MAGELLAN MIDSTREAM PARTNERS LP
Form 424B2
August 18, 2011
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Filed pursuant to Rule 424(b)(2)

Registration No. 333-162929

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price	Registration Fee(1)
Debt Securities	$250,000,000	$29,025

(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. 333-162929 by means of this prospectus supplement.

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PROSPECTUS SUPPLEMENT

(To prospectus dated November 5, 2009)

$250,000,000

4.25% Senior Notes due 2021

This is an offering by Magellan Midstream Partners, L.P. of $250 million aggregate principal amount of 4.25% Senior Notes due 2021. Interest on the notes is payable on February 1 and August 1 of each year beginning February 1, 2012. Interest on the notes will accrue from August 1, 2011. The notes will mature on February 1, 2021. 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 4.25% Senior Notes due 2021. 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 a redemption price that includes a make-whole premium, as described under the caption Description of Notes Optional Redemption.

The notes will be general unsecured senior obligations and rank equally with all of our existing and future senior debt and senior to any future subordinated debt that we may incur. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

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 prospectus.

	Per Note	Total
Public offering price (1)	104.094%	$ 260,235,000
Underwriting discount	0.650%	$ 1,625,000
Proceeds, before expenses, to us (1)	103.444%	$ 258,610,000

(1) Excludes accrued interest from August 1, 2011.

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 prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any national securities exchange or quoted on any automated quotation system (currently, there is no public market for the notes).

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 August 24, 2011.

BofA Merrill Lynch

J.P. Morgan

SunTrust Robinson Humphrey

Wells Fargo Securities

Citigroup **Deutsche Bank Securities** **Mitsubishi UFJ Securities** **SMBC Nikko**

The date of this prospectus supplement is August 17, 2011

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Prospectus Supplement

Prospectus dated November 5, 2009

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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 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 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 and the accompanying prospectus. 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 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 prospectus, unless we indicate otherwise, the terms our, we, us and similar terms refer to Magellan Midstream Partners, L.P., together with our subsidiaries.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying 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 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 page 3 of the accompanying prospectus as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2010 for more information about important factors that you should consider before buying 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, such as gasoline and diesel fuel, and crude oil. As of June 30, 2011, our three operating segments included:

- our petroleum pipeline system segment, comprising 9,600 miles of pipeline and 51 terminals;
- our petroleum terminals segment, which includes storage terminal facilities (consisting of six marine terminals located along coastal waterways and crude oil storage in Cushing, Oklahoma) and 27 inland terminals; and
- our ammonia pipeline system segment, comprising our 1,100-mile ammonia pipeline and six associated terminals.

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	99.8%
Officer and director common units	0.2%
General partner interest	0.0%
Total	100.0%

Recent Developments

On August 15, 2011, we received a Notice of Preliminary Finding from the Texas Commission on Environmental Quality dated August 12, 2011 (the TCEQ Notice) for an emissions event compliance investigation relating to a February 2011 pipeline release from our refined products pipeline near Texas City, Texas. The TCEQ Notice refers to the same pipeline release previously disclosed in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011. The TCEQ Notice does not specify any amount of potential monetary sanctions. Although potential monetary sanctions relating to the TCEQ Notice could exceed $100,000, we do not believe that such sanctions will have a material impact on our results of operations, financial position or cash flows.

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THE NOTES OFFERING

Issuer	Magellan Midstream Partners, L.P.
Securities	$250 million aggregate principal amount of 4.25% Senior Notes due 2021. The notes offered hereby are being offered as additional notes under the indenture, dated as of August 11, 2010, as supplemented by the first supplemental indenture dated as of August 11, 2010, with U.S. Bank National Association, as trustee, pursuant to which we issued $300 million aggregate principal amount of our 4.25% Senior Notes due 2021, which we refer to as the original notes, on August 11, 2010. 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	February 1, 2021.
Interest Payment Dates	February 1 and August 1 of each year, beginning February 1, 2012. Interest will accrue from August 1, 2011.
Use of Proceeds	We intend to use the net proceeds from this offering to repay all of the borrowings outstanding under our revolving credit facility, and we will use the balance, if any, for general partnership purposes, including investments in interest bearing securities or accounts.
Optional Redemption	We may redeem some or all of the notes at any time or from time to time at a redemption price, which includes a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date, as described under the caption Description of Notes Optional Redemption.
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 and the original notes.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future senior debt, including borrowings under our revolving credit facility, and senior to any future subordinated debt. 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 June 30, 2011, our subsidiaries had no debts for borrowed money owing to any unaffiliated third parties.

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Certain Covenants	We will issue the notes as additional notes under the indenture, dated as of August 11, 2010, as supplemented by the first supplemental indenture, dated as of August 11, 2010, 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. 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 prospectus, as well as the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2010, 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 summary financial and operating data as of and for the years ended December 31, 2008, 2009 and 2010 and as of and for the six months ended June 30, 2010 and 2011. 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, 2010 and from our unaudited consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the six months ended June 30, 2011. 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 prospectus and have been filed with the Securities and Exchange Commission (SEC). All other data have been derived from our financial records.

The financial measures of distributable cash flow and operating margin, which are not prepared in accordance with generally accepted accounting principles, or 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.

We define distributable cash flow, which is a non-GAAP measure, in the following table. 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 available cash that our operations generated that is available for distribution to our limited partners. A reconciliation of distributable cash flow to net income, the most directly comparable GAAP measure, is included in the following table.

In addition to distributable cash flow, the non-GAAP measure of operating margin (in the aggregate and by segment) is presented in the Income Statement Data and Other Data sections of the following table. We compute the components of operating margin by using amounts that are determined in accordance with GAAP. A reconciliation of total operating margin to operating profit, which is its nearest comparable GAAP financial measure, is included in the following table. 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, 2010 and our Quarterly Report on Form 10-Q for the six months ended June 30, 2011. Operating margin is an important measure of the economic performance of our core operations. This measure forms the basis of our internal financial reporting and is used by our management in deciding how to allocate capital resources between segments. Operating profit, alternatively, includes expense items, such as depreciation and amortization and general and administrative expenses, which our management does not consider when evaluating the core profitability of an operation.

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	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	(in thousands, except per unit amounts and operating statistics)			(unaudited)	
Income Statement Data:					
Transportation and terminals revenues	$ 638,810	$ 678,945	$ 793,599	$ 366,342	$ 428,600
Product sales revenues	574,095	334,465	763,090	386,034	397,239
Affiliate management fee revenues	733	761	758	379	385
Total revenues	1,213,638	1,014,171	1,557,447	752,755	826,224
Operating expenses	264,871	257,635	282,212	132,396	143,684
Product purchases	436,567	280,291	668,585	316,523	330,066
Gain on assignment of supply agreement	(26,492)				
Equity earnings	(4,067)	(3,431)	(5,732)	(2,669)	(2,810)
Operating margin	542,759	479,676	612,382	306,505	355,284
Depreciation and amortization expense	86,501	97,216	108,668	52,057	60,027
General and administrative expense	73,302	84,049	95,316	43,420	49,871
Operating profit	382,956	298,411	408,398	211,028	245,386
Interest expense, net	50,479	69,187	93,296	42,633	50,602
Debt placement fee amortization	767	1,112	1,401	657	770
Other (income) expense, net	(380)	(24)	750		
Income before provision for income taxes	332,090	228,136	312,951	167,738	194,014
Provision for income taxes	1,987	1,661	1,371	752	950
Net income	$ 330,103	$ 226,475	$ 311,580	$ 166,986	$ 193,064
Basic and diluted net income per limited partner unit	$ 2.21	$ 2.22	$ 2.85	$ 1.56	$ 1.71
Balance Sheet Data:					
Working capital (deficit)	$ (29,644)	$ 94,571	$ 109,536	$ 133,257	$ 185,553
Total assets	2,600,708	3,163,148	3,717,900	3,276,958	3,849,160
Long-term debt	1,083,485	1,680,004	1,906,148	1,779,658	2,042,246
Owners equity	1,254,132	1,196,354	1,469,571	1,226,730	1,457,450
Cash Distribution Data:					
Cash distributions declared per unit[(a)]	$ 2.77	$ 2.84	$ 2.96	$ 1.45	$ 1.56
Cash distributions paid per unit[(a)]	$ 2.72	$ 2.84	$ 2.91	$ 1.43	$ 1.53

(Footnotes appear on following page)

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	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	(in thousands, except per unit amounts and operating statistics)			(unaudited)	
Other Data:					
Operating margin (loss):					
Petroleum pipeline system	$ 428,903	$ 361,598	$ 480,781	$ 237,300	$ 272,844
Petroleum terminals	101,713	110,573	132,748	65,820	75,627
Ammonia pipeline system	8,660	3,666	(4,156)	1,660	5,730
Allocated partnership depreciation costs[b]	3,483	3,839	3,009	1,725	1,443
Operating margin	$ 542,759	$ 479,676	$ 612,382	$ 306,505	$ 355,284
Distributable Cash Flow:					
Net income	$ 330,103	$ 226,475	$ 311,580	$ 166,986	$ 193,064
Depreciation and amortization expense[c]	87,268	98,328	110,069	52,714	60,797
Equity-based incentive compensation expense[d]	931	6,123	15,499	3,509	1,600
Asset retirements and impairments	7,180	5,529	1,062	(1,281)	7,106
Commodity-related adjustments:					
Derivative losses (gains) recognized in the current period associated with products that will be sold in the future[e]	(20,200)	10,475	14,945	(13,209)	8,765
Derivative losses (gains) recognized in previous periods associated with products that were sold in the current period[f]		20,200	(7,675)	(7,158)	(12,007)
Lower-of-cost-or-market adjustments	6,413	(6,413)		5,182	
Houston-to-El Paso cost of sales adjustment[g]			478	(4,233)	(3,915)
Maintenance capital	(43,232)	(37,999)	(44,620)	(15,023)	(19,370)
Expenses paid by (credited to) a former affiliate[h]	(4,344)	5,144			
Product supply agreement gains[i]	(26,919)				
Other	1,013	541	(1,579)	(1,579)	(739)
Distributable cash flow	$ 338,213	$ 328,403	$ 399,759	$ 185,908	$ 235,301
Operating Statistics:					
Petroleum pipeline system:					
Transportation revenue per barrel shipped	$ 1.193	$ 1.205	$ 1.160	$ 1.265	$ 1.071
Volume shipped (million barrels)[j]	295.9	295.7	359.5	148.4	200.3
Petroleum terminals:					
Storage terminal average utilization (million barrels per month)	21.4	23.5	25.8	23.8	30.5
Inland terminal throughput (million barrels)	108.1	109.8	114.7	56.4	56.9
Ammonia pipeline system:					
Volume shipped (thousand tons)	822	643	462	278	412

[a] 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.

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(b) We own certain assets that have been recorded as property, plant and equipment at the partnership level and not at the segment level. The associated depreciation expense has been allocated to our various business segments, which in turn recognized these allocated costs as operating expense, reducing segment operating margins by these amounts.

(c) Includes debt placement fee amortization.

(d) Excludes the tax withholding on settlement of these equity-based incentive awards, which were paid in cash.

(e) Certain derivatives we use as economic hedges do not qualify for hedge accounting treatment. We recognize the change in fair value of these agreements each accounting period in our earnings, even if the hedged product has not yet been physically sold. These amounts represent the gains or losses of hedged products recognized in our earnings for products that we have not yet physically sold.

(f) When we physically sell products that we have economically hedged (but did not qualify for hedge accounting treatment), we include in our distributable cash flow calculations the full amount of the change in fair value of the associated derivative agreement.

(g) Cost of goods sold adjustment related to transitional commodity activities for our Houston-to-El Paso pipeline 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.

(h) In periods prior to the completion of the simplification of our capital structure in September 2009, we had agreements with our general partner and its affiliates that provided reimbursement for (i) certain general and administrative costs above specified amounts and (ii) certain environmental costs that were subject to an environmental indemnification settlement in 2004. In addition, our general and administrative costs included non cash expenses to us for a payment made by our general partner s affiliate to one of our executive officers. In 2008, we negotiated a settlement with the EPA for environmental matters that were part of the 2004 indemnification settlement. The settlement was for an amount less than had been previously accrued for these matters, which consequently reduced expenses and increased net income.

(i) In October 2004, as part of our acquisition of a pipeline system, we assumed a third-party supply agreement. Because the expected profits from this supply agreement were below the fair value of the associated tariff-based shipments on the acquired pipeline, we recognized a liability for the difference. From 2004 until the first quarter of 2008 we amortized a portion of this liability to revenues. We adjusted these non-cash revenue credits out of our distributable cash flow calculations. In 2008, we assigned this supply agreement to a separate third party and recognized a non-cash gain on that transaction of $26.5 million, which we eliminated from our distributable cash flow calculations.

(j) Excludes capacity leases.

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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 prospectus, and the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2010, which are incorporated by reference into this prospectus supplement and the accompanying 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, 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 senior unsecured obligations. As such, the notes will be effectively junior to any secured debt we may incur in the future, to the existing and future debt and other liabilities of our subsidiaries that do not guarantee the notes and to the future secured debt of any subsidiaries that 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. The notes will be effectively junior to any secured debt we may incur in the future, to the existing and future debt and other liabilities of our subsidiaries that do not guarantee the notes and to the future secured debt of any subsidiaries that guarantee the notes. As of June 30, 2011, 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.

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 (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, at the federal level, in the last session of Congress, the U.S. House of Representatives passed legislation that would eliminate partnership tax treatment for certain publicly traded partnerships. Although such legislation would not apply to us as previously proposed, it could be modified in a manner that does apply to us. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could materially and adversely affect our ability to make payments on the notes. At the state level, because of 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. For example, partnerships operating in Texas are required to pay franchise tax at a maximum effective rate of 0.7% of gross income apportioned to Texas in the prior year. If any state were to impose a tax on us, the cash we have available to make payments on the notes could be materially reduced.

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RATIO OF EARNINGS TO FIXED CHARGES

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

	Year ended December 31,					Six months ended June 30,
	2006	2007	2008	2009	2010	2011
Ratio of earnings to fixed charges	4.2x	5.0x	6.7x	4.0x	4.2x	4.6x

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 $258.1 million, after deducting the underwriting discount and estimated offering expenses payable by us and excluding accrued interest of $0.7 million. We intend to use the net proceeds from this offering to repay all of the borrowings outstanding under our revolving credit facility, and we will use the balance, if any, for general partnership purposes, including 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 paid down on our revolving credit facility may be re-drawn in the future. The revolving credit facility s maturity date is September 30, 2012, and as of August 15, 2011, the weighted-average interest rate on borrowings outstanding under this facility was approximately 0.6% and the outstanding balance was approximately $220.5 million.

Affiliates of certain 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 the repayment by us of the indebtedness outstanding under this facility with such proceeds. Please read the Underwriting (Conflicts of Interest) section of this prospectus supplement for further details.

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CAPITALIZATION

The following table sets forth our cash balance and capitalization as of June 30, 2011 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 ultimate application of the net proceeds therefrom in the manner described under Use of Proceeds.

We expect to receive net proceeds from this offering of approximately $258.1 million, after deducting underwriting discounts and estimated offering expenses payable by us and excluding accrued interest of $0.7 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 prospectus. Please read Use of Proceeds.

	As of June 30, 2011	
	Historical	As adjusted for this offering
	(in thousands)	
Cash and cash equivalents	$ 12,992	$ 121,102
Debt:		
Revolving credit facility[1]	$ 150,000	$
6.45% senior notes due 2014	249,814	249,814
5.65% senior notes due 2016	252,252	252,252
6.40% senior notes due 2018	262,034	262,034
6.55% senior notes due 2019	580,216	580,216
4.25% senior notes due 2021	298,974	559,209
6.40% senior notes due 2037	248,956	248,956
Total debt	$ 2,042,246	2,152,481
Total owners equity	$ 1,457,450	$ 1,457,450
Total capitalization	$ 3,499,696	$ 3,609,931

[1] As of August 15, 2011, the outstanding balance under our revolving credit facility was $220.5 million.

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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 first supplemental indenture, dated as of August 11, 2010, pursuant to which we issued $300 million in aggregate principal amount of 4.25% Notes due 2021 on August 11, 2010, 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 first 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 amended and supplemented by the first 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.

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 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 prospectus. Capitalized terms defined in the accompanying 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 first 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 unsecured, senior obligations;
- will, together with the $300 million aggregate principal amount of 4.25% notes due 2021 issued on August 11, 2010, be part of a series without limitation as to aggregate principal amount;
- will mature on February 1, 2021;
- 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 4.25% per annum;
- accrue from August 1, 2011 or the most recent interest payment date;
- be payable in cash semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2012;
- be payable to holders of record on January 15 and July 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 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.

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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

The indenture provides for our issuance of notes of this series with an unlimited principal amount. The additional notes are in addition to the $300 million principal amount of original notes we previously issued on August 11, 2010. 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.

Optional Redemption

The notes will be redeemable, at our option, at any time in whole, or from time to time in part, 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 interest 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).

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.

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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.

Independent Investment Banker means Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Wells Fargo Securities, LLC or Morgan Stanley & Co. Incorporated 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 each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, a primary U.S. government securities dealer in New York City (a Primary Treasury Dealer) designated by Wells Fargo Securities, LLC, and Morgan Stanley & Co. Incorporated, plus two other U.S. government securities dealers (in each case, or its affiliates and successors) that we specify from time to time, provided that if any of the four Reference Treasury Dealers specifically named above resigns, its successor dealer shall be a primary U.S. government securities 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 asked 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 also be our unsubordinated obligations and will rank equally in contractual right of payment with all of our other existing and future unsubordinated indebtedness.

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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.

As of June 30, 2011, we had an aggregate of approximately $2.0 billion of total debt outstanding, excluding discounts and fair value adjustments, all of which would rank equally in right of payment with the notes. Of such total debt, $150.0 million was borrowings outstanding under our revolving credit facility. As of June 30, 2011, 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.

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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 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;

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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 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.

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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 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

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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, Remedies and Notice Events of Default on pages 9 and 10 of the accompanying prospectus, Events of Default under the indenture with respect to the notes will also include:

- default by us or any of our Subsidiaries in the payment at the stated maturity, after the expiration of any applicable grace period, of principal of, premium, if any, or interest on any Debt then outstanding having a principal amount in excess of the greater of $50.0 million or 5% of our total consolidated partners capital, or acceleration of any Debt having a principal amount in excess of such amount so that it becomes due and payable prior to its stated maturity and such acceleration is not rescinded within 60 days after notice;

- a final judgment or order for the payment of money in excess of the greater of $50.0 million or 5% of our total consolidated partners capital (in each case, net of applicable insurance coverage) having been rendered against us or any Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days; and

- except in limited circumstances, the amendment by our general partner of certain provisions of its limited liability company agreement, in a manner that is materially adverse to the interests of the holders of the notes, that require it to maintain its and our separate existence, or take certain actions related to its and our bankruptcy or liquidation without the approval of the conflicts committee of our general partner.

Exercise of Remedies

If an Event of Default, other than an Event of Default described in the fifth bullet point under the caption Description of Our Debt Securities Events of Default, Remedies and Notice Events of Default of the accompanying prospectus, occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the outstanding notes may declare the entire principal of, premium, if any, and accrued and unpaid interest, if any, on all the notes to be due and payable immediately. If an Event of Default described in such fifth bullet point occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all debt securities outstanding under the indenture, including the notes, will become immediately due and payable without any declaration of acceleration or other act on the part of the trustee or any holders.

The holders of a majority in principal amount of the outstanding notes may rescind any declaration of acceleration by the trustee or the holders, but only if:

- rescinding the declaration of acceleration would not conflict with any judgment or decree of a court of competent jurisdiction; and

- all existing Events of Default with respect to the notes have been cured or waived, other than the nonpayment of principal, premium or interest on the notes that have become due solely by the declaration of acceleration.

The trustee will not be obligated, except as otherwise provided in the indenture, to exercise any of the rights or powers under the indenture at the request or direction of any of the holders of notes, unless such holders

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have offered to the trustee reasonable indemnity or security against any costs, liability or expense that may be incurred in exercising such rights or powers. No holder of notes may pursue any remedy with respect to the indenture or the notes, unless:

- such holder has previously given the trustee notice that an Event of Default with respect to the notes is continuing;
- holders of at least 25% in principal amount of the outstanding notes have requested that the trustee pursue the remedy;
- such holders have offered the trustee reasonable indemnity or security against any cost, liability or expense to be incurred in pursuit of the remedy;
- the trustee has not complied with such request within 60 days after the receipt of the request and the offer of indemnity or security; and
- the holders of a majority in principal amount of the outstanding notes have not given the trustee a direction that is inconsistent with such request within such 60-day period.

This provision does not, however, affect the right of a holder of a note to sue for enforcement of any overdue payment. The holders of a majority in principal amount of the notes have the right, subject to certain restrictions, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any right or power conferred on the trustee with respect to the notes. The trustee, however, may refuse to follow any direction that:

- conflicts with law;
- is inconsistent with any provision of the indenture;
- the trustee determines is unduly prejudicial to the rights of any holder of notes not taking part in such direction; or
- would involve the trustee in personal liability.

Notice of Default

Within 30 days after the occurrence of any Default or Event of Default, we are required to give written notice to the trustee and indicate the status of the Default or Event of Default and what action we are taking or propose to take to cure it, as further described under the caption Description of Our Debt Securities Events of Default, Remedies and Notice Notice of Event of Default on page 11 of the accompanying prospectus.

Defeasance

At any time, we may terminate all our obligations under the indenture as they relate to the notes, which we call a legal defeasance. If we decide to make a legal defeasance, however, we may not terminate our obligations:

relating to the defeasance trust;

to register the transfer or exchange of the notes;

to replace mutilated, destroyed, lost or stolen notes; or

to maintain a registrar and paying agent in respect of the notes.

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If we exercise our legal defeasance option, any Subsidiary Guarantee will terminate with respect to the notes.

At any time we may also effect a covenant defeasance, which means we have elected to terminate our obligations under:

- some of the covenants applicable to the notes, including those described above under Certain Covenants Limitations on Liens and Certain Covenants Restriction on Sale-Leasebacks ;
- the guarantee provisions and the bankruptcy provisions with respect to a Subsidiary Guarantor described in the accompanying prospectus under Description of Our Debt Securities Events of Default, Remedies and Notice Events of Default ; and
- the cross acceleration and the judgment default provisions and the provisions relating to certain amendments by our general partner described under Events of Default Events of Default above.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the defeased notes may not be accelerated because of an Event of Default. If we exercise our covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in the fourth, fifth (with respect only to a Subsidiary Guarantor (if any)) or sixth bullet points under Description of Our Debt Securities Events of Default, Remedies and Notice Events of Default in the accompanying prospectus or because of a default under any of the three bullet points under Events of Default Events of Default above.

In order to exercise either defeasance option, we must:

- irrevocably deposit in trust with the trustee money or certain U.S. government obligations for the payment of principal, premium, if any, and interest on the notes to redemption or stated maturity, as the case may be;
- comply with certain other conditions, including that no Default has occurred and is continuing after the deposit in trust; and
- deliver to the trustee an opinion of counsel to the effect that holders of the notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

Satisfaction and Discharge

We may discharge all our obligations under the indenture with respect to the notes, other than our obligation to register the transfer of and exchange the notes, provided that we either:

- deliver all outstanding notes to the trustee for cancellation; or
- all such notes not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year, and in the case of this bullet point we have deposited with the trustee in trust an amount of cash or certain U.S. government obligations sufficient to pay the entire indebtedness of such notes, including interest to the stated maturity or applicable redemption date.

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Amendment and Waiver

We may amend the indenture or the holders of the notes may waive our compliance with certain covenants or past defaults under the indenture, as further described under the caption Description of Our Debt Securities Amendments and Waivers of the accompanying prospectus, subject to the following additional provisions which supersede the provisions in the accompanying prospectus to the extent such provisions are inconsistent. With respect to amending the indenture as to matters that require the consent of the holders of a majority in principal amount of all debt securities of each series that would be affected by such amendment, the notes and any notes of the type described above under Additional Issuances, shall vote together as a single class with any future series of our senior notes (unless otherwise provided in the prospectus relating to such future series of senior notes) and any other series of our senior notes then outstanding which are entitled by their terms to vote on the amendment in question. On the date hereof, the following other series of senior notes are outstanding: 6.45% senior notes due 2014, 5.65% senior notes due 2016, 6.40% senior notes due 2018, 6.55% senior notes due 2019 and 6.40% senior notes due 2037.

Book-entry System; Depository Procedures

Initially, the notes will be represented by one or more notes in registered, global form without interest coupons (collectively, the Global Note). The Global Note will be deposited upon issuance with the trustee as custodian for DTC, and registered in the name of a nominee of DTC, as further described under the caption Description of Our Debt Securities Book Entry, Delivery and Form of the accompanying prospectus.

Regarding the Trustee

The indenture limits the right of the trustee, if it becomes our creditor, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in certain other transactions. However, if it acquires any conflicting interest after a Default has occurred under the indenture and is continuing, it must eliminate the conflict within 90 days, apply to the SEC for permission to continue as trustee or resign as trustee.

If an Event of Default occurs and is not cured or waived, the trustee is required to exercise such of the rights and powers vested in it by the indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of notes unless they have offered to the trustee reasonable security or indemnity against the costs and liabilities that it may incur.

U.S. Bank National Association serves as trustee under indentures for our 6.45% senior notes due 2014, our 5.65% senior notes due 2016, our 6.40% senior notes due 2018, our 6.55% senior notes due 2019, our 4.25% senior notes due 2021 and our 6.40% senior notes due 2037.

U.S. Bank National Association, as the trustee under the indenture, may be a depositary for funds of, may make loans to and may perform other routine banking services for us and our affiliates in the normal course of business.

Paying Agent and Registrar

The trustee will initially act as paying agent and registrar for the notes. We may change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar.

Governing Law

The indenture, any Subsidiary Guarantees and the notes are governed by and construed in accordance with the laws of the State of New York.

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Certain Definitions

Commodity Trading Obligations with respect to any Person, means the obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the board of directors of our general partner.

Consolidated Net Tangible Assets means, at any date of determination, the total amount of assets after deducting therefrom:

all current liabilities (excluding (A) any current liabilities that by their terms are extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (B) current maturities of long-term debt); and

the amount (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth on the consolidated balance sheet of us and our consolidated subsidiaries for our most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles in the United States, as in effect from time to time.

Debt means any obligation created or assumed by any Person for the repayment of money borrowed, any purchase money obligation created or assumed by such Person and any guarantee of the foregoing.

Default means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

Exchange Act means the Securities Exchange Act of 1934, as amended, and any successor statute.

Funded Debt means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

Issue Date means August 11, 2010, the date on which the original notes were issued under the indenture.

Lien means, as to any Person, any mortgage, lien, pledge, security interest or other encumbrance in or on, or adverse interest or title of any vendor, lessor, lender or other secured party to or of the Person under conditional sale or other title retention agreement or capital lease with respect to, any property or asset of the Person.

Permitted Liens means:

Liens upon rights-of-way for pipeline purposes;

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any statutory or governmental Lien, mechanics , materialmen s, carriers or similar Lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction;

the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property or assets;

Liens for taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by us or any Restricted Subsidiary in good faith;

Liens arising under, or to secure performance of, leases, other than capital leases;

Liens securing Permitted Hedging Obligations;

Liens arising by reason of any judgment, decree or order of any court not giving rise to an Event of Default, so long as any such Lien is being contested in good faith, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;

any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;

any Lien upon property or assets acquired or sold by us or any Restricted Subsidiary resulting from the exercise of any rights arising out of defaults on receivables;

any Lien incurred in the ordinary course of business in connection with workmen s compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;

any Lien in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any Lien securing industrial development, pollution control or similar revenue bonds; or

any easements, exceptions or reservations in any property or assets of us or any Restricted Subsidiary granted or reserved for the purpose of pipelines, roads, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which are incidental to, and do not materially interfere with, the ordinary conduct of our or its business or the business of ourself and our Subsidiaries, taken as a whole.

Permitted Hedging Obligations of any Person shall mean (1) hedging obligations entered into in the ordinary course of business and in accordance with such Person s established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

Person means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, other entity, unincorporated organization or government, or any agency or political subdivision thereof.

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Principal Property means any pipeline, terminal or terminal facility property or asset owned or leased by us or any Subsidiary, including any related property or asset employed in the transportation (including vehicles that generate transportation revenues), distribution, terminalling, gathering, treating, processing, marketing or storage of crude oil or refined petroleum products, natural gas, natural gas liquids, fuel additives, petrochemicals or ammonia, except, in the case of:

- any property or asset consisting of inventories, furniture, office fixtures and equipment (including data processing equipment), vehicles and equipment used on, or useful with, vehicles (but excluding vehicles that generate transportation revenues as provided above), and
- any such property or asset, plant or terminal which, in the opinion of the board of directors of our general partner, is not material in relation to the activities of us and our Subsidiaries, taken as a whole.

Restricted Subsidiary means any of our Subsidiaries that owns or leases, directly or indirectly through the ownership of or an ownership interest in another Subsidiary, any Principal Property.

Sale-Leaseback Transaction means the sale or transfer by us or any Restricted Subsidiary of any Principal Property to a Person (other than us or a Restricted Subsidiary) and the taking back by us or any Restricted Subsidiary, as the case may be, of a lease of such Principal Property.

Securities Act means the Securities Act of 1933, as amended, and any successor statute.

Subsidiary means, with respect to any Person,

- any other Person of which more than 50% of the total voting power of capital interests (without regard to any contingency to vote in the election of directors, managers, trustees, or equivalent persons), at the time of such determination, is owned or controlled, directly or indirectly, by such Person or one or more of the Subsidiaries of such Person;
- in the case of a partnership, any Person of which more than 50% of the partners capital interests (considering all partners capital interests as a single class), at the time of such determination, is owned or controlled, directly or indirectly, by such Person or one or more of the Subsidiaries of such Person; or
- any other Person in which such Person or one or more of the Subsidiaries of such Person have the power to control, by contract or otherwise, the board of directors, managers, trustees or equivalent governing body of, or otherwise control, such other Person.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the additional notes offered pursuant to this prospectus supplement. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the IRS will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to our status as a partnership for U.S. federal income tax purposes.

In this discussion, we do not purport to address all tax considerations that may be important to a particular holder in light of the holder s circumstances, or to certain categories of investors that may be subject to special rules, such as financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, dealers in securities or currencies, U.S. holders whose functional currency is not the U.S. dollar, U.S. expatriates or persons who hold the additional notes as part of a hedge, conversion transaction, straddle or other risk reduction transaction. This discussion is limited to holders who purchase the additional notes in this offering for a price equal to the price indicated on the cover page of this prospectus supplement and who hold the additional notes as capital assets (generally, property held for investment). This discussion also does not address any U.S. estate or gift tax or the tax considerations arising under the laws of any foreign, state, local or other jurisdiction.

Investors considering the purchase of additional notes are urged to consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the applicability and effect of U.S. estate or gift, state, local or foreign tax laws and tax treaties.

Certain Additional Payments

We do not intend to treat the possibility of payment of additional amounts described in Description of Notes Optional Redemption as (i) affecting the determination of the yield to maturity of the additional notes or giving rise to any accrual of original issue discount or recognition of ordinary income upon redemption, sale or exchange of the notes, or (ii) resulting in the additional notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. Our position is binding on U.S. holders, unless the holder properly discloses its contrary position to the IRS. However, additional income will be recognized if any such additional payment is made. It is possible that the IRS may take a different position, in which case the timing, character and amount of income attributable to the additional notes may be different. The discussion herein assumes that the additional notes are not contingent payment debt instruments.

Tax Consequences to U.S. Holders

You are a U.S. holder for purposes of this discussion if you are a beneficial owner of an additional note and you are for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or

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a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership acquiring the additional notes, you are urged to consult your own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the additional notes.

Interest on the Notes

Interest on an additional note generally will be includable in your income as ordinary income at the time the interest is received or accrued, in accordance with your method of accounting for U.S. federal income tax purposes. It is anticipated, and the following discussion assumes, that the offering price of the additional notes will be at least equal to their principal amount.

A portion of the price paid for an additional note will be attributable to interest that accrued prior to the date the additional note is issued (pre-issuance accrued interest). To the extent a portion of your purchase price for an additional note is attributable to pre-issuance accrued interest, a portion of the first stated interest payment equal to the amount of such pre-issuance accrued interest may be treated as a nontaxable return of such pre-issuance accrued interest and accordingly the pre-issuance accrued interest will not be taxable as interest on the additional notes. In this event, amounts treated as a return of pre-issuance accrued interest will reduce your adjusted tax basis in the additional note by a corresponding amount.

Premium

If you purchase an additional note for an amount (excluding any amounts that are treated for U.S. federal income tax purposes as pre-issuance accrued interest as described above) that exceeds the additional note s principal amount, you will be considered to have purchased the additional note with amortizable bond premium equal in amount to the excess. Generally, you may elect to amortize the bond premium (or, if it results in a smaller amortizable bond premium attributable to the period of an earlier call date, an amount determined with reference to the amount payable on the earlier call date) as an offset to stated interest income, using a constant yield method, over the remaining term of the additional note (or assuming the exercise of a call option, if use of the call date in lieu of the stated maturity date results in a smaller amortizable bond premium for the period ending on the call date). If you elect to amortize bond premium, you must reduce your adjusted tax basis in the additional note by the amount of the bond premium used to offset stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies and may be revoked only with the consent of the IRS.

Disposition of the Notes

You will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of an additional note. This gain or loss will equal the difference between your adjusted tax basis in the additional note and the proceeds you receive, excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent you have not previously included the accrued interest in income. The proceeds you receive will include the amount of any cash and the fair market value of any other property received for the additional note. Your adjusted tax basis in the additional note will generally equal the amount you paid for the additional note decreased by amortizable premium on the notes and a portion representing any pre-issuance accrued interest. The gain or loss will be long-term capital gain or loss if you held the additional note for more than one year at the time of the sale, redemption, exchange,

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retirement or other taxable disposition. Long-term capital gains of individuals, estates and trusts currently may qualify for taxation at a lower rate than ordinary income. The deductibility of capital losses may be subject to limitation.

Information Reporting and Backup Withholding

Information reporting will apply to payments of interest on, and the proceeds of the sale or other disposition of, additional notes held by you, and backup withholding may apply to payments of interest and sales proceeds unless you provide the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establish an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

Tax Consequences to Non-U.S. Holders

You are a non-U.S. holder for purposes of this discussion if you are a beneficial owner of additional notes and for U.S. federal income tax purposes you are not a U.S. holder or a partnership (including an entity treated as a partnership for such purposes).

Interest on the Additional Notes

Payments to you of interest on the additional notes generally will be exempt from withholding of U.S. federal income tax under the portfolio interest exemption if the interest is not effectively connected with your conduct of a U.S. trade or business, you properly certify as to your foreign status as described below, and:

- you do not own, actually or constructively, 10% or more of our capital or profits interests;
- you are not a controlled foreign corporation that is related to us (actually or constructively); and
- you are not a bank whose receipt of interest on the additional notes is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if you appropriately certify as to your foreign status. You can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to us, or our paying agent. If you hold the additional notes through a financial institution or other agent acting on your behalf, you may be required to provide appropriate certifications to the agent. Your agent will then generally be required to provide appropriate certifications to us or our paying agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to us or our paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to U.S. federal withholding tax at a 30% rate, unless you provide us with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an income tax treaty, or the payments of interest are effectively connected with your conduct of a trade or business in the United States and you meet the certification requirements described below. Please read Income or Gain Effectively Connected with a U.S. Trade or Business.

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Disposition of Additional Notes

You generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of an additional note unless:

- the gain is effectively connected with the conduct by you of a U.S. trade or business (and, if required by an income tax treaty, is treated as attributable to a permanent establishment or fixed base in the United States); or
- you are an individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If you are a non-U.S. holder described in the first bullet point above, you generally will be subject to U.S. federal income tax in the same manner described under Income or Gain Effectively Connected with a U.S. Trade or Business. If you are a non-U.S. holder described in the second bullet point above, you will be subject to a flat 30% rate (or lower applicable treaty rate) for U.S. federal income tax on the gain derived from the sale or other disposition, which maybe offset by certain U.S. source capital losses.

Income or Gain Effectively Connected with a U.S. Trade or Business

The preceding discussion of the tax consequences of the purchase, ownership and disposition of additional notes by you generally assumes that you are not engaged in a U.S. trade or business. If any interest on the additional notes or gain from the sale, exchange or other taxable disposition of the additional notes is effectively connected with a U.S. trade or business conducted by you (and, if required by an income tax treaty, is treated as attributable to a permanent establishment or fixed base in the United States), then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates, but will not be subject to withholding tax if certain certification requirements are satisfied. You can generally meet the certification requirements by providing a properly executed IRS Form W-8ECI or appropriate substitute form to us, or our paying agent. If you are a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business also may be subject to a branch profits tax at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding

Payments to you of interest on an additional note, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to you.

United States backup withholding tax generally will not apply to payments of interest and principal on an additional note to a non-U.S. holder if the statement described in Tax Consequences to Non-U.S. Holders Interest on the Notes is duly provided by the holder or the holder otherwise establishes an exemption, provided that we do not have actual knowledge or reason to know that the holder is a United States person.

Payment of the proceeds of a disposition of an additional note effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless you properly certify under penalties of perjury as to your foreign status and certain other conditions are met or you otherwise establish an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of an additional note effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that you are a non-U.S. holder and certain other conditions are met, or you otherwise establish an exemption, information reporting will apply to a payment of the proceeds of the disposition of an additional note effected outside the United States by such a broker if it:

- is a United States person;

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is a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;

is a controlled foreign corporation for U.S. federal income tax purposes; or

is a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Any amount withheld under the backup withholding rules may be credited against your U.S. federal income tax liability and any excess may be refundable if the proper information is timely provided to the IRS.

The preceding discussion of material U.S. federal income tax considerations is for general information only and is not tax advice. We urge each prospective investor to consult its own tax advisor regarding the particular federal, U.S. estate or gift, state, local and foreign tax consequences of purchasing, holding and disposing of the additional notes, including the consequences of any proposed change in applicable laws.

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UNDERWRITING (CONFLICTS OF INTEREST)

Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a firm commitment underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

Underwriter	Principal Amount of Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$50,000,000
J.P. Morgan Securities LLC	50,000,000
SunTrust Robinson Humphrey, Inc.	50,000,000
Wells Fargo Securities, LLC	50,000,000
Citigroup Global Markets, Inc.	12,500,000
Deutsche Bank Securities Inc.	12,500,000
Mitsubishi UFJ Securities (USA), Inc.	12,500,000
SMBC Nikko Capital Markets Limited	12,500,000
Total	$250,000,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the notes sold under the underwriting agreement if any of these notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts