MAGELLAN MIDSTREAM PARTNERS LP Form 424B2 February 25, 2014 Table of Contents

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The information in this preliminary prospectus supplement and the accompanying base prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUPPLEMENT

SUBJECT TO COMPLETION, DATED FEBRUARY 25, 2014

To prospectus dated August 2, 2012

\$250,000,000

5.15% Senior Notes due 2043

This is an offering by Magellan Midstream Partners, L.P. of \$250 million aggregate principal amount of 5.15% Senior Notes due 2043. Interest will be payable on the notes on April 15 and October 15 of each year. The notes will mature on October 15, 2043. Interest on the notes will accrue from October 10, 2013, and the first interest payment on the notes will be due on April 15, 2014.

The notes offered hereby will be additional notes issued under an indenture, as supplemented by a supplemental indenture, pursuant to which we previously issued \$300 million in aggregate principal amount of 5.15% Senior Notes due 2043. The notes offered hereby, together with the previously issued notes, will be treated as a single series for purposes of notices, consents, waivers, amendments and any other action permitted under the indenture.

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 facility, and senior to any future subordinated debt that we may incur.

Investing in the notes involves risks that are described in the <u>Risk Factors</u> 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, 2013.

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.

| | | | Proceeds, Before |
|----------|-----------------|--------------|------------------|
| | Public Offering | Underwriting | Expenses, to |
| | Price(1) | Discount | Magellan(1) |
| Per note | % | % | |
| Total | \$ | \$ | \$ |

⁽¹⁾ Plus accrued interest from October 10, 2013 until the date of delivery.

There is no established trading market for the notes. 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 offered hereby 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 , 2014.

Joint book-running managers

Wells Fargo Securities

Barclays

Mitsubishi UFJ Securities

US Bancorp

The date of this prospectus supplement is , 2014

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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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SUMMARY

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, 2013, 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, 2013, our three operating segments included:

our refined products segment, including our 9,500-mile refined products pipeline system with 53 terminals as well as 27 independent terminals not connected to our pipeline system and our 1,100-mile ammonia pipeline system;

our crude oil segment, comprised of approximately 1,100 miles of crude oil pipelines and storage facilities with an aggregate storage capacity of approximately 18 million barrels, of which 12 million is used for leased storage; and

our marine storage segment, consisting of marine terminals located along coastal waterways with an aggregate storage capacity of approximately 27 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.

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

Total 100.0%

The Offering

Issuer Magellan Midstream Partners, L.P.

Securities \$250 million aggregate principal amount of 5.15% Senior Notes due 2043.

> The notes offered hereby are being offered as additional notes under the indenture, dated as of August 11, 2010, as supplemented by the third supplemental indenture dated as of October 10, 2013, with U.S. Bank National Association, as trustee, pursuant to which we issued \$300 million aggregate principal amount of our 5.15% Senior Notes due 2043, which we refer to as the original notes, on October 10, 2013. The notes offered hereby and the original notes will be treated as a single series for purposes of notices, consents, waivers, amendments and any other action permitted under the indenture. Upon completion of this offering, the aggregate principal amount of outstanding notes under this series will be \$550 million.

Maturity Date October 15, 2043.

Interest Payment Dates April 15 and October 15 of each year, beginning April 15, 2014. Interest will accrue

from October 10, 2013.

Use of Proceeds We intend to use the net proceeds from this offering to repay borrowings outstanding under our revolving credit facility and for general partnership purposes, which may include capital expenditures. Pending application of the net proceeds, we may make investments in interest bearing securities or accounts. See Use of Proceeds in this

prospectus supplement.

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 April 15, 2043 (the date that is six 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 and the sum of the present values of the remaining scheduled payments of principal and interest on the notes, plus a make-whole premium. If we elect to redeem the notes on or after April 15, 2043 (the date that is six months prior to the maturity date of the notes), 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.

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

Optional Redemption

Subsidiary Guarantees

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 facility, and senior to any future subordinated debt that we may incur.

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, 2013, our subsidiaries had no debt for borrowed money owing to any unaffiliated third parties.

Certain Covenants

We will issue the notes as additional notes under the indenture, dated as of August 11, 2010, as supplemented by the third supplemental indenture dated as of October 10, 2013, 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

The notes offered hereby are additional notes (as defined in the indenture) that will constitute a single series with the original notes. We may again, 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 original notes and the notes offered hereby (except for the public offering price, the issue date and the payment of interest accruing prior to the date such additional notes are initially issued under the indenture). Any additional notes having such similar terms, together with the notes offered hereby and the original notes, 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, 2013, for a discussion of factors you should carefully consider before investing in the notes.

Governing Law

The notes offered hereby will be, and the indenture governing the notes is, 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, 2011, 2012 and 2013. This financial data (other than balance sheet data for 2011, which was derived from previously filed audited consolidated financial statements) 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, 2013. 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.

The financial measures of distributable cash flow, adjusted EBITDA and operating margin, which are not prepared in accordance with generally accepted accounting principles (GAAP), are presented in the summary financial data. We have presented these financial measures because 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 a non-GAAP measure. 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. Management uses distributable cash flow to determine the amount of cash our operations generated that is available for distribution to our limited partners 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. A reconciliation of operating margin to operating profit and net income to adjusted EBITDA, which are the nearest comparable GAAP financial measures, are included in the following tables. A reconciliation of segment operating margin to segment operating profit is included in our Annual Report on Form 10-K for the year ended December 31, 2013. Operating margin is an important measure of the economic performance of our core operations, and we believe that investors benefit from having access to the same financial measures utilized by management. 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.

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

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| | | Year Ended December 31, | | | | | |
|---|----|---------------------------------------|------|--------------|------|--------------|--|
| (In thousands, except per unit amounts) | - | | | 2013 | | | |
| Income statement data: | | | | | | | |
| Transportation and terminals revenue | \$ | 893,369 | \$ | 970,744 | \$: | 1,138,328 | |
| Product sales revenue | | 854,528 | | 799,382 | | 744,669 | |
| Affiliate management fee revenue | | 770 | | 1,948 | | 14,609 | |
| | | | | | | | |
| Total revenue | | 1,748,667 | | 1,772,074 | | 1,897,606 | |
| Operating expenses | | 306,415 | | 328,454 | | 346,070 | |
| Cost of product sales | | 706,270 | | 657,108 | | 578,029 | |
| Earnings of non-controlled entities | | (6,763) | | (2,961) | | (6,275) | |
| | | | | | | | |
| Operating margin | | 742,745 | | 789,473 | | 979,782 | |
| Depreciation and amortization expense | | 121,179 | | 128,012 | | 142,230 | |
| General and administrative expense | | 98,669 | | 109,403 | | 132,496 | |
| | | | | | | | |
| Operating profit | | 522,897 | | 552,058 | | 705,056 | |
| Interest expense, net | | 105,634 | | 111,679 | | 115,782 | |
| Debt placement fee amortization | | 1,831 | | 2,087 | | 2,424 | |
| F | | -, | | _, | | _, | |
| Income before provision for income taxes | | 415,432 | | 438,292 | | 586,850 | |
| Provision for income taxes | | 1,866 | | 2,622 | | 4,613 | |
| | | | | | | | |
| Net income | \$ | 413,566 | \$ | 435,670 | \$ | 582,237 | |
| | | | | | | | |
| Net income allocation: | | | | | | | |
| Limited partner interests | \$ | · · · · · · · · · · · · · · · · · · · | \$ | 435,670 | \$ | 582,237 | |
| Non-controlling owners interest | | (63) | | | | | |
| | | | | | | | |
| Net income | \$ | 413,566 | \$ | 435,670 | \$ | 582,237 | |
| | | | | | | | |
| Basic net income per limited partner unit | \$ | 1.83 | \$ | 1.92 | \$ | 2.57 | |
| Diluted net income per limited partner unit | \$ | 1.83 | \$ | 1.92 | \$ | 2.56 | |
| Balance sheet data: | | | | | | | |
| Working capital (deficit)(a) | \$ | 301,135 | \$ | 307,658 | \$ | (241,543) | |
| Total assets | \$ | 4,045,001 | \$ 4 | 4,420,067 | \$ 4 | 1,820,812 | |
| Long-term debt (excluding current portion) | \$ | 2,151,775 | \$ 2 | 2,393,408 | \$ 2 | 2,435,316 | |
| Owners equity | \$ | | | \$ 1,515,702 | | \$ 1,647,442 | |
| Cash distribution data: | | | | | | | |
| Cash distributions declared per unit(b) | \$ | 1.59 | \$ | 1.88 | \$ | 2.18 | |
| Cash distributions paid per unit(b) | \$ | 1.56 | \$ | 1.78 | \$ | 2.10 | |
| | | | | | | | |

| | Year Ended December 31, | | |
|---|-------------------------|------------|------------|
| (In thousands) | 2011 2012 201 | | |
| Other data: | | | |
| Operating margin: | | | |
| Refined products | \$ 574,030 | \$ 592,828 | \$ 693,985 |
| Crude oil | 74,225 | 91,367 | 176,420 |
| Marine storage | 91,571 | 102,323 | 106,198 |
| Allocated partnership depreciation costs(c) | 2,919 | 2,955 | 3,179 |
| Operating margin | \$ 742,745 | \$ 789,473 | \$ 979,782 |
| Adjusted EBITDA and distributable cash flow: | | | |
| Net income | \$ 413,566 | \$ 435,670 | \$ 582,237 |
| Interest expense, net | 105,634 | 111,679 | 115,782 |
| Depreciation and amortization expense(d) | 123.010 | 130.099 | 144,654 |
| Equity-based incentive compensation expense(e) | 10,243 | 8,038 | 11,823 |
| Asset retirements and impairments | 8,599 | 12,622 | 7,835 |
| Commodity-related adjustments: | 0,377 | 12,022 | 7,033 |
| Derivative losses (gains) recognized in the period associated with future product transactions(f) | (5,909) | 6,424 | 8,086 |
| Derivative (losses) gains recognized in previous periods associated with products sold in the | (=,, ,, | -, | 3,000 |
| period(g) | (15,162) | 3,649 | (6,425) |
| Lower-of-cost-or-market adjustments | 1,017 | 983 | (2,000) |
| Houston-to-El Paso cost of sales adjustment(h) | (2,316) | 1,838 | |
| Other | (2,504) | 4,850 | (409) |
| A directed EDITO A | 636,178 | 715,852 | 861,583 |
| Adjusted EBITDA | (105,634) | (111,679) | (115,782) |
| Interest expense, net Maintenance conital (not of mimburgaments) | , , , | . , , | , , |
| Maintenance capital (net of reimbursements) | (70,002) | (64,396) | (76,081) |
| Distributable cash flow | \$ 460,542 | \$ 539,777 | \$ 669,720 |

| | Yea | Year Ended December 31, | | | |
|--|----------|-------------------------|----------|--|--|
| | 2011 | 2012 | 2013 | | |
| Operating statistics: | | | | | |
| Refined products: | | | | | |
| Transportation revenue per barrel shipped | \$ 1.175 | \$ 1.230 | \$ 1.313 | | |
| Volume shipped (million barrels): | | | | | |
| Gasoline | 208.9 | 223.7 | 239.7 | | |
| Distillates | 136.0 | 136.7 | 146.5 | | |
| Aviation fuel | 25.3 | 21.5 | 21.1 | | |
| Liquefied petroleum gases | 4.9 | 8.5 | 7.8 | | |
| | | | | | |
| Total volume shipped | 375.1 | 390.4 | 415.1 | | |
| Crude oil:(i) | | | | | |
| Transportation revenue per barrel shipped | \$ 0.275 | \$ 0.305 | \$ 0.880 | | |
| Volume shipped (million barrels) | 43.2 | 72.0 | 113.2 | | |
| Crude oil terminal average utilization (million barrels per month) | 9.3 | 12.6 | 12.3 | | |
| Marine storage: | | | | | |
| Marine terminal average utilization (million barrels per month) | 24.7 | 23.8 | 23.0 | | |

⁽a) Working capital deficit at December 31, 2013 included the current portion of long-term debt of approximately \$250 million consisting of our 6.45% notes due 2014. We intend to refinance these notes with long-term debt prior to their maturity date in June 2014.

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- (b) Cash distributions declared represent distributions declared associated with 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.
- (c) Certain depreciation expense was allocated to our various business segments, which in turn recognized these allocated costs as operating expense, reducing segment operating margins by these amounts.
- (d) Includes debt placement fee amortization.
- (e) Excludes the tax withholdings on settlement of these equity-based incentive awards, which were paid in cash.
- (f) Certain derivatives we use as economic hedges have not been designated as hedges for accounting purposes and the mark-to-market changes for these derivatives are recognized currently in earnings. These amounts represent the gains or losses from economic hedges recognized in our earnings during the period associated with products that had not yet been physically sold as of the period end date.
- (g) When we physically sell products that we have economically hedged (but were not designated as hedges for accounting purposes), we include in our distributable cash flow calculations the full amount of the change in fair value of the associated derivative agreement.
- (h) Cost of sales adjustment related to commodity activities for our Houston-to-El Paso pipeline section to more closely resemble current market prices for distributable cash flow purposes rather than average inventory costing as used to determine our results of operations. As of December 31, 2012, we no longer perform this activity.
- (i) Until the completion of our Longhorn crude oil pipeline reversal project in 2013, all of the volumes on our crude oil pipelines were on our South Texas pipeline system and these volumes traveled short distances. We charged a significantly lower tariff rate for such shipments than for the rest of our pipeline systems.

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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, 2013, which are 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 an additional issue of a series of debt securities for which there is no established public 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 currently intend to continue 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. 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, 2013, 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;

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was insolvent or rendered insolvent by reason of such incurrence;

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 November 2018, is \$1.0 billion. As of February 21, 2014, we had approximately \$138 million of outstanding indebtedness under our revolving credit facility. If we incur any additional indebtedness, including borrowings under our revolving credit facility, 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 also permits 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.

Tax Risks

Our tax treatment will depend on our status as a partnership for federal income tax purposes, as well as our not being subject to entity-level taxation by individual states. If the Internal Revenue Service (the IRS) treats us as a corporation for tax purposes or we become subject to entity-level taxation, it would reduce the amount of cash available for payment of principal and interest on the notes.

If we were classified as a corporation for federal income tax purposes, we would be required to 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 and local income tax at varying rates. Treatment of us as a corporation would cause 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, members of the U.S. Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. Any modification to the federal income tax laws and interpretations thereof could materially and adversely affect our ability to make payments on the notes. We are unable to predict whether any such changes or any other proposals will ultimately be enacted. At the state level, changes in current state law may subject us to additional entity level taxation by individual states. Due to widespread 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 we have available to make payments on the notes.

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RATIO OF EARNINGS TO FIXED CHARGES

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

| | | | Year endec | d | |
|------------------------------------|------|--------------|------------|------|------|
| | | December 31, | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Ratio of earnings to fixed charges | 4.0x | 4.2x | 4.7x | 4.6x | 5.2x |

For purposes of calculating the ratio of earnings to fixed charges:

fixed charges represent interest expense (including amounts capitalized), amortization of debt costs and the portion of rental expense representing the interest factor; and

earnings represent the aggregate of income from continuing operations (before adjustment for income taxes, extraordinary loss (gain), earnings from equity investments and cumulative effect of change in accounting principle), fixed charges, amortization of capitalized interest and distributions from equity investment, less capitalized interest.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$\frac{million}{million}\$, after deducting the underwriting discount and estimated offering expenses payable by us and excluding accrued interest of approximately \$\frac{million}{million}\$. We intend to use the net proceeds from this offering to repay borrowings outstanding under our revolving credit facility and for general partnership purposes, which may include capital expenditures. Pending application of the net proceeds, we may make investments in interest bearing securities or accounts.

Borrowings under our revolving credit facility have been used for general partnership purposes, including capital expenditures and business acquisitions. Amounts repaid on our revolving credit facility may be re-drawn in the future. The revolving credit facility s maturity date is November 21, 2018, and as of February 21, 2014, the weighted-average interest rate on borrowings outstanding under this facility was approximately 1.28% and the outstanding balance was approximately \$138 million.

Affiliates of each of the underwriters participating in this offering are lenders under our revolving credit facility and will receive a portion of the proceeds of this offering through our repayment of the indebtedness outstanding under this facility with such proceeds. Please see Underwriting.

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CAPITALIZATION

The following table sets forth our cash balance and capitalization as of December 31, 2013:

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 \$\) million, after deducting the underwriting discount and estimated offering expenses payable by us and excluding accrued interest of approximately \$\) million.

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.

| | As of Decen | As of December 31, 2013 | | |
|--|-------------|-------------------------|----------|--|
| (Dollars in millions) | Historical | As | adjusted | |
| Cash and cash equivalents(1) | \$ 25.2 | \$ | | |
| | | | | |
| Debt: | | | | |
| Revolving credit facility(2) | \$ | \$ | | |
| 6.45% senior notes due 2014 | 250.0 | | 250.0 | |
| 5.65% senior notes due 2016 | 251.2 | | 251.2 | |
| 6.40% senior notes due 2018 | 259.3 | | 259.3 | |
| 6.55% senior notes due 2019 | 571.5 | | 571.5 | |
| 4.25% senior notes due 2021 | 557.2 | | 557.2 | |
| 6.40% senior notes due 2037 | 249.0 | | 249.0 | |
| 4.20% senior notes due 2042 | 248.4 | | 248.4 | |
| 5.15% senior notes due 2043 (including the notes offered hereby) | 298.7 | | | |
| | | | | |
| Total debt | \$ 2,685.3 | \$ | | |
| Total partners capital | \$ 1,647.4 | \$ | 1,647.4 | |
| | | | | |
| Total capitalization | \$ 4,332.7 | \$ | | |

- (1) As of February 21, 2014, we had approximately \$2.5 million of cash and cash equivalents.
- (2) As of February 21, 2014, we had approximately \$138 million of borrowings outstanding under our revolving credit facility.

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DESCRIPTION OF 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 amended and supplemented by a third supplemental indenture, dated as of October 10, 2013, pursuant to which we issued \$300 million in aggregate principal amount of 5.15 % Senior Notes due 2043 on October 10, 2013, which we refer to as the original notes. The notes offered hereby are additional notes (as defined below) under the indenture and will be treated together with the original notes as a single series for purposes of notices, consents, waivers, amendments and any other action permitted under the indenture. We refer to the notes offered hereby as additional notes. References to the notes in this section of this prospectus supplement include both the original notes and the additional notes.

The third supplemental indenture sets forth certain specific terms applicable to the notes, and references to the indenture in this description mean the senior indenture as so supplemented by the third 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 constitute the third series of debt securities issued under the indenture.

General

The Additional Notes

We will issue the additional notes in an aggregate principal amount of \$250 million. The additional notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The additional notes:

will be our general senior unsecured obligations;

will, together with the \$300 million aggregate principal amount of 5.15% Senior Notes due 2043 issued on October 10, 2013, be part of a series without limitation as to aggregate principal amount;

will mature on October 15, 2043;

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.

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Interest

Interest on the additional notes will:

accrue at the rate of 5.15% per annum;

accrue from October 10, 2013 or the most recent interest payment date;

be payable in cash semi-annually in arrears on April 15 and October 15 of each year, beginning April 15, 2014;

be payable to holders of record on April 1 and October 1 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 additional notes, like the original 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.

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Additional Issuances

The indenture provides for our issuance of notes of this series with an unlimited principal amount. The notes offered hereby are additional notes to the \$300 million principal amount of original notes we previously issued on October 10, 2013 and will constitute a single series with the original notes. We may from time to time, without notice or the consent of the holders of the notes, again create and issue notes of this series ranking equally and ratably with the additional notes offered hereby and the original notes in all respects (except for the public offering price, the issue date and the payment of interest accruing prior to the date such additional notes are initially issued under the indenture), so that such notes form a single series with the additional notes offered hereby and the original notes and have the same terms as to status, redemption or otherwise as the original notes and these additional notes. Any additional notes having such similar terms, together with the notes offered hereby and the original notes, will constitute a single series under the indenture.

Optional Redemption

The notes will be redeemable, at our option, in whole or in part at any time prior to April 15, 2043 (the date that is six months prior to the maturity date of the notes), at a price 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 (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 25 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 April 15, 2043 (the date that is six months prior to the maturity date of the notes) 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 four 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 six such Reference Treasury Dealer Quotations, the average of all such quotations.

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Independent Investment Banker means J.P. Morgan Securities LLC or Citigroup Global Markets Inc. or any of their respective successor firms, or if each such firm is unwilling or 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 (1) J.P. Morgan Securities LLC and Citigroup Global Markets Inc., or their successors; and (2) two other Primary Treasury Dealers (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 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 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.

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As of December 31, 2013, we had an aggregate of approximately \$2.7 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. As of December 31, 2013, 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 are 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.

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

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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 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

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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.

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.

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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: