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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Transportation and terminals revenues	$ 162,367	$ 166,571	$ 306,959	$ 321,459
Product sales revenues	110,364	41,327	312,082	99,043
Affiliate management fee revenue	183	190	366	380
Total revenues	272,914	208,088	619,407	420,882
Costs and expenses:				
Operating	56,965	60,511	112,557	121,238
Product purchases	75,292	40,990	252,860	93,620
Depreciation and amortization	17,434	19,893	34,610	39,208
Affiliate general and administrative	18,454	19,721	36,234	40,246
Total costs and expenses	168,145	141,115	436,261	294,312
Gain on assignment of supply agreement	—	—	26,492	—
Equity earnings	1,377	939	1,782	1,458
Operating profit	106,146	67,912	211,420	128,028
Interest expense	12,751	15,809	25,687	31,358
Interest income	(291)	(210)	(584)	(433)
Interest capitalized	(1,110)	(942)	(2,412)	(1,878)
Debt placement fee amortization	169	224	337	444
Other (income) expense	(249)	(565)	(249)	(647)
Income before provision for income taxes	94,876	53,596	188,641	99,184
Provision for income taxes	502	452	945	809
Net income	$ 94,374	$ 53,144	$ 187,696	$ 98,375
Allocation of net income:				
Limited partners' interest	$ 61,268	$ 30,410	$ 135,031	$ 53,331
General partner's interest	33,106	22,734	52,665	45,044
Net income	$ 94,374	$ 53,144	$ 187,696	$ 98,375
Basic and diluted net income per limited partner unit	$ 0.92	$ 0.45	$ 2.02	$ 0.79
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	66,851	67,127	66,812	67,101

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2009**	**2008**	**2009**
Petroleum products pipeline system:				
Transportation revenue per barrel shipped	$ 1.169	$ 1.202	$ 1.161	$ 1.174
Volume shipped (million barrels)	77.3	73.9	146.2	145.6
Petroleum products terminals:				
Marine terminal average storage utilized (million barrels per month)	22.8	26.2	22.8	25.6
Inland terminal throughput (million barrels)	28.3	27.9	55.4	53.9
Ammonia pipeline system:				
Volume shipped (thousand tons)	227	171	447	295

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2009**	**2008**	**2009**
Petroleum products pipeline system:				
Transportation and terminals revenues	$ 121,169	$ 121,874	$ 227,492	$ 236,643
Less: Operating expenses	39,977	44,034	82,237	87,989
Transportation and terminals margin	81,192	77,840	145,255	148,654
Product sales revenues	102,585	37,892	295,482	92,124
Less: Product purchases	73,577	39,914	248,198	91,502
Product margin	29,008	(2,022)	47,284	622
Add: Affiliate management fee revenue	183	190	366	380
Equity earnings	1,377	939	1,782	1,458
Gain on assignment of supply agreement	—	—	26,492	—
Operating margin	$ 111,760	$ 76,947	$ 221,179	$ 151,114
Petroleum products terminals:				
Transportation and terminals revenues	$ 35,970	$ 40,715	$ 69,571	$ 78,868
Less: Operating expenses	15,685	14,964	28,214	30,348
Transportation and terminals margin	20,285	25,751	41,357	48,520
Product sales revenues	7,779	3,435	16,600	6,919
Less: Product purchases	1,845	1,570	4,922	3,106
Product margin	5,934	1,865	11,678	3,813
Operating margin	$ 26,219	$ 27,616	$ 53,035	$ 52,333
Ammonia pipeline system:				
Transportation and terminals revenues	$ 5,986	$ 5,248	$ 11,406	$ 8,477
Less: Operating expenses	2,812	3,220	5,066	6,338
Operating margin	$ 3,174	$ 2,028	$ 6,340	$ 2,139
Segment operating margin	$ 141,153	$ 106,591	$ 280,554	$ 205,586
Add: Allocated corporate depreciation costs	881	935	1,710	1,896
Total operating margin	142,034	107,526	282,264	207,482
Less: Depreciation and amortization	17,434	19,893	34,610	39,208
Affiliate general and administrative	18,454	19,721	36,234	40,246
Total operating profit	$ 106,146	$ 67,912	$ 211,420	$ 128,028

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.
ALLOCATION OF NET INCOME
(In thousands, unless otherwise noted)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2009**	**2008**	**2009**
Net income	$ 94,374	$ 53,144	$ 187,696	$ 98,375
Direct charges to the general partner:				
Reimbursable general and administrative costs [(a)]	408	—	816	—
Previously indemnified environmental charges	(11,291)	396	(9,762)	1,066
Total direct charges (credits) to general partner	(10,883)	396	(8,946)	1,066
Income before direct charges (credits) to general partner	83,491	53,540	178,750	99,441
Less: Distributions paid for the quarter	67,797	71,016	133,592	142,031
Undistributed income/(distributions in excess of income)	$ 15,694	$ (17,476)	$ 45,158	$ (42,590)
Ownership interests:				
Limited partners	98.011%	98.017%	98.011%	98.017%
General partner	1.989%	1.983%	1.989%	1.983%
Total ownership interests	100.000%	100.000%	100.000%	100.000%
Allocation of net income:				
Limited partner allocation:				
Allocation of undistributed income/(distributions in excess of income)	$ 15,382	$ (17,128)	$ 44,260	$ (41,744)
Cash distributions paid for the quarter	45,886	47,538	90,771	95,075
Net income allocated to limited partners	$ 61,268	$ 30,410	$ 135,031	$ 53,331
General partner allocation:				
Allocation of undistributed income/(distributions in excess of income)	$ 312	$ (348)	$ 898	$ (846)
Cash distributions paid for the quarter	21,911	23,478	42,821	46,956
Direct charges (credits) to general partner	(10,883)	396	(8,946)	1,066
Net income allocated to general partner	$ 33,106	$ 22,734	$ 52,665	$ 45,044
Limited partners' allocation of net income	$ 61,268	$ 30,410	$ 135,031	$ 53,331
General partner's allocation of net income	33,106	22,734	52,665	45,044
Net income	$ 94,374	$ 53,144	$ 187,696	$ 98,375

The partnership adopted Emerging Issues Task Force ("EITF') Issue No. 07-4, *Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships* effective January 1, 2009. Under EITF Issue No. 07-4, when calculating earnings per unit pursuant to the two-class method, net income for the current reporting period is reduced by the distributions paid to the general partner, limited partner and incentive distribution rights holders and any undistributed earnings or excess distributions are allocated to the general partner and limited partners utilizing the contractual terms of the partnership agreement. As prescribed in EITF 07-4, the partnership retrospectively applied EITF No. 07-4 to the three and six months ended June 30, 2008.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Net income	$ 94.4	$ 53.2	$ 187.7	$ 98.4
Add: Depreciation and amortization [1]	17.6	20.2	34.9	39.7
Equity-based incentive compensation [2]	1.4	2.0	(1.0)	1.7
Direct charges (credits) to general partner	(10.9)	0.4	(9.0)	1.1
Asset retirements and impairments	1.6	0.9	1.7	2.2
NYMEX contract adjustments [3]	—	17.4	—	31.1
Less: Maintenance capital (net of expected reimbursements and indemnified spending) [4]	7.4	9.9	14.8	20.3
Gain on assignment of supply agreement	—	—	26.5	—
Other	0.5	1.0	0.5	—
Distributable cash flow [5]	$ 96.2	$ 83.2	$ 172.5	$ 153.9

(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 six months ended June 30, 2008 and 2009 was $3.5 million and $5.7 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 $4.5 million and $4.0 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 these NYMEX contracts do not qualify for hedge accounting treatment, $1.7 million and $12.3 million of profits for the three and six months ended June 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 six month periods ended June 30, 2009 include $15.7 million and $18.8 million, respectively, of mark-to-market losses on NYMEX contracts associated with products that will be physically sold in future periods.

(4) During the three months ended June 30, 2008 and 2009, the partnership paid $3.2 million and $1.2 million, respectively, and for the six months ended June 30, 2008 and 2009, the partnership paid $3.5 million and $2.1 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 June 30, 2009, the partnership has either paid or accrued liabilities totaling $86.4 million of the $117.5 million indemnification settlement amount it has received, including $24.3 million for capital projects.