

MAGELLAN MIDSTREAM HOLDINGS LP

Form 425

June 03, 2009





Filed  
by  
Magellan  
Midstream  
Partners,  
L.P.  
pursuant  
to  
Rule

425  
under  
the  
Securities  
Act  
of  
1933  
and  
deemed  
filed  
pursuant  
to  
Rule  
14a-12  
under  
the  
Securities  
Exchange  
Act  
of  
1934  
Subject  
Company:  
Magellan  
Midstream  
Holdings,  
L.P.  
Commission  
File  
No.:  
001-32745







UBS MLP One-on-One Conference  
Las Vegas  
June 2009  
NYSE: MGG  
NYSE: MMP

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This presentation may contain forward-looking statements. These statements are based on management's assumptions concerning future performance which we believe are reasonable. Nevertheless, actual outcomes could be materially different. You should make your own assessment as to our future performance based on risk factors and other information disclosed in our filings with the Securities and Exchange Commission (SEC).

MMP and MGG have filed a joint proxy statement/prospectus and other documents with the SEC in relation to the proposed simplification of our capital structure. Investors and security holders are urged to read these documents carefully because they contain important information regarding MMP, MGG and the simplification. Once finalized, a definitive joint proxy statement/prospectus will be sent to unitholders of MMP and MGG seeking their approvals as contemplated by the simplification agreement. Once available, investors and security holders may obtain a free copy of the joint proxy statement/prospectus and other documents containing information about MMP and MGG at the SEC's

website at [www.sec.gov](http://www.sec.gov). Copies of the joint proxy statement/prospectus and the SEC filings incorporated by reference in the joint proxy statement/prospectus may also be obtained free of charge by contacting Investor Relations at (877) 934-6571 or by accessing [www.magellanlp.com](http://www.magellanlp.com) or [www.mgglp.com](http://www.mgglp.com).

MMP, MGG and the officers and directors of the general partner of each partnership may be deemed to be participants in the solicitation of proxies from their security holders. Information about these persons can be found in the annual report and proxy statement for each partnership as filed with the SEC, and additional information about such persons may be obtained from the joint proxy statement/prospectus.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended.

Legal Disclaimer

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Key U.S. Petroleum Infrastructure

Longest U.S. refined petroleum products pipeline system

Access to more than 40% of refining capacity in the continental U.S.

Over 80 petroleum terminals with more than 60mm barrels of storage

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Magellan Midstream  
Partners, L.P.  
(NYSE: MMP)  
Petroleum  
Products Pipeline  
System

79%\*

2%

GP+IDRs

98%

LP

\* *Percentage of 2008 operating margin*

Magellan Midstream

Holdings, L.P.

(NYSE: MGG)

100%

LP

Public

Magellan's Current Structure

Marine and Inland

Terminals

19%\*

Ammonia Pipeline

System

2%\*

Public

6  
Primarily Fee-Based Business  
Transportation  
46%  
Commodity price  
sensitive activities  
25%

Terminal delivery  
fees

5%

Fee-based ancillary  
services

10%

Leased storage

14%

Expect Future Fee-based, Low Risk Activities  
to Comprise 85%+ of Operating Margin

2008 Results

\* Operating margin represents operating profit before depreciation & amortization and general & administrative costs;  
excludes \$38mm of one-time favorable items and \$14mm of NYMEX contract gains

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Growing MMP Operating Margin

\$262

(\$ in millions)

\* Operating margin represents operating profit before depreciation & amortization and general & administrative costs; 2008 excludes \$38mm of one-time favorable items and \$14mm of NYMEX contract gains

\$489

2004

2005

2006

2007

2008

Petroleum products pipeline system

Petroleum products terminals

Ammonia pipeline system

8  
MMP Distribution Growth Trend  
\$2.77  
2001  
2002  
2003  
2004

2005

2006

2007

2008

(per MMP unit)

\$1.13

Based on current economic environment, plan to maintain current quarterly distribution of 71 cents (\$2.84 annualized) in 2009

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MGG Distribution Growth Trend  
2006  
2007  
2008  
(per MGG unit)  
\$0.91

\$1.37

10  
Strong MMP Distribution Coverage  
fcst  
2007  
2008  
2009  
Operating

Margin

\*

\$437

\$489

Cash

G&A

(61)

(68)

Interest

expense

(net

of

interest

income)

(54)

(50)

Maintenance

capital

(net

of

reimbursements)

(31)

(43)

Previously

indemnified

environmental

4

5

Other

items

3

5

Cash

available

for

distribution

298

338

330

Distributions

paid

(244)

(274)

Excess

Cash

\$54

\$64

Distribution

Coverage

1.2x

1.2x

(\$ in millions)

\* 2008 Operating margin excludes \$38mm of one-time favorable items and \$14mm of NYMEX contract gains

11  
\$1,000  
\$15  
\$634  
\$66  
\$41  
2002

2003

2004

2005

...2008

Acquisitions & Organic Growth Projects

Acquisitions

\$30

\$61

\$136

\$151

\$225

\$220

\$40

2004

2005

2006

2007

2008

2009E

2010E

Organic Growth Projects

(\$ in millions)

+ >\$500mm of potential

expansion projects in

earlier stages of development

12  
Continued strong demand for storage

4mm  
bbls  
underway  
with

add 1

being

assessed

Government regulations for renewable fuels

51 terminals with ethanol currently, 11 underway primarily in

Southeast, another 11 being assessed

Refinery expansions and enhanced connectivity to key

growth markets

\$120mm project to support 15-year Motiva contract, primarily

servicing existing market demand

Industry Themes Drive Organic Growth

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Continue to assess \$500mm+ of potential growth projects

Project list includes additional infrastructure to provide same types of services Magellan performs today:

Storage and terminal services, including potential crude

storage opportunities

Renewable fuels

Generally target 6-8x EBITDA for project returns

Potential Expansion Projects

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Investment grade credit ratings: BBB / Baa2

Strong financial ratios: leverage ratio < 3x

No near-term debt maturities:

Public notes mature 2014, 2016, 2018 and 2037

\$550mm revolver available thru Sept 2012  
(~\$200mm outstanding currently)  
Significant Balance Sheet Capacity

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March 3: announced simplification agreement

April 6: filed preliminary joint proxy / prospectus with  
SEC

May 21: filed amendment #1 to joint proxy, addressing  
first round of SEC comments

Remaining

steps

required:

Once SEC finalizes review, set record date for

unitholder vote: 10 days

Mail documents to MMP and MGG investors, allowing

time for voting: 60 days

Expected MMP / MGG unitholder votes to occur 3Q09

Estimated Simplification Timeline

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Investing in Magellan Midstream

Key U.S. energy infrastructure

Stable base business with relatively low commodity price risk

Attractive yield

Quarterly cash distributions that are largely tax deferred

Extremely strong balance sheet with investment grade  
credit rating

Low-risk growth projects funded with debt

No equity issuance required to fund growth