

MAGELLAN MIDSTREAM PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per unit amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
Transportation and terminals revenue	\$ 469.3	\$ 503.2	\$ 892.2	\$ 957.3
Product sales revenue	313.7	368.7	559.8	778.8
Affiliate management fee revenue	5.6	5.3	11.3	10.8
Total revenue	<u>788.6</u>	<u>877.2</u>	<u>1,463.3</u>	<u>1,746.9</u>
Costs and expenses:				
Operating	180.1	170.1	304.3	304.0
Cost of product sales	282.3	296.4	525.7	616.5
Depreciation, amortization and impairment	58.8	56.6	116.5	112.4
General and administrative	56.9	74.5	119.7	134.9
Total costs and expenses	<u>578.1</u>	<u>597.6</u>	<u>1,066.2</u>	<u>1,167.8</u>
Other operating income (expense)	3.0	(0.5)	1.0	5.3
Earnings of non-controlled entities	26.5	15.9	61.9	42.1
Operating profit	<u>240.0</u>	<u>295.0</u>	<u>460.0</u>	<u>626.5</u>
Interest expense	57.8	57.2	115.1	114.9
Interest capitalized	(0.3)	(0.9)	(0.7)	(1.5)
Interest income	(0.2)	(1.5)	(0.3)	(2.5)
Gain on disposition of assets	—	(1.1)	(0.2)	(1.1)
Other (income) expense	0.6	1.0	1.2	1.6
Income from continuing operations before provision for income taxes	182.1	240.3	344.9	515.1
Provision for income taxes	0.3	1.6	1.1	2.5
Income from continuing operations	<u>181.8</u>	<u>238.7</u>	<u>343.8</u>	<u>512.6</u>
Income from discontinued operations (including gain on disposition of assets of \$162.4 million in June 2022)	172.1	—	175.6	—
Net income	<u>\$ 353.9</u>	<u>\$ 238.7</u>	<u>\$ 519.4</u>	<u>\$ 512.6</u>
Earnings per common unit				
Basic:				
Continuing operations	\$ 0.86	\$ 1.18	\$ 1.62	\$ 2.52
Discontinued operations	0.81	—	0.83	—
Net income per common unit	<u>\$ 1.67</u>	<u>\$ 1.18</u>	<u>\$ 2.45</u>	<u>\$ 2.52</u>
Weighted average number of common units outstanding	<u>211.6</u>	<u>202.9</u>	<u>212.3</u>	<u>203.4</u>
Diluted:				
Continuing operations	\$ 0.86	\$ 1.18	\$ 1.62	\$ 2.52
Discontinued operations	0.81	—	0.83	—
Net income per common unit	<u>\$ 1.67</u>	<u>\$ 1.18</u>	<u>\$ 2.45</u>	<u>\$ 2.52</u>
Weighted average number of common units outstanding	<u>211.7</u>	<u>203.1</u>	<u>212.3</u>	<u>203.5</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
Refined products:				
Transportation revenue per barrel shipped	\$ 1.726	\$ 2.028	\$ 1.683	\$ 1.951
Volume shipped (million barrels):				
Gasoline	83.1	78.2	158.7	146.7
Distillates	51.7	55.1	99.3	102.0
Aviation fuel	8.1	8.1	15.5	16.9
Liquefied petroleum gases	—	—	0.6	—
Total volume shipped	142.9	141.4	274.1	265.6
Crude oil:				
Magellan 100%-owned assets:				
Transportation revenue per barrel shipped ⁽¹⁾	\$ 0.658	\$ 0.605	\$ 0.733	\$ 0.604
Volume shipped (million barrels) ⁽¹⁾	61.5	70.0	103.4	134.1
Terminal average utilization (million barrels per month)	23.6	22.9	24.4	23.2
Select joint venture pipelines:				
BridgeTex - volume shipped (million barrels) ⁽²⁾	19.6	8.0	45.1	20.8
Saddlehorn - volume shipped (million barrels) ⁽²⁾	20.0	24.2	40.0	46.0

(1) Includes shipments related to our crude oil marketing activities.

(2) These volumes reflect the total shipments for these joint venture pipelines, which are owned 30% by us.

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING PROFIT BY SEGMENT
(Unaudited, in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
Refined products:				
Transportation and terminals revenue	\$ 349.2	\$ 389.9	\$ 658.7	\$ 721.9
Affiliate management fee revenue	1.7	1.5	3.5	3.1
Other operating income (expense)	3.0	(0.4)	3.1	5.4
Earnings of non-controlled entities	(2.0)	0.2	1.7	13.8
Less: Operating expenses	136.3	129.1	224.5	224.7
Transportation and terminals margin	215.6	262.1	442.5	519.5
Product sales revenue	291.0	322.8	532.6	709.3
Less: Cost of product sales	260.6	260.9	493.7	568.0
Product margin	30.4	61.9	38.9	141.3
Less:				
Depreciation, amortization and impairment expense	39.2	37.3	78.8	75.0
General and administrative expense	40.3	53.1	86.0	96.6
Operating profit	<u>\$ 166.5</u>	<u>\$ 233.6</u>	<u>\$ 316.6</u>	<u>\$ 489.2</u>
Crude oil:				
Transportation and terminals revenue	\$ 121.4	\$ 115.3	\$ 236.1	\$ 239.6
Affiliate management fee revenue	3.9	3.8	7.8	7.7
Other operating income (expense)	—	(0.1)	(2.1)	(0.1)
Earnings of non-controlled entities	28.5	15.7	60.2	28.3
Less: Operating expenses	46.6	44.5	85.4	86.6
Transportation and terminals margin	107.2	90.2	216.6	188.9
Product sales revenue	22.7	45.9	27.2	69.5
Less: Cost of product sales	21.7	35.5	32.0	48.5
Product margin	1.0	10.4	(4.8)	21.0
Less:				
Depreciation, amortization and impairment expense	18.1	17.8	34.7	34.3
General and administrative expense	16.6	21.4	33.7	38.3
Operating profit	<u>\$ 73.5</u>	<u>\$ 61.4</u>	<u>\$ 143.4</u>	<u>\$ 137.3</u>
Total operating profit	<u>\$ 240.0</u>	<u>\$ 295.0</u>	<u>\$ 460.0</u>	<u>\$ 626.5</u>

Note: Amounts may not sum to figures shown on the consolidated statements of income due to intersegment eliminations and allocated corporate depreciation costs.

MAGELLAN MIDSTREAM PARTNERS, L.P.
RECONCILIATION OF NET INCOME AND NET INCOME PER COMMON UNIT
EXCLUDING COMMODITY-RELATED ADJUSTMENTS TO GAAP MEASURES
(Unaudited, in millions except per unit amounts)

	Three Months Ended		
	June 30, 2023		
	Net Income	Basic Net Income Per Common Unit	Diluted Net Income Per Common Unit
As reported	\$ 238.7	\$ 1.18	\$ 1.18
Commodity-related adjustments associated with future transactions ⁽¹⁾	11.2		
Excluding commodity-related adjustments.....	\$ 249.9	\$ 1.23	\$ 1.23
Weighted average number of common units outstanding.....		202.9	203.1

(1) Includes our net share of commodity-related adjustments for our non-controlled entities. Please see Distributable Cash Flow and Free Cash Flow Reconciliation to Net Income for further descriptions of commodity-related adjustments.

MAGELLAN MIDSTREAM PARTNERS, L.P.
DISTRIBUTABLE CASH FLOW AND FREE CASH FLOW
RECONCILIATION TO NET INCOME
(Unaudited, in millions)

	Three Months Ended		Six Months Ended		2023 Expectations
	June 30,		June 30,		
	2022	2023	2022	2023	
Net income	\$ 353.9	\$ 238.7	\$ 519.4	\$ 512.6	\$ 1,025.0
Interest expense, net.....	57.3	54.8	114.1	110.9	223.0
Depreciation, amortization and impairment ⁽¹⁾	58.8	57.2	116.5	113.6	229.0
Equity-based incentive compensation ⁽²⁾	8.5	7.8	14.0	4.3	17.0
Gain on disposition of assets ⁽³⁾	(156.1)	(1.1)	(156.3)	(1.1)	(1.0)
Commodity-related adjustments:					
Derivative (gains) losses recognized in the period associated with future transactions ⁽⁴⁾	45.3	6.7	40.9	4.0	
Derivative gains (losses) recognized in previous periods associated with transactions completed in the period ⁽⁴⁾	(68.6)	(8.3)	(18.7)	(12.0)	
Inventory valuation adjustments ⁽⁵⁾	(4.8)	7.3	(2.0)	0.9	
Total commodity-related adjustments.....	(28.1)	5.7	20.2	(7.1)	(6.0)
Distributions from operations of non-controlled entities in excess of earnings.....	14.0	22.8	17.0	34.7	77.0
Adjusted EBITDA	308.3	385.9	644.9	767.9	1,564.0
Interest expense, net, excluding debt issuance cost amortization.....	(56.6)	(53.9)	(112.6)	(109.1)	(219.0)
Maintenance capital ⁽⁶⁾	(23.7)	(20.1)	(38.9)	(34.3)	(85.0)
Distributable cash flow	\$ 228.0	\$ 311.9	\$ 493.4	\$ 624.5	\$ 1,260.0
Expansion capital ⁽⁷⁾	(19.7)	(42.0)	(45.8)	(74.0)	(120.0)
Proceeds from disposition of assets ⁽³⁾	440.6	1.1	440.8	1.1	1.0
Free cash flow	\$ 648.9	\$ 271.0	\$ 888.4	\$ 551.6	\$ 1,141.0
Distributions paid ⁽⁸⁾	(219.5)	(211.7)	(440.1)	(424.7)	(850.0)
Free cash flow after distributions	\$ 429.4	\$ 59.3	\$ 448.3	\$ 126.9	\$ 291.0

- (1) Depreciation, amortization and impairment expense is excluded from DCF to the extent it represents a non-cash expense.
- (2) Because we intend to satisfy vesting of unit awards under our equity-based long-term incentive compensation plan with the issuance of common units, expenses related to this plan generally are deemed non-cash and excluded for DCF purposes. The amounts above have been reduced by cash payments associated with the plan, which are primarily related to tax withholdings.
- (3) Gains on disposition of assets are excluded from DCF to the extent they are not related to our ongoing operations, while proceeds from disposition of assets exclude the related gains to the extent they are already included in our calculation of DCF.
- (4) Certain derivatives have not been designated as hedges for accounting purposes and the mark-to-market changes of these derivatives are recognized currently in net income. We exclude the net impact of these derivatives from our determination of DCF until the transactions are settled and, where applicable, the related products are sold.
- (5) We adjust DCF for lower of average cost or net realizable value adjustments related to inventory and firm purchase commitments as well as market valuation of short positions recognized each period as these are non-cash items. In subsequent periods when we sell or purchase the related products, we recognize these valuation adjustments in DCF.
- (6) Maintenance capital expenditures maintain our existing assets and do not generate incremental DCF (i.e. incremental returns to our unitholders). For this reason, we deduct maintenance capital expenditures to determine DCF.
- (7) Includes additions to property, plant and equipment (excluding maintenance capital and capital-related changes in current liabilities), acquisitions and investments in non-controlled entities, net of distributions from returns of investments in non-controlled entities and deposits from undivided joint interest third parties.
- (8) We paid cash distributions of \$1.0375 and \$1.0475 per unit each quarter during the six months ended June 2022 and 2023, respectively. Distributions paid declined between years because of lower units outstanding as a result of our equity repurchase program.

MAGELLAN MIDSTREAM PARTNERS, L.P.
FREE CASH FLOW RECONCILIATION TO NET CASH PROVIDED
BY OPERATING ACTIVITIES
(Unaudited, in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
Net cash provided by operating activities	\$ 296.9	\$ 404.5	\$ 397.3	\$ 756.0
Changes in operating assets and liabilities	(17.0)	(78.7)	128.5	(81.2)
Net cash provided (used) by investing activities	408.2	(50.2)	361.6	(94.2)
Payments associated with settlement of equity-based incentive compensation	—	—	(8.9)	(9.9)
Settlement cost, amortization of prior service credit and actuarial loss	(1.1)	(0.4)	(2.3)	(0.8)
Changes in accrued capital items	(4.7)	(10.8)	0.8	(13.0)
Commodity-related adjustments ⁽¹⁾	(28.1)	5.7	20.2	(7.1)
Other	(5.3)	0.9	(8.8)	1.8
Free cash flow	<u>\$ 648.9</u>	<u>\$ 271.0</u>	<u>\$ 888.4</u>	<u>\$ 551.6</u>
Distributions paid	(219.5)	(211.7)	(440.1)	(424.7)
Free cash flow after distributions	<u><u>\$ 429.4</u></u>	<u><u>\$ 59.3</u></u>	<u><u>\$ 448.3</u></u>	<u><u>\$ 126.9</u></u>

(1) Please refer to the preceding table for a description of these commodity-related adjustments.