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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2009	2008	2009
Transportation and terminals revenues	$ 164,470	$ 173,504	$ 471,855	$ 495,227
Product sales revenues	127,540	66,076	439,622	165,119
Affiliate management fee revenue	183	190	549	570
Total revenues	292,193	239,770	912,026	660,916
Costs and expenses:				
Operating	81,626	73,863	193,845	195,178
Product purchases	89,523	47,902	342,383	141,522
Depreciation and amortization	21,563	24,613	63,847	70,928
General and administrative	17,754	20,002	55,104	61,386
Total costs and expenses	210,466	166,380	655,179	469,014
Gain on assignment of supply agreement	—	—	26,492	—
Equity earnings	1,722	1,368	3,504	2,826
Operating profit	83,449	74,758	286,843	194,728
Interest expense	15,033	20,837	40,726	52,198
Interest income	(351)	(225)	(950)	(652)
Interest capitalized	(1,322)	(874)	(3,734)	(2,752)
Debt placement fee amortization expense	211	331	548	775
Other (income)/expense	—	11	(254)	(636)
Income before provision for income taxes	69,878	54,678	250,507	145,795
Provision for income taxes	524	463	1,469	1,272
Net income	$ 69,354	$ 54,215	$ 249,038	$ 144,523
Allocation of net income:				
Non-controlling owners' interest	$ 51,707	$ 36,054	$ 182,868	$ 99,729
Limited partners' interest	18,052	18,161	67,384	44,794
General partner's interest	(405)	—	(1,214)	—
Net income	$ 69,354	$ 54,215	$ 249,038	$ 144,523
Basic and diluted net income per limited partner unit	$ 0.46	$ 0.43	$ 1.70	$ 1.11
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	39,631	41,831	39,629	40,377

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	**2009**	**2008**	**2009**
Petroleum products pipeline system:				
Transportation revenue per barrel shipped	$ 1.266	$ 1.248	$ 1.197	$ 1.199
Volume shipped (million barrels)	74.4	75.8	220.6	221.4
Petroleum products terminals:				
Marine terminal average storage utilized (million barrels per month)	23.8	26.4	23.1	25.9
Inland terminal throughput (million barrels)	26.2	28.3	81.6	82.2
Ammonia pipeline system:				
Volume shipped (thousand tons)	177	125	624	420

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING MARGIN RECONCILIATION TO OPERATING PROFIT
(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	**2009**	**2008**	**2009**
Petroleum products pipeline system:				
Transportation and terminals revenues	$ 125,746	$ 128,979	$ 353,664	$ 365,886
Less: Operating expenses	63,977	51,814	145,944	139,864
Transportation and terminals margin	61,769	77,165	207,720	226,022
Product sales revenues	118,979	62,447	414,461	154,571
Less: Product purchases	88,169	47,050	336,367	138,552
Product margin	30,810	15,397	78,094	16,019
Add: Affiliate management fee revenue	183	190	549	570
Equity earnings	1,722	1,368	3,504	2,826
Gain on assignment of supply agreement	—	—	26,492	—
Operating margin	$ 94,484	$ 94,120	$ 316,359	$ 245,437
Petroleum products terminals:				
Transportation and terminals revenues	$ 34,472	$ 41,755	$ 104,043	$ 120,623
Less: Operating expenses	14,320	16,341	42,473	46,703
Transportation and terminals margin	20,152	25,414	61,570	73,920
Product sales revenues	8,561	3,629	25,161	10,548
Less: Product purchases	1,606	1,349	6,528	4,455
Product margin	6,955	2,280	18,633	6,093
Operating margin	$ 27,107	$ 27,694	$ 80,203	$ 80,013
Ammonia pipeline system:				
Transportation and terminals revenues	$ 5,128	$ 4,017	$ 16,534	$ 12,494
Less: Operating expenses	4,766	7,392	9,825	13,732
Operating margin (loss)	$ 362	$ (3,375)	$ 6,709	$ (1,238)
Segment operating margin	$ 121,953	$ 118,439	$ 403,271	$ 324,212
Add: Allocated corporate depreciation costs	813	934	2,523	2,830
Total operating margin	122,766	119,373	405,794	327,042
Less: Depreciation and amortization	21,563	24,613	63,847	70,928
Affiliate general and administrative	17,754	20,002	55,104	61,386
Total operating profit	$ 83,449	$ 74,758	$ 286,843	$ 194,728

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2008	**2009**	**2008**	**2009**	**2009 Estimate**
Net income	$ 69.4	$ 54.2	$ 249.0	$ 144.5	$ 228
Add: Depreciation and amortization [1]	21.8	24.9	64.4	71.7	98
Equity-based incentive compensation [2]	1.5	2.2	0.5	3.9	5
Expenses indemnified by former affiliate	3.7	4.1	(3.9)	6.0	6
Asset retirements and impairments	2.1	0.8	3.8	3.0	4
NYMEX contract adjustment [3]	(12.2)	(6.1)	(12.2)	25.0	14
Less: Maintenance capital (net of expected reimbursements and indemnified spending) [4]	10.6	10.2	25.4	30.5	45
Gain on assignment of supply agreement	—	—	26.5	—	—
Other	1.6	0.3	3.3	0.1	—
Distributable cash flow [5]	$ 74.1	$ 69.6	$ 246.4	$ 223.5	$ 310

(1) Depreciation and amortization includes debt placement fee amortization.

(2) Because the partnership intends to satisfy vesting of units under its equity-based incentive compensation program with the issuance of limited partner units, expenses related to this program generally are deemed non-cash and added back for distributable cash flow purposes. Total equity-based incentive compensation expense for the nine months ended September 30, 2008 and 2009 was $4.4 million and $7.4 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership during first quarter 2008 and 2009 of $3.9 million and $3.5 million, respectively, for equity-based incentive compensation units that vested on the previous year end.

(3) Represents margins realized in the current quarter on the physical sales of products that were hedged using New York Mercantile Exchange (“NYMEX”) contracts. Because certain of these NYMEX contracts do not qualify for hedge accounting treatment, $3.9 million of losses and $20.2 million of gains for the three and nine months ended September 30, 2009, respectively, were recognized in previous accounting periods when the NYMEX contracts were marked to market. The partnership adjusted these accounting profits out of its distributable cash flows in those earlier periods. Additionally, the three and nine month periods ended September 30, 2009 include $2.2 million of mark-to-market gains and $4.8 million of mark-to-market losses, respectively, on NYMEX contracts associated with products that will be physically sold in future periods.

(4) During the three months ended September 30, 2008 and 2009, the partnership paid $0.7 million and $1.3 million, respectively, and for the nine months ended September 30, 2008 and 2009, the partnership paid $4.2 million and $3.4 million, respectively, for indemnified maintenance capital projects related to its indemnification settlement or for costs which it expects to be reimbursed by insurance proceeds.

(5) Distributable cash flow does not include fluctuations related to working capital or spending for which the partnership has received, or expects to receive, reimbursement through third party indemnifications. Through September 30, 2009, the partnership has either paid or accrued liabilities totaling $90.9 million of the $117.5 million indemnification settlement amount it has received, including $24.8 million for capital projects.

MAGELLAN MIDSTREAM PARTNERS, L.P.
NET INCOME EXCLUDING ACCOUNTING IMPLICATIONS OF SIMPLIFICATION
RECONCILIATION TO NET INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009
(Unaudited, in thousands except per unit amounts)

Net income, as reported	$	54,215
Adjustments:		
MGG depreciation expense (1)		3,263
MGG stand-alone general and administrative expense		1,029
Other		(52)
Net income excluding accounting implications of simplification	$	58,455
Allocation of net income excluding accounting implications of simplification:		
Limited partners	$	39,223
General partner		19,232
Net income excluding accounting implications of simplification	$	58,455
Basic and diluted net income per unit excluding accounting implications of simplification	$	0.58
Basic and diluted weighted-average units outstanding excluding accounting implications of simplification		67,129

(1) At the time Magellan Midstream Holdings, L.P. (MGG) acquired the general and limited partner interests in the partnership in June 2003, MGG recorded a stepped-up basis in the partnership's property, plant and equipment to reflect its 55% ownership interest at the time, which results in higher depreciation expense.