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,	
	2012	**2013**	**2012**	**2013**
Transportation and terminals revenue	$ 248,761	$ 282,462	$ 466,315	$ 509,733
Product sales revenues	200,568	157,922	476,298	359,633
Affiliate management fee revenue	198	3,528	397	6,967
Total revenue	449,527	443,912	943,010	876,333
Costs and expenses:				
Operating	82,326	77,415	150,778	142,596
Product purchases	144,498	115,328	393,110	275,726
Depreciation and amortization	31,486	34,186	62,996	70,518
General and administrative	25,414	33,262	49,158	63,318
Total costs and expenses	283,724	260,191	656,042	552,158
Earnings of non-controlled entities	1,478	736	3,126	2,787
Operating profit	167,281	184,457	290,094	326,962
Interest expense	29,118	31,720	58,241	63,443
Interest income	(29)	(13)	(64)	(35)
Interest capitalized	(1,028)	(3,243)	(1,892)	(6,694)
Debt placement fee amortization expense	518	540	1,037	1,080
Income before provision for income taxes	138,702	155,453	232,772	269,168
Provision for income taxes	881	1,813	1,427	2,561
Net income	$ 137,821	$ 153,640	$ 231,345	$ 266,607
Basic and diluted net income per limited partner unit	$ 0.61	$ 0.68	$ 1.02	$ 1.18
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,429	226,864	226,305	226,785

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Refined products:				
Transportation revenue per barrel shipped	$ 1.270	$ 1.366	$ 1.236	$ 1.256
Volume shipped (million barrels):				
Gasoline	56.1	59.1	102.0	112.7
Distillates	33.6	35.5	63.4	69.3
Aviation fuel	5.2	5.0	10.8	9.5
Liquefied petroleum gases	3.7	2.2	4.7	3.3
Total volume shipped	98.6	101.8	180.9	194.8
Crude oil:				
Transportation revenue per barrel shipped	$ 0.301	$ 0.771	$ 0.289	$ 0.605
Volume shipped (million barrels)	17.2	28.1	32.1	44.0
Crude oil terminal average utilization (million barrels per month)	12.5	12.6	12.6	12.5
Marine storage:				
Marine terminal average utilization (million barrels per month)	24.2	22.8	24.2	22.7

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Refined products:				
Transportation and terminals revenue	$ 187,262	$ 202,397	$ 344,932	$ 367,756
Less: Operating expenses	66,153	66,456	123,359	112,737
Transportation and terminals margin	121,109	135,941	221,573	255,019
Product sales revenue	199,840	156,321	472,658	355,736
Less: Product purchases	143,962	114,460	391,798	272,758
Product margin	55,878	41,861	80,860	82,978
Operating margin	$ 176,987	$ 177,802	$ 302,433	$ 337,997
Crude oil:				
Transportation and terminals revenue	$ 22,545	$ 41,158	$ 43,758	$ 64,386
Less: Operating expenses	1,502	4,027	605	9,134
Transportation and terminals margin	21,043	37,131	43,153	55,252
Affiliate management fee revenue	198	3,239	397	6,398
Earnings of non-controlled entities	1,493	110	3,161	1,485
Operating margin	$ 22,734	$ 40,480	$ 46,711	$ 63,135
Marine storage:				
Transportation and terminals revenue	$ 38,954	$ 38,907	$ 77,625	$ 77,591
Less: Operating expenses	15,341	7,694	28,218	22,247
Transportation and terminals margin	23,613	31,213	49,407	55,344
Product sales revenue	728	1,601	3,640	3,897
Less: Product purchases	536	868	1,312	2,968
Product margin	192	733	2,328	929
Affiliate management fee revenue	—	289	—	569
Earnings (loss) of non-controlled entities	(15)	626	(35)	1,302
Operating margin	$ 23,790	$ 32,861	$ 51,700	$ 58,144
Segment operating margin	$ 223,511	$ 251,143	$ 400,844	$ 459,276
Add: Allocated corporate depreciation costs	670	762	1,404	1,522
Total operating margin	224,181	251,905	402,248	460,798
Less:				
Depreciation and amortization expense	31,486	34,186	62,996	70,518
General and administrative expense	25,414	33,262	49,158	63,318
Total operating profit	$ 167,281	$ 184,457	$ 290,094	$ 326,962

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 June 30, 2013	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 153,640	$ 0.68
Deduct: Unrealized derivative gains associated with future physical product transactions	(8,096)	(0.04)
Add: Lower-of-cost-or-market inventory adjustment	2,057	0.01
Excluding commodity-related adjustments	$ 147,601	$ 0.65
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,864	

*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 June 30,		Six Months Ended June 30,		2013
	2012	**2013**	**2012**	**2013**	**Guidance**
Net income	$ 137,821	$ 153,640	$ 231,345	$ 266,607	$ 567,000
Interest expense, net	28,061	28,464	56,285	56,714	120,000
Depreciation and amortization [(1)]	32,004	34,726	64,033	71,598	145,000
Equity-based incentive compensation [(2)]	4,165	5,425	(5,991)	(1,978)	7,000
Asset retirements and impairments	1,952	507	7,359	2,298	5,000
Commodity-related adjustments:					
Derivative gains recognized in the period associated with future product transactions [(3)]	(27,511)	(8,096)	(17,908)	(6,860)	
Derivative losses recognized in previous periods associated with product sales completed in the period [(4)]	(10,886)	(1,556)	(4,164)	(5,726)	
Lower-of-cost-or-market adjustments	4,106	2,057	3,089	57	
Houston-to-El Paso cost of sales adjustments[(5)]	7,082	—	8,121	—	
Total commodity-related adjustments	(27,209)	(7,595)	(10,862)	(12,529)	(14,000)
Other	9	362	529	(917)	(5,000)
Adjusted EBITDA	176,803	215,529	342,698	381,793	825,000
Interest expense, net	(28,061)	(28,464)	(56,285)	(56,714)	(120,000)
Maintenance capital	(14,752)	(18,878)	(26,710)	(32,986)	(75,000)
Distributable cash flow	$ 133,990	$ 168,187	$ 259,703	$ 292,093	$ 630,000
Distributable cash flow per limited partner unit	$ 0.59	$ 0.74	$ 1.15	$ 1.29	$ 2.78
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 six months ended June 30, 2012 and 2013 was $7.0 million and $10.3 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.