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,	
	2012	2013	2012	2013
Transportation and terminals revenue	$ 255,492	$ 295,326	$ 721,807	$ 805,059
Product sales revenues	70,178	144,852	546,476	504,485
Affiliate management fee revenue	199	3,657	596	10,624
Total revenue	325,869	443,835	1,268,879	1,320,168
Costs and expenses:				
Operating	103,272	103,262	254,050	245,858
Product purchases	85,819	120,299	478,929	396,025
Depreciation and amortization	31,692	35,270	94,688	105,788
General and administrative	27,551	32,755	76,709	96,073
Total costs and expenses	248,334	291,586	904,376	843,744
Earnings of non-controlled entities	1,749	2,375	4,875	5,162
Operating profit	79,284	154,624	369,378	481,586
Interest expense	29,113	31,852	87,354	95,295
Interest income	(16)	(215)	(80)	(250)
Interest capitalized	(1,439)	(3,780)	(3,331)	(10,474)
Debt placement fee amortization expense	519	540	1,556	1,620
Income before provision for income taxes	51,107	126,227	283,879	395,395
Provision for income taxes	585	604	2,012	3,165
Net income	$ 50,522	$ 125,623	$ 281,867	$ 392,230
Basic and diluted net income per limited partner unit	$ 0.22	$ 0.55	$ 1.25	$ 1.73
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,431	226,866	226,348	226,812

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2013**	**2012**	**2013**
Refined products:				
Transportation revenue per barrel shipped	$ 1.228	$ 1.306	$ 1.233	$ 1.274
Volume shipped (million barrels):				
Gasoline	61.8	61.9	163.8	174.6
Distillates	36.5	36.1	99.9	105.4
Aviation fuel	5.9	5.9	16.7	15.4
Liquefied petroleum gases	3.2	4.0	7.9	7.3
Total volume shipped	107.4	107.9	288.3	302.7
Crude oil:				
Transportation revenue per barrel shipped	$ 0.311	$ 1.010	$ 0.298	$ 0.765
Volume shipped (million barrels)	19.3	28.6	51.4	72.6
Crude oil terminal average utilization (million barrels per month)	12.6	12.3	12.6	12.4
Marine storage:				
Marine terminal average utilization (million barrels per month)	23.6	23.2	23.8	22.9

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2013**	**2012**	**2013**
Refined products:				
Transportation and terminals revenue	$ 193,880	$ 205,859	$ 538,812	$ 573,615
Less: Operating expenses	80,705	82,174	204,064	194,911
Transportation and terminals margin	113,175	123,685	334,748	378,704
Product sales revenue	66,776	143,549	539,434	499,285
Less: Product purchases	84,041	120,429	475,839	393,187
Product margin	(17,265)	23,120	63,595	106,098
Operating margin	$ 95,910	$ 146,805	$ 398,343	$ 484,802
Crude oil:				
Transportation and terminals revenue	$ 23,868	$ 49,519	$ 67,626	$ 113,905
Less: Operating expenses	3,441	4,034	4,046	13,168
Transportation and terminals margin	20,427	45,485	63,580	100,737
Affiliate management fee revenue	199	3,369	596	9,767
Earnings of non-controlled entities	1,752	1,770	4,913	3,255
Operating margin	$ 22,378	$ 50,624	$ 69,089	$ 113,759
Marine storage:				
Transportation and terminals revenue	$ 37,744	$ 39,948	$ 115,369	$ 117,539
Less: Operating expenses	19,824	17,813	48,042	40,060
Transportation and terminals margin	17,920	22,135	67,327	77,479
Product sales revenue	3,402	1,303	7,042	5,200
Less: Product purchases	1,778	(130)	3,090	2,838
Product margin	1,624	1,433	3,952	2,362
Affiliate management fee revenue	—	288	—	857
Earnings (loss) of non-controlled entities	(3)	605	(38)	1,907
Operating margin	$ 19,541	$ 24,461	$ 71,241	$ 82,605
Segment operating margin	$ 137,829	$ 221,890	$ 538,673	$ 681,166
Add: Allocated corporate depreciation costs	698	759	2,102	2,281
Total operating margin	138,527	222,649	540,775	683,447
Less:				
Depreciation and amortization expense	31,692	35,270	94,688	105,788
General and administrative expense	27,551	32,755	76,709	96,073
Total operating profit	$ 79,284	$ 154,624	$ 369,378	$ 481,586

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.
RECONCILIATION OF NET INCOME AND NET INCOME PER LIMITED PARTNER UNIT EXCLUDING MARK-TO-MARKET COMMODITY-RELATED PRICING ADJUSTMENTS TO GAAP MEASURES
(Unaudited, in thousands except per unit amounts)

	Three Months Ended September 30, 2013	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 125,623	$ 0.55
Deduct: Unrealized derivative gains associated with future physical product transactions	(2,770)	(0.01)
Lower-of-cost-or-market inventory adjustment	(551)	—
Excluding commodity-related adjustments	$ 122,302	$ 0.54
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,866	

*Please see Distributable Cash Flow Reconciliation to Net Income for further descriptions of the commodity-related adjustments.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2012	**2013**	**2012**	**2013**	**2013 Guidance**
Net income	$ 50,522	$ 125,623	$ 281,867	$ 392,230	$ 576,000
Interest expense, net	27,658	27,857	83,943	84,571	116,000
Depreciation and amortization (1)	32,211	35,810	96,244	107,408	145,000
Equity-based incentive compensation (2)	5,548	4,217	(443)	2,239	8,000
Asset retirements and impairments	3,216	1,971	10,575	4,269	6,000
Commodity-related adjustments:					
Derivative (gains) losses recognized in the period associated with future product transactions (3)	33,562	(2,770)	18,409	(8,317)	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period (4)	238	1,301	(6,681)	(5,738)	
Lower-of-cost-or-market adjustments	(4,106)	(551)	(1,017)	(494)	
Houston-to-El Paso cost of sales adjustments(5)	106	—	8,227	—	
Total commodity-related adjustments	29,800	(2,020)	18,938	(14,549)	(18,000)
Other	(92)	(2,011)	437	(2,928)	(2,000)
Adjusted EBITDA	148,863	191,447	491,561	573,240	831,000
Interest expense, net	(27,658)	(27,857)	(83,943)	(84,571)	(116,000)
Maintenance capital	(20,484)	(22,533)	(47,194)	(55,519)	(75,000)
Distributable cash flow	$ 100,721	$ 141,057	$ 360,424	$ 433,150	$ 640,000
Distributable cash flow per limited partner unit	$ 0.45	$ 0.62	$ 1.59	$ 1.91	$ 2.82
Weighted average number of limited partner units paid distributions	226,201	226,679	226,201	226,679	226,679

(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, 2012 and 2013 was $12.6 million and $14.5 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership in 2012 and 2013 of $13.0 million and $12.3 million, respectively, for equity-based incentive compensation units that vested on the previous year end, which reduce distributable cash flow.

(3) Certain derivatives the partnership uses as economic hedges have not been designated as hedges for accounting purposes and the mark-to-market changes of these derivatives are recognized currently in earnings. These amounts represent the gains or losses from economic hedges in the partnership's earnings for the period associated with products that had not yet been physically sold as of the period end date.

(4) When the partnership physically sells products that it has economically hedged (but were not designated as hedges for accounting purposes), it includes in its distributable cash flow calculations the full amount of the change in fair value of the associated derivative agreement.

(5) Cost of goods sold adjustment related to commodity activities for the partnership's Houston-to-El Paso pipeline to more closely resemble current market prices for the applicable period for distributable cash flow purposes rather than average inventory costing as used to determine the partnership's results of operations. We discontinued these commodity activities during 2012 in conjunction with the Longhorn crude pipeline project.