

MAGELLAN MIDSTREAM PARTNERS LP
Form 424B2
February 23, 2016
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-203869

CALCULATION OF REGISTRATION FEE

	Proposed Maximum	
Title of Each Class of Securities to be Registered	Aggregate	
	Offering Price	Registration Fee(1)
5.00% Senior Notes Due 2026	\$650,000,000	\$65,455

(1) The filing fee, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the securities offered from Registration Statement File No. 333-203869 by means of this prospectus supplement.

Prospectus supplement

To prospectus dated May 5, 2015

\$650,000,000 5.00% Senior Notes due 2026

This is an offering by Magellan Midstream Partners, L.P. of \$650 million aggregate principal amount of 5.00% Senior Notes due 2026. Interest will be payable on the notes semi-annually in arrears on March 1 and September 1 of each year. The notes will mature on March 1, 2026. Interest on the notes will accrue from February 29, 2016, and the first interest payment on the notes will be due on September 1, 2016.

We may redeem some or all of the notes at any time or from time to time at the applicable redemption prices described in this prospectus supplement under the caption Description of notes Optional redemption.

The notes will be our senior unsecured obligations and will rank equally with all of our existing and future unsecured senior debt, including borrowings under our revolving credit facilities and commercial paper program, and senior to any future subordinated debt that we may incur.

Investing in the notes involves risks that are described in the Risk factors section beginning on page S-8 of this prospectus supplement and on page 3 of the accompanying base prospectus, as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to Magellan(1)
Per note	99.875%	0.650%	99.225%
Total	\$ 649,187,500	\$ 4,225,000	\$ 644,962,500

(1) Plus accrued interest from February 29, 2016, if settlement occurs after that date.

The notes are a new issue of securities with no established trading market. We do not currently intend to apply for listing of the notes on any securities exchange or to be quoted on any automated quotation system.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants on or about February 29, 2016.

Joint book-running managers

Barclays

US Bancorp

Wells Fargo Securities

PNC Capital Markets LLC

SMBC Nikko

Co-managers

Citigroup

J.P. Morgan

Mizuho Securities

RBC Capital Markets

SunTrust Robinson Humphrey

The date of this prospectus supplement is February 22, 2016.

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of notes. The second part is the accompanying base prospectus, which gives more general information about the securities we may offer from time to time. Generally when we refer only to the prospectus, we are referring to both parts combined.

If the information about the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying base prospectus and any free writing prospectus filed by us with the Securities and Exchange Commission (the SEC). Neither we nor the underwriters have authorized anyone to provide you with different or additional information. We and the underwriters are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus and any free writing prospectus is accurate as of any date other than the dates shown in those documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

None of Magellan Midstream Partners, L.P., the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in the notes by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the notes.

As used in this prospectus supplement and the accompanying base prospectus, unless we indicate otherwise, the terms our, we, us and similar terms refer to Magellan Midstream Partners, L.P., together with its subsidiaries.

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*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying base prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read the entire prospectus supplement, the accompanying base prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering. Please read *Risk factors* beginning on page S-8 of this prospectus supplement and on page 3 of the accompanying base prospectus, as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2015 for more information about important factors that you should consider before purchasing notes in this offering.*

Magellan Midstream Partners, L.P.

We were formed as a limited partnership under the laws of the State of Delaware in August 2000 to own, operate and acquire a diversified portfolio of complementary energy assets. We are principally engaged in the transportation, storage and distribution of refined petroleum products and crude oil. As of December 31, 2015, our three operating segments included:

our refined products segment, comprised of our 9,500-mile refined products pipeline system with 52 terminals as well as 28 independent terminals not connected to our pipeline system and our 1,100-mile ammonia pipeline system;

our crude oil segment, comprised of approximately 1,700 miles of crude oil pipelines and storage facilities with an aggregate storage capacity of approximately 22 million barrels, of which 14 million barrels are used for leased storage; and

our marine storage segment, consisting of five marine terminals located along coastal waterways with an aggregate storage capacity of approximately 26 million barrels.

Our principal executive offices are located in One Williams Center, Tulsa, Oklahoma 74172 and our phone number is (918) 574-7000.

Partnership structure and management

Our operations are conducted through, and our operating assets are owned by, our subsidiaries. Our general partner, which is also a wholly owned subsidiary, has sole responsibility for conducting our business and managing our operations. Our general partner has a non-economic general partner interest in us and does not receive a management fee or other compensation in connection with its management of our business.

The following table describes our current ownership structure. The percentages reflected in the table, other than the general partner interest, represent approximate ownership interests in us.

Ownership of Magellan Midstream Partners, L.P.	Percentage interest
Public common units	99.7%
Officer and director common units	0.3%
General partner interest	0.0%
Total	100.0%

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The offering

Issuer	Magellan Midstream Partners, L.P.
Securities	\$650 million aggregate principal amount of 5.00% Senior Notes due 2026.
Maturity date	March 1, 2026.
Interest payment dates	<p>Interest will be payable on the notes semi-annually in arrears on March 1 and September 1 of each year, beginning September 1, 2016.</p> <p>Interest on the notes will accrue from February 29, 2016.</p>
Use of proceeds	<p>We intend to use the net proceeds from this offering for general partnership purposes and to repay borrowings outstanding under our revolving credit facilities, if any, and our commercial paper program.</p> <p>Affiliates of the underwriters participating in this offering are lenders under our revolving credit facilities, participants in our commercial paper program, or both, and may receive a portion of the proceeds of this offering through our repayment of the indebtedness outstanding under our revolving credit facilities, if any, and commercial paper program with such proceeds. Please see Use of proceeds on page S-12.</p>
Optional redemption	<p>We may redeem some or all of the notes at any time or from time to time prior to maturity. If we elect to redeem the notes prior to December 1, 2025 (the date that is three months prior to the maturity date of the notes), we will pay an amount equal to the greater of 100% of the principal amount of the notes to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest on the notes that would be due if the notes matured on December 1, 2025, but for the redemption, plus a make-whole premium.</p> <p>On or after such date, we will pay an amount equal to 100% of the principal amount of the notes to be redeemed. We will pay accrued and unpaid interest, if any, on the notes redeemed to the redemption date. See Description of notes Optional redemption.</p>
Subsidiary guarantees	Our subsidiaries will not initially guarantee the notes. In the future, however, we will cause any of our subsidiaries that subsequently guarantee or become a co-obligor in respect of any of our funded debt to equally and ratably guarantee the notes offered hereby.
Ranking	

The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future unsecured senior debt, including borrowings under our revolving credit facilities and commercial paper program, and senior to any future subordinated debt that we may incur.

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We conduct substantially all of our business through our subsidiaries. The notes will be structurally subordinated to all existing and future debt and other liabilities, including trade payables, of any of our non-guarantor subsidiaries. As of December 31, 2015, our subsidiaries had no debt for borrowed money.

Certain covenants

We will issue the notes under an indenture, with U.S. Bank National Association, as trustee. The indenture does not limit the amount of unsecured debt we may incur. The indenture contains limitations on, among other things, our ability to:

incur debt secured by certain liens;

engage in certain sale-leaseback transactions; and

consolidate, merge or dispose of all or substantially all of our assets.

Additional issuances

We may, at any time, without the consent of the holders of the notes, issue additional notes having the same interest rate, maturity and other terms as the notes offered hereby (except for the issue date, the public offering price and, if applicable, the first interest payment date). Any additional notes having such similar terms, together with the notes offered hereby, will constitute a single series under the indenture.

Risk factors

Please read **Risk factors** beginning on page S-8 of this prospectus supplement and on page 3 of the accompanying base prospectus, as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2015, for a discussion of factors you should carefully consider before investing in the notes.

Governing law

The notes and the indenture governing the notes will be governed by New York law.

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Summary financial and operating data

The following table sets forth our summary financial and operating data as of and for the years ended December 31, 2013, 2014 and 2015. This financial data was derived from our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015. The financial data set forth below should be read in conjunction with those consolidated financial statements and the notes thereto, which are incorporated by reference into this prospectus supplement and the accompanying base prospectus and have been filed with the SEC. All other data have been derived from our financial records.

We believe that investors benefit from having access to the same financial measures utilized by management. In the following tables, we present the financial measure of distributable cash flow, which is not prepared in accordance with generally accepted accounting principles (GAAP). Our partnership agreement requires that all of our available cash, less amounts reserved by our general partner s board of directors, be distributed to our limited partners on a quarterly basis. Management uses distributable cash flow to determine the amount of cash our operations generated that is available for distribution to our limited partners (before any reserves established by our general partner s board of directors) and for recommending to our general partner s board of directors the amount of cash distributions to be paid each period. We also use distributable cash flow as the basis for calculating our equity-based incentive pay. A reconciliation of distributable cash flow to net income, the nearest comparable GAAP measure, is included in the following tables.

In addition to distributable cash flow, the non-GAAP measures of operating margin (in the aggregate and by segment) and adjusted EBITDA are presented in the following tables. We compute the components of operating margin and adjusted EBITDA using amounts that are determined in accordance with GAAP. Reconciliations of operating margin to operating profit and adjusted EBITDA to net income, which are the nearest comparable GAAP financial measures, are included in the following tables. Reconciliations of segment operating margin to segment operating profit are included in our Annual Report on Form 10-K for the year ended December 31, 2015. Operating margin is an important measure of the economic performance of our core operations. Operating profit, alternatively, includes depreciation and amortization expense and general and administrative expense that management does not consider when evaluating the core profitability of an operation. Adjusted EBITDA is an important measure utilized by management and the investment community to assess the financial results of an entity.

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Since the non-GAAP measures presented here include adjustments specific to us, they may not be comparable to similarly-titled measures of other companies.

(dollars in thousands, except per unit amounts)	Year ended December 31,		
	2013	2014	2015
Income statement data:			
Transportation and terminals revenue(a)	\$ 1,188,452	\$ 1,459,267	\$ 1,544,746
Product sales revenue	744,669	878,974	629,836
Affiliate management fee revenue	14,609	22,111	13,871
Total revenue	1,947,730	2,360,352	2,188,453
Operating expenses(a)	396,194	500,901	525,902
Cost of product sales	578,029	594,585	447,273
Earnings of non-controlled entities	(6,275)	(19,394)	(66,483)
Operating margin	979,782	1,284,260	1,281,761
Depreciation and amortization expense	142,230	161,741	166,812
General and administrative expense	132,496	148,288	151,329
Operating profit	705,056	974,231	963,620
Interest expense, net	118,206	121,519	143,177
Other expense (income)(b)		8,573	(1,015)
Income before provision for income taxes	586,850	844,139	821,458
Provision for income taxes	4,613	4,620	2,336
Net income	\$ 582,237	\$ 839,519	\$ 819,122
Basic net income per limited partner unit	\$ 2.57	\$ 3.69	\$ 3.60
Diluted net income per limited partner unit	\$ 2.56	\$ 3.69	\$ 3.59
Balance sheet data:			
Working capital deficit(c)	\$ (241,543)	\$ (133,488)	\$ (374,218)
Total assets	\$ 4,803,307	\$ 5,501,409	\$ 6,041,567
Long-term debt, net	\$ 2,417,811	\$ 2,967,019	\$ 3,189,287
Partners capital	\$ 1,647,442	\$ 1,868,233	\$ 2,021,736
Cash distribution data:			
Cash distributions declared per unit(d)	\$ 2.18	\$ 2.62	\$ 3.01
Cash distributions paid per unit(d)	\$ 2.10	\$ 2.51	\$ 2.92

(Footnotes appear on following page)

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(dollars in thousands)	Year ended December 31,		
	2013	2014	2015
Other data:			
Operating margin:			
Refined products	\$ 693,985	\$ 870,205	\$ 777,021
Crude oil	176,420	295,830	381,365
Marine storage	106,198	114,712	119,524
Allocated partnership depreciation costs(e)	3,179	3,513	3,851
Operating margin	\$ 979,782	\$ 1,284,260	\$ 1,281,761
Adjusted EBITDA and Distributable cash flow:			
Net income	\$ 582,237	\$ 839,519	\$ 819,122
Interest expense, net(f)	118,206	121,519	143,177
Depreciation and amortization expense(f)	142,230	161,741	166,812
Equity-based incentive compensation expense(g)	11,823	12,471	6,461
Loss on sale and retirement of assets	7,835	7,223	7,871
Commodity-related adjustments(h)	(339)	(56,288)	13,988
Other(i)	(409)	(8,724)	14,572
Adjusted EBITDA	861,583	1,077,461	1,172,003
Interest expense, net, excluding debt issuance cost amortization(f)	(115,782)	(119,186)	(140,464)
Maintenance capital	(76,081)	(77,806)	(88,685)
Distributable cash flow	\$ 669,720	\$ 880,469	\$ 942,854

	Year ended December 31,		
	2013	2014	2015
Operating statistics:			
Refined products:			
Transportation revenue per barrel shipped	\$ 1.313	\$ 1.399	\$ 1.439
Volume shipped (million barrels):			
Gasoline	239.7	256.1	268.1
Distillates	146.5	163.1	152.5
Aviation fuel	21.1	23.0	21.2
Liquefied petroleum gases	7.8	9.9	9.7
Total volume shipped	415.1	452.11	451.5
Crude oil:			
Magellan 100%-owned assets:			
Transportation revenue per barrel shipped	\$ 0.880	\$ 1.192	\$ 1.118
Volume shipped (million barrels)	113.2	185.5	209.9
Crude oil terminal average utilization (million barrels per month)	12.3	12.2	13.1
Select joint venture pipelines:			
BridgeTex volume shipped (million barrels)(j)		18.3	75.2
Marine storage:			
Marine terminal average utilization (million barrels per month)	23.0	22.9	24.0

- (a) Historically, we reported the tender deductions we received from our customers as an offset to operating expenses. In 2015, we concluded these amounts should have been recorded as revenues. We have retrospectively adjusted all amounts presented herein for this change.
- (b) Other expense (income) in 2014 and 2015 was a non-cash charge for the change in the differential between the current spot price and forward price on fair value hedges associated with our tank bottoms and linefill assets.

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- (c) Working capital deficit at December 31, 2013 and December 31, 2015 included the current portion of long-term debt of approximately \$250.0 million.
- (d) Cash distributions declared were determined based on the distributable cash flow generated for each calendar year. Distributions were declared and paid within 45 days following the close of each quarter. Cash distributions paid represent cash payments for distributions during each of the periods presented.
- (e) Certain depreciation expense was allocated to our various business segments, which in turn recognized these allocated costs as operating expense, reducing segment operating margin by these amounts.
- (f) In 2015, we adopted Accounting Standards Update No. 2015-03, Interest: *Simplifying the Presentation of Debt Issuance Costs*. Under this new accounting standard, we have reclassified debt issuance cost amortization expense as interest expense. We have added back debt issuance cost amortization expense included in interest expense for purposes of calculating distributable cash flow as follows: for the twelve months ended December 31, 2013, 2014 and 2015, \$2.4 million, \$2.3 million and \$2.7 million, respectively.
- (g) Excludes tax withholdings on settlement of equity-based incentive awards, which were paid in cash.
- (h) Certain derivatives we use as economic hedges have not been designated as hedges for accounting purposes and the mark-to-market changes of these derivatives are recognized currently in earnings. In addition, we have designated certain derivatives we use to hedge our crude oil tank bottoms and linefill assets as fair value hedges and the change in the differential between the current spot price and forward price on these hedges is recognized currently in earnings. We exclude the net impact of both of these adjustments from our determination of distributable cash flow until the hedged products are physically sold. In the period in which these hedged products are physically sold, the net impact of the associated hedges is included in our determination of distributable cash flow. We add the amount of lower-of-cost-or-market (LCM) adjustments on inventory and firm purchase commitments we recognize in each applicable period to determine distributable cash flow as these are non-cash charges against income. In subsequent periods when we physically sell or purchase the related products, we deduct the LCM adjustments previously recognized to determine distributable cash flow.
- (i) Other primarily includes adjustments for earnings of and distributions received from non-controlled entities.
- (j) These volumes reflect the total shipments for the BridgeTex pipeline, which is owned 50% by us.

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Risk factors

An investment in our notes involves risk. You should carefully read the risk factors set forth below, the risk factors included under the caption "Risk factors" beginning on page 3 of the accompanying base prospectus, and the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this prospectus supplement and the accompanying base prospectus.

Risks related to the notes

Your ability to transfer the notes at a time or price you desire may be limited by the absence of an active trading market, which may not develop.

The notes are a new issue of securities with no established trading market. Although we have registered the offer and sale of the notes under the Securities Act of 1933, as amended (the "Securities Act"), we do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system. In addition, although the underwriters have informed us that they intend to make a market in the notes as permitted by applicable laws and regulations, they are not obligated to make a market in the notes, and they may discontinue their market-making activities at any time without notice. An active market for the notes may not develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

The notes will be our senior unsecured obligations. As such, the notes will be effectively junior to any secured debt we may incur in the future and to the future secured debt of any subsidiaries that guarantee the notes and structurally junior to the existing and future debt and other liabilities of our subsidiaries that do not guarantee the notes.

The notes will be our senior unsecured debt and will rank equally in right of payment with all of our other existing and future unsubordinated debt, including borrowings under our revolving credit facility, our 364-day revolving credit facility and commercial paper program. The notes will be effectively junior to any secured debt we may incur in the future (to the extent of the value of the collateral securing the indebtedness) and to the future secured debt of any subsidiaries that guarantee the notes (to the extent of the value of the collateral securing the indebtedness) and structurally junior to the existing and future debt and other liabilities, including trade payables, of our subsidiaries that do not guarantee the notes. As of December 31, 2015, our subsidiaries had no debt for borrowed money owing to any unaffiliated third parties. Initially, there will be no subsidiary guarantors of the notes, and there may be none in the future.

If we are involved in any dissolution, liquidation or reorganization, any secured debt holders would be paid before you receive any amounts due under the notes to the extent of the value of the assets securing their debt and creditors of our subsidiaries may also be paid before you receive any amounts due under the notes. In that event, you may not be able to recover any principal or interest you are due under the notes.

A guarantee could be voided if the guarantee was held to be a fraudulent transfer at the time the indebtedness evidenced by the guarantee was incurred, which could result in the noteholders being able to rely only on us to satisfy claims.

Initially, none of our subsidiaries will guarantee the notes. In the future, however, if our subsidiaries become guarantors or co-obligors of our funded debt, then these subsidiaries will guarantee our payment obligations under the notes. Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;

was insolvent or rendered insolvent by reason of such incurrence;

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was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the notes or to repay them at maturity.

Our partnership agreement requires us to distribute, on a quarterly basis, 100% of our available cash to our unitholders of record within 45 days following the end of every quarter. Available cash with respect to any quarter is generally all of our cash on hand at the end of such quarter, less cash reserves for certain purposes. The board of directors of our general partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the reserves of our operating subsidiaries as it determines are necessary or appropriate. As a result, we do not have the same flexibility as corporations or other entities that do not pay dividends or have complete flexibility regarding the amounts they will distribute to their equity holders. Although our payment obligations to our unitholders are subordinate to our payment obligations to you, the timing and amount of our quarterly distributions to our unitholders could significantly reduce the cash available to pay the principal, premium (if any) and interest on the notes.

Because we have a holding company structure in which our subsidiaries conduct our operations and own our operating assets, our ability to service our debt is largely dependent on our receipt of distributions or other payments from our subsidiaries.

We are a partnership holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We do not have significant assets other than the ownership interests in our subsidiaries. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, credit instruments, applicable state business organization laws and other laws and regulations. If we are unable to obtain the funds necessary to pay all the principal and interest on the notes when due, we may be required to adopt one or more alternatives, such as a refinancing of the notes. We cannot assure you that we would be able to refinance the notes on terms that are acceptable to us, or at all.

We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The total borrowing capacity under our revolving credit facility, which matures in October 2020, is \$1.0 billion and the total borrowing capacity under our 364-day revolving credit facility, which matures in October 2016 (subject to a term-out option that would convert all outstanding borrowings to a term loan due in October 2018), is \$250.0 million. As of February 19, 2016, we had no outstanding borrowings under our revolving credit facility and our 364-day revolving credit facility and \$487.0 million outstanding indebtedness under our commercial paper program. If we incur any additional indebtedness, including borrowings under our revolving credit facility and issuances of additional notes, that ranks equally with the notes, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we now face could intensify.

The indenture governing the notes will also permit us and our subsidiaries to incur additional indebtedness, including secured indebtedness, that could effectively rank senior to the notes, and to engage in sale-leaseback arrangements, subject to certain limitations. Any of these actions could adversely affect our ability to make principal and interest payments on the notes.

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Tax risks

Our tax treatment depends on our status as a partnership for federal income tax purposes. If the Internal Revenue Service (IRS) were to treat us as a corporation for federal income tax purposes, or otherwise subject us to entity-level taxation, it would reduce the amount of cash available for payment of principal and interest on the notes.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Treatment of us as a corporation would result in a material reduction in our anticipated cash flow, which could materially and adversely affect our ability to make payments on the notes.

Current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, from time to time the U.S. government considers substantive changes to the existing federal income tax laws that affect publicly traded partnerships. We are unable to predict whether any such changes or any other proposals will ultimately be enacted. Moreover, any modification to the federal income tax laws and interpretations thereof may or may not be applied retroactively. Any such changes could negatively impact our ability to make payments on the notes. At the state level, changes in current state law may subject us to additional entity-level taxation by individual states. Due to state budget deficits and for other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of any such taxes may materially reduce the cash available to make payments on the notes.

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The ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Year ended December 31,				
	2011	2012	2013	2014	2015
Ratio of earnings to fixed charges	4.7x	4.6x	5.3x	6.5x	6.0x
For purposes of calculating the ratio of earnings to fixed charges:					

earnings represent the aggregate of income from continuing operations (before adjustment for income taxes and earnings from equity investments) plus fixed charges, amortization of interest capitalized and distributions from equity investees, less interest capitalized; and

fixed charges represent interest expense (including amounts capitalized), amortization of debt discounts, premiums and capitalized debt issuance costs and an estimate of the amount of interest included in rental expense.

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Use of proceeds

We expect to receive net proceeds from this offering of approximately \$644.5 million, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general partnership purposes and to repay borrowings outstanding under our revolving credit facilities, if any, and our commercial paper program.

Borrowings under our revolving credit facilities have been used for general partnership purposes, including capital expenditures. Amounts repaid on our revolving credit facilities may be re-drawn in the future. The revolving credit facility's maturity date is October 27, 2020, and as of February 19, 2016, there were no borrowings outstanding under this facility. The 364-day revolving credit facility's maturity date is October 26, 2016, and as of February 19, 2016, there were no borrowings outstanding under this facility.

Borrowings under our commercial paper program have been used for general partnership purposes, including capital expenditures and repayment of debt. The maturities of the commercial paper notes vary, but may not exceed 397 days from the date of issuance. As of February 19, 2016, we had \$487.0 million outstanding commercial paper notes and the weighted-average interest rate on such commercial paper notes was 0.9%.

Affiliates of the underwriters participating in this offering are lenders under our revolving credit facilities, participants in our commercial paper program, or both, and may receive a portion of the proceeds of this offering through our repayment of the indebtedness outstanding under our revolving credit facilities, if any, and commercial paper program with such proceeds. Please see Underwriting.

Table of Contents**Capitalization**

The following table sets forth our cash balance and capitalization as of December 31, 2015:

on a historical basis; and

on an as adjusted basis to give effect to the sale of the notes offered by us pursuant to this prospectus supplement and the application of the net proceeds therefrom in the manner described under "Use of proceeds" in this prospectus supplement. We expect to receive net proceeds from this offering of approximately \$644.5 million, after deducting the underwriting discount and estimated offering expenses payable by us.

This table should be read together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement and the accompanying base prospectus.

(dollars in millions)	As of December 31, 2015	
	Historical	As adjusted
Cash and cash equivalents(1)	\$ 28.7	\$ 393.2
Debt:		
Commercial paper(2)	\$ 280.0	\$
Revolving credit facility(3)		
364-day revolving credit facility(4)		
5.65% senior notes due 2016	250.3	250.3
6.40% senior notes due 2018	255.2	255.2
6.55% senior notes due 2019	564.1	564.1
4.25% senior notes due 2021	555.4	555.4
3.20% senior notes due 2025	249.7	249.7
6.40% senior notes due 2037	249.0	249.0
4.20% senior notes due 2042	248.5	248.5
5.15% senior notes due 2043	556.2	556.2
4.20% senior notes due 2045	249.9	249.9
New notes due 2026		649.2
Total debt	\$ 3,458.3	\$ 3,827.5
Total partners' capital	\$ 2,021.7	\$ 2,021.7
Total capitalization	\$ 5,480.0	\$ 5,849.2

(1) As of February 19, 2016, we had \$25.9 million of cash and cash equivalents.

(2) As of February 19, 2016, we had \$487.0 million of borrowings outstanding under our commercial paper program.

(3) As of February 19, 2016, we had no borrowings outstanding under our revolving credit facility, and availability of \$993.7 million thereunder (after taking outstanding letters of credit into account).

(4) As of February 19, 2016, we had no borrowings outstanding under our 364-day revolving credit facility, and availability of \$250.0 million thereunder.

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Description of notes

In this offering, we will issue notes designated as our 5.00% Senior Notes due 2026, which will mature in 2026, and we refer to these notes as the notes. We will issue the notes under a senior indenture dated as of August 11, 2010, between us and U.S. Bank National Association, as trustee, as supplemented by a sixth supplemental indenture. The sixth supplemental indenture will set forth certain specific terms applicable to the notes. References to the indenture in this description mean the senior indenture as so supplemented by the sixth supplemental indenture. You can find the definitions of various terms used in this description under Certain definitions. The terms of the notes include those set forth in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

This description is intended to be an overview of the material provisions of the notes and the indenture. This summary is not complete and is qualified in its entirety by reference to the indenture. You should carefully read the summary below, the description of the general terms and provisions of our debt securities set forth in the accompanying base prospectus under Description of Our Debt Securities and the provisions of the indenture that may be important to you before investing in the notes. This summary supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of our debt securities set forth in the accompanying base prospectus. Capitalized terms defined in the accompanying base prospectus or in the indenture have the same meanings when used in this prospectus supplement unless updated herein. In this description, all references to we, us or our are to Magellan Midstream Partners, L.P. only, and not its subsidiaries, unless otherwise indicated.

The indenture does not limit the amount of debt securities that we may issue. Debt securities may be issued under the indenture from time to time in separate series, each up to the aggregate amount from time to time authorized for such series. The notes will be the first series of debt securities to be issued under the sixth supplemental indenture.

General

The notes

We will issue the notes initially in an aggregate principal amount of \$650 million. The notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes:

will be our general senior unsecured obligations;

will constitute a new series of debt securities issued under the indenture, and such series will initially be limited to an aggregate principal amount of \$650 million;

will mature on March 1, 2026;

will not be entitled to the benefit of any sinking fund; and

initially will be issued only in book-entry form represented by one or more global notes registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC), or such other name as may be requested by an authorized representative of DTC, and deposited with the trustee as custodian for DTC.

Interest

Interest on the notes will:

accrue at the rate of 5.00% per annum;

accrue from February 29, 2016 or the most recent interest payment date;

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be payable in cash semi-annually in arrears on March 1 and September 1 of each year, beginning September 1, 2016;

be payable to holders of record of the notes on February 15 and August 15 immediately preceding the related interest payment dates;

be computed on the basis of a 360-day year consisting of twelve 30-day months; and

be payable on overdue interest to the extent permitted by law at the same rate as interest is payable on principal.

If any interest payment date, stated maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day and no interest will accrue for the period from and after such interest payment date, stated maturity date or redemption date.

Payment and transfer

Initially, the notes will be issued only in global form. Beneficial interests in notes in global form will be shown on, and transfers of interests in notes in global form will be made only through, records maintained by DTC and its participants. Notes in definitive form, if any, may be presented for registration of transfer or exchange at the office or agency maintained by us for such purpose. Initially, this will be the corporate trust office of the trustee located at 100 Wall Street, Suite 1600, New York, New York 10005.

Payment of principal of, premium, if any, and interest on notes in global form registered in the name of DTC's nominee will be made in immediately available funds to DTC's nominee, as the registered holder of such global notes. If any of the notes are no longer represented by a global note, payments of interest on notes in definitive form may, at our option, be made at the corporate trust office or agency of the trustee indicated above or by check mailed directly to holders at their respective registered addresses or by wire transfer to an account designated by a holder of at least \$1,000,000 in principal amount of notes. All funds that we provide to the trustee or a paying agent for the payment of principal and any premium or interest on any note that remain unclaimed at the end of two years will (subject to applicable abandoned property laws) be repaid to us, and the holder of such note must thereafter look only to us for payment as a general creditor.

No service charge will be imposed for any registration of transfer or exchange of notes, but we or the trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable upon transfer or exchange of notes. We are not required to register the transfer of or to exchange any note (1) selected or called for redemption or (2) during a period of 15 days before mailing notice of any redemption of notes.

The registered holder of a note will be treated as its owner for all purposes, and all references in this description to holders mean holders of record, unless otherwise indicated.

Replacement of securities

We will replace any mutilated, destroyed, lost or stolen notes at the expense of the holder upon surrender of the mutilated notes to the trustee or evidence of destruction, loss or theft of a note satisfactory to us and the trustee. In the case of a destroyed, lost or stolen note, we may require an indemnity satisfactory to the trustee and to us before a replacement note will be issued.

Additional issuances

We may, without notice or the consent of the holders of the notes, issue additional notes in an unlimited aggregate principal amount at any time and from time to time under the indenture, as supplemented by the sixth supplemental indenture, as applicable. Any issuance of additional notes is subject to all of the covenants in the indenture as supplemented by the sixth supplemental indenture, as applicable. These additional notes will have

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substantially the same terms as the notes offered hereby in all respects (or in all respects except for the issue date, the public offering price and, if applicable, the first interest payment date) so that the additional notes may be consolidated and form a single series with the notes, as applicable, and will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

Optional redemption

The notes will be redeemable, at our option, in whole or in part at any time prior to December 1, 2025.

The redemption price will be equal to the greater of:

100% of the principal amount of the notes to be redeemed; and

the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed that would be due if the notes matured on December 1, 2025, but for the redemption (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points; plus, in either case, accrued and unpaid interest, if any, to the date of redemption. The actual redemption price, calculated as provided in this description, will be calculated and certified to the trustee and us by the Independent Investment Banker (as defined below).

On or after December 1, 2025, the notes will be redeemable, at our option, in whole or in part, at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to the date of redemption.

Notes called for redemption become due on the date fixed for redemption. Notices of redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address. The notice of redemption for the notes will state, among other things, the amount of notes to be redeemed, if less than all of the outstanding notes are to be redeemed, the redemption date, the redemption price (or the method of calculating it) and each place that payment will be made upon presentation and surrender of notes to be redeemed. Unless we default in payment of the redemption price, interest will cease to accrue on any notes that have been called for redemption on the redemption date. If less than all the notes are redeemed at any time, the trustee will select the notes (or any portion of notes in integral multiples of \$1,000) to be redeemed on a pro rata basis or by any other method the trustee deems fair and appropriate, but beneficial interests in notes in global form will be selected for redemption in accordance with DTC's customary practices.

For purposes of determining the optional redemption price, the following definitions are applicable:

Comparable Treasury Issue means the U.S. Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes to be redeemed.

Comparable Treasury Price means, for any redemption date, (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of all of the Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means Barclays Capital Inc., U.S. Bancorp Investments, Inc. or Wells Fargo Securities, LLC, as specified by us, or any of their respective successor firms, or if each such firm is unwilling or

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unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the trustee after consultation with us.

Reference Treasury Dealer means each of (1) Barclays Capital Inc. or any of its successors; and (2) a Primary Treasury Dealer (as defined herein) selected by U.S. Bancorp Investments, Inc. or any of its successors; (3) a Primary Treasury Dealer (as defined herein) selected by Wells Fargo Securities, LLC or any of its successors; and (4) two other primary U.S. Government securities dealers in New York City (a Primary Treasury Dealer) (in each case, or its affiliates and successors) that we specify from time to time; provided that if any of the Reference Treasury Dealers specifically named above resigns, its successor dealer shall be a Primary Treasury Dealer selected by the trustee.

Reference Treasury Dealer Quotations means, for each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week in which the calculation date falls (or in the immediately preceding week if the calculation date falls on any day prior to the usual publication date for such release) or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third business day preceding the redemption date. Any weekly average yields calculated by interpolation or extrapolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

Except as set forth above, the notes will not be redeemable by us prior to maturity, will not be entitled to the benefit of any sinking fund and will not be subject to repurchase by us at the option of the holders.

Ranking

The notes will be unsecured, unless we are required to secure them as described below under Certain covenants Limitations on liens. The notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior unsecured debt, including borrowings under our revolving credit facility and 364-day revolving credit facility, and senior to any future subordinated debt that we may incur.

We currently conduct substantially all our operations through our Subsidiaries, and our Subsidiaries generate substantially all our operating income and cash flow. As a result, we depend on distributions or advances from our Subsidiaries for funds to meet our debt service obligations. Contractual provisions or laws, as well as our Subsidiaries' financial condition and operating requirements, may limit our ability to obtain from our Subsidiaries cash that we require to pay our debt service obligations, including payments on the notes. The notes will be structurally subordinated to all obligations of our Subsidiaries, including claims of trade payables, except for any Subsidiary Guarantees as described below under Potential guarantee of notes by subsidiaries. This means that you, as a holder of the notes, will have a junior position to the claims of creditors of such Subsidiaries

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on their assets and earnings. The notes will also be effectively subordinated to any secured debt we may incur, to the extent of the value of the assets securing that debt. The indenture does not limit the amount of debt we or our Subsidiaries may incur.

As of December 31, 2015, we had an aggregate of approximately \$3.46 billion of total debt outstanding, excluding discounts and fair value adjustments, all of which would rank equally in right of payment with the notes. None of such total debt was borrowings outstanding under our revolving credit facility and 364-day revolving credit facility. As of December 31, 2015, our Subsidiaries had no debt for borrowed money owing to any unaffiliated third parties.

Potential guarantee of notes by subsidiaries

Initially, the notes will not be guaranteed by any of our Subsidiaries. In the future, however, if any of our Subsidiaries become guarantors or co-obligors of our Funded Debt, then those Subsidiaries will jointly and severally, fully and unconditionally, guarantee our payment obligations under the notes. We refer to any such Subsidiaries as **Subsidiary Guarantors** and sometimes to such guarantees as **Subsidiary Guarantees**. Each Subsidiary Guarantor will execute a supplement to the indenture to provide its guarantee.

The obligations of each Subsidiary Guarantor under its guarantee of the notes will be limited to the maximum amount that will not result in the obligations of the Subsidiary Guarantor under the guarantee constituting a fraudulent conveyance or fraudulent transfer under federal or state law, after giving effect to:

all other contingent and fixed liabilities of the Subsidiary Guarantor; and

any collections from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under its guarantee.

Addition and release of subsidiary guarantors

The guarantee of any Subsidiary Guarantor may be released under certain circumstances. If we exercise our legal or covenant defeasance option with respect to the notes as described below under **Defeasance** or discharge our obligations under the indenture with respect to the notes as described below under **Satisfaction and discharge**, then any Subsidiary Guarantee will be released. Further, if no Default has occurred and is continuing under the indenture, a Subsidiary Guarantor will be unconditionally released and discharged from its guarantee:

automatically upon any sale, exchange or transfer, whether by way of merger or otherwise, to any person that is not our affiliate, of all of our direct or indirect limited partnership, limited liability company or other equity interests in the Subsidiary Guarantor;

automatically upon the merger of the Subsidiary Guarantor into us or any other Subsidiary Guarantor or the liquidation or dissolution of the Subsidiary Guarantor; or

upon delivery of a written notice by us to the trustee of the release of all guarantees by the Subsidiary Guarantor of any Funded Debt of ours, except the debt securities outstanding under the indenture.

If at any time following any release of a Subsidiary Guarantor from its initial guarantee of the notes pursuant to the third bullet point in the preceding paragraph, the Subsidiary Guarantor again guarantees any of our Funded Debt (other than our obligations under the indenture), then we will cause the Subsidiary Guarantor to again guarantee the notes in accordance with the indenture.

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Certain covenants

The following is a description of certain covenants of the indenture that limit our ability and the ability of our Subsidiaries to take certain actions.

Limitations on liens

We will not, nor will we permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property or upon any capital stock of any Restricted Subsidiary, whether owned or leased on the date of the indenture or thereafter acquired, to secure any Debt of ours or any other Person (other than debt securities issued under the indenture), without in any such case making effective provision whereby all of the notes and other debt securities then outstanding under the indenture are secured equally and ratably with, or prior to, such Debt so long as such Debt is so secured. This restriction does not apply to or prevent the creation or existence of:

any Lien on any property or assets owned by us or any Restricted Subsidiary in existence on the Issue Date or created pursuant to an after acquired property clause or similar term in existence on the Issue Date in any mortgage, pledge agreement, security agreement or other similar instrument applicable to us or any Restricted Subsidiary and in existence on the Issue Date;

any Lien on any property or assets created at the time of acquisition of such property or assets by us or any Restricted Subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or assets or Debt incurred to finance such purchase price, whether such Debt was incurred prior to, at the time of or within one year of such acquisition;

any Lien on any property or assets existing thereon at the time of the acquisition thereof by us or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by us or any Restricted Subsidiary), provided that such Lien only encumbers the property or assets so acquired;

any Lien on any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise, provided that such Lien is not incurred in anticipation of such Person becoming a Restricted Subsidiary;

any Lien on any property or assets to secure all or part of the cost of construction, development, repair or improvements thereon or to secure Debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof (whichever is later), to provide funds for any such purpose;

any Lien in favor of us or any Restricted Subsidiary;

any Lien created or assumed by us or any Restricted Subsidiary in connection with the issuance of Debt the interest on which is excludable from gross income of the holder of such Debt pursuant to the Internal Revenue Code of 1986, as amended, or any successor statute, for the purpose of financing, in whole or in part, the acquisition or construction of property or assets to be used by us or any Subsidiary;

Permitted Liens;

any Lien on any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument, creating a Lien upon such property or assets permitted by the first eight bullet points, inclusive, above; or

any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refundings or replacements) of any Lien, in whole or in part, that is referred to in the first nine bullet points, inclusive, above, or of any Debt secured thereby; provided, however, that the principal amount of Debt secured thereby shall not exceed the greater of (A) the principal amount of Debt so secured at the time of such extension, renewal, refinancing, refunding or replacement (plus the aggregate amount of premiums, other payments, costs and expenses required to be paid or incurred in connection with such

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extension, renewal, refinancing, refunding or replacement) and (B) the maximum committed principal amount of Debt so secured at such time; provided further, however, that such extension, renewal, refinancing, refunding or replacement shall be limited to all or a part of the property or assets (including improvements, alterations and repairs on such property or assets) subject to the Lien so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property or assets).

Notwithstanding the preceding, under the indenture, we may, and may permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property or capital stock of a Restricted Subsidiary to secure our Debt or the Debt of any other Person (other than debt securities issued under the indenture) that is not excepted by the bullet points above without securing the notes and other debt securities issued under the indenture, provided that the aggregate principal amount of all Debt then outstanding secured by such Lien and all other Liens not excepted by the bullet points above, together with all net sale proceeds from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by bullet points one through four, inclusive, of the first paragraph of the restriction on sale-leasebacks covenant described below), does not exceed at any one time 15% of Consolidated Net Tangible Assets.

Restriction on sale-leasebacks

We will not, and will not permit any Restricted Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

the Sale-Leaseback Transaction occurs within one year from the date of acquisition of the Principal Property subject thereto or the date of the completion of construction or commencement of full operations on such Principal Property, whichever is later;

the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

we or such Restricted Subsidiary would be entitled under the limitations on liens covenant described above to incur Debt secured by a Lien on the Principal Property subject to the Sale- Leaseback Transaction in a principal amount equal to or exceeding the net sale proceeds from such Sale-Leaseback Transaction without equally and ratably securing the debt securities issued under the indenture; or

we or such Restricted Subsidiary, within a one-year period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (A) the prepayment, repayment, redemption or retirement of any unsubordinated Funded Debt of us or any Funded Debt of a Subsidiary of ours, or (B) investment in another Principal Property.

Notwithstanding the preceding, we may, and may permit any Restricted Subsidiary to, effect any Sale-Leaseback Transaction that is not excepted by bullet points one through four, inclusive, of the above paragraph, provided that the net sale proceeds from such Sale-Leaseback Transaction, together with the aggregate principal amount of then outstanding Debt (other than debt securities issued under the indenture) secured by Liens upon Principal Properties not excepted by bullet points one through ten, inclusive, of the first paragraph of the limitations on liens covenant described above do not exceed at any one time 15% of Consolidated Net Tangible Assets.

Limitation on amending partnership agreement

Except in limited circumstances, we may not amend certain provisions of our partnership agreement, in a manner that is materially adverse to the interests of the holders of the notes, that require us to maintain our separate existence, resolve any conflicts of interest with our general partner and its affiliates in a manner that is fair and reasonable to us, or take certain actions related to our bankruptcy or liquidation without the approval of the conflicts committee of our general partner.

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Reports

So long as any notes are outstanding, we will be required to comply with the covenant under the caption *Description of Our Debt Securities Covenants Reports* of the accompanying base prospectus. We are also required to furnish to the trustee annually a statement as to our compliance with all covenants under the indenture.

Merger, amalgamation, consolidation and sale of assets

We will not merge, amalgamate or consolidate with or into any other Person or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our assets to any Person, whether in a single transaction or series of related transactions, except in accordance with the provisions of our partnership agreement, and unless:

we are the surviving Person in the case of a merger, or the surviving or transferee Person if other than us:

is a partnership, limited liability company or corporation organized under the laws of the United States, a state thereof or the District of Columbia; and

expressly assumes by supplemental indenture satisfactory to the trustee all of our obligations under the indenture and the debt securities issued under the indenture;

immediately after giving effect to the transaction or series of transactions, no Default or Event of Default has occurred or is continuing;

if we are not the surviving Person, then each Subsidiary Guarantor, unless it is the Person with which we have consummated a transaction under this provision, has confirmed that its guarantee of the notes will continue to apply to the obligations under the notes and the indenture; and

we have delivered to the trustee an officers' certificate and opinion of counsel, each stating that the merger, amalgamation, consolidation, sale, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required, the supplemental indenture, comply with the conditions set forth above and any other applicable provisions of the indenture.

Thereafter, if we are not the surviving Person, the surviving or transferee Person will be substituted for us under the indenture. If we sell or otherwise dispose of (except by lease) all or substantially all of our assets and the above stated requirements are satisfied, we will be released from all of our liabilities and obligations under the indenture and the notes. If we lease all or substantially all of our assets, we will not be so released from our obligations under the indenture and the notes.

Events of default

Events of default

In addition to the *Events of Default* described under the caption *Description of Our Debt Securities Events of Default, Reme*