

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Transportation and terminals revenues.....	\$ 103,839	\$ 131,647	\$ 296,305	\$ 370,272
Product sales revenues.....	54,499	182,129	137,234	457,089
Affiliate management fee revenue.....	<u>162</u>	<u>167</u>	<u>325</u>	<u>501</u>
Total revenues	158,500	313,943	433,864	827,862
Costs and expenses:				
Operating	46,792	63,379	126,703	159,434
Environmental	176	6,942	42,504	9,914
Environmental reimbursements	—	—	(41,324)	—
Product purchases	49,617	160,500	120,498	414,159
Depreciation and amortization	9,564	14,498	28,908	41,399
Affiliate general and administrative	<u>13,837</u>	<u>15,784</u>	<u>40,231</u>	<u>46,044</u>
Total costs and expenses	119,986	261,103	317,520	670,950
Equity earnings	<u>713</u>	<u>909</u>	<u>981</u>	<u>2,231</u>
Operating profit	39,227	53,749	117,325	159,143
Interest expense	8,029	13,547	25,248	38,829
Interest income	(291)	(1,287)	(1,737)	(3,429)
Debt prepayment premium	—	—	12,666	—
Write-off of unamortized debt placement costs	—	—	5,002	—
Debt placement fee amortization	886	731	2,224	2,194
Other income.....	<u>—</u>	<u>—</u>	<u>(953)</u>	<u>(300)</u>
Net income	<u>\$ 30,603</u>	<u>\$ 40,758</u>	<u>\$ 74,875</u>	<u>\$ 121,849</u>
Allocation of net income:				
Limited partners' interest	\$ 28,286	\$ 37,143	\$ 69,625	\$ 105,157
General partner's interest	<u>2,317</u>	<u>3,615</u>	<u>5,250</u>	<u>16,692</u>
Net income	<u>\$ 30,603</u>	<u>\$ 40,758</u>	<u>\$ 74,875</u>	<u>\$ 121,849</u>
Basic net income per limited partner unit	<u>\$ 0.48</u>	<u>\$ 0.56</u>	<u>\$ 1.24</u>	<u>\$ 1.58</u>
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	<u>58,542</u>	<u>66,361</u>	<u>56,314</u>	<u>66,361</u>
Diluted net income per limited partner unit	<u>\$ 0.48</u>	<u>\$ 0.56</u>	<u>\$ 1.23</u>	<u>\$ 1.58</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	<u>58,682</u>	<u>66,592</u>	<u>56,432</u>	<u>66,610</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2005	2004	2005
Petroleum products pipeline system:				
Transportation revenue per barrel shipped (dollars per barrel)	\$0.945	\$1.053	\$0.974	\$1.035
Transportation barrels shipped (million barrels)	66.7	79.4	182.1	222.0
Petroleum products terminals:				
Marine terminal average storage capacity utilized per month (million barrels) *	15.8	18.6	15.7	18.5
Marine terminal throughput (million barrels)	5.8	11.5	17.0	37.4
Inland terminal throughput (million barrels)	27.5	28.6	74.1	83.6
Ammonia pipeline system:				
Volume shipped (thousand tons)	171	149	552	487

* For the three months ended September 30, 2005, represents the average monthly storage capacity utilized for our Gulf Coast and New Haven, Connecticut terminals (16.8 million barrels) and the average storage capacity utilized for the month that we owned our Delaware terminal (1.8 million barrels). For the nine months ended September 30, 2005, represents the average monthly storage capacity utilized for our Gulf Coast and New Haven, Connecticut terminals (16.7 million barrels) and the average storage capacity utilized for the month that we owned our Delaware terminal.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2005	2004	2005
Petroleum products pipeline system:				
Transportation and terminals revenues	\$ 77,597	\$ 103,307	\$219,959	\$286,406
Less: Operating expenses	(38,096)	(52,836)	(100,109)	(129,710)
Environmental expenses	(44)	(4,420)	(38,481)	(6,950)
Add: Environmental expense reimbursement	—	—	37,573	—
Transportation and terminals margin	39,457	46,051	118,942	149,746
Product sales revenues	51,723	180,165	129,976	449,124
Less: Product purchases	(48,002)	(160,362)	(116,460)	(412,009)
Product margin	3,721	19,803	13,516	37,115
Add: Affiliate management fee revenue	162	167	325	501
Equity earnings	713	909	981	2,231
Operating margin	<u>\$ 44,053</u>	<u>\$ 66,930</u>	<u>\$133,764</u>	<u>\$189,593</u>
Petroleum products terminals:				
Transportation and terminals revenues	\$ 23,086	\$ 25,358	\$ 66,899	\$ 76,374
Less: Operating expenses	(9,323)	(9,838)	(26,678)	(28,659)
Environmental expenses	—	(1,620)	(2,839)	(1,710)
Add: Environmental expense reimbursement	—	—	2,839	—
Transportation and terminals margin	13,763	13,900	40,221	46,005
Product sales revenues	2,776	2,514	7,258	8,925
Less: Product purchases	(1,615)	(816)	(4,038)	(3,491)
Product margin	1,161	1,698	3,220	5,434
Operating margin	<u>\$ 14,924</u>	<u>\$ 15,598</u>	<u>\$ 43,441</u>	<u>\$ 51,439</u>
Ammonia pipeline system:				
Total revenues	\$ 3,298	\$ 3,745	\$ 9,883	\$ 9,952
Less: Operating expenses	(295)	(2,197)	(2,580)	(5,611)
Environmental expenses	(132)	(902)	(1,184)	(1,254)
Add: Environmental expense reimbursement	—	—	912	—
Operating margin	<u>\$ 2,871</u>	<u>\$ 646</u>	<u>\$ 7,031</u>	<u>\$ 3,087</u>
Segment operating margin	\$ 61,848	\$ 83,174	\$184,236	\$244,119
Add: Allocated corporate depreciation costs	780	857	2,228	2,467
Total operating margin	62,628	84,031	186,464	246,586
Less: Depreciation and amortization	(9,564)	(14,498)	(28,908)	(41,399)
Affiliate general and administrative	(13,837)	(15,784)	(40,231)	(46,044)
Total operating profit	<u>\$ 39,227</u>	<u>\$ 53,749</u>	<u>\$117,325</u>	<u>\$159,143</u>

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)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Net income.....	\$ 30,603	\$ 40,758	\$ 74,875	\$121,849
Direct charges to the general partner:				
Transition charges.....	—	—	823	—
Reimbursable general and administrative costs.....	2,245	1,049	5,807	2,693
Previously indemnified environmental charges	341	6,055	341	6,692
Other.....	<u>562</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total direct charges to general partner.....	<u>3,148</u>	<u>7,104</u>	<u>6,971</u>	<u>9,385</u>
Income before direct charges to general partner.....	33,751	47,862	81,846	131,234
General partner's share of income.....	<u>16.19%</u>	<u>22.40%</u>	<u>14.93%</u>	<u>19.87%</u>
General partner's allocated share of net income				
before direct charges.....	5,465	10,719	12,221	26,077
Direct charges to general partner.....	<u>3,148</u>	<u>7,104</u>	<u>6,971</u>	<u>9,385</u>
Net income allocated to general partner.....	<u>\$ 2,317</u>	<u>\$ 3,615</u>	<u>\$ 5,250</u>	<u>\$ 16,692</u>
Net income.....	\$ 30,603	\$ 40,758	\$ 74,875	\$121,849
Less: net income allocated to general partner.....	<u>2,317</u>	<u>3,615</u>	<u>5,250</u>	<u>16,692</u>
Net income allocated to limited partners.....	<u>\$ 28,286</u>	<u>\$ 37,143</u>	<u>\$ 69,625</u>	<u>\$105,157</u>