

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2004</b>	<b>2005</b>
Transportation and terminals revenues.....	\$ 88,930	\$ 110,076
Product sales revenues.....	44,214	148,090
Affiliate management fee revenue.....	—	167
Total revenues .....	<u>133,144</u>	<u>258,333</u>
Costs and expenses:		
Operating .....	37,000	44,255
Environmental .....	24,205	1,200
Environmental reimbursements .....	(23,415)	—
Product purchases .....	38,499	131,311
Depreciation and amortization .....	9,522	12,970
Affiliate general and administrative .....	<u>12,887</u>	<u>15,126</u>
Total costs and expenses .....	98,698	204,862
Equity earnings .....	<u>120</u>	<u>518</u>
Operating profit .....	34,566	53,989
Interest expense .....	8,515	12,418
Interest income .....	(446)	(985)
Debt placement fee amortization .....	682	732
Other income.....	—	(299)
Net income .....	<u>\$ 25,815</u>	<u>\$ 42,123</u>
Allocation of net income:		
Limited partners' interest .....	\$ 23,874	\$ 35,977
General partner's interest .....	<u>1,941</u>	<u>6,146</u>
Net income .....	<u>\$ 25,815</u>	<u>\$ 42,123</u>
Basic net income per limited partner unit .....	<u>\$ 0.44</u>	<u>\$ 0.54</u>
Weighted average number of limited partner units outstanding used for basic net income per unit calculation .....	<u>54,780</u>	<u>66,361</u>
Diluted net income per limited partner unit .....	<u>\$ 0.44</u>	<u>\$ 0.54</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation .....	<u>54,872</u>	<u>66,467</u>

**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**OPERATING STATISTICS**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2004</b>	<b>2005</b>
<b>Petroleum products pipeline system:</b>		
Transportation revenue per barrel shipped (dollars per barrel)	\$0.972	\$1.005
Transportation barrels shipped (million barrels)	52.8	64.1
<b>Petroleum products terminals:</b>		
Marine terminal average storage capacity utilized per month (million barrels)	15.5	16.5
Marine terminal throughput (million barrels)	5.5	12.4
Inland terminal throughput (million barrels)	20.5	26.1
<b>Ammonia pipeline system:</b>		
Volume shipped (thousand tons)	219	152

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**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**OPERATING MARGIN**  
(Unaudited, in thousands)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2004</b>	<b>2005</b>
<b>Petroleum products pipeline system:</b>		
Transportation and terminals revenues <sup>(1)</sup> .....	\$ 64,636	\$ 82,655
Less: Operating expenses <sup>(2)</sup> .....	(28,456)	(35,129)
Environmental expenses.....	(23,888)	(842)
Add: Environmental expense reimbursement.....	<u>23,104</u>	<u>—</u>
Transportation and terminals margin.....	35,396	46,684
Product sales revenues.....	42,185	145,420
Less: Product purchases.....	<u>(37,375)</u>	<u>(130,125)</u>
Product margin.....	4,810	15,295
Add: Affiliate management fee revenue.....	—	167
Equity earnings.....	<u>120</u>	<u>518</u>
Operating margin.....	<u>\$ 40,326</u>	<u>\$ 62,664</u>
<b>Petroleum products terminals:</b>		
Transportation and terminals revenues <sup>(1)</sup> .....	\$ 20,835	\$ 25,510
Less: Operating expenses <sup>(2)</sup> .....	(8,359)	(9,182)
Environmental expenses.....	(150)	(38)
Add: Environmental expenses reimbursement.....	<u>150</u>	<u>—</u>
Transportation and terminals margin.....	12,476	16,290
Product sales revenues.....	2,029	2,670
Less: Product purchases.....	<u>(1,124)</u>	<u>(1,311)</u>
Product margin.....	905	1,359
Operating margin.....	<u>\$ 13,381</u>	<u>\$ 17,649</u>
<b>Ammonia pipeline system:</b>		
Total revenues <sup>(1)</sup> .....	\$ 3,600	\$ 2,701
Less: Operating expenses <sup>(2)</sup> .....	(981)	(1,402)
Environmental expenses.....	(167)	(320)
Add: Environmental expenses reimbursement.....	<u>161</u>	<u>—</u>
Operating margin.....	<u>\$ 2,613</u>	<u>\$ 979</u>
Segment operating margin.....	\$ 56,320	\$ 81,292
Add: Allocated corporate depreciation costs.....	<u>655</u>	<u>793</u>
Total operating margin.....	56,975	82,085
Less: Depreciation and amortization.....	(9,522)	(12,970)
Affiliate general and administrative.....	<u>(12,887)</u>	<u>(15,126)</u>
Total operating profit.....	<u>\$ 34,566</u>	<u>\$ 53,989</u>

<sup>(1)</sup> Consolidated transportation and terminals revenues for the three months ended March 31, 2005 were \$110,076 and consist of segment revenues of \$110,866 less intercompany eliminations of \$790. Consolidated transportation and terminals revenues for the three months ended March 31, 2004 were \$88,930 and consist of segment revenues of \$89,071 less intercompany eliminations of \$141.

<sup>(2)</sup> Consolidated operating expenses for the three months ended March 31, 2005 were \$44,255 and consist of segment operating expenses of \$45,713 less intercompany operating expense eliminations of \$665 and depreciation allocations of \$793. Consolidated operating expenses for the three months ended March 31, 2004 were \$37,000 and consist of segment operating expenses of \$37,796 less intercompany operating expense eliminations of \$141 and depreciation allocations of \$655.

**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**ALLOCATION OF NET INCOME**  
(In thousands, unless otherwise noted)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2004</b>	<b>2005</b>
Net income.....	\$ 25,815	\$ 42,123
Direct charges to the general partner:		
Transition charges.....	628	—
Reimbursable general and administrative costs.....	1,137	1,043
Previously indemnified environmental charges .....	—	461
Depreciation charges associated with previously indemnified capital costs.....	—	5
Total direct charges to general partner.....	1,765	1,509
Income before direct charges to the general partner.....	27,580	43,632
General partner's share of income.....	13.44%	17.54%
General partner's allocated share of net income before direct charges.....	3,706	7,655
Direct charges to general partner.....	(1,765)	(1,509)
Net income allocated to general partner.....	<u>\$ 1,941</u>	<u>\$ 6,146</u>
Net income.....	\$ 25,815	\$ 42,123
Less: net income allocated to general partner.....	<u>1,941</u>	<u>6,146</u>
Net income allocated to limited partners.....	<u>\$ 23,874</u>	<u>\$ 35,977</u>