect future events or circumstances.

# Magellan's track record

Mike Mears
Chairman, president and chief executive officer

# Keys to Magellan’s track record

- Resiliency of assets and underlying business model
  - U.S. petroleum midstream infrastructure that will be needed for decades
- Consistent commitment to a strong balance sheet and prudent financial policies
- Responsible governance and operations
- Disciplined management team focused on creating long-term investor value

# Long-term outlook | Energy transition

Aaron Milford
Chief operating officer (chief executive officer effective May ‘22)

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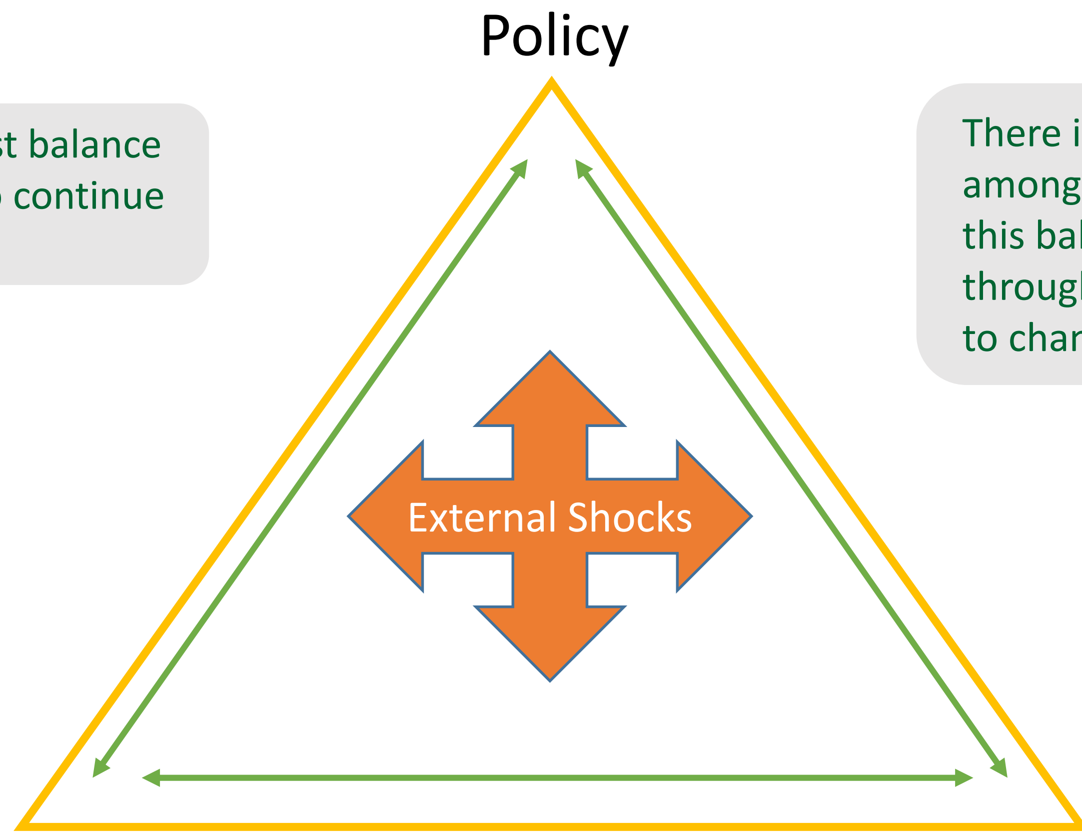
# An energy transition framework

We view energy transition as dependent on 3 major forces: policy, capability and the consumer

All 3 forces must balance for transition to continue in earnest

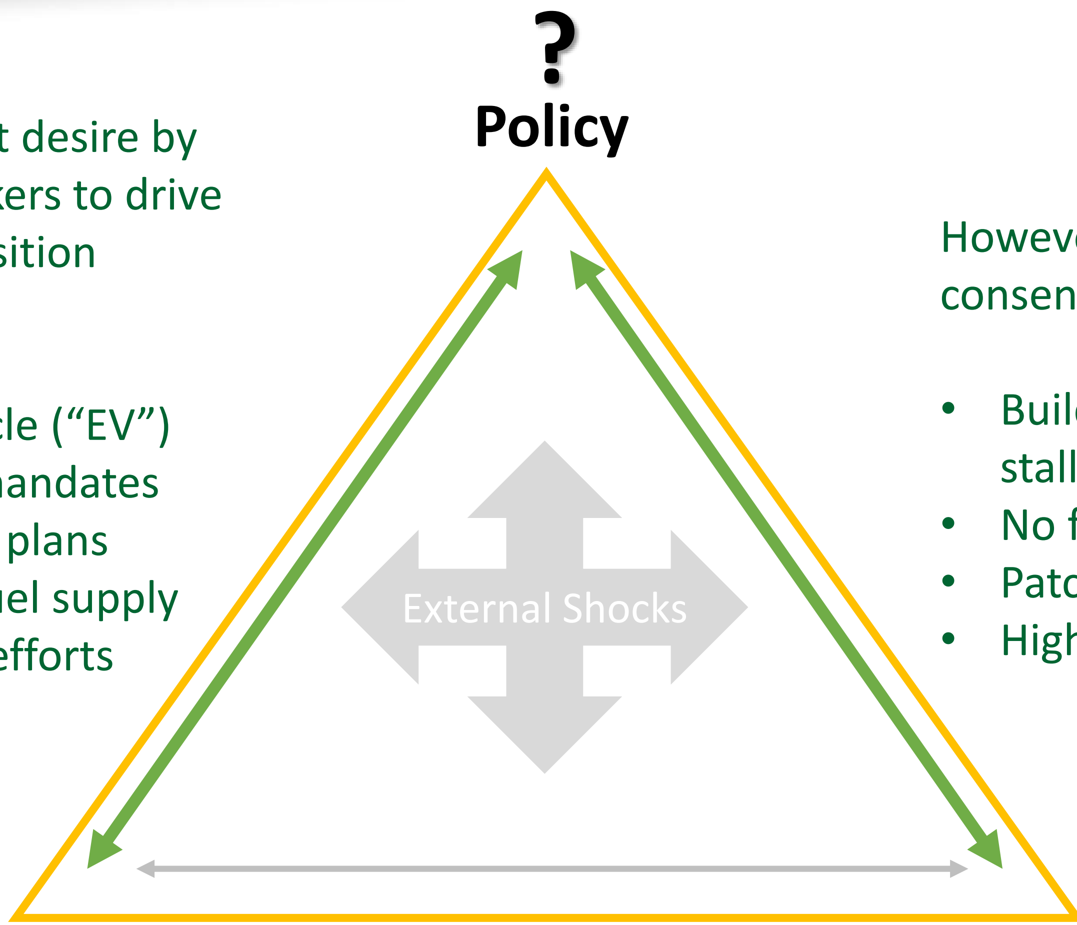



There is a feedback loop among all 3 that will force this balance to change through time in response to changing circumstances

# Policy assessment

Clearly a current desire by many policymakers to drive the energy transition quickly:

- Electric vehicle ("EV") subsidies / mandates
- Automakers' plans
- Limit fossil fuel supply
- Low carbon efforts

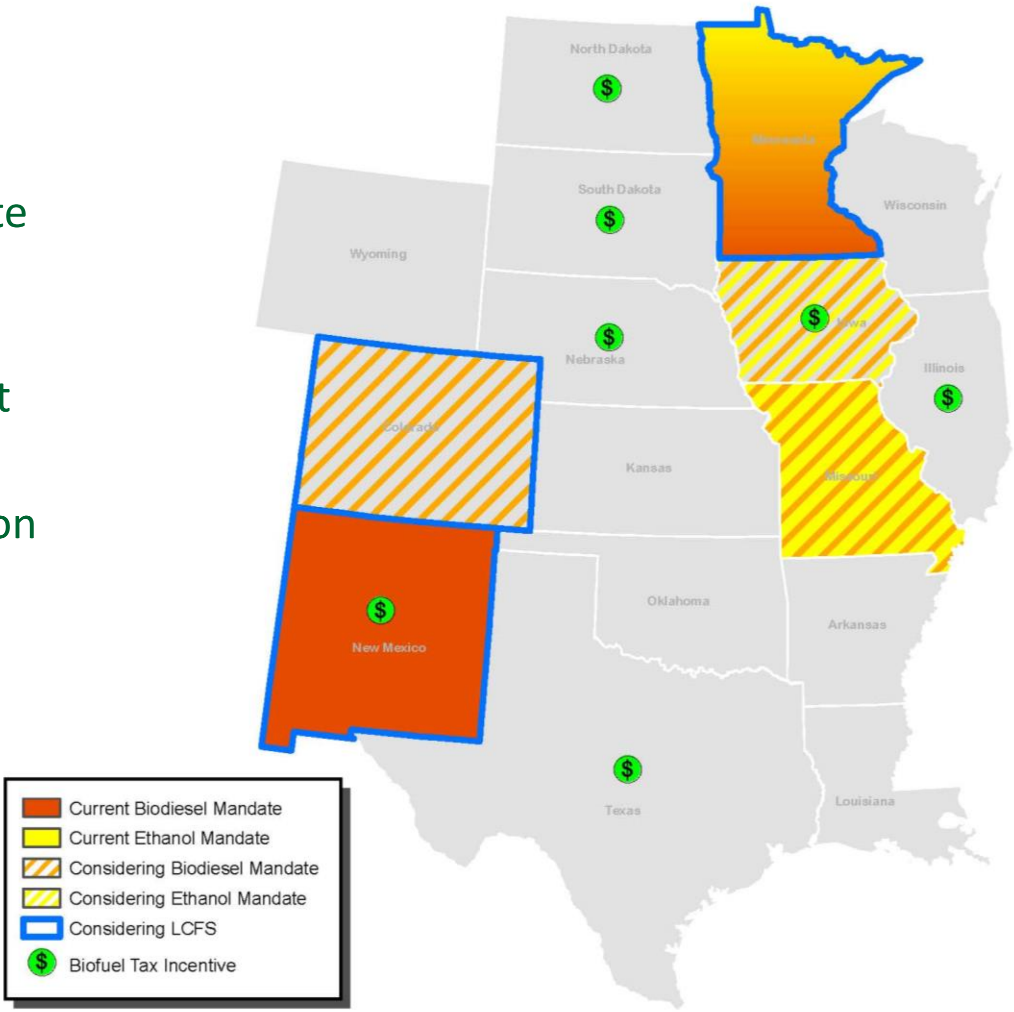



However there is not a clear consensus for action:

- Build Back Better stalled / failed to pass
- No federal carbon tax
- Patchwork approach
- Higher energy prices

# Example of patchwork approach

- States are taking varied approaches
- Often driven by varying state economic interests
- Increases difficulty as a logistics provider to support transition efforts
- Opportunities will depend on geography

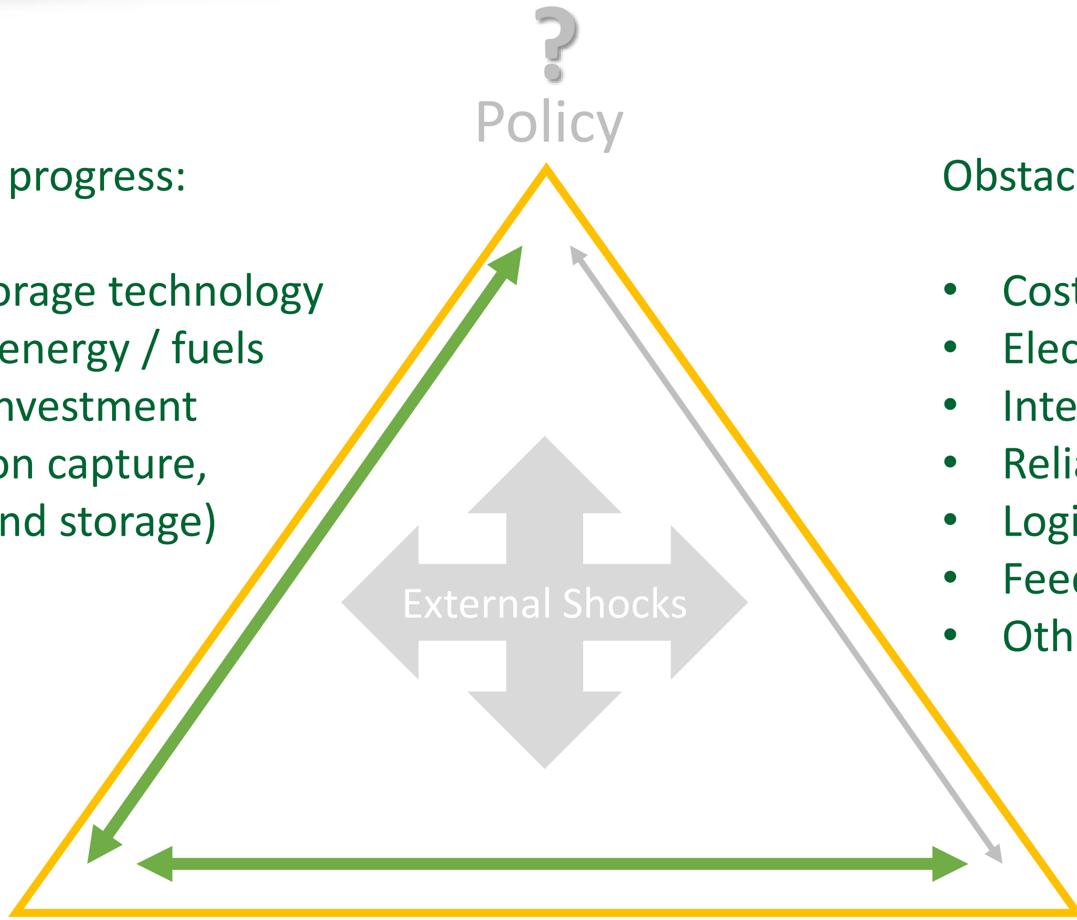



(LCFS = low carbon fuel standard)

# Capability assessment

Clearly making progress:

- Battery / storage technology
- Renewable energy / fuels
- Increasing investment
- CCUS (carbon capture, utilization and storage) projects

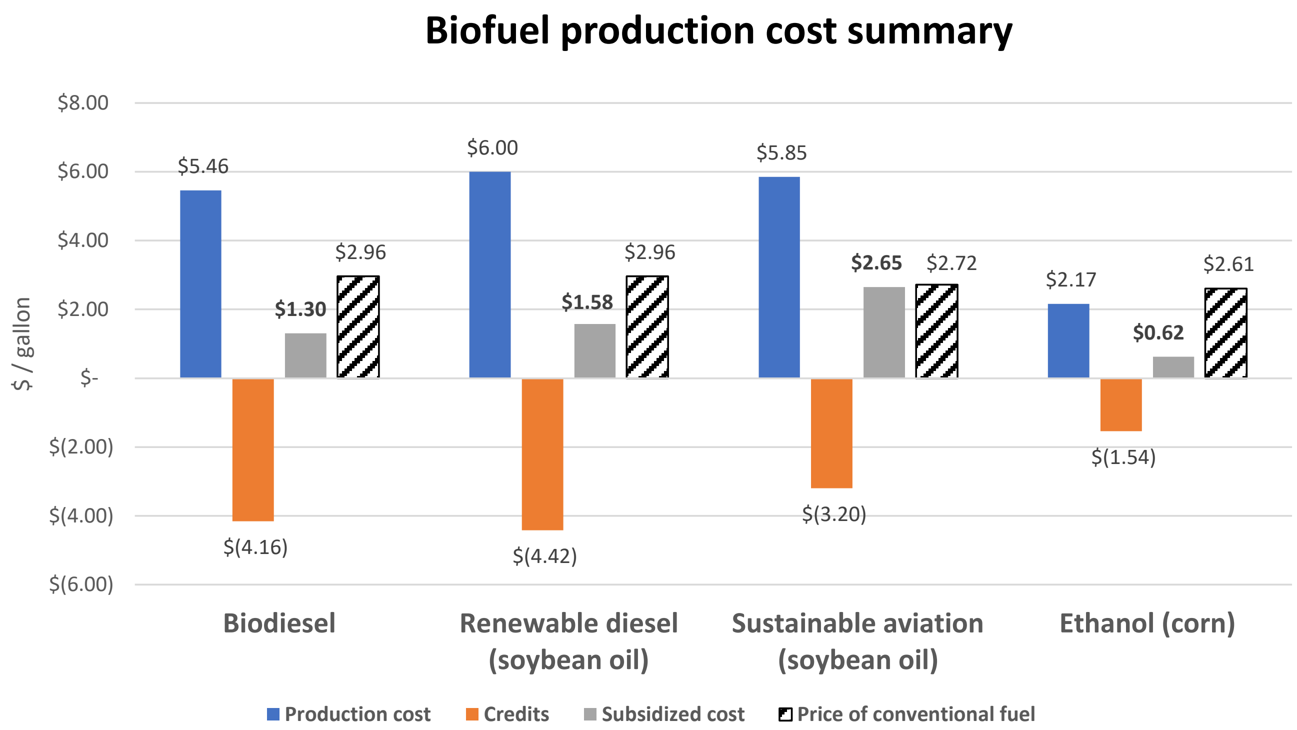



Obstacles remain:

- Cost competitiveness
- Electric grid readiness
- Intermittency of supply
- Reliance on subsidies
- Logistics
- Feedstocks
- Other inputs

# Renewable and biofuel example

- Fundamental economics are challenging
  - Government subsidies are required for investments to be profitable

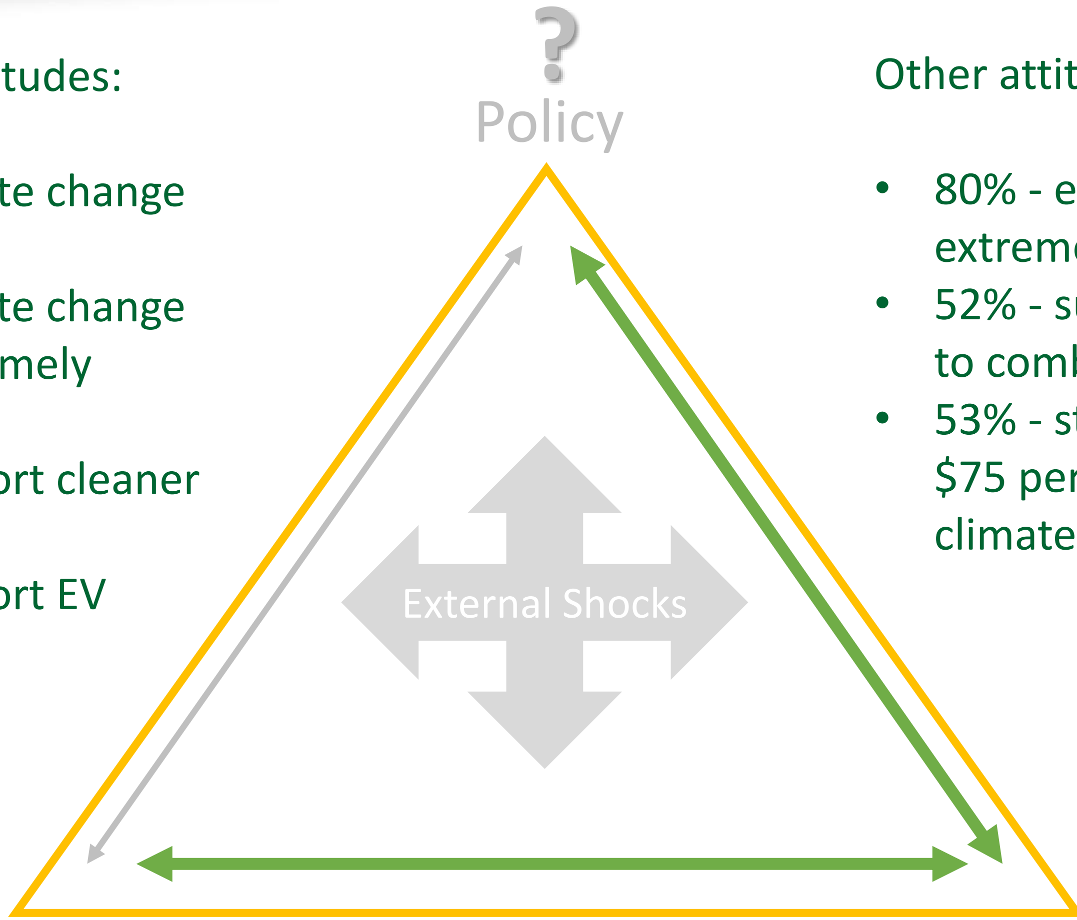



Source: GREET model by Argonne National Laboratory, California Air Resources Board, Iowa State University Center for Agriculture and Rural Development, Argus, CME and MMP internal estimates

# Consumer assessment

Supportive attitudes:

- 75% - climate change happening
- 59% - climate change very / extremely important
- 55% - support cleaner energy
- 57% - support EV incentives




?
Capability

?
**Consumer**

Other attitudes:

- 80% - economy very / extremely important
- 52% - support $1 per month to combat climate change
- 53% - strongly oppose paying $75 per month to combat climate change

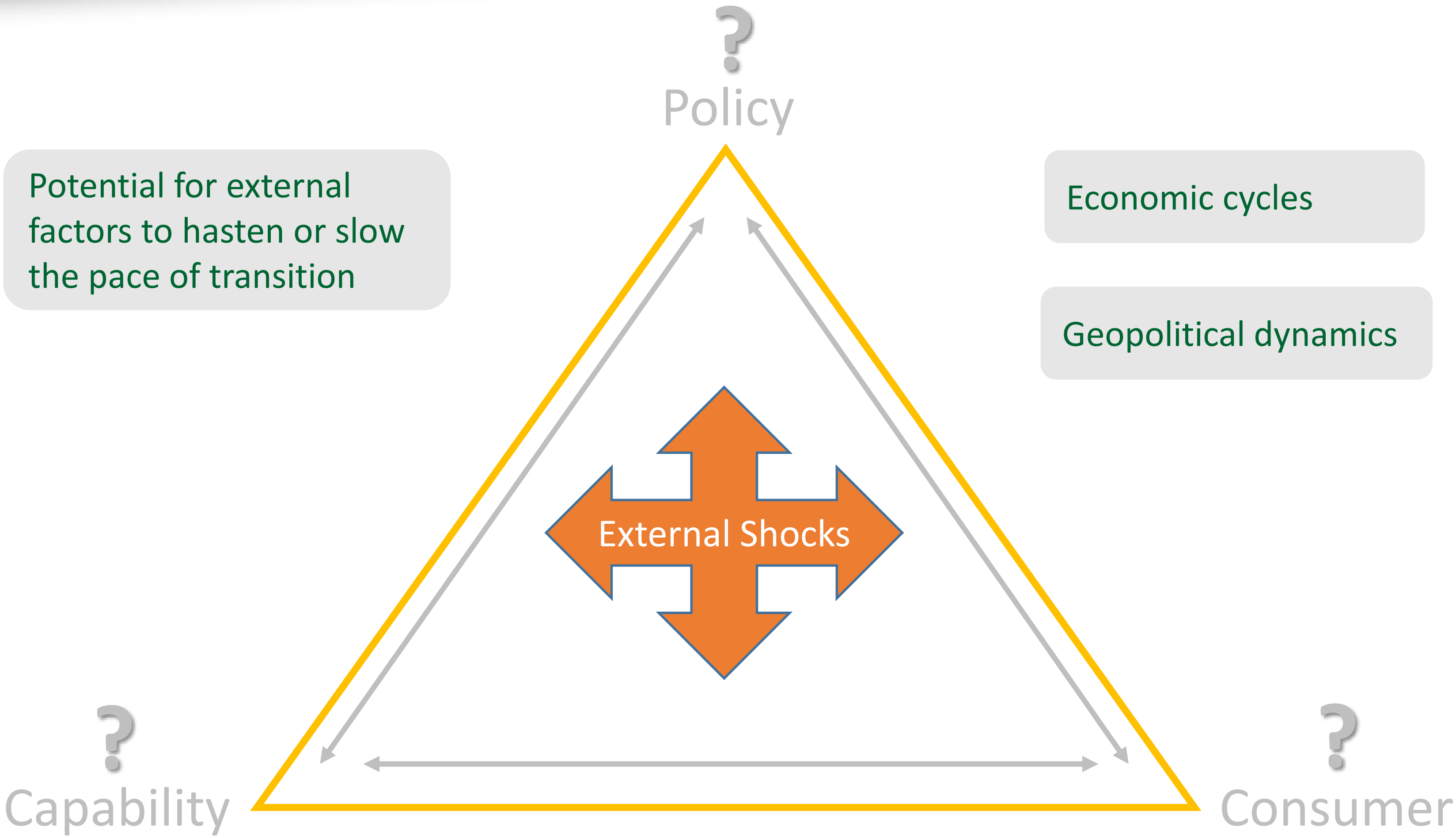
Source: “The Public’s Views on Energy and Climate Change,” Associated Press-NORC Center for Public Affairs Research, Sept. 2021

# External shocks

Potential for external factors to hasten or slow the pace of transition

Economic cycles

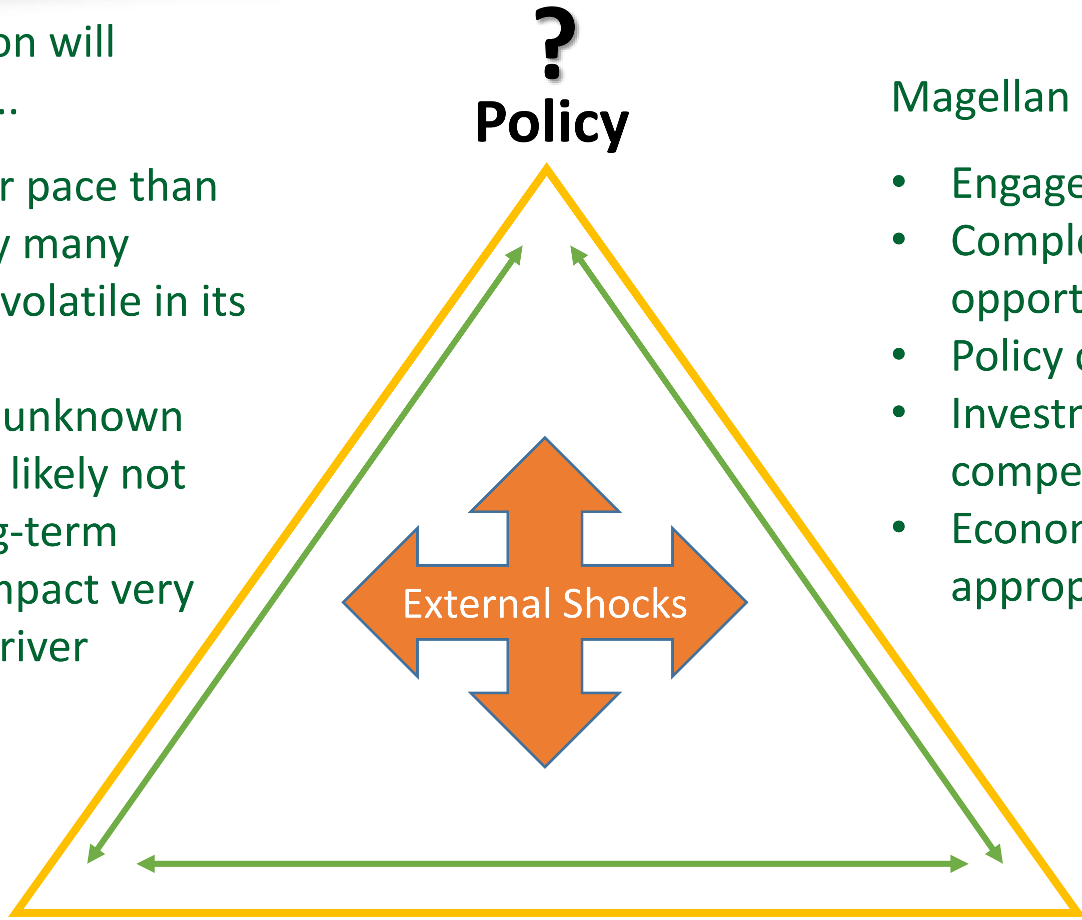
Geopolitical dynamics



# Takeaways

Energy transition will progress, but.....

- Likely slower pace than predicted by many
- Likely more volatile in its course
- Destination unknown
- Policy alone likely not enough long-term
- Economic impact very important driver




Magellan approach:

- Engaged
- Complete view of opportunities and risk
- Policy can create opportunity
- Investments based on competency and advantage
- Economic returns must be appropriate

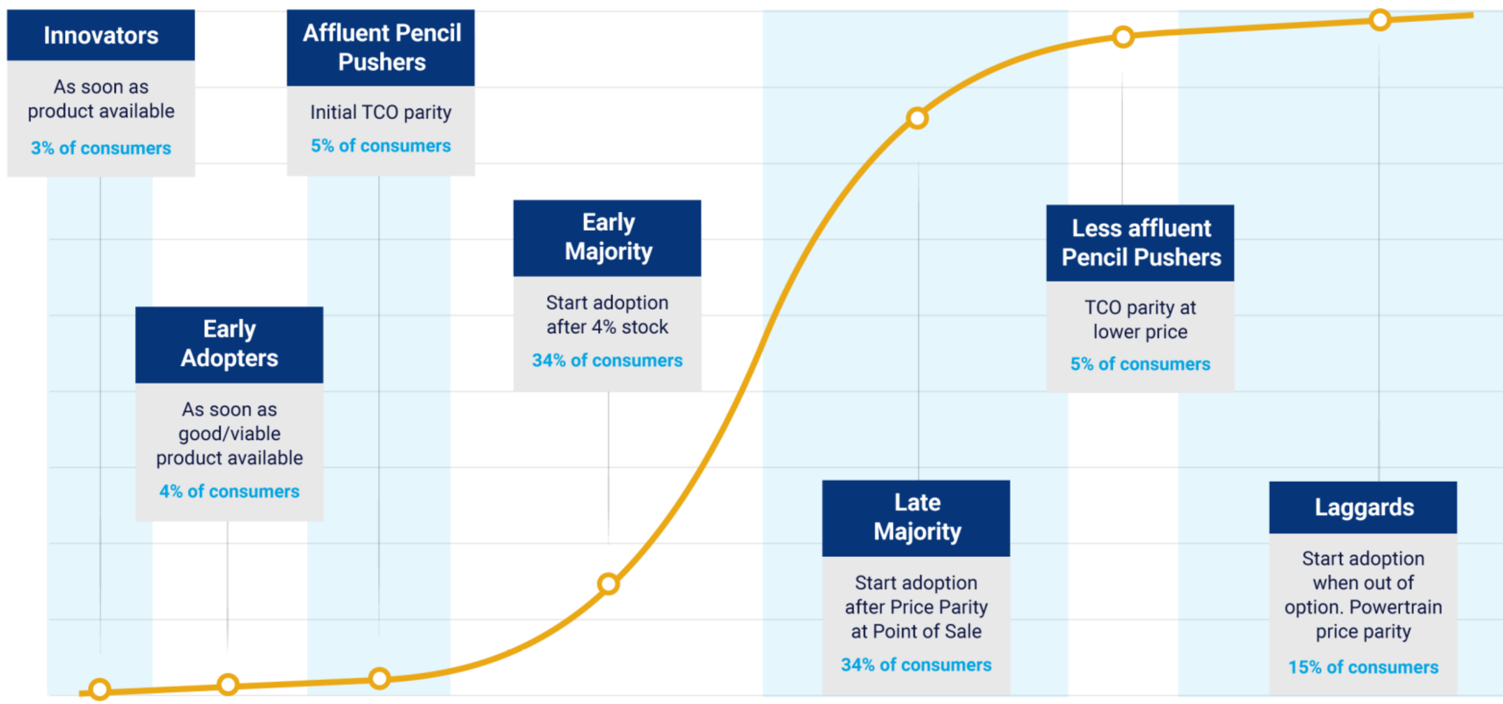
# Energy transition opportunities

- Magellan's advantages
  - Pipeline transportation is sustainable transportation
  - Flexible refined products pipeline system with breadth
  - Complete crude oil logistics chain of custody from receipt to delivery
  - U.S. Gulf Coast marine terminals
  - Airport connections
  - Significant operations in the agricultural heartland of the U.S.
  - Strong customer relationships
- Nearer-term opportunities
  - Bio / renewable fuels logistics as markets develop and supply grows
  - Emissions transparency to support our customers' goals
- Potential longer-term opportunities
  - Carbon capture and sequestration
  - Hydrogen
  - Magellan's ability to repurpose current assets is limited on a technical basis, but we know how to develop and build infrastructure as markets take shape

# WoodMac view on EV adoption

- According to Wood Mackenzie, "EV adoption cannot be viewed as deterministic; its relative advantage as a means of transport is minimal"
  - "Climate policy and decarbonization goals are the primary drivers for worldwide adoption of EVs…"
  - "As such, consumers must be convinced to buy EVs rather than increasing consumer demand shaping automaker strategies"

**WoodMac EV adoption stages**

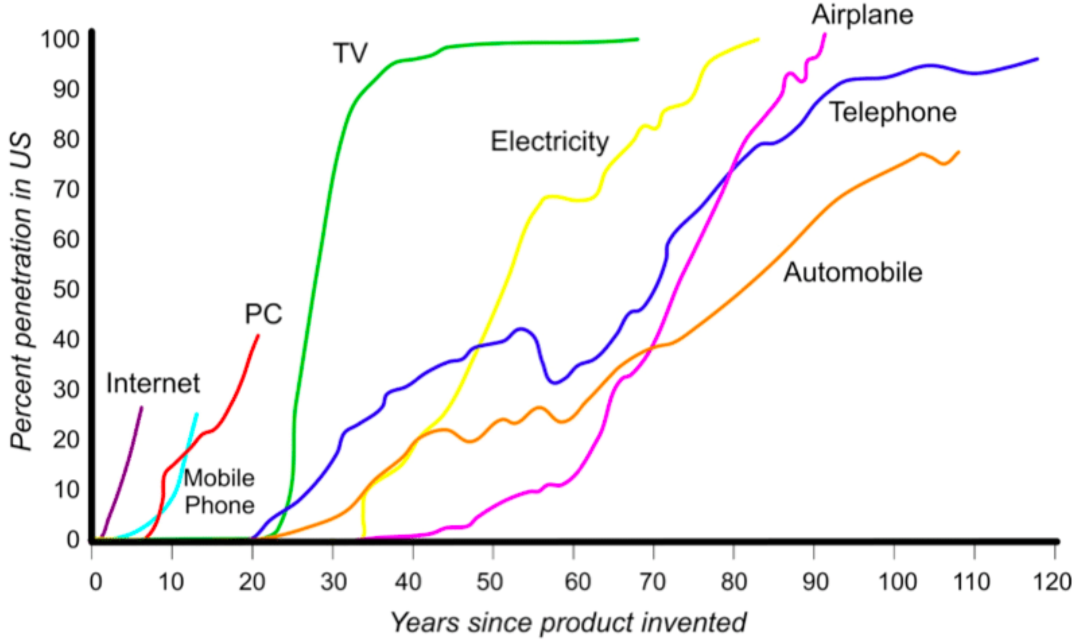



Source: Wood Mackenzie; See Supplemental information: Source A. (TCO = total cost of ownership)

# Modeling policy driven adoption

- Wood Mackenzie also notes that “relative advantage is historically the biggest driver [of adoption]” and “the advantage provided to the end user by electric cars pales in comparison to smart phones or air travel”
- There appears to be significant uncertainty in the ultimate EV adoption curve driven by potential for relative advantage (or not), government policy, consumer preference (if given a choice), and public reaction to higher costs and potentially reduced flexibility if not given a choice

**S-curve in real life**




Source: Caroli.org and Wood Mackenzie; See Supplemental information: Source A. (Graph initially published 1997)

# Modeling EV adoption

- EVs will likely continue to represent an increasing share of new vehicle sales
- However, the pace and degree of electrification and resulting impact on gasoline demand is uncertain
- Current forecasts for EV adoption and resulting gasoline demand impacts vary widely due to this uncertainty
- We have developed an internal model using detailed fleet composition data to better understand the methodologies and assumptions utilized by, or implicit in, many of the forecasts available today
- The following discussion examines:
  - Potential EV adoption timelines in the U.S. and specifically in Magellan's area of operations
  - Gasoline demand based on a range of outcomes for EV sales through 2050
  - Magellan's business resiliency even with rapid EV adoption
  - Valuation implications

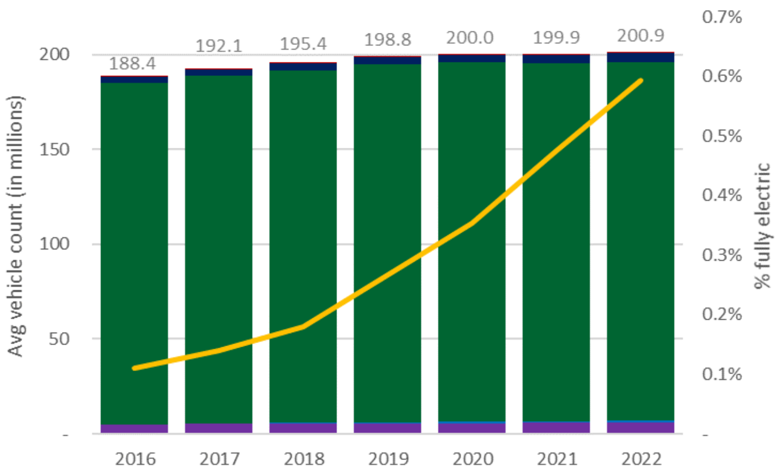
# Summary observations from our work

- EV adoption rates in Magellan's area of operations would suggest slower demand impacts relative to the rest of the U.S.
- There is general consensus around relatively stable refined products demand for the next 10 years with more pronounced demand declines beyond 2035, but the U.S. will continue to need the fuels we transport through 2050 (and beyond)
- Forecasts of more significant EV penetration and associated long-term petroleum demand impacts appear to discount / ignore some of the obstacles and uncertainties regarding higher levels of EV adoption
- We believe that Magellan's ability to mitigate the financial impacts of longer-term volume declines through tariff increases and operational optimization is not fully appreciated by the market

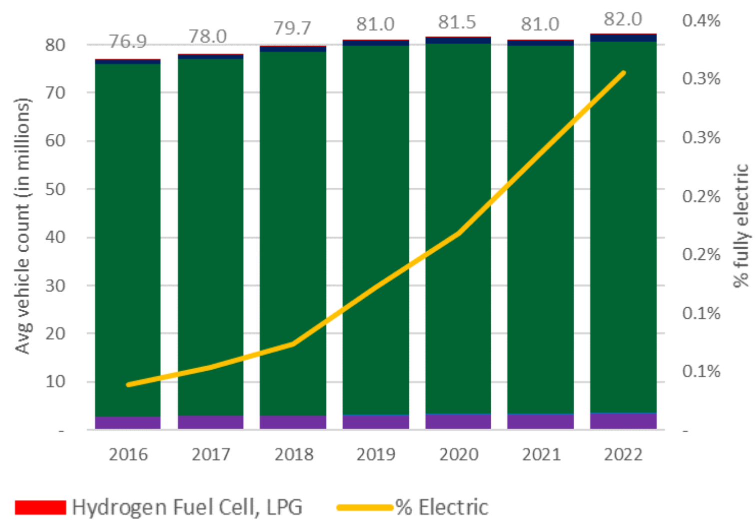
# EVs in operation in the U.S.

- The average number of vehicles in operation (“VIO”) in the U.S. has risen ~6.5% since 2016 to ~283mm as of January 2022
- In the states outside of Magellan’s area of operations, the average number of vehicles has increased to ~201mm with ~1.2mm being fully electric (0.6% of total)
- In comparison, the average number of vehicles in operation within MMP’s footprint is ~82mm with ~251k being fully electric (0.3% of total)

**Rest of U.S. passenger vehicle count vs % EV**




**MMP area passenger vehicle count vs % EV**




Source: IHS Markit; See Supplemental information: Source C. The values shown are annual averages for 2016 to 2022 derived from quarterly data. The timeframe indicated is Magellan’s own determined timeframe.

# Outlook for EV sales

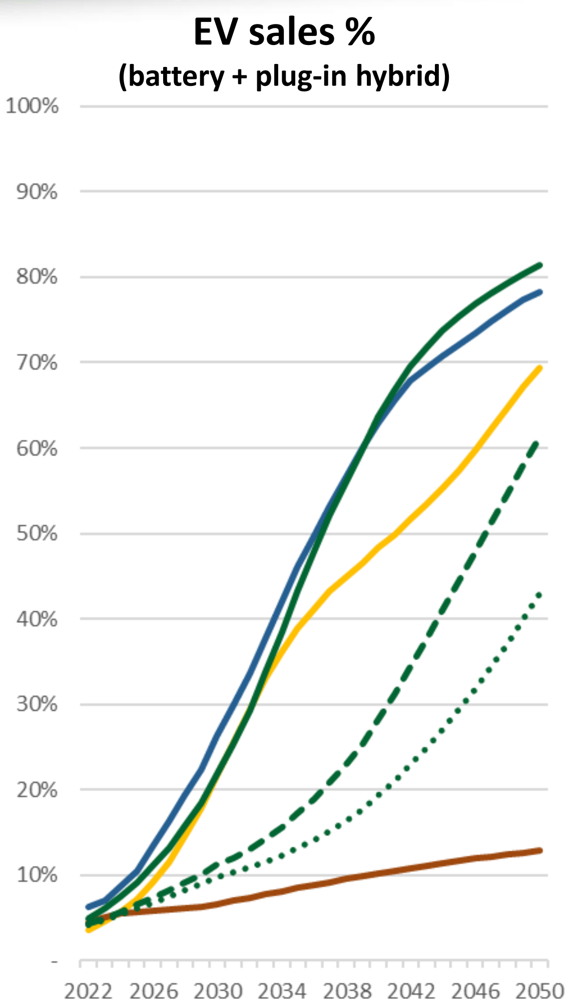
- Many EV sales forecasts appear to "back-solve" from "assumed" outcomes (including non-binding manufacturer targets) which could result in aggressive outlooks given risks to adoption
  - Lack of a strong relative advantage typical of new technology adoption
  - Timing of cost parity for both total cost of ownership and price at purchase
  - Charging availability and time required as well as range anxiety
  - EV performance in adverse weather
  - Availability, cost and environmental impact of technology, infrastructure and materials needed for transition
    - Impact to the electricity grid
    - Supply challenges associated with required minerals
  - Willingness and ability of automobile manufacturers to hit EV targets (potentially iterative based on consumer behavior)
- Given these challenges, climate policies are the most likely main driver of change and such policies will almost certainly result in higher costs to consumers and taxpayers
- Given the limited EV stock today, even relatively small changes to target timelines and assumptions around long-term level of market share imply materially different outcomes for gasoline demand forecasts

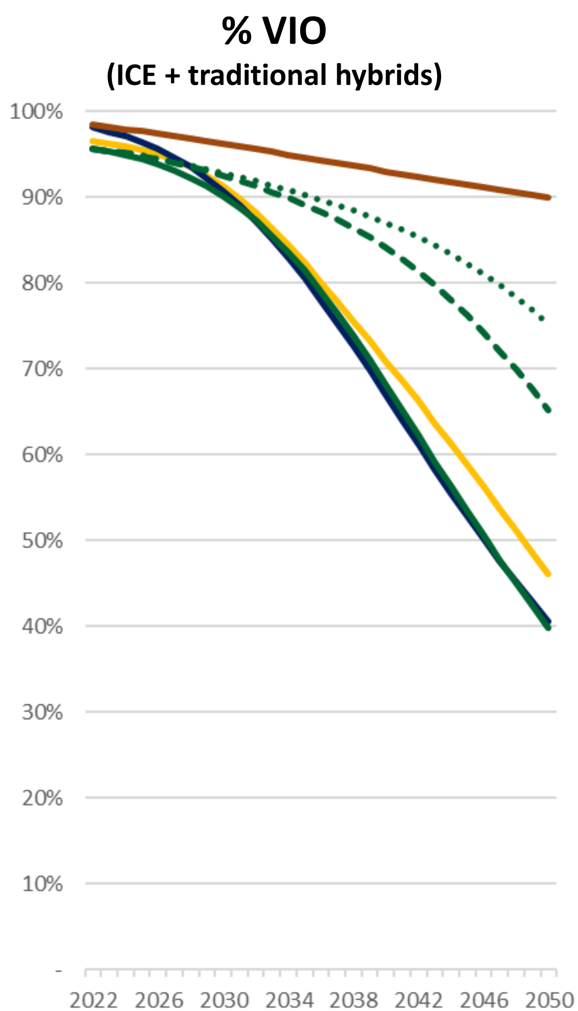
# Modeling scenario assumptions

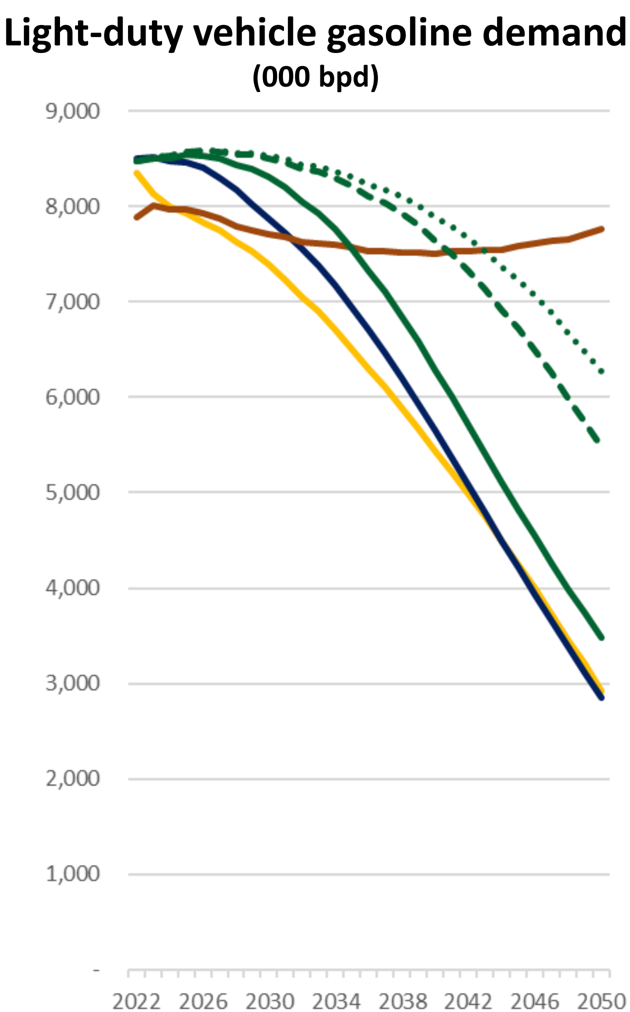
- The Magellan internal model cases below are identified based on the projected percentage of total U.S. sales in 2050 that are assumed to be EVs (including plug-in hybrids)
  - **80% Case**: adoption curve directionally consistent with many published forecasts based on a normalized growth assumption for EVs and also gives weight to traditional hybrid uptake in the near-term
  - **60% Case**: represents scenarios where EV adoption is slower than anticipated due to near-term supply chain bottlenecks, production constraints, consumer pushback, etc.
  - **40% Case**: represents a constrained scenario where EV adoption is met with greater resistance from consumers and significant logistical barriers exist

| Case Scenario | 2030 EV % of Sales | 2050 EV % of Sales | Year EV Sales > 50% |
|---|---|---|---|
| 80% Case | 22% | 81% | 2037 |
| 60% Case | 11% | 61% | 2047 |
| 40% Case | 10% | 43% | 2053 |

# Modeling scenario summaries: U.S.



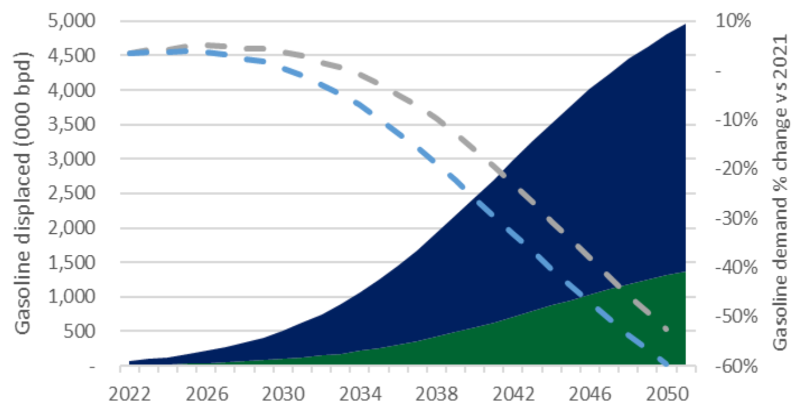

WoodMac S&P Global EIA 80% Case 60% Case 40% Case

Source: Wood Mackenzie, S&P Global, U.S. Energy Information Administration (EIA) and MMP internal estimates; See Supplemental information: Sources A & B. (ICE = internal combustion engine)

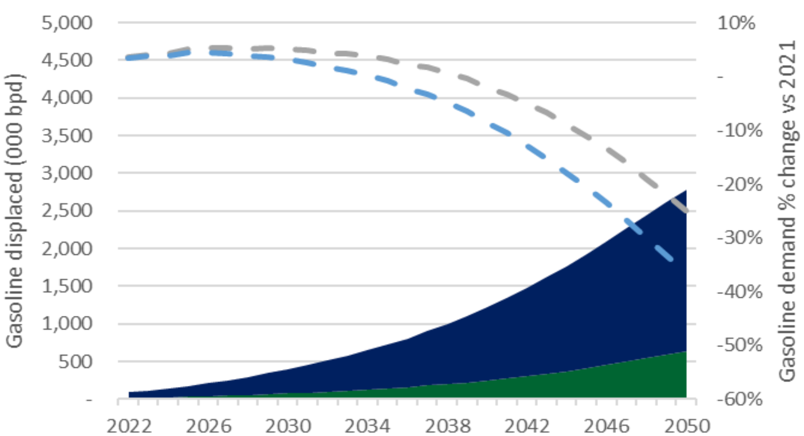
# Modeling scenario summaries: MMP area

As previously noted, Magellan's area of operations is expected to be less impacted by electrification compared to the rest of the U.S.

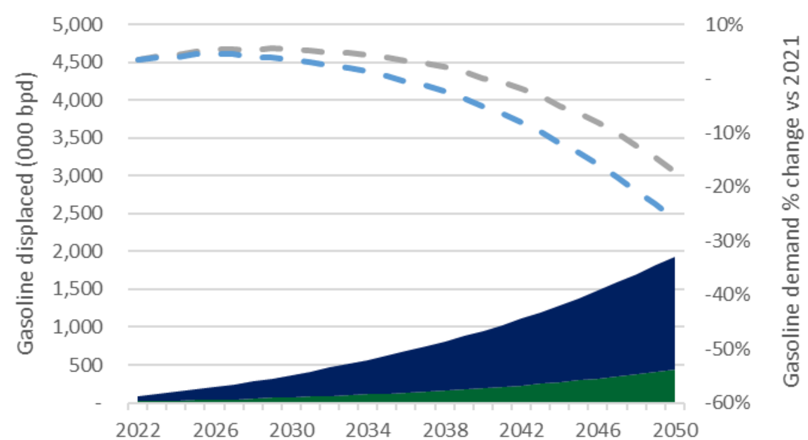
**80% case**




**60% case**




**40% case**



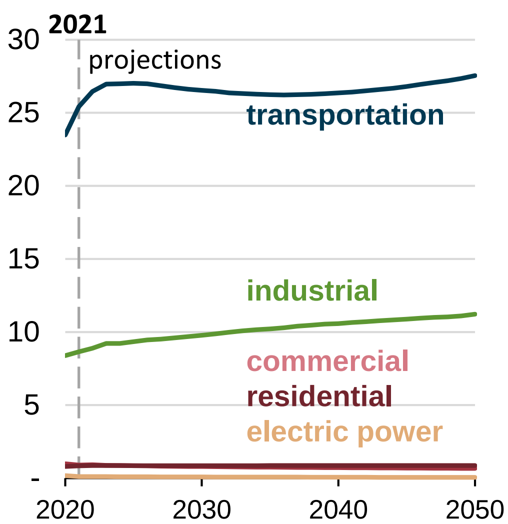

MMP footprint   Rest of U.S.   MMP %   Rest of U.S. %

Source: MMP internal estimates

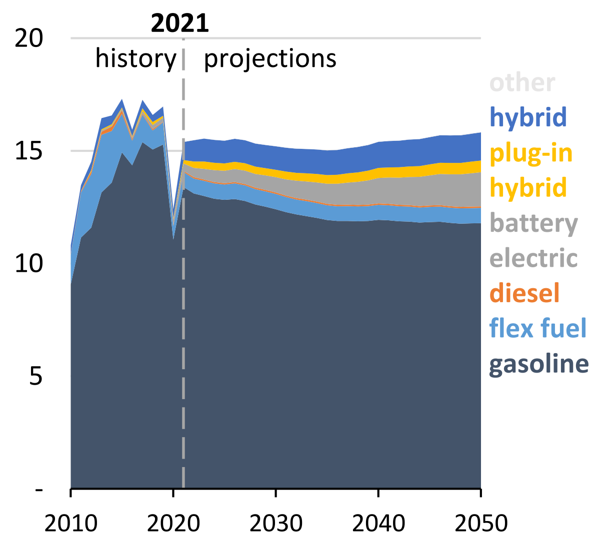
# 2022 EIA perspectives

- In its March 2022 Annual Energy Outlook, EIA's Reference case forecasts a relatively slow turnover to electric equipment and robust gasoline demand past 2050 (i.e. throughout the entire term of their analysis)

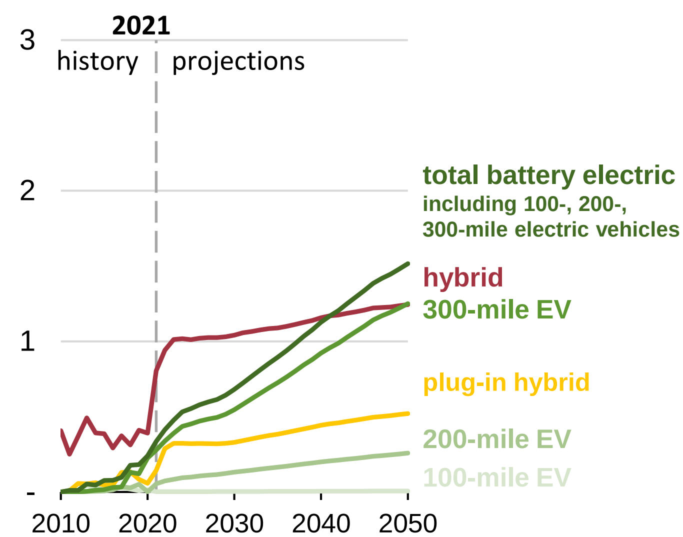
**Petroleum and other liquids consumption by sector**
(quadrillion British thermal units)




**Light-duty vehicle sales by technology or fuel**
(millions of vehicles)




**New vehicle sales of battery-powered vehicles**
(millions of vehicles)

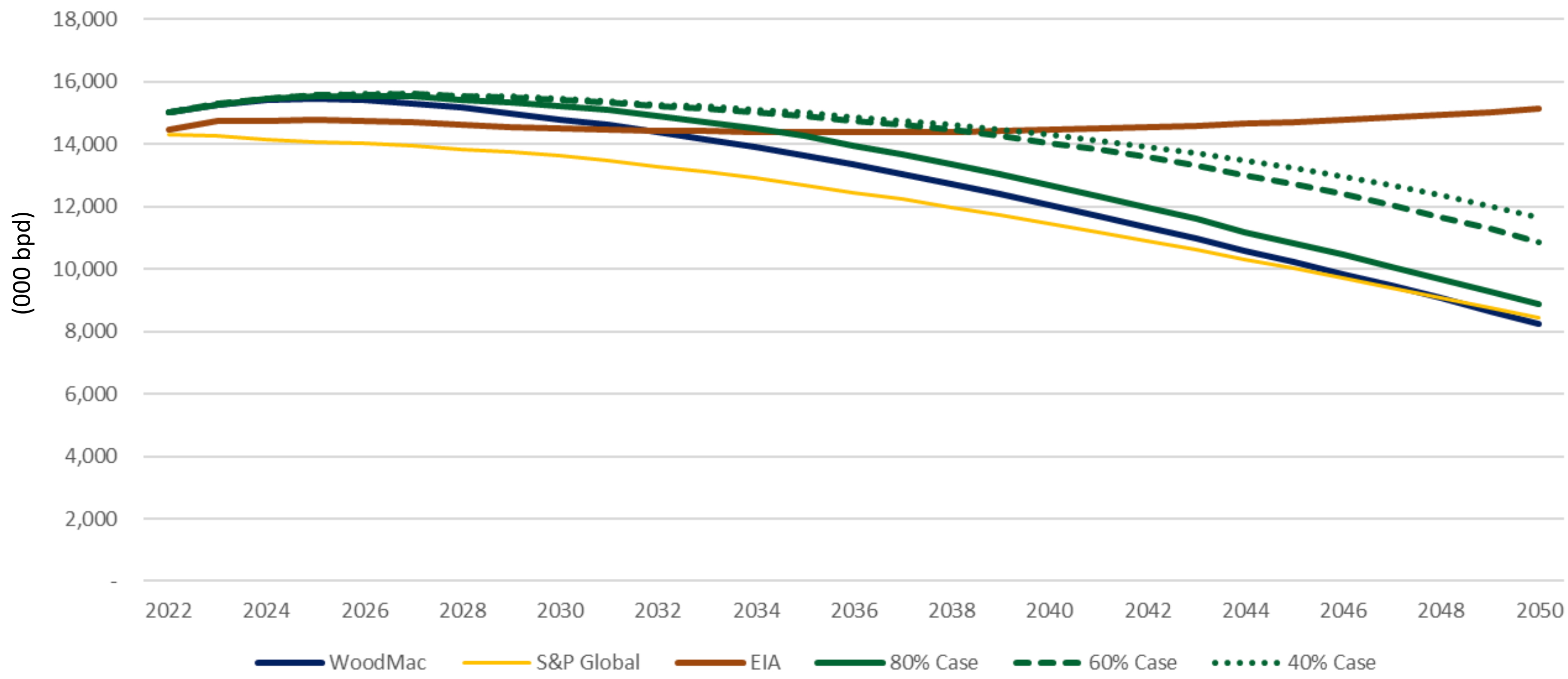



Source: EIA

# Refined products outlook

- Magellan's base business is expected to remain healthy, with industry and government forecasts projecting petroleum products to remain essential to our everyday lives for decades to come

**Forecasted U.S. refined products demand: gasoline + distillate + aviation(1)**

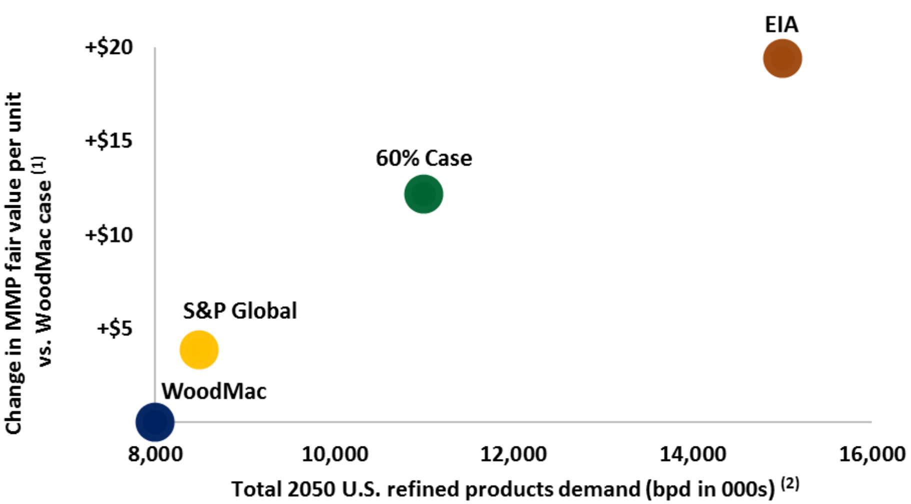



(1) All forecasts include combined gasoline, distillate and aviation fuel demand. WoodMac, S&P Global and EIA utilize their own forecasts for gasoline and other products. Note non-transportation gasoline demand is excluded from the S&P Global forecast. MMP cases utilize the corresponding MMP gasoline forecast along with WoodMac's distillate / aviation forecasts.

Source: Wood Mackenzie, S&P Global, EIA and MMP internal estimates; See Supplemental information: Sources A & B

# Current valuation does not reflect MMP's resiliency

- In higher gasoline displacement scenarios, our refined products operating margin can be maintained (on an inflation-adjusted basis) with tariff rate increases generally consistent with recent history (roughly 4-6% per year in lower demand scenarios)
- Even without such tariff increases, we do not believe Magellan's current valuation reflects the resiliency of our business
  - The WoodMac volume scenario for our area of operations implies the lowest MMP value per unit of the cases reviewed and so is shown as a baseline on this graph
    - We believe this baseline value is still comfortably above current MMP trading levels
    - For conservatism, these indicative valuation levels are based on annual tariff increases < 4%




(1) Illustrative valuation based on MMP internal estimates using selected volume data (i.e. % declines) from the sources noted on a regional basis.
(2) Refined products demand forecast is for combined gasoline, distillate and aviation demand. MMP cases utilize the corresponding MMP gasoline forecast along with WoodMac's distillate and aviation forecasts.

Source: Wood Mackenzie, S&P Global, EIA and MMP internal estimates; See Supplemental information: Sources A & B

# Essential business for decades to come

- All of this together we think leads to a slower energy transition pace than many are expecting, especially in the geographic areas Magellan serves, and as such our business will be relevant and healthy for a very long time
  - We deliver cost-efficient, reliable energy that is available today

- Pipeline transportation for petroleum products is sustainable transportation

- We have the ability to adapt to changing market requirements and will continue to make decisions related to our existing businesses and energy transition opportunities / risks that will maximize long-term value

- We will continue to provide an attractive value proposition to investors
  - Visible runway of expected refined products operating margin growth during the front portion of long-term forecasts with general consensus on relatively modest demand declines
  - Believe MMP is undervalued even assuming more rapid transition longer term
  - Potential for significant upside with a slower long-term transition pace

# Questions

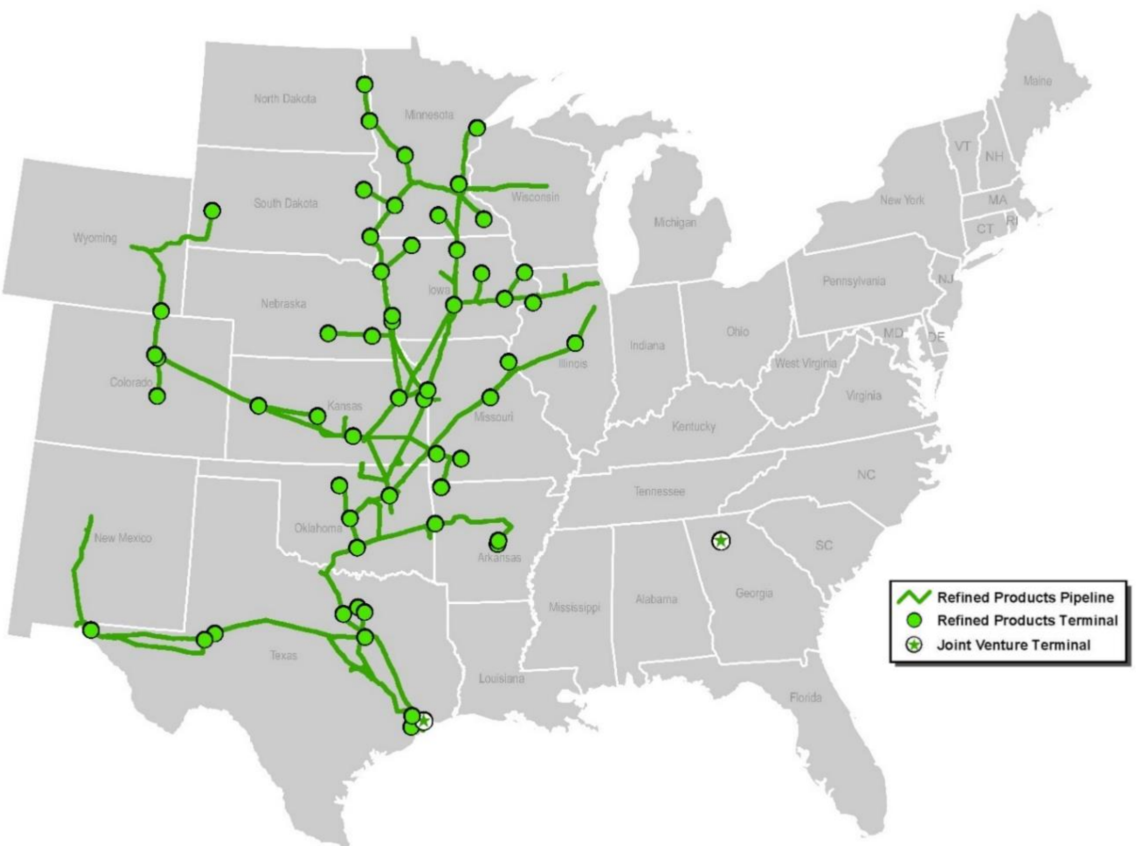
# 15-minute break

# Refined products

Mark Roles
Senior vice president, commercial – refined products

# Refined products segment overview

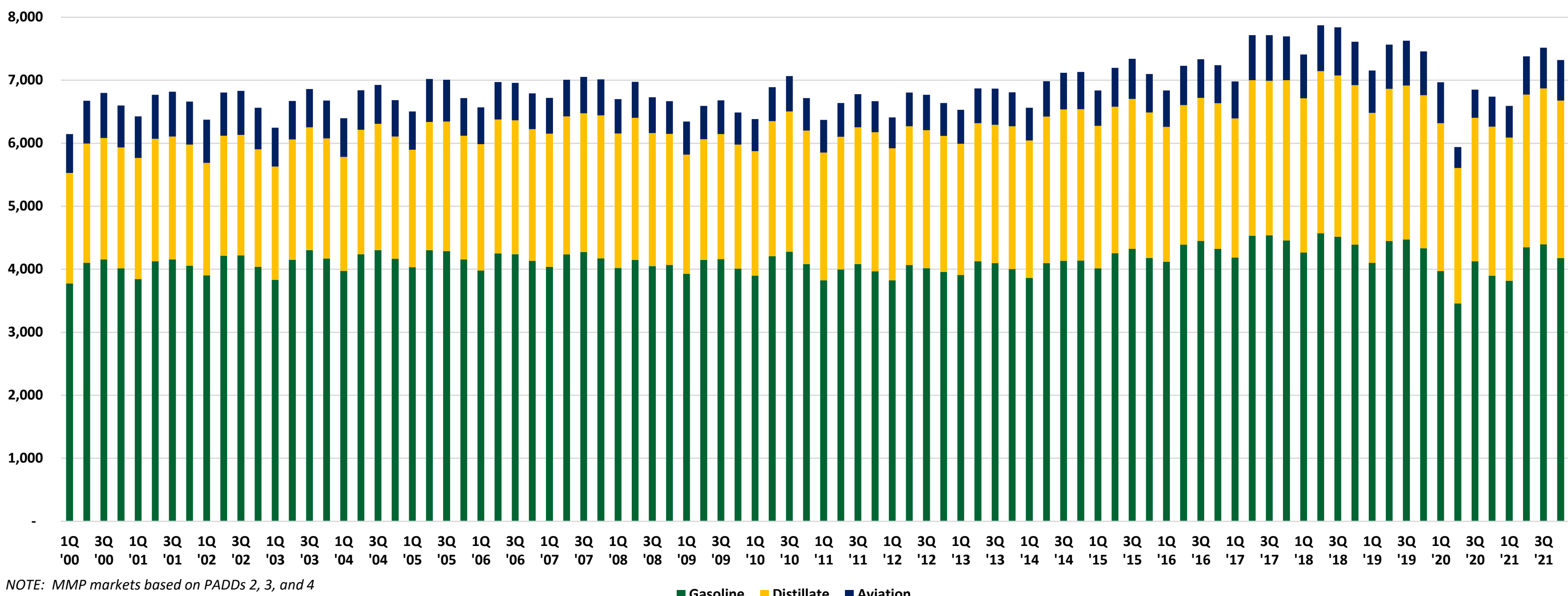
- Longest refined petroleum products pipeline system in the U.S., primarily transporting gasoline and diesel fuel, with 9,800 miles, 54 terminals and 47mm barrels of storage
- 2 Houston-area marine terminals with nearly 20mm barrels of storage



# Resiliency of refined products demand over time

- Over time, demand for refined products has been resilient despite various economic cycles, emphasizing the essential nature of these fuels

**EIA refined products demand in MMP's markets**
**bpd in 000s**

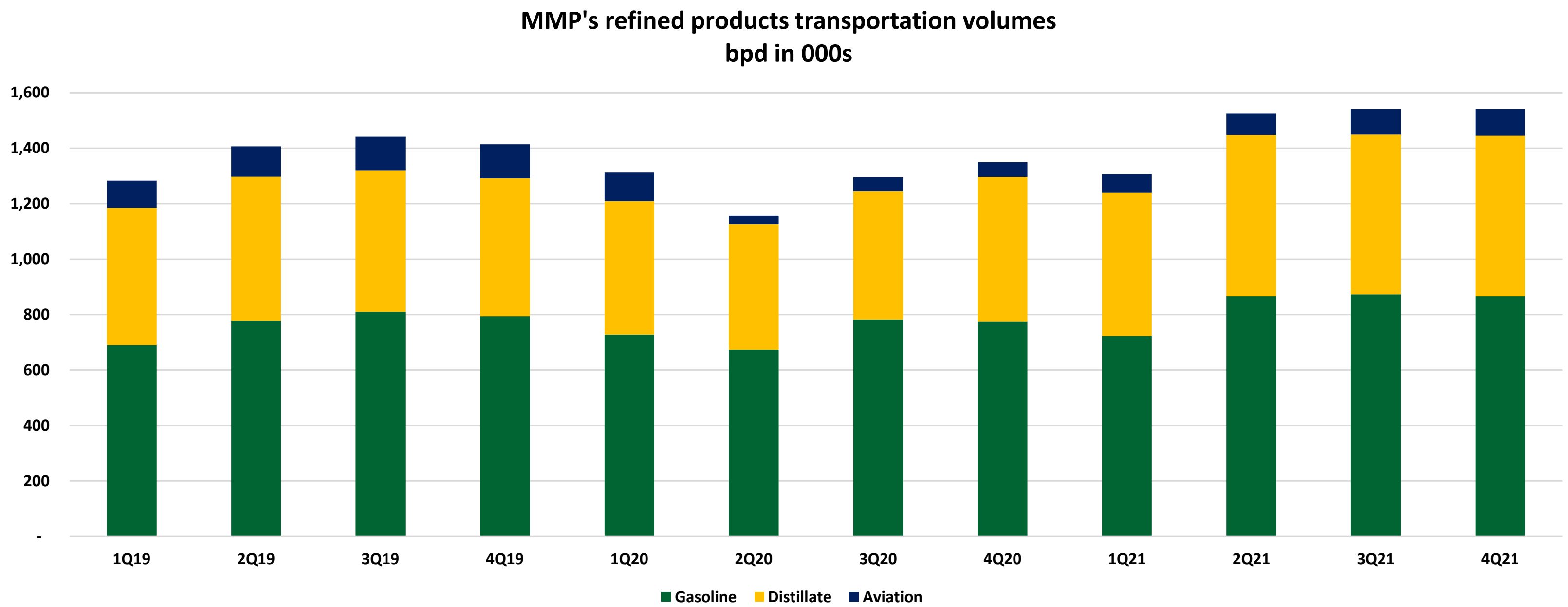



*NOTE: MMP markets based on PADDs 2, 3, and 4*
*SOURCE: EIA Prime supplier sales volumes, issued February 2022*

Source: EIA

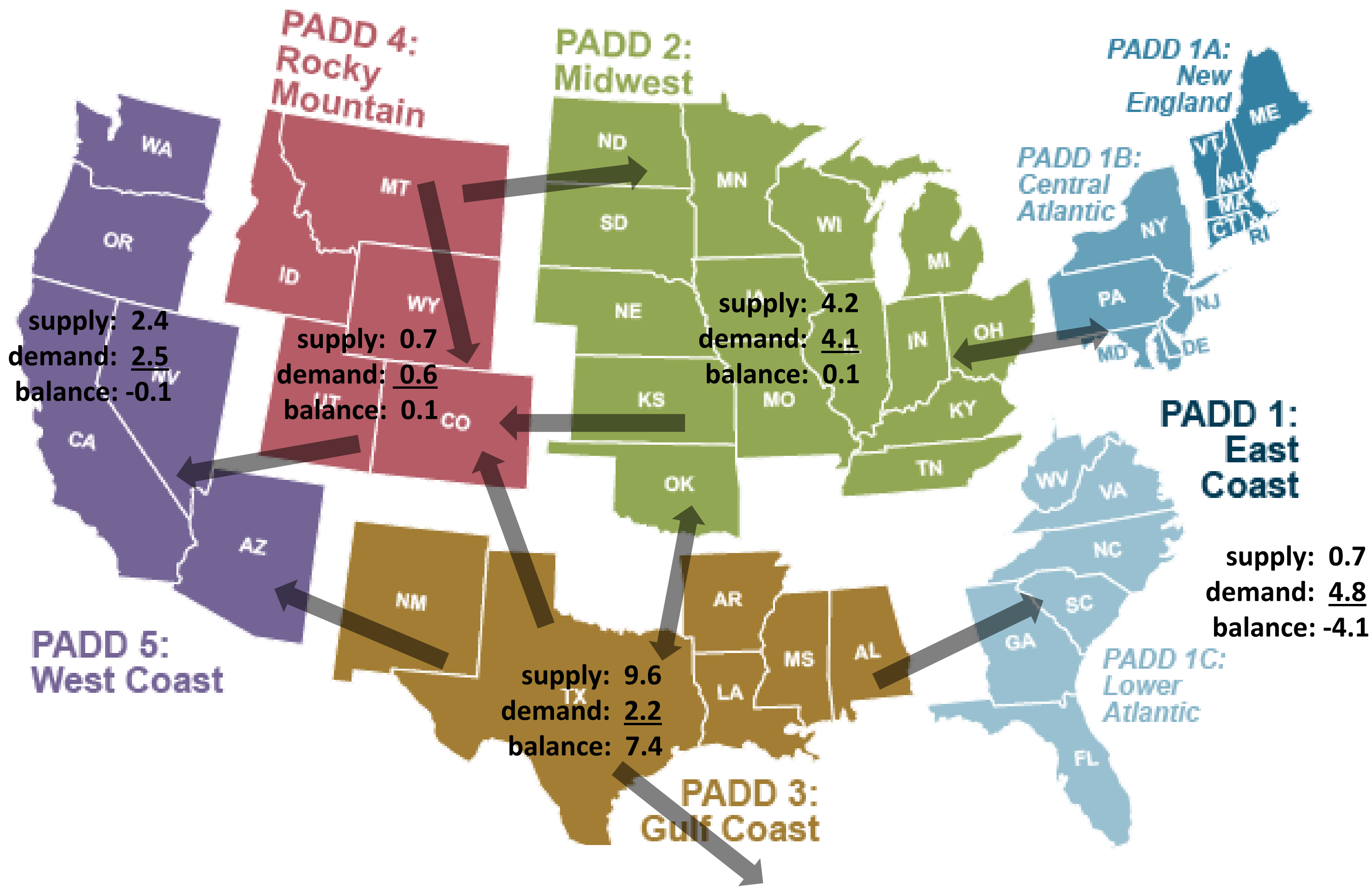
# Rebound from pandemic on Magellan's system

- Although temporarily impacted by the pandemic, refined products demand has rebounded on Magellan's system as travel, economic and drilling activity recovered
- Expect continued increase in 2022, with 4% growth over '21 annual volumes



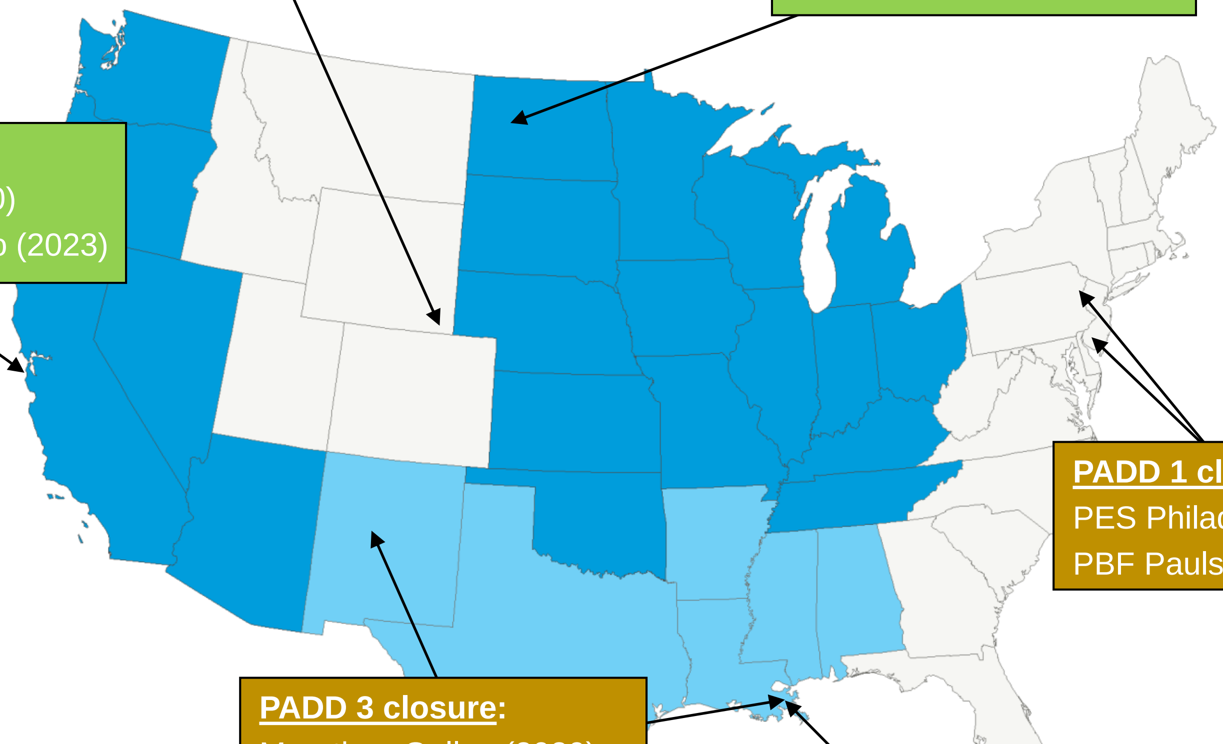
# 2021 supply / demand fundamentals by region

(mm bpd)




Source: EIA, 2021 (supply includes operable refinery capacity; demand includes gasoline, distillate, aviation and associated renewable fuels)

# Refinery rationalizations impact supply imbalance




- 9 impacted refineries in U.S., resulting in 1mm+ bpd reduction in refined products supply

Source: S&P Global, EIA and MMP internal estimates

# Refined products shifts provide opportunities

- Kansas-to-Colorado expansion
  - 5k bpd expansion completed end of ‘20
  - Additional 5k bpd expansion underway, expected to be operational late ’22
  - Considering other options to provide more supply to Denver area
- New Mexico expansion
  - 5k bpd expansion underway, expected to be operational April ‘22
- Potential further expansion of West Texas pipeline
  - Range of opportunities under consideration to ultimately meet under-served demand in Arizona and Mexico, including possible 15k bpd expansion of existing line to El Paso, with potential to further increase supply to the region

# Market-based vs. indexation

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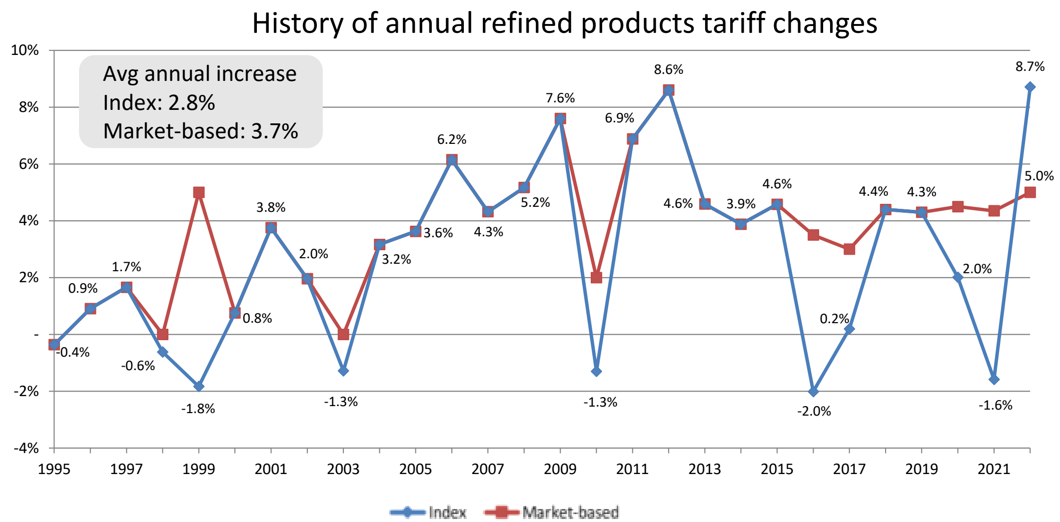
- 70% of our refined products pipeline tariff revenue is generated from markets deemed workably competitive by the FERC or subject to state regulations
- The remaining 30% is deemed less competitive and therefore subject to the FERC's indexation methodology
- Magellan has followed the mid-year FERC index since its inception for our indexed markets and annually determines the appropriate rate change for our competitive markets
- Market-based designation provides flexibility, especially when the FERC index is low

**Refined products pipeline system**

# Annual FERC index history

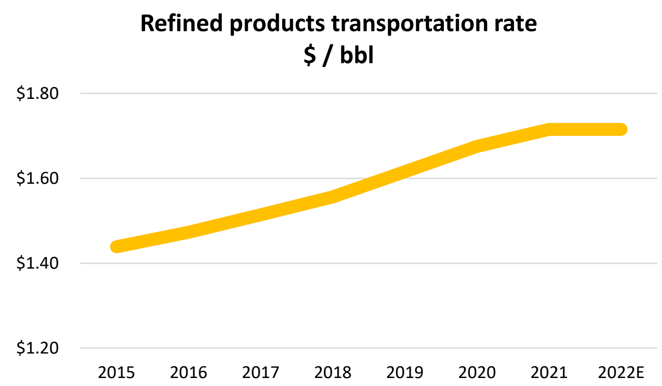
- Index is intended to allow pipelines to raise rates to recover actual cost increases while earning a reasonable return without a complicated cost-of-service filing
  - FERC has utilized index methodology since 1995, reviewing every 5 years
  - Considers cost per barrel mile, incorporating any changes in long-term demand
  - New FERC index is the change in PPI – 0.21% effective March '22
    - Upon rehearing, FERC recently changed from the initially-approved +0.78% (-$3mm estimated annual impact to Magellan)
- For the July 1, 2022 tariff change, Magellan currently expects to follow the FERC methodology for our indexed rates and increase by an average of 5% for our market-based rates




**Index formula:**
- 1995 to 2000: PPI – 1.0%
- 2001 to 2005: PPI
- 2006 to 2010: PPI + 1.3%
- 2011 to 2015: PPI + 2.65%
- 2016 to 2020: PPI + 1.23%
- 2021 to 2025: PPI – 0.21%

# Refined products pipeline rates

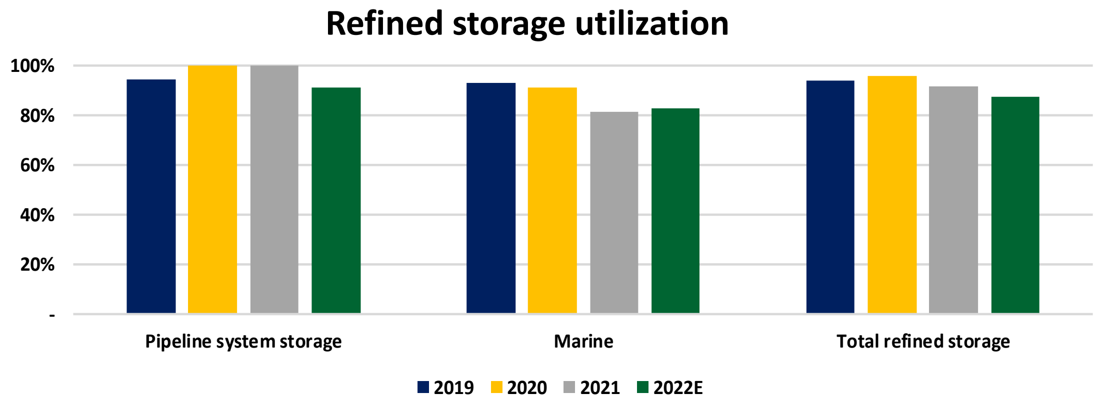
- Our average rate/bbl is impacted by the FERC index, market environment and distribution pattern of shipments
- Despite an all-in mid-year tariff increase of 6%, overall average rate in ‘22 expected to be similar to ‘21 results primarily due to less deficiency revenue and additional short-haul volumes, both of which lower the average rate
  - Average tariff is only 4¢/gallon, an insignificant portion of total fuel cost




- Long-term: future tariff adjustments will be dependent on a combination of changes in PPI (impacted by inflation and commodity prices), actual cost changes for the pipeline industry and overall volume transported

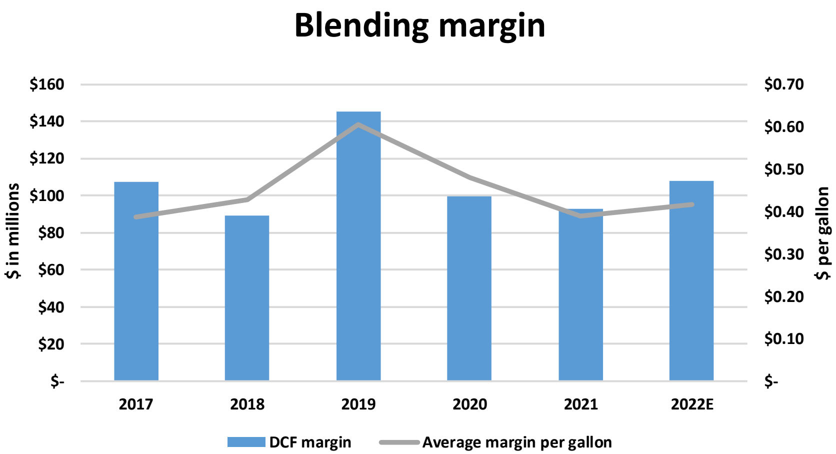
# Refined products storage market

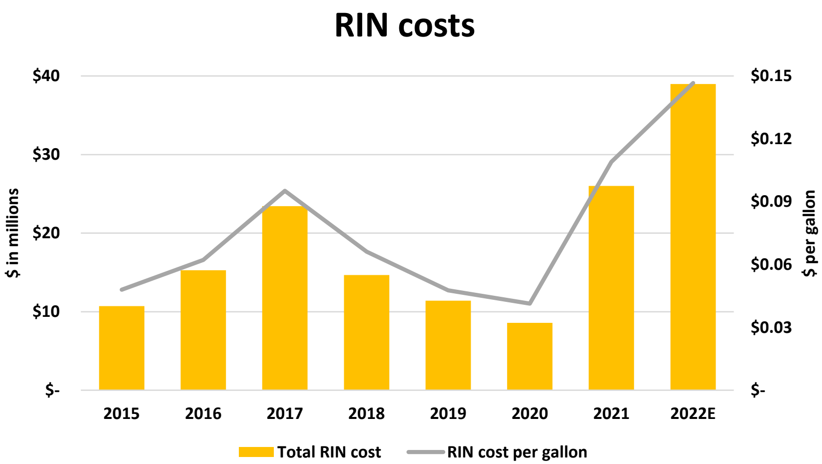
- Magellan has nearly 40mm barrels of refined products storage along our pipeline system and at our marine terminals (incl. JVs) that is used for contract storage
- Demand for storage driven by a number of factors, including forward price curve, refinery utilization, domestic and international demand as well as competitive factors
- Storage demand has softened over the past 12-18 months
  - Backwardated commodities market, reducing incentive to hold physical volumes
  - Pandemic-related refinery utilization and lower demand for products
  - Competition at marine facilities
- As supply and demand recover, we see some positive momentum, but could be muted depending on commodity price curves




# Gas liquids blending

- Quality margin of our fungible refined products pipeline system creates opportunities for gas liquids blending – typically 2% of overall gasoline shipped
  - Function of regulated gasoline specifications and seasonal vapor pressure transitions
  - Margin dependent on spread between price of gasoline and gas liquids, mainly butane
  - Additional costs include storing and transporting gas liquids and buying RINs, which are at record levels
- Magellan does not typically speculate on commodities, hedging up to 90% of expected blending volume
  - At time of guidance, essentially all spring ‘22 blending (50% of year) hedged at 40¢/gal
  - Beginning to lock in fall hedges at higher margins due to recent price strength



# Renewable fuels

- Ethanol: Ability to blend E10, E15 and E85 at our terminals, with E10 heavily favored to date
- Biodiesel: Limited system-wide demand so far, primarily in Minnesota
  - Currently adding biodiesel blending capabilities in Missouri (Kansas City and Springfield)
  - Successful transport of biodiesel blends in limited quantities on pipeline
- Well-positioned to handle renewable diesel and sustainable aviation fuel, if desired by customers and markets we serve
  - Existing connections to major airports, railroad fueling depots and truck racks across our system

# Questions

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# Crude oil

Robb Barnes
Senior vice president, commercial – crude oil

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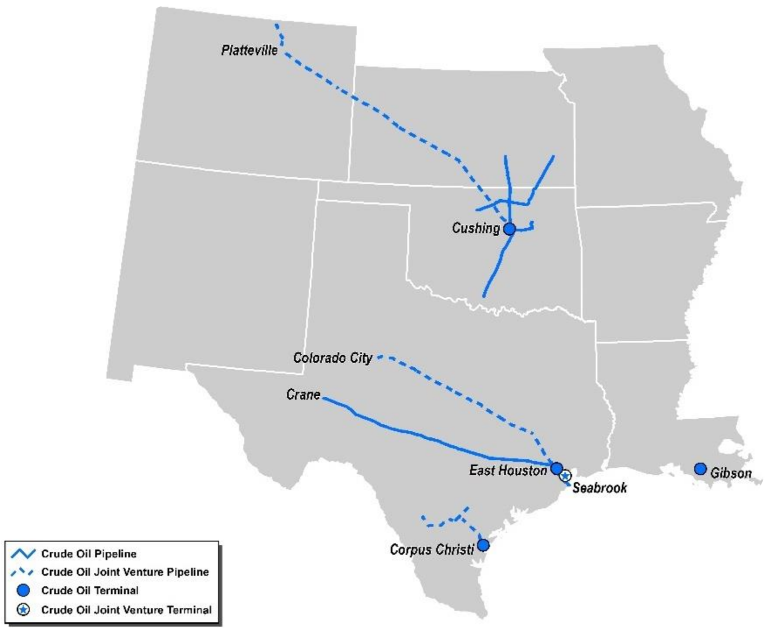
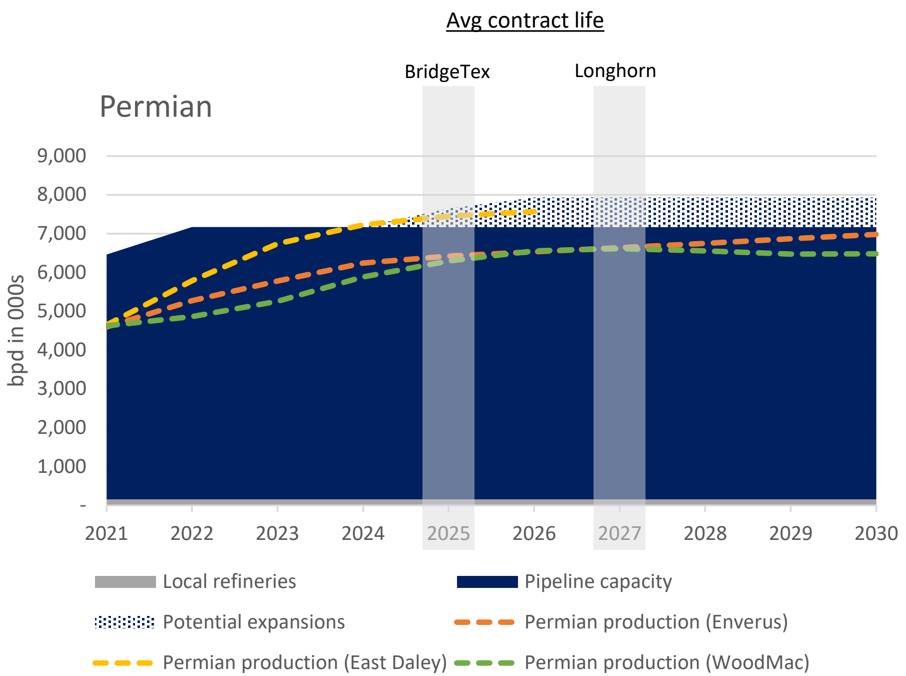
# Crude oil segment overview

- 2,200 miles of crude oil pipelines
- 39mm barrels of total crude oil storage, including 29mm barrels used for contract storage, with largest locations in strategic Houston and Cushing storage hubs
- Industry standard for quality and transparency



# Permian crude oil pipelines

- Although the Permian basin has excess pipeline capacity today, production is forecasted to increase, providing better balance to the region
- Longhorn (100% owned): 75% committed with avg remaining life of 6 years
- BridgeTex (30% owned): 70% committed with avg remaining life of 4 years




Source: Wood Mackenzie, Enverus and East Daley; See Supplemental information: Sources A, D and E

# Houston destination provides optionality

- Long-haul Permian pipelines supplying the Houston area (like Longhorn and BridgeTex) provide the greatest optionality to shippers due to the region's extensive local refinery demand as well as export strength


Largest refinery capacity in region at 2.6mm bpd

Significant export capabilities at 1.9mm bpd currently, with additional proposed

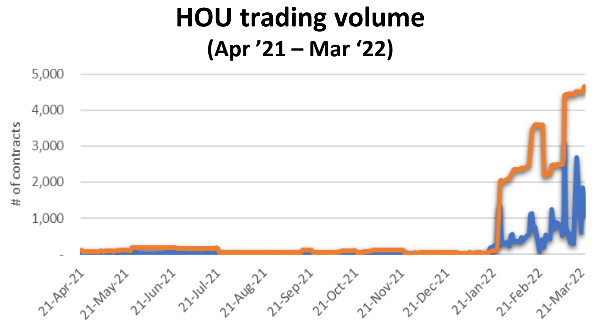
Source: Wood Mackenzie, EIA and MMP internal estimates; See Supplemental information: Source A

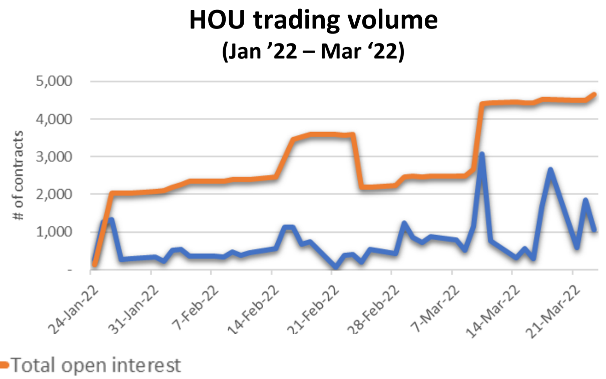
# Enhancing our Permian value chain

- Diversifying supply sources for our long-haul pipes to attract incremental volume
- Simplified all-in pricing structure for customer ease to seamlessly deliver crude oil from Midland / Crane to refineries or export facilities along the Houston Gulf Coast region
- Utilization of MMP’s marketing affiliate to facilitate movements, as needed
- Improving optionality at Seabrook, including handling more crude oil grades
- New HOU joint futures contract should drive increased interest in our crude oil pipelines (Permian + Houston area), East Houston storage and export capabilities at Seabrook

# New HOU joint futures contract

- New HOU joint futures contract structure improves liquidity and price transparency for industry
  - Houston contract allows market to price WTI at the Gulf Coast (vs Cushing), reducing pricing risk
  - Began trading on ICE late Jan '22, first delivery month in March
    - Futures for 31mm+ bbls traded during first 2 months of activity with diverse customer base
  - Improved connectivity has been well received by the market
    - Deliverable at either Magellan East Houston or Enterprise ECHO terminals
  - Important milestone to develop the Houston Gulf Coast as the pricing benchmark for U.S. crude oil



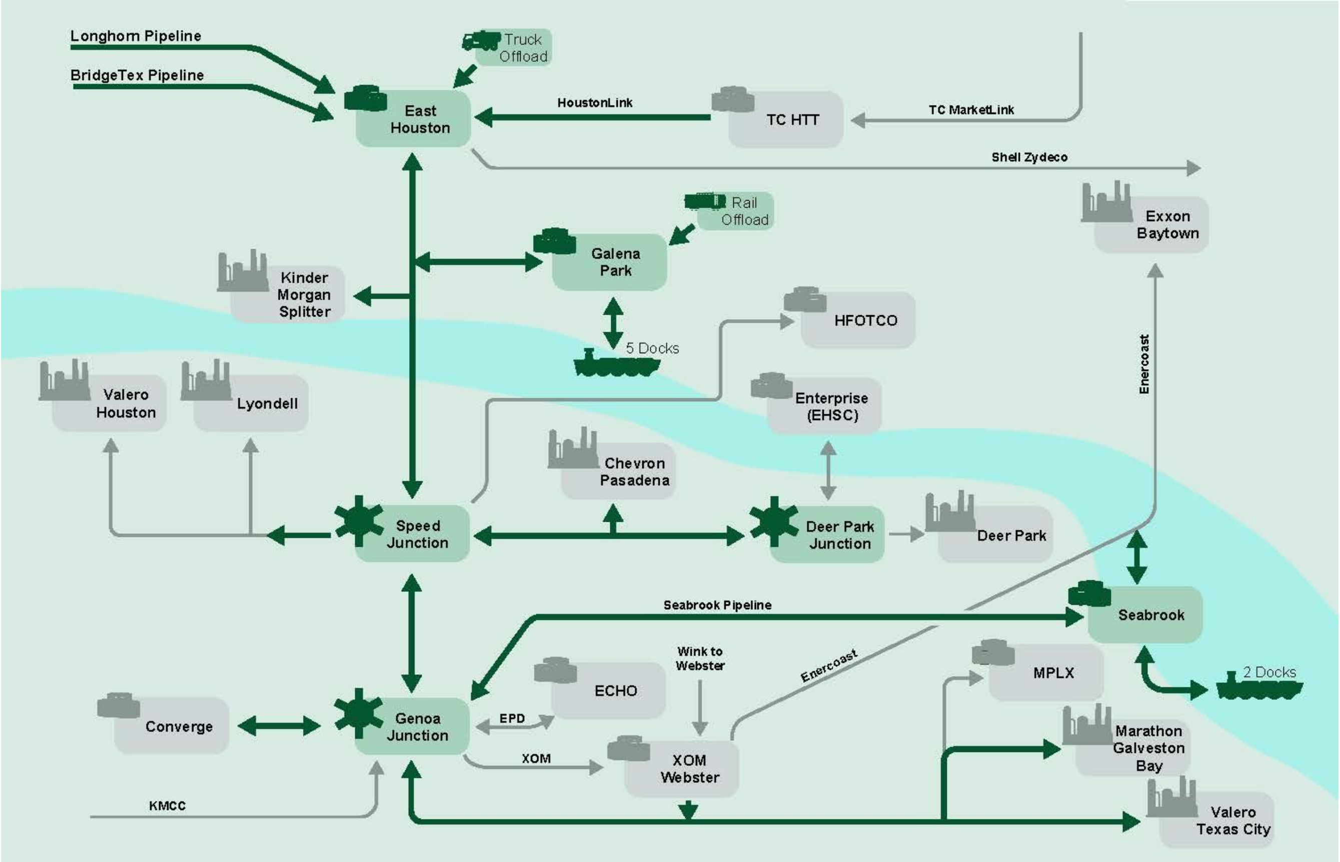




Source: Intercontinental Exchange (ICE)

# Houston distribution system enhancements

Magellan's Houston distribution system provides comprehensive access to essentially all refineries and export terminals along the Houston Gulf Coast, including our Seabrook JV export facility

- Recently enhanced connectivity with access to new Wink-to-Webster pipeline
- Potential to receive incremental volume from existing pipeline out of Cushing
- In discussions to deliver crude oil to proposed VLCC docks in region

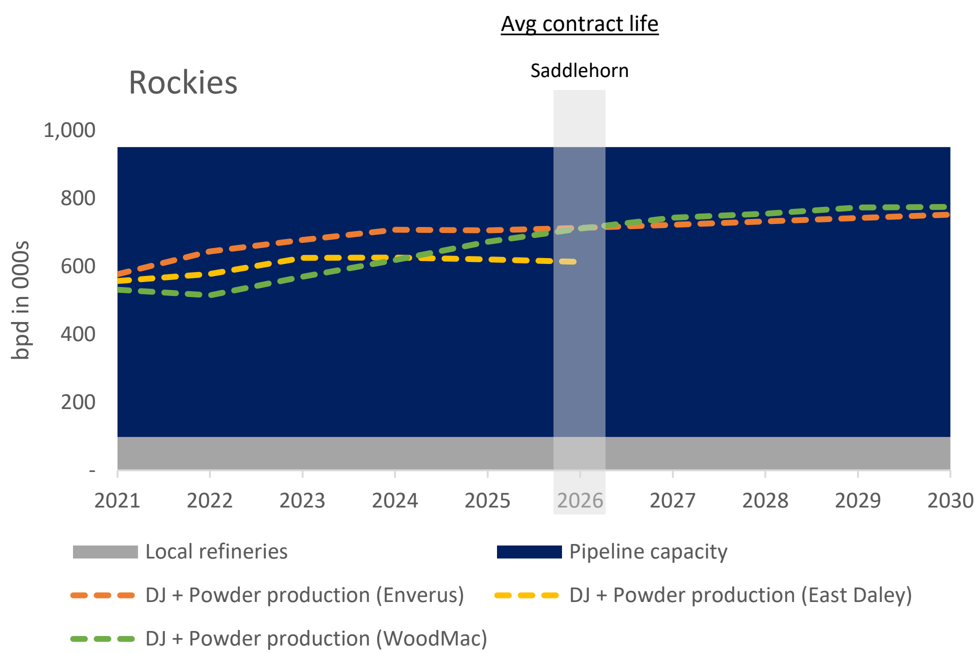


# Corpus Christi condensate splitter

- Magellan has a significant presence in Corpus Christi, including a 50k bpd condensate splitter
  - Splitter supported by take-or-pay commitment with an initial term expiring mid ‘23
    - Spread between finished goods and feedstock has averaged well above our tolling fee since operations began
    - Looking at alternative commercial arrangements if current customer does not choose to renew contract

# Rockies production vs pipeline capacity

- Production expected to remain stable or slightly increasing over the next 10 years
- Saddlehorn (30% owned): 80% committed with avg remaining life of 5 years
  - Joint owners Chevron and Western Midstream represent the 2 largest producers in the DJ basin, providing alignment for long-term support




Source: Wood Mackenzie, Enverus and East Daley; See Supplemental information: Sources A, D and E

# Questions

# Capital allocation | Finance

Jeff Holman
Chief financial officer

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# Capital allocation rationale

| Current landscape | | Potential considerations |
|---|---|---|
| • Core business is generally stable and generating significant DCF<br>• Balance sheet strong<br>• Limited growth opportunities in refined products and crude oil businesses<br>– Refined products landscape very mature, Permian still unbalanced<br>• Unacceptably low returns in most “transition” investments that are currently actionable<br>• Low visibility into timing and quality of potential future “transition” opportunities | **Expect capital allocation to be focused on returning capital to investors** | • Significant shifts in refined products flows<br>– Refinery closures, exports<br>• Transition investments become actionable / economic<br>• Crude oil landscape becomes less competitive/more attractive on risk/reward basis<br>• Asking prices for assets become more attractive<br>– Perhaps as others retreat from traditional energy investments |

(DCF = distributable cash flow)

# Return of capital rationale

### Current landscape

- Relatively modest growth in core transportation and terminals business
- Potential volatility from contract expirations
- Persistent overestimation by market of pace of energy transition / undervaluation by market of Magellan equity
- Reduced investor focus on / valuation of dividend growth

**Expect returns of capital above current distribution (with nominal growth) to be focused on unit repurchases**

### Potential considerations

- Equity valuation reaches or exceeds risk-adjusted fair value
  - Special distribution could become best option
- Sustained growth in DCF supports faster increase in regular distribution
- Regulatory or tax law changes could discourage repurchases or favor distributions
- Increased investor focus on / valuation of dividend growth (presumably would also affect valuation comment above)

# Buyback program philosophy

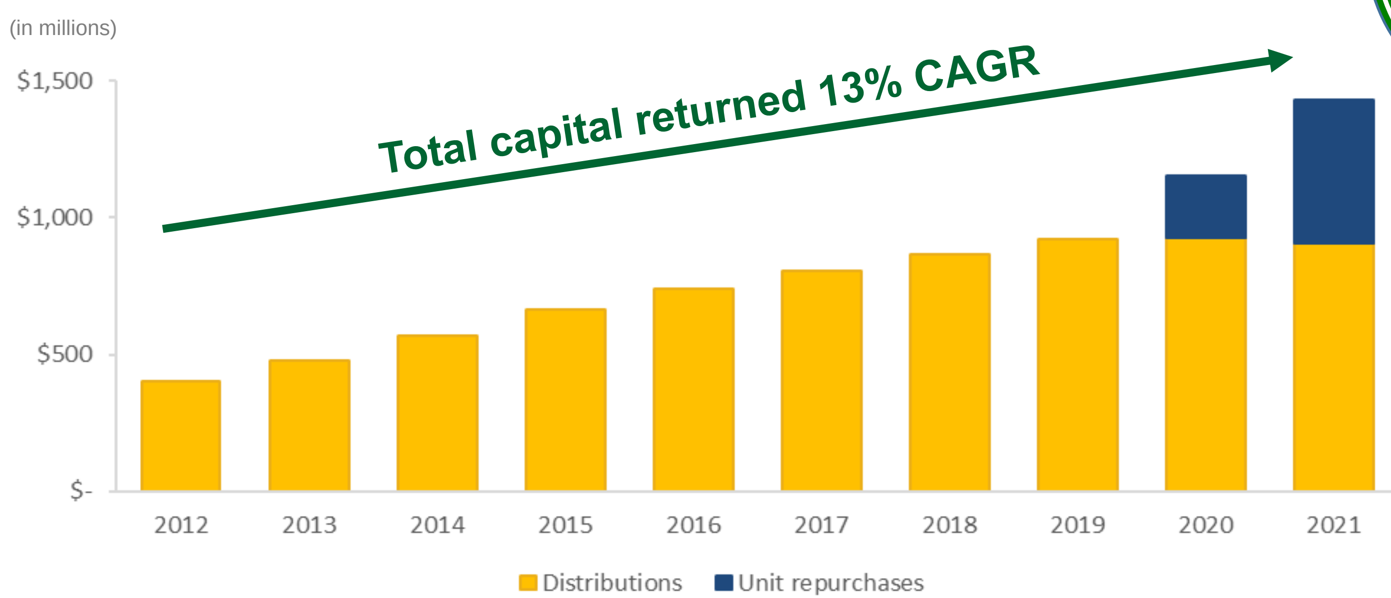
- Not wanting to simply return capital to unitholders irrespective of price, and potentially shift value to selling unitholders from holding unitholders
- Focused on fundamental value:  we believe buybacks make sense when they represent an attractive investment
  - We use the same methodical, risk-adjusted approach to valuing our own stock as we do with all investments
  - We believe we have the best visibility on the valuation of our business, and can value its risks and rewards with significantly more certainty than we can other investments
- Program is not focused on short-term liquidity / price support
  - We wouldn't expect the price to move in the short term when we are active in the market
  - Lower prices do of course present an attractive buying opportunity, but we aren't buying in attempt to affect the technical performance of the stock so much as to make attractive investments that will create long-term value for our unitholders on a per unit basis

# Capital allocation: delivering value to investors

- Focused on delivering long-term value for our investors through a disciplined combination of capital investments, cash distributions and equity repurchases
- $800mm in total repurchases through 4Q21 under our $1.5 billion repurchase program, resulting in 7% fewer units outstanding

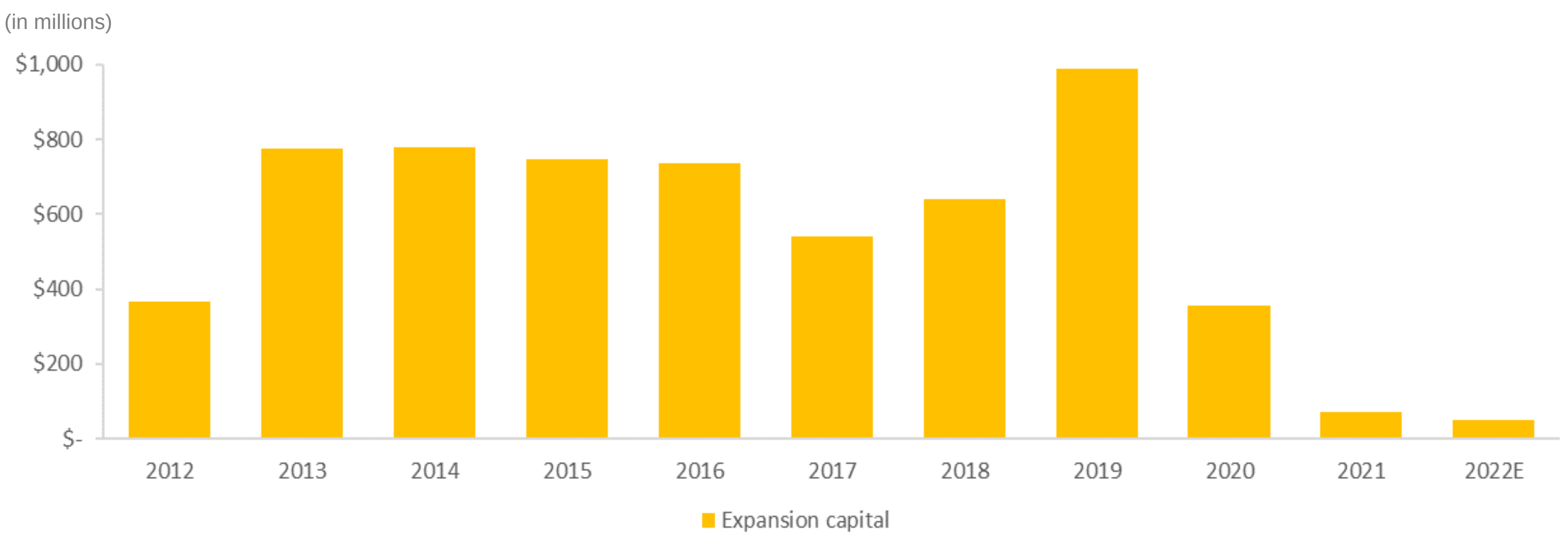
**$1.4B**
value returned in 2021

**$8B**
total returned since 2012



# Disciplined approach to capital investments

- Reduction in expansion capital spending reflects limited opportunities that meet our risk-adjusted return requirements
  - We do not include "sustaining" capex in our expansion capital, and do not perceive any amount of expansion capital as "required" to maintain our current earnings or cash flow generation
- Expansion spending could increase if more attractive investments materialize
  - However, those investments will have to compete with other attractive uses of our capital (i.e. repurchases)



# MMP does not rely on equity markets

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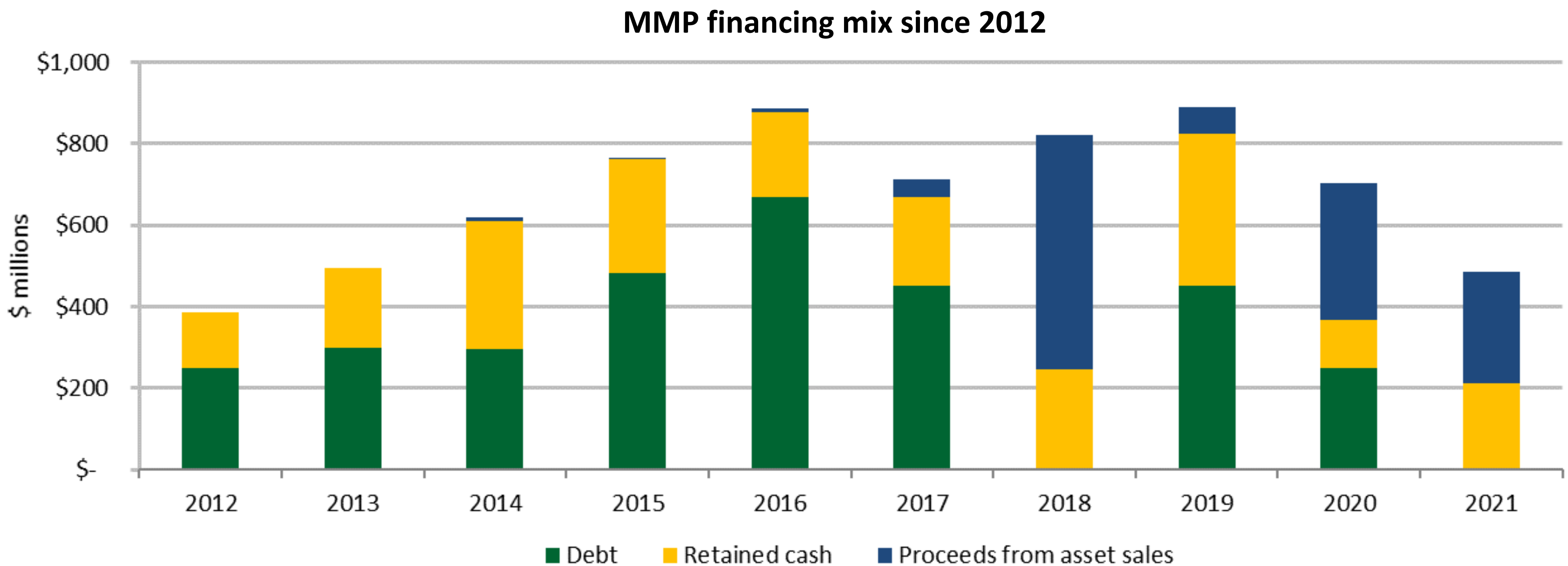
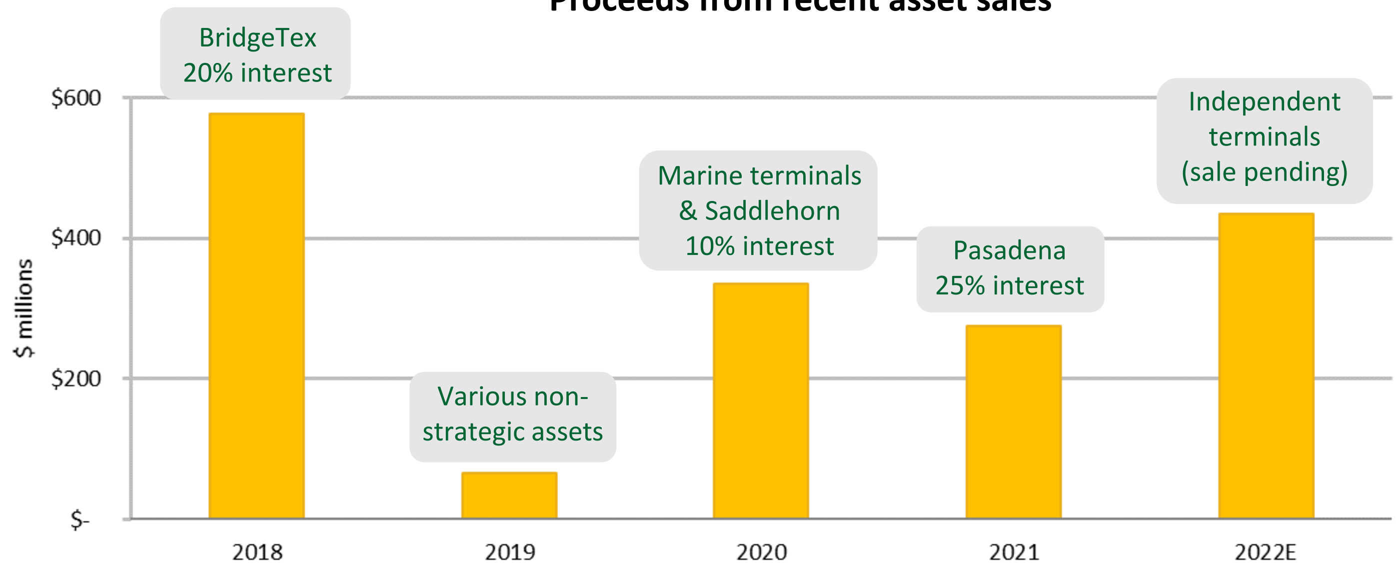
- Magellan has avoided relying on equity issuances to finance growth, despite $6 billion of expansion capital spending over last 10 years
- Reinvested $2.3 billion of retained cash flow over that period
- Also reinvested $1.3 billion from sales proceeds into additional fee-based assets and unit repurchases



# Approach to recent asset sales

- Recent divestitures reflect our focus on creating value for unitholders
  - Similar to our approach with acquisitions, we do not make decisions based on any attachment to particular assets or a desire to be "bigger"
- None of our divestitures were required to meet leverage or liquidity needs
  - Instead, when the NPV of selling an asset appears to exceed the NPV of holding it, we explore a sale, particularly when we believe we can reinvest the proceeds at a higher return (such as when asset values remain high but MMP equity valuation low)

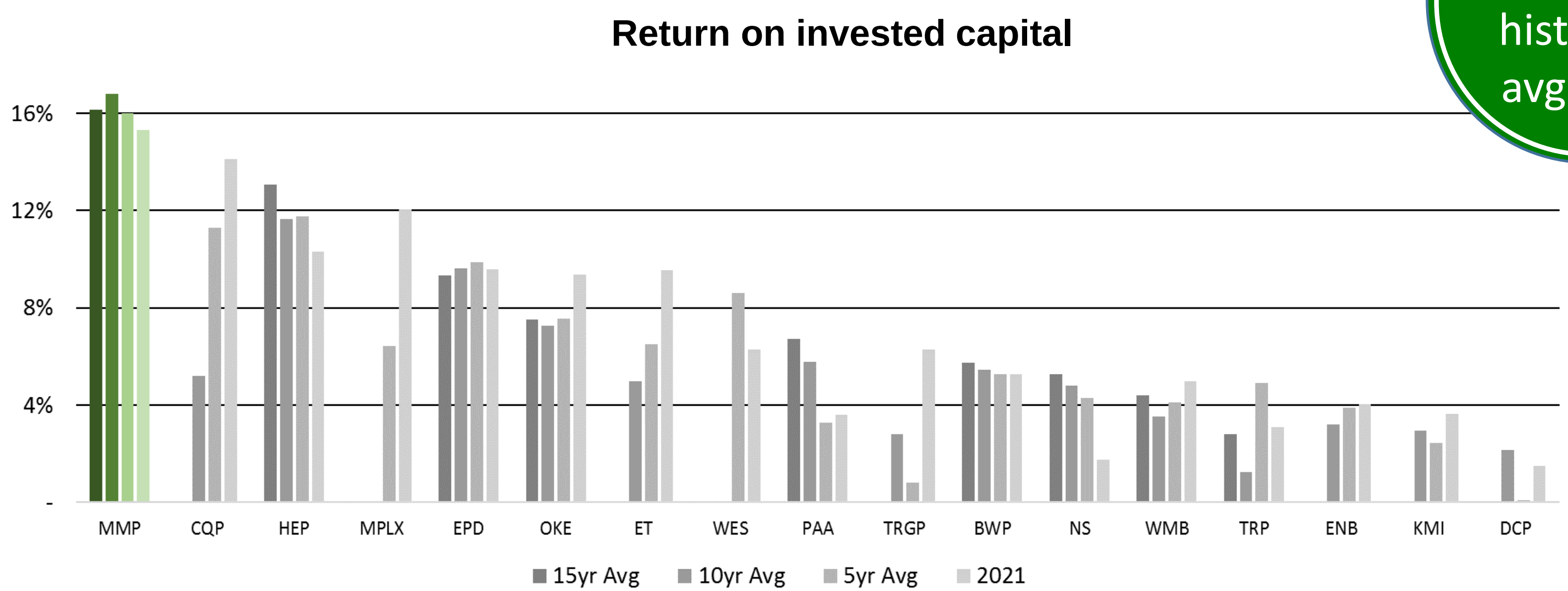
**Proceeds from recent asset sales**



# Best-in-class capital returns

- Magellan has a proven track record of delivering superior returns on invested capital
- Reflects disciplined management style, high quality asset base and strong business position

15%+ historical avg ROIC

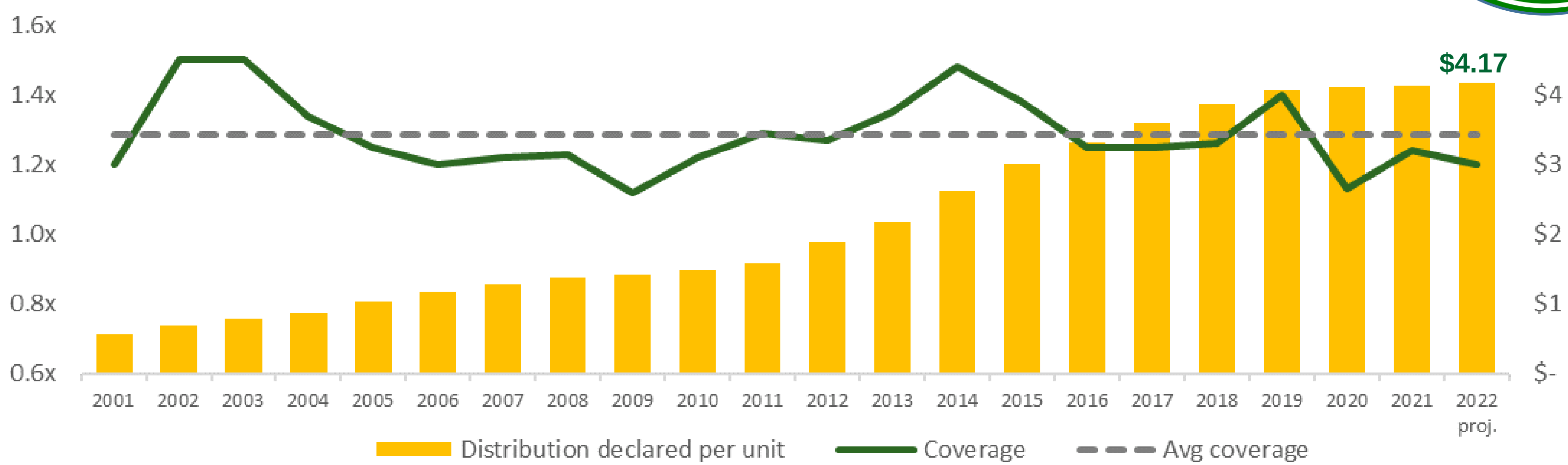



ROIC defined as trailing 12-month net operating profit after tax / average invested capital
Source: Bloomberg

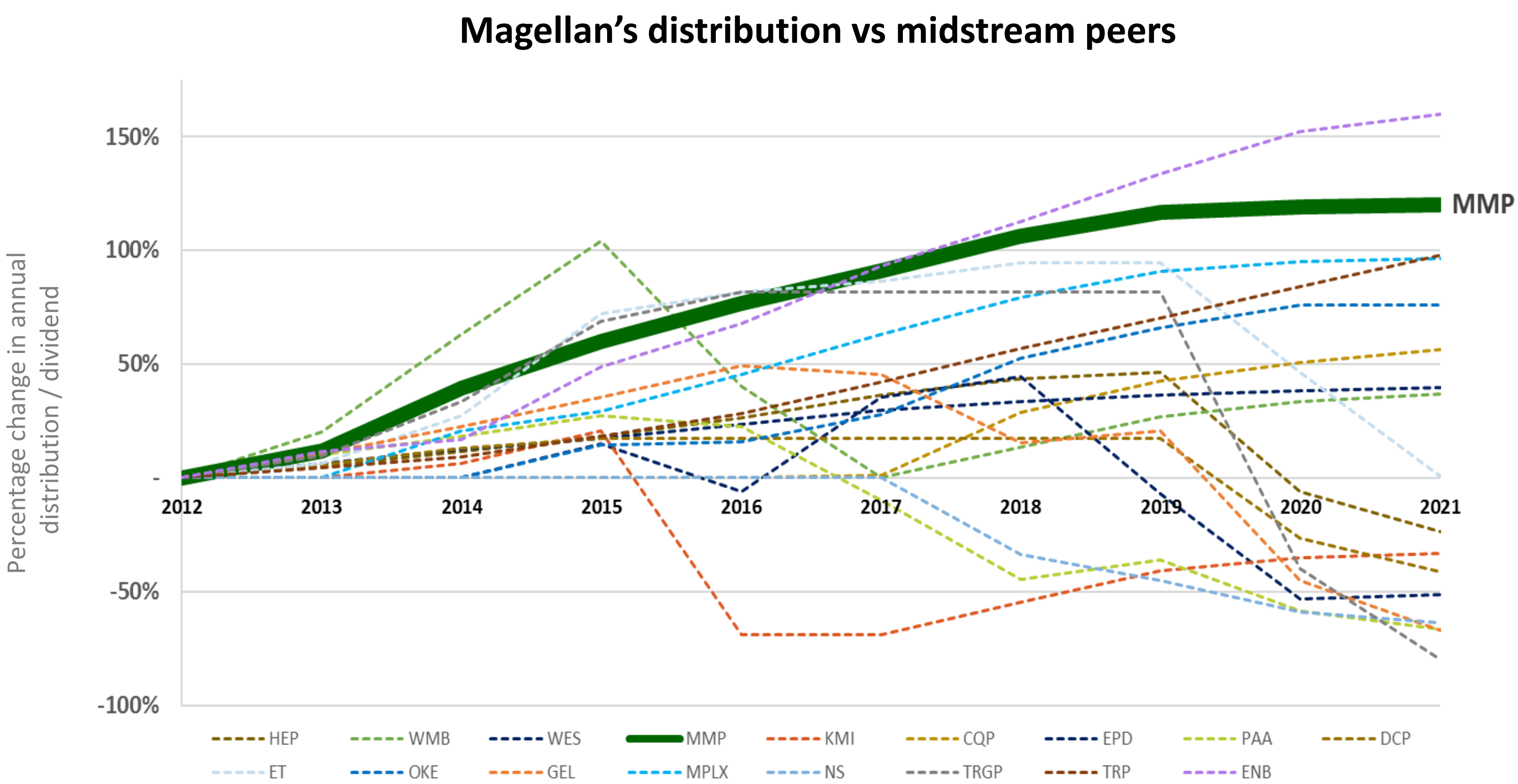
# Reliable cash distribution payments

- Resilient business model has provided strong cash flow to consistently pay distributions through various business cycles since our 2001 IPO
- 20 years of uninterrupted annual distribution growth, setting Magellan apart within the MLP and midstream space
- Targeting distribution growth for 2022 similar to ’21 increase
- Expect distribution coverage of 1.2x for 2022, in-line with targeted annual coverage of at least 1.2x on a long-term basis

**20** yrs of consecutive distribution growth



# Steady distribution growth amid volatility

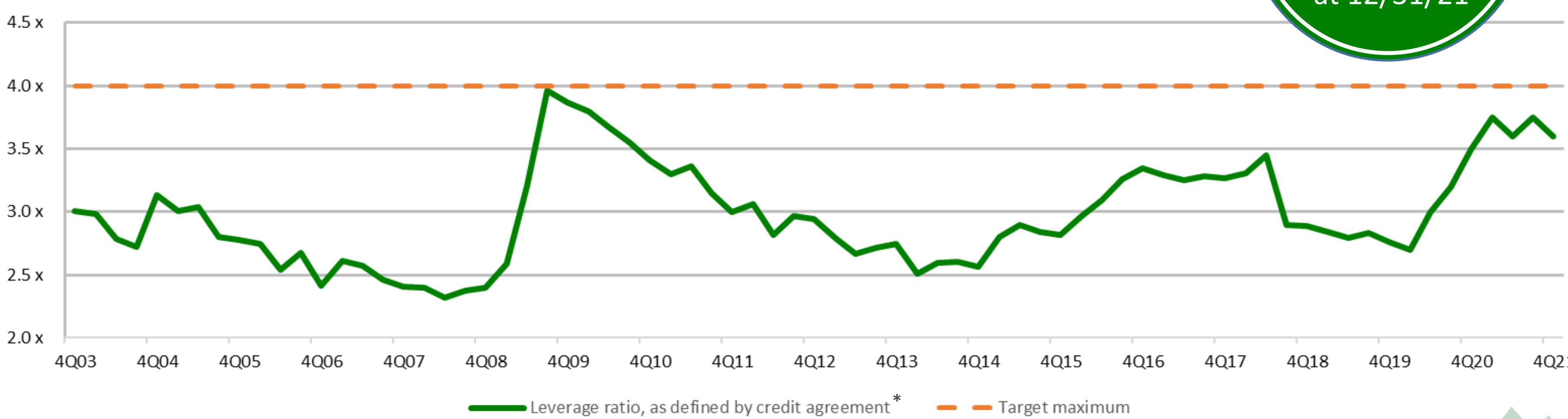



Source: Bloomberg

# Track record of sector-leading credit quality

- Committed to maintaining solid balance sheet
  - One of the highest-rated midstream companies at BBB+ / Baa1
- Long-standing target maximum leverage ratio of ≤ 4x debt-to-EBITDA
  - Continue to believe this approach is best fit for our business model
- Significant liquidity with $1 billion credit facility
  - Next bond maturity not until 2025

**3.6x**
leverage
at 12/31/21




* Excludes gain realized on the sale of a partial interest in BridgeTex in 3Q18 and the sale of a partial interest in Pasadena in 2Q21.

# MMP's total return proposition

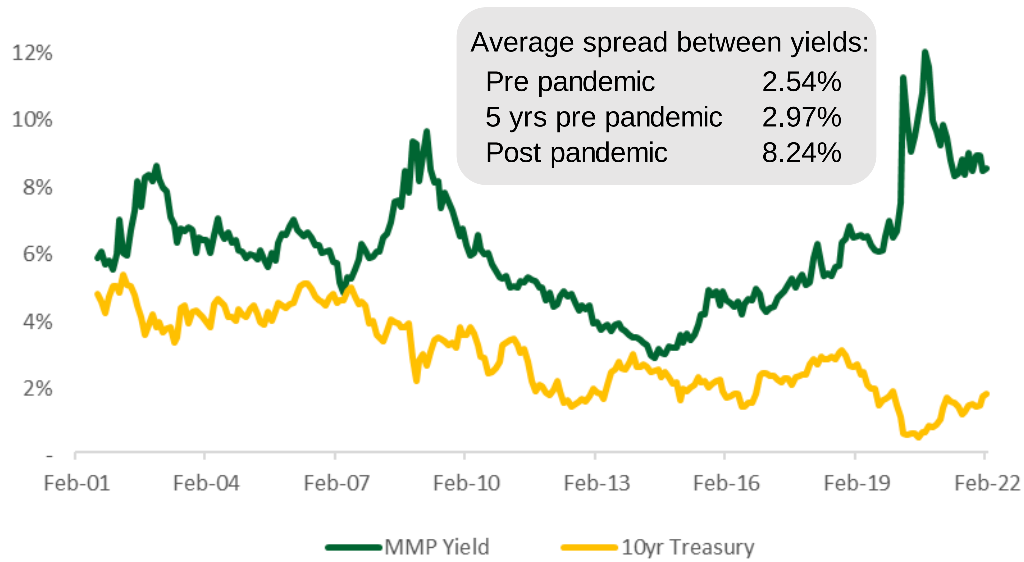
MMP's total return characteristics are compelling…

- Healthy and sustainable yield (compare to yield on S&P of ~1.3%)
- Expect to deliver growth in total DCF for years to come
- Repurchase program enables additional growth in DCF/unit

… particularly against assumptions for equity capital market returns over the next 10 years of ~4%, as many market practitioners currently expect[3]

| | |
|---|---|
| MMP yield | 8.5% |
| MMP growth[1] | 1%-2% |
| MMP return[2] | 9.5%-10.5% |

**MMP yield vs 10yr treasury**




[1] Based on most recent distribution increase and guidance as well as analyst estimates.

[2] Excludes changes in unit price.

[3] E.g., see assumptions in the 26th annual edition of *Long-Term Capital Market Assumptions* published by JP Morgan.

# Questions

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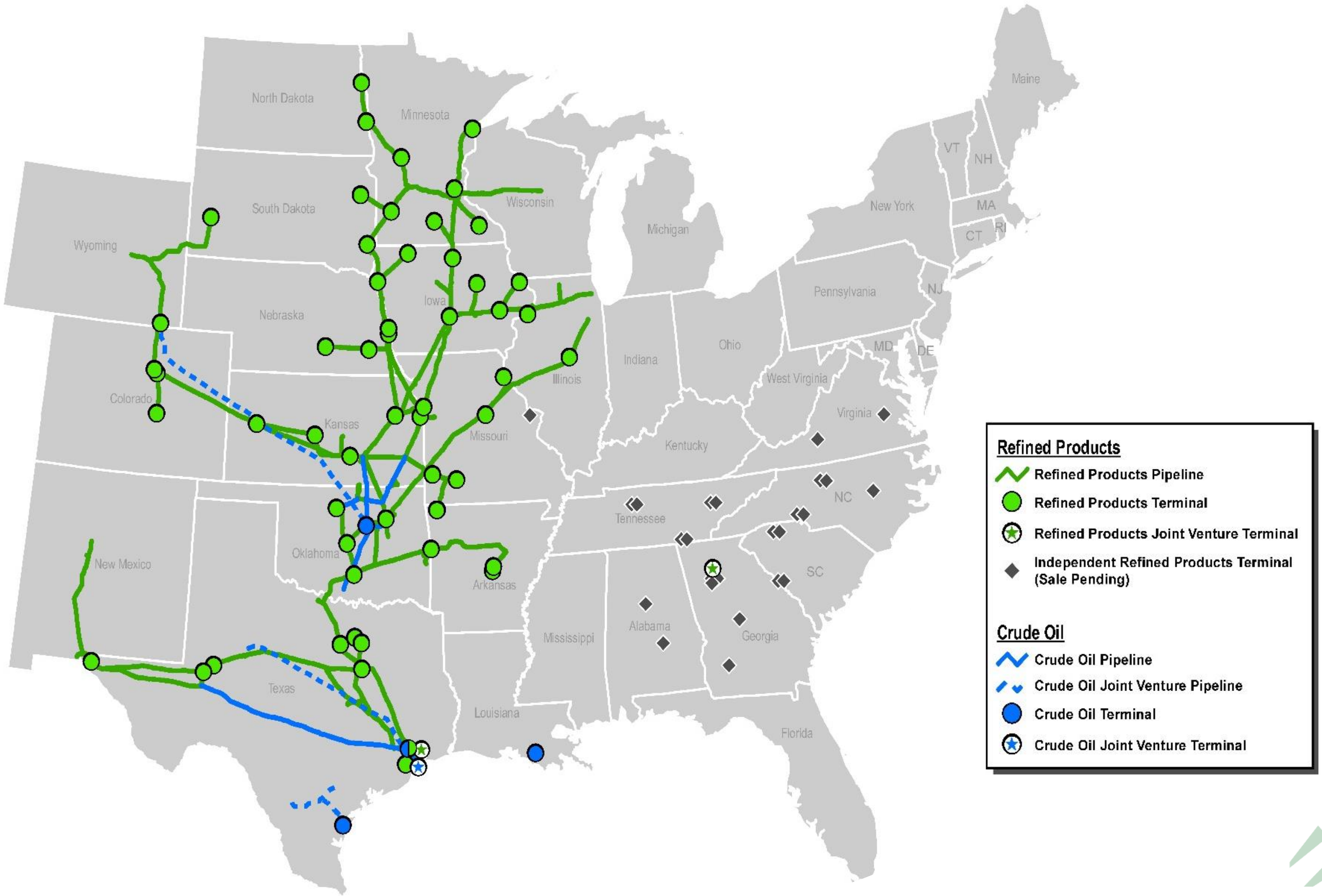
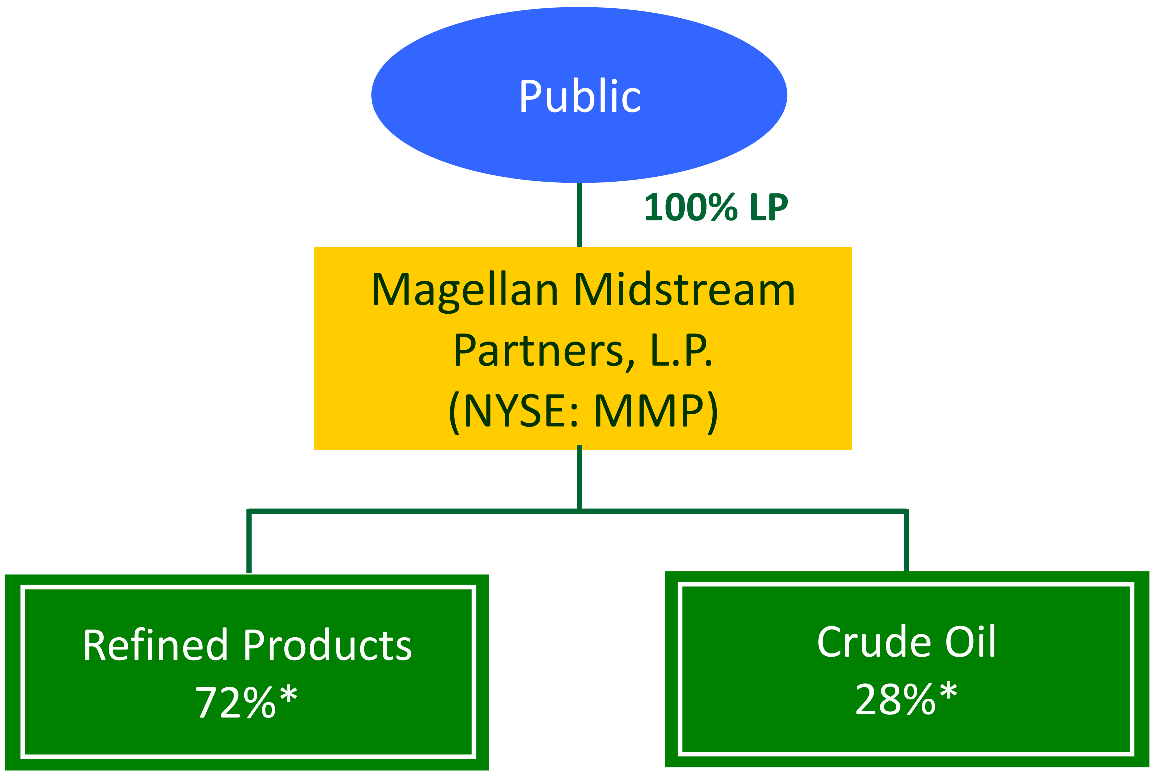
# Supplemental information

# Essential midstream infrastructure



# Straight-forward business model

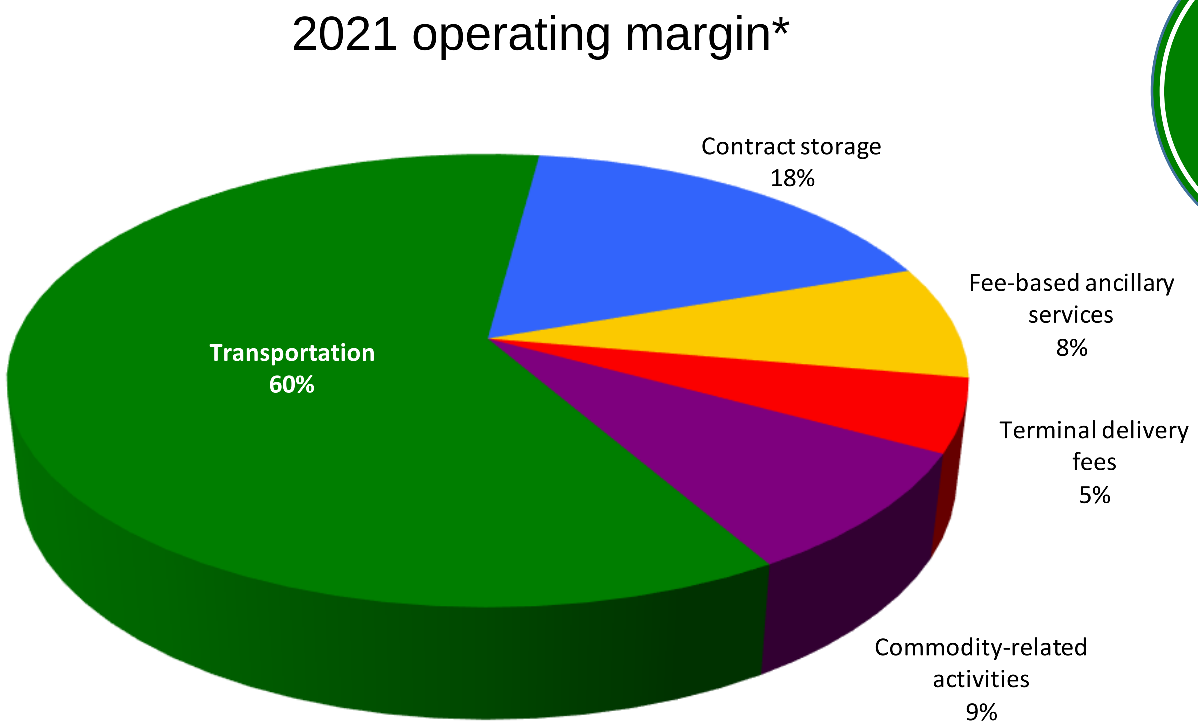
- Investment grade MLP with no incentive distribution rights
  - Strong governance with independent board elected by the public
- Primarily focused on transportation, storage and distribution of refined petroleum products, such as gasoline and diesel fuel




* Percentage of 2021 annual operating margin

# Primarily fee-based business

- Magellan's business model is primarily focused on fee-based, low-risk activities, which are expected to comprise 85%+ of future operating margin*

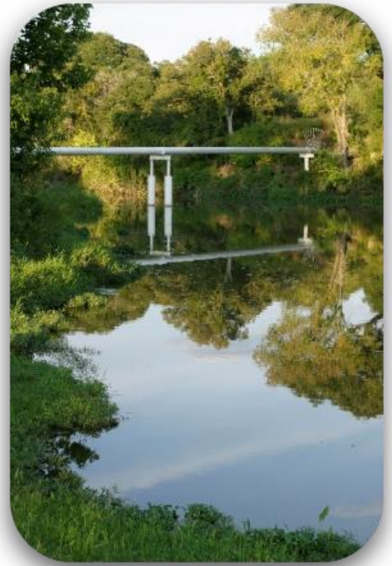




* Operating margin represents operating profit before depreciation, amortization & impairment expense and general & administrative costs; excludes unrealized mark-to-market and other commodity-related adjustments as well as contributions from independent terminals that are now deemed discontinued operations pending closure of asset sale

# Commitment to sustainable business

- Magellan's most important social obligation is to safely and reliably transport and store the fuels our nation relies on every day
- Committed to running our business sustainably, consistent with our 20-year history
  - Our operations prioritize safety and follow an extensive program to ensure the integrity of our assets and safety of the communities we serve
- Pipelines are the least carbon intensive alternative to transport petroleum products
  - MMP's midstream operations do not contribute significantly to the direct production of greenhouse gases (GHG), with only 1 location requiring a GHG permit
- All-employee annual incentive program aligned with key environmental and safety metrics from the beginning
- Industry leader in governance, with independent board of directors elected by investors and proven track record of capital discipline
- Committed to transparency - inaugural sustainability report published in 2020, with latest edition available online (www.magellanlp.com/Sustainability)

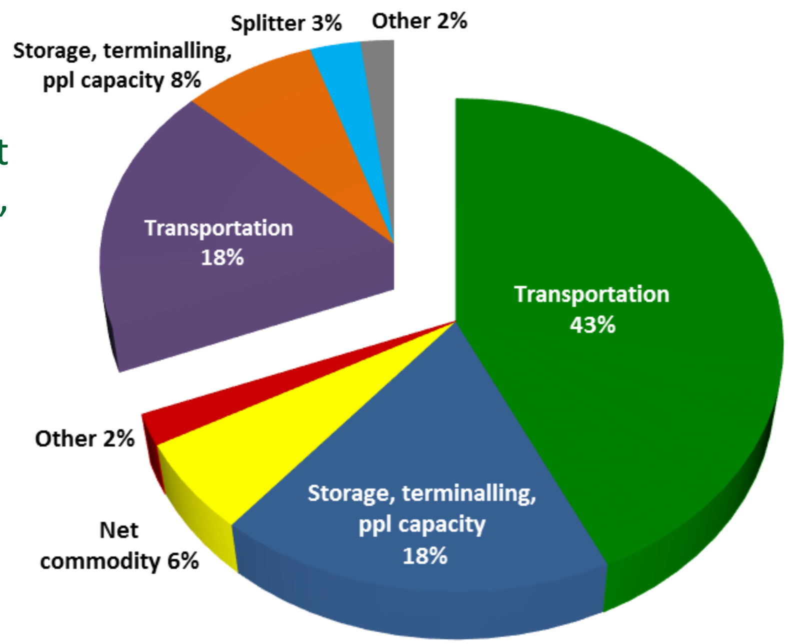


River crossing in Texas

# Customer credit update

- Crude oil revenues (30% of total) largely contract dependent
  - Mostly long-haul transportation take-or-pay contracts, 59% from investment grade (IG) customers, 37% non-IG, 4% unrated*
  - Storage, terminalling and lease revenues 51% from IG customers, 27% non-IG, 22% unrated*
  - Splitter revenue entirely from Trafigura (unrated)

**2021 revenue breakdown***




- Refined products revenues (70% of total) primarily demand-driven, customer credit not usually relevant
  - If one customer lowers utilization, others step in to meet demand
  - Mostly transportation, also storage and terminalling
  - Customers primarily refiners, also marketers and end users
  - We do require contracts on new projects, e.g. recent Texas expansions supported by IG customers

* Based on 2021 revenues (ratings updated as of 3/18/22). Includes MMP's share of JV revenues.

# How we think about cost of capital

| | |
|---|---|
| 30-year treasury rate | 2.2% |
| MMP credit spread[1] | 2.2% |
| Cost of debt | 4.4% |
| Range of MMP's cost of equity: | 7.4%-10.5% |
| WACC[2]: | 5.9%-7.5% |

## We look at several methods when estimating the cost of equity:

**Dividend discount model**

| | |
|---|---|
| MMP yield | 8.5% |
| Distribution growth[3] | 1%-2% |
| Cost of equity | 9.5%-10.5% |

**Bond yield plus risk premium**

| | |
|---|---|
| MMP long-term bond yield | 4.4% |
| Risk premium[4] | 3%-5% |
| Cost of equity | 7.4%-9.4% |

**CAPM**

| | | |
|---|---|---|
| Risk free rate | | 2.2% |
| Expected market return[5] | 9.7% | |
| Less risk free rate | -2.2% | |
| Market equity premium | 7.5% | |
| Beta[5] | 0.98 | |
| Equity risk premium | | 7.4% |
| Cost of equity | | 9.6% |

[1] Based on recent market activity and banker indications.

[2] Assumes 50% debt financing and 50% equity financing, reflecting assumptions on incremental financings for new acquisitions / projects of an 8x EBITDA multiple and a 4x leverage limit.

[3] Derived from analyst estimates.

[4] Based on industry norms and rules of thumb.

[5] Source: Bloomberg.

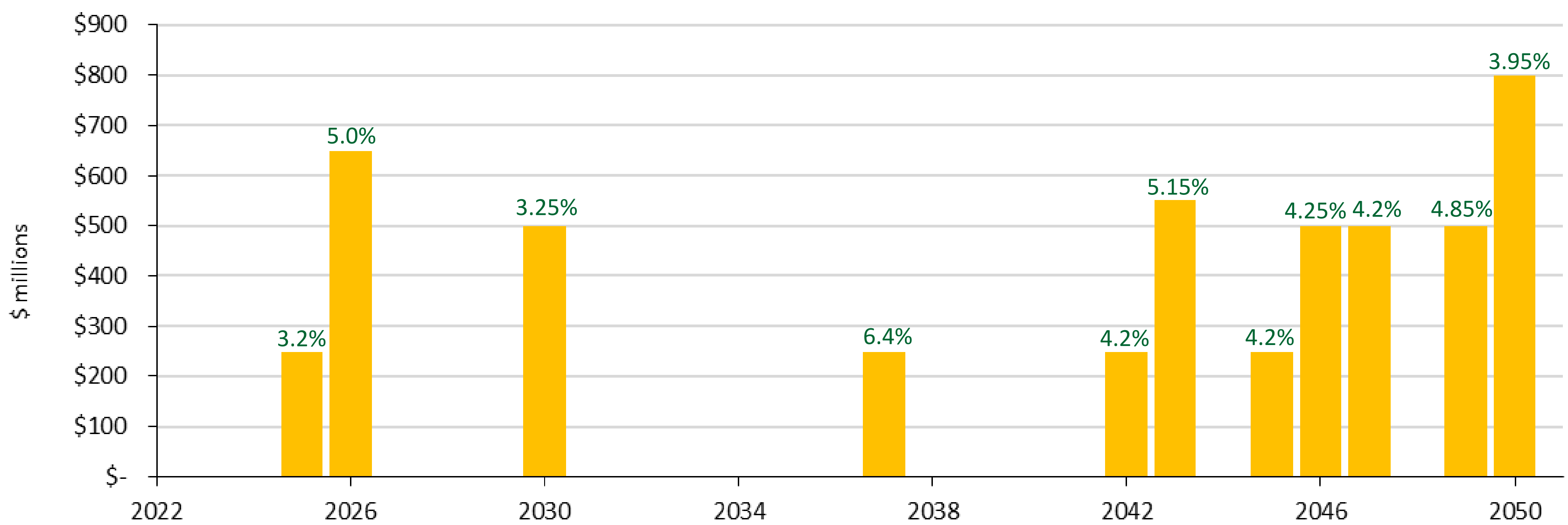
# No near-term debt maturities

- Nearest maturity is $250mm due in '25
- Essentially all debt is fixed, with minimal floating rate exposure related to commercial paper borrowings

**4.4%** average coupon

**19** yrs avg life to maturity

**MMP debt maturities and coupon rates**



# Refined products

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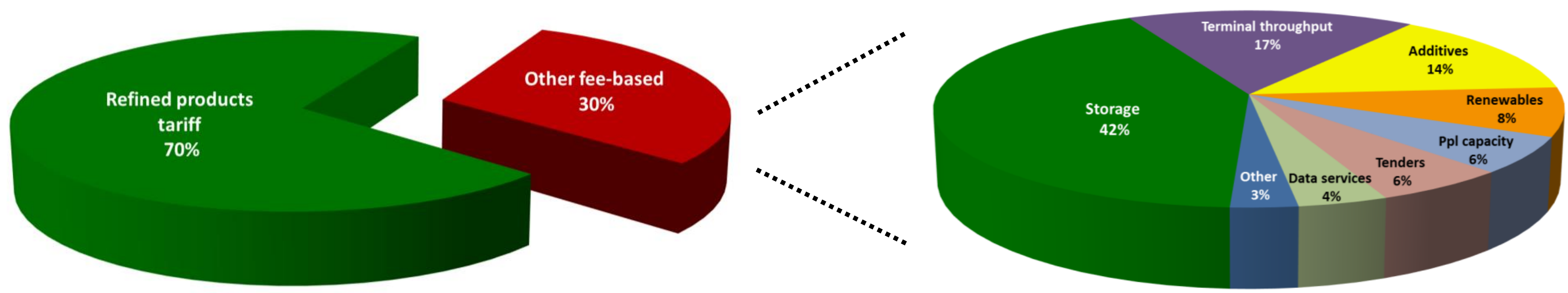
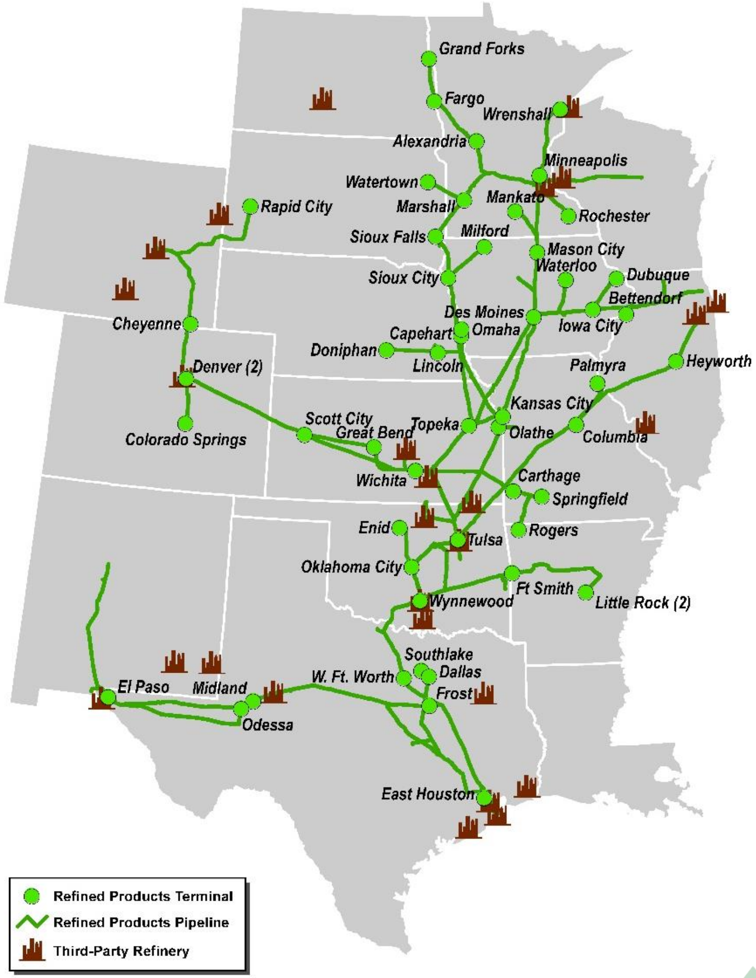
# Sources of fee-based refined products revenue

- Refined products pipeline tariff revenue was nearly $930mm during 2021
  - Accounted for 70% of transportation and terminals revenue for the segment
- Remaining 30% is derived from other fee-based ancillary services
  - Contract storage along our pipeline system and at our marine terminals provides customers flexibility
  - Throughput fees earned at 23 of our 54 pipeline terminals, included as part of tariff at other 31 terminals
  - Also blend renewable fuels such as ethanol and inject additives at our terminals



# Refined products pipeline system

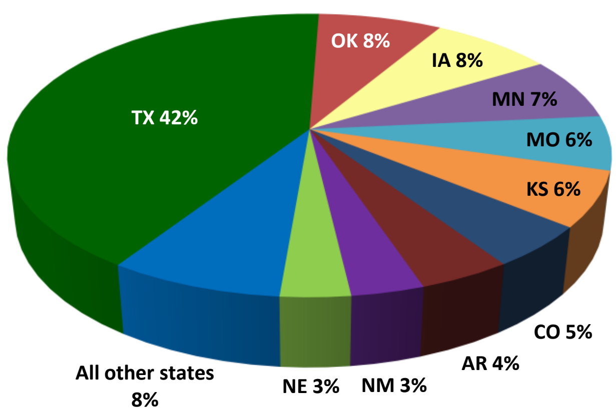
- Longest refined petroleum products pipeline system in the U.S. at 9,800 miles with 54 terminals and 47mm barrels of storage
- Demand-driven system with multiple supply options
  - Access to nearly 50% of refinery capacity in the U.S., including Midcontinent, northern tier and Gulf Coast refineries
- Competitive advantages include:
  - Extensive breadth of footprint and supply capabilities
  - Open stock system, allowing customers to inject product into pipeline and simultaneously pull from another location along our network
  - Independent service provider model



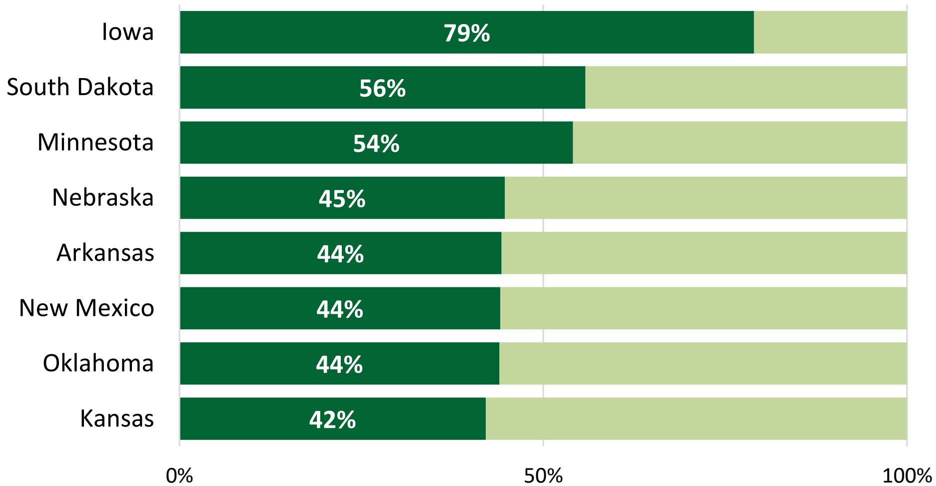
# Critical U.S. infrastructure

- Our refined products pipeline system is an essential component of the U.S. petroleum infrastructure to meet demand for refined products in the markets we serve
- During 2021, we transported 40% or more of the gasoline / distillate consumed in 8 of the 15 states we serve

**2021 Magellan refined products pipeline deliveries by state**



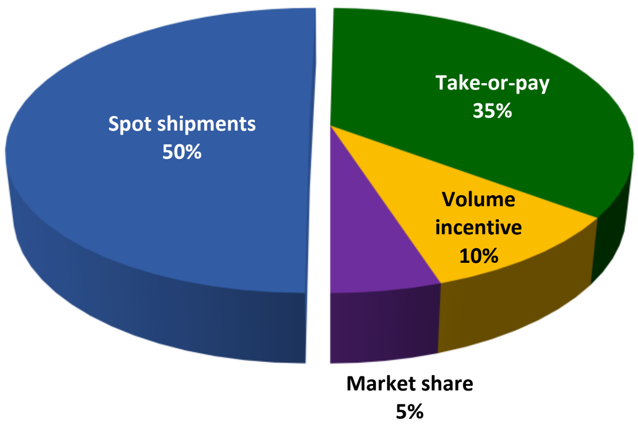

**% of total state demand supplied by Magellan's refined products pipeline in 2021**




Source: EIA and Magellan deliveries

# Refined products pipeline commitments

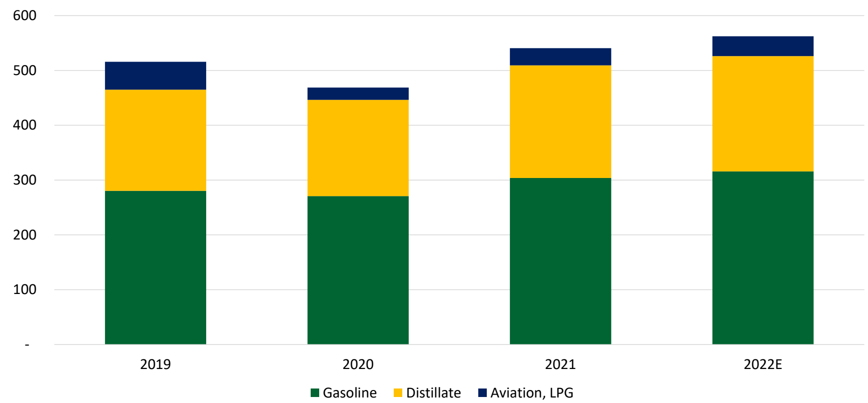
- Volume historically driven by stable demand in the markets served by our pipeline system, with published tariffs generally serving as contracts with volume nominated up to a month in advance
- 50% of ‘21 shipments were subject to supplemental agreements with an average remaining contract life of approx. 5 years
  - Take-or-pay volumes have increased due to commitments associated with our recent Texas pipeline expansion projects



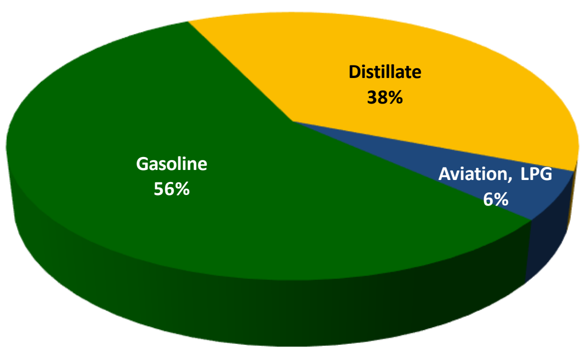
# Refined products pipeline volumes

- Volumes generally trend with overall demand for refined products in the markets served by our assets
- Although temporarily impacted by the pandemic, refined products demand rebounded during 2021 as travel, economic and drilling activity recovered
  - ‘21 results also benefited from committed volumes associated with our recent Texas expansion projects
- 2022 guidance assumes 4% growth over ‘21 levels due to further improvement in overall demand as well as the full-year benefit of our Texas expansion projects now that commitments have fully ramped

**Refined products transportation volumes**
(mm bbls)

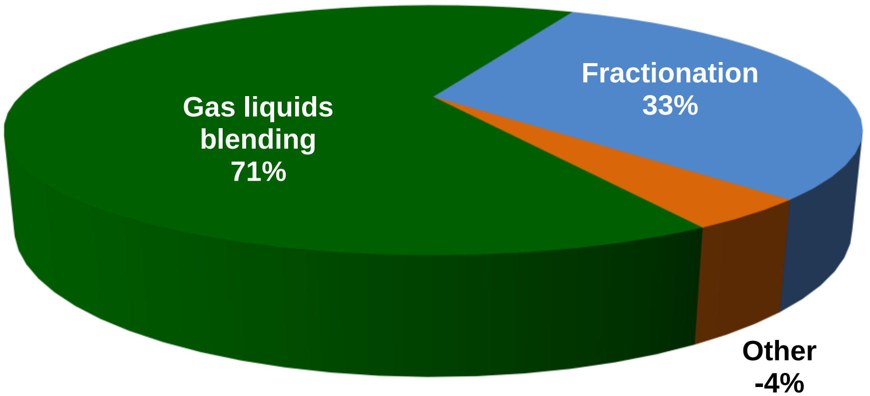



**2021 transportation volumes by product**



# Commodity-related activities

- During 2021, the refined products segment generated $131mm* of product margin from our commodity-related activities
  - Primarily related to our gas liquids blending
  - Transmix processing at 3 fractionators next largest component




*Product margin of $131mm for the refined products segment calculated as $764mm product sales - $630mm cost of product sales - $3mm commodity-related adjustments for DCF purposes; Other primarily includes final price adjustments on sale of product overages

# Gas liquids blending overview

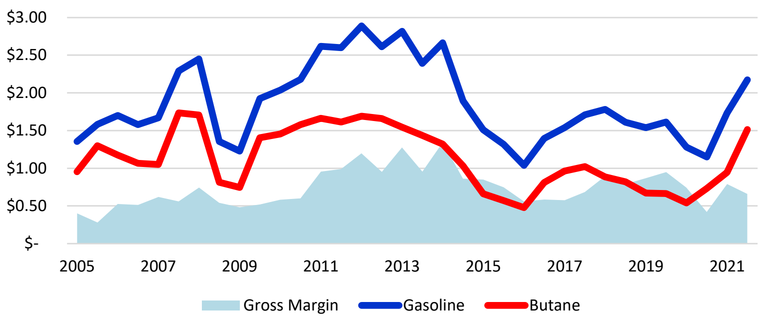
MAGELLAN MIDSTREAM PARTNERS, L.P.

- Magellan transported 300mm+ barrels of gasoline during 2021
  - Quality margin associated with our fungible pipeline system typically creates opportunities for gas liquids blending
- Vast majority of our gas liquids blending is related to butane
  - Butane is a common gasoline blending component, with butane prices generally lower than gasoline
  - Regulated gasoline specifications require gasoline to transition from low vapor pressure in the summer to high vapor pressure during the winter, then back down in the spring
  - Butane blending involves capturing these seasonal vapor pressure changes that allow blending butane into gasoline
- Additional opportunities involve blending to capture other quality margins, including octane levels of gasoline within pipeline network
- Volumes limited by quality margin available and total volume shipped
  - Gas liquids blending volumes historically equal ~2% of the annual gasoline we transport, with blending sales heavily weighted toward 1Q and 4Q

# Gas liquids blending margin

- Blending margins more dependent on the spread between the price of gasoline and gas liquids than the overall price level of crude oil
  - Gas liquids prices impacted by domestic supply and export options
  - Blending is opportunistic, will not blend if margins not favorable
- Projected margins are primarily based on the NYMEX forward curves for RBOB gasoline and Belvieu butane
  - Mid-Con gasoline typically trades at a discount to NYMEX RBOB (basis differential)
- In addition, we incur logistical costs associated with storing and transporting gas liquids and buying RINs, which have been at historical highs

**Historical Mid-Con gasoline, butane and gross margin (per gallon)**




**Example of Spot Margin Calculation (per gallon)**

| | | |
|---|---|---|
| Gasoline price: avg NYMEX RBOB for Jan '22 | $ | 2.37 |
| Butane price: avg NYMEX Belvieu (D0) for Jan '22 | | 1.46 |
| Imputed gross spot margin | $ | 0.91 |
| Basis differential: RBOB to Mid-Con gasoline ('21 avg) | | (0.06) |
| Estimated logistics costs | | (0.20) |
| Estimated RINs costs | | (0.15) |
| Imputed net spot margin | $ | 0.50 |

Note: calculation for example purposes only and does not represent actual margins expected.

# Gas liquids blending risk mitigation

- Our realized margin will not precisely track spot margins throughout the year as it is affected by:
  - Timing of gas liquids purchasing activities and related futures contracts
  - Pool costing of gas liquids inventory
  - Basis differentials

- Magellan does not typically speculate on the price of commodities and mitigates risk as much as possible related to our gas liquids blending activities
  - Purchase much of our blendstocks in the spring and summer when pricing is lower to cover up to 90% of expected blending volumes
  - When we purchase blendstock, we hedge gasoline sales with futures contracts; entering ‘22, we had 50% of our blending margins hedged, and generally use the forward curve to estimate margins for the remainder of the year
  - Purchase necessary RINs at the time blendstock is purchased or in advance if market conditions are favorable (~70% of ‘22 RINs purchased already)
  - Lock-in basis differentials when reasonable to do so

# Crude oil

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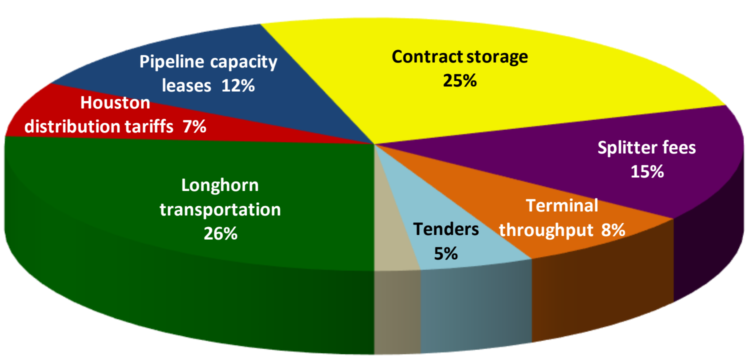
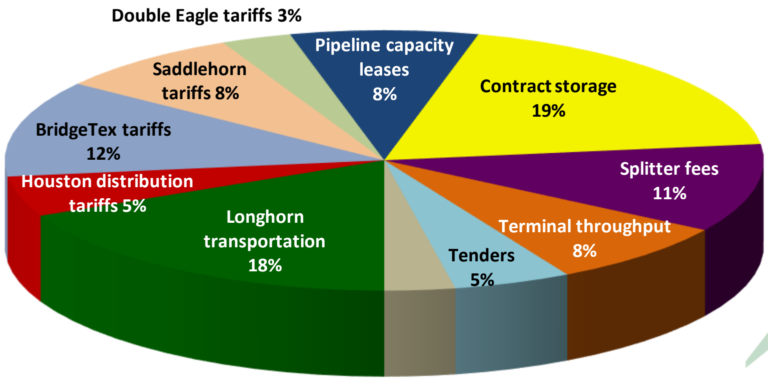
# Sources of fee-based crude oil revenue

- Crude oil transportation and terminals revenue was $465mm+ in 2021, with pipeline tariffs comprising 1/3 of these fee-based revenues
  - Including pipeline capacity leases, we earned 45% from transportation activities
  - Joint venture contributions appear as earnings of non-controlled entities in financial results instead of revenue
  - Including MMP's share of JV revenue in analysis, tariffs would have comprised 45%+ of 2021 fee-based revenues (~55% including pipeline capacity leases)
- Storage revenues contributed 25% of '21 revenues, primarily from Cushing and East Houston contract storage
- Additionally, we earn fee-based revenue from splitter tolling fees

**2021 crude oil revenue by type**




**2021 crude oil revenue by type**
**(incl. MMP-share of JV revenue)**

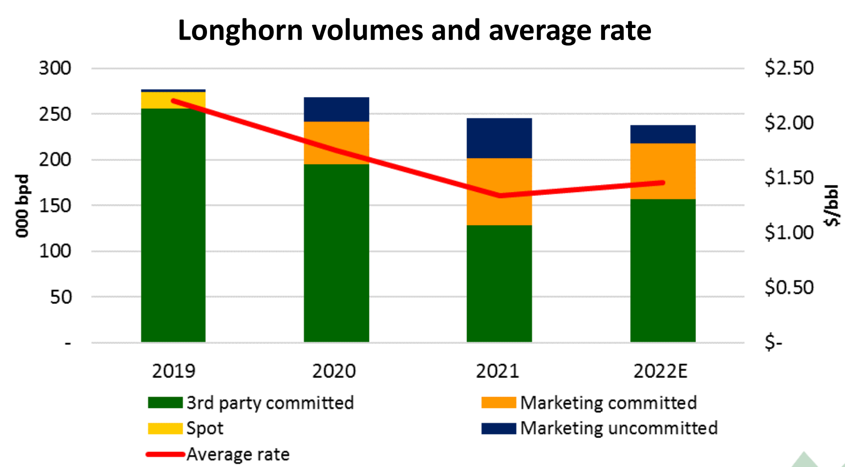


# Longhorn pipeline

- 275k bpd pipeline handling various grades of crude oil from the Permian Basin
- Primarily receives product through strategic interconnects with Centurion, Medallion, Oryx and Plains' pipelines
- Proven track record of operational stability to deliver crude oil to the Houston Gulf Coast region

# Longhorn volumes and rate

- ~75% of capacity currently contracted with weighted average remaining life of 6 years
  - Marketing affiliate has secured multi-year, fixed differential agreements with third parties, in part to bridge the gap associated with the ramp in third-party committed volumes
  - Incremental movements above the committed level are expected to result from our marketing affiliate filling unused space as market conditions allow, with profitability closely reflecting the prevailing Permian-to-Houston differential
    - Current forward curve would suggest uncommitted volumes are possible beyond '22
- Longhorn rate expected to average approx. $1.50/bbl in '22
  - Rates decreased following the expiration of several higher-priced contracts in late 2020
  - Contracted rates adjusted by FERC index, subject to certain modifications



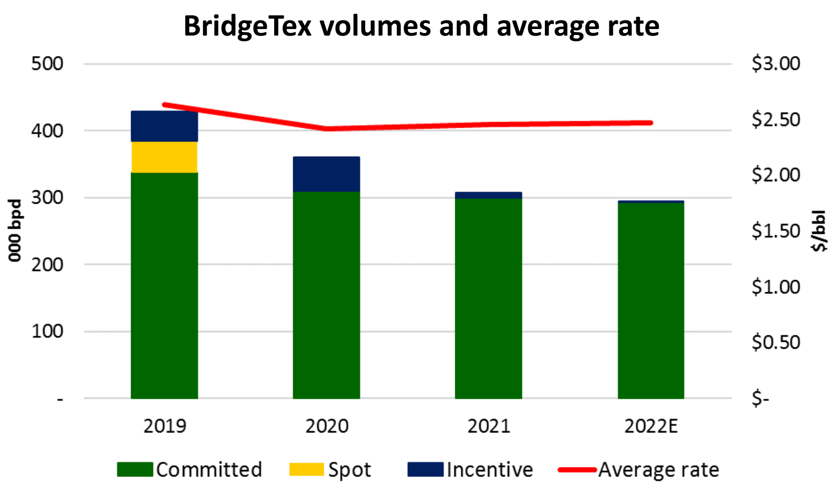
# BridgeTex pipeline

- 440k bpd pipeline handling various grades of crude oil from the Permian Basin and Eaglebine
- Primarily receives product through interconnects with Centurion, Medallion, NuStar and Plains’ pipelines
- Ownership structure: OMERS 50%, Magellan 30%, Plains 20%; MMP serves as operator

# BridgeTex volumes and rate

- ~70% of capacity currently contracted with weighted average remaining life of 4 years
  - Some smaller contracts set to expire in 2022-23, including the commitment from a pipeline affiliate in connection with our basis derivative agreement
  - Incentive and joint tariff rates in place to encourage additional uncommitted shipments

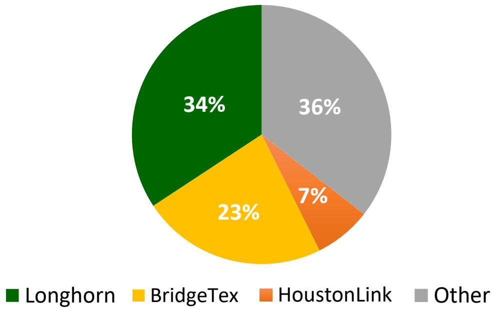
- BridgeTex rate expected to average approx. $2.50/bbl in '22
  - Contracted rates adjusted by FERC index, subject to certain modifications



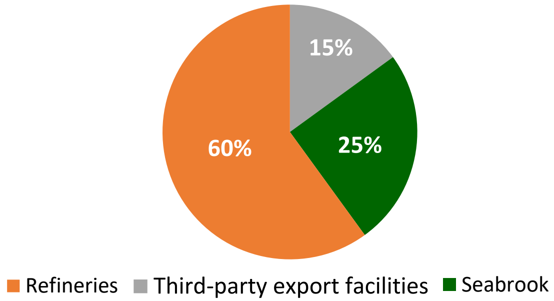
# Houston distribution system

- Our strategic Houston distribution system physically moved 280mm bbls of crude oil during 2021 to refineries in the Houston and Texas City region, third-party export facilities and our Seabrook JV export terminal
  - About 1/3 of this activity shipped under our pipeline tariff that averaged ~ 20¢/bbl and reported as transportation volumes in our financial results
  - Remaining volume moved under simplified pricing structures, including capacity leased to BridgeTex, terminal transfer fees between MMP facilities or joint Longhorn tariffs delivering product to its final destination
- Volume primarily driven by shipments on Longhorn and BridgeTex, which travel to final destination using our Houston distribution system
  - Nearly 2/3 of '21 volume sourced from Magellan-owned assets
  - Recently added connectivity to new Wink-to-Webster pipeline

**2021 product origins**




**2021 product destinations**



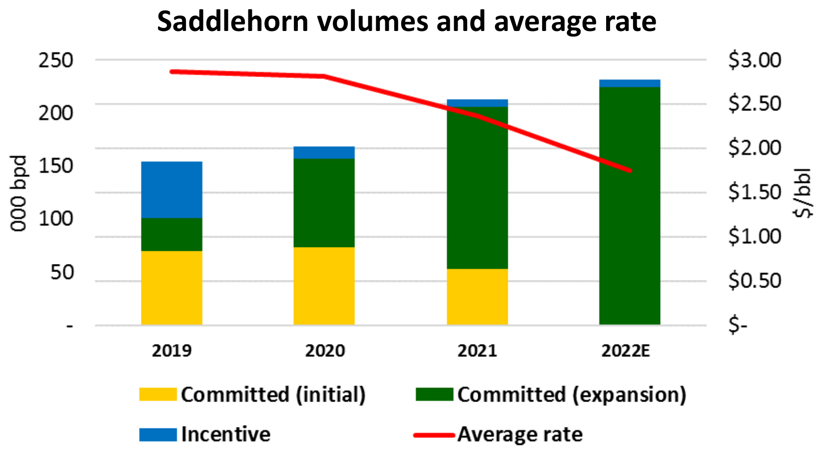
# Saddlehorn pipeline

- Joint venture pipeline primarily delivering crude oil from the DJ and Powder River Basins to Cushing
  - 600-mile pipeline with 290k bpd capacity
  - Ownership structure: Magellan 30%, Plains 30%, WES 20%, Black Diamond 20% (majority-owned by Chevron); MMP serves as operator
- Long-term agreement to provide storage at our Cushing terminal

# Saddlehorn volumes and rate

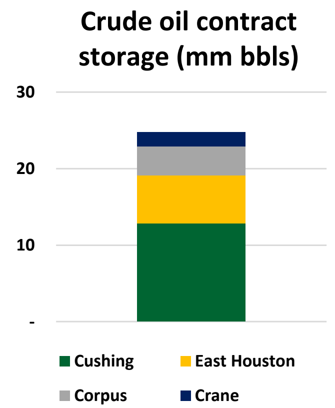
- ~80% of capacity currently contracted with weighted average remaining life of 5 years
  - New commitments associated with recent pipeline expansion ramped over time, more than replacing initial commitments that expired in late '21
  - Incentive and joint tariff rates in place to encourage additional uncommitted shipments

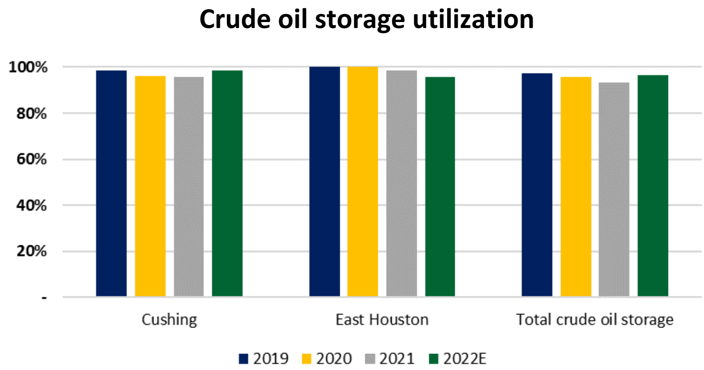
- Saddlehorn rate expected to average approx. $1.80/bbl in '22
  - Rates decreased following the expiration of initial contracts to be more in line with current market pricing
  - Contracted rates increase annually by nominal fixed amount



# Crude oil contract storage

- Magellan wholly owns approx. 25mm barrels of crude oil tankage used for contract storage, with our largest positions at the strategic Cushing and Houston storage hubs
  - Cushing continues to be an important location, providing traders flexibility to deliver crude oil to the highest margin market at any time
  - Gulf Coast also an important market due to close proximity to large refinery complexes and convenient access to export options
- Demand for storage driven by a number of factors, including forward price curve, refinery utilization and domestic and international demand
- Magellan remains committed to maintaining consistency and predictability of quality within our system, increasing the attractiveness of our tankage



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