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,	
	2007	**2008**	**2007**	**2008**
Transportation and terminals revenues	$ 154,492	$ 164,257	$ 447,713	$ 471,216
Product sales revenues	167,287	127,540	493,852	439,622
Affiliate management fee revenue	178	183	534	549
Total revenues	321,957	291,980	942,099	911,387
Costs and expenses:				
Operating	64,442	81,886	185,444	194,443
Product purchases	153,926	89,523	444,494	342,383
Depreciation and amortization	15,914	17,726	47,049	52,336
Affiliate general and administrative	17,219	17,151	52,645	53,385
Total costs and expenses	251,501	206,286	729,632	642,547
Gain on assignment of supply agreement	—	—	—	26,492
Equity earnings	1,091	1,722	2,960	3,504
Operating profit	71,547	87,416	215,427	298,836
Interest expense	13,698	15,030	43,637	40,717
Interest income	(332)	(363)	(1,449)	(947)
Interest capitalized	(1,091)	(1,322)	(3,193)	(3,734)
Debt placement fee amortization	174	211	1,973	548
Debt prepayment premium	—	—	1,984	—
Other (income) expense	29	—	728	(249)
Income before provision (benefit) for income taxes	59,069	73,860	171,747	262,501
Provision (benefit) for income taxes	(375)	524	1,149	1,469
Net income	$ 59,444	$ 73,336	$ 170,598	$ 261,032
Allocation of net income:				
Limited partners' interest	$ 43,049	$ 50,188	$ 123,690	$ 163,544
General partner's interest	16,395	23,148	46,908	97,488
Net income	$ 59,444	$ 73,336	$ 170,598	$ 261,032
Basic net income per limited partner unit	$ 0.65	$ 0.75	$ 1.86	$ 2.45
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	66,550	66,854	66,546	66,826
Diluted net income per limited partner unit	$ 0.65	$ 0.75	$ 1.86	$ 2.45
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	66,550	66,854	66,549	66,826

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Petroleum products pipeline system:				
Transportation revenue per barrel shipped	$ 1.164	$ 1.266	$ 1.154	$ 1.197
Volume shipped (million barrels)	78.6	74.4	226.8	220.6
Petroleum products terminals:				
Marine terminal average storage utilized (million barrels per month)	21.8	23.9	21.6	23.2
Inland terminal throughput (million barrels)	30.9	26.2	88.4	81.6
Ammonia pipeline system:				
Volume shipped (thousand tons)	133	177	533	624

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Petroleum products pipeline system:				
Transportation and terminals revenues	$ 118,862	$ 125,533	$ 340,558	$ 353,025
Less: Operating expenses	46,432	64,185	131,688	146,422
Transportation and terminals margin	72,430	61,348	208,870	206,603
Product sales revenues	161,993	118,979	480,729	414,461
Less: Product purchases	152,189	88,169	438,548	336,367
Product margin	9,804	30,810	42,181	78,094
Add: Affiliate management fee revenue	178	183	534	549
Equity earnings	1,091	1,722	2,960	3,504
Gain on assignment of supply agreement	—	—	—	26,492
Operating margin	$ 83,503	$ 94,063	$ 254,545	$ 315,242
Petroleum products terminals:				
Transportation and terminals revenues	$ 32,786	$ 34,472	$ 96,549	$ 104,043
Less: Operating expenses	13,521	14,367	40,627	42,581
Transportation and terminals margin	19,265	20,105	55,922	61,462
Product sales revenues	5,294	8,561	13,123	25,161
Less: Product purchases	1,867	1,606	6,335	6,528
Product margin	3,427	6,955	6,788	18,633
Operating margin	$ 22,692	$ 27,060	$ 62,710	$ 80,095
Ammonia pipeline system:				
Transportation and terminals revenues	$ 3,672	$ 5,128	$ 13,085	$ 16,534
Less: Operating expenses	5,950	4,771	17,470	9,837
Operating margin (loss)	$ (2,278)	$ 357	$ (4,385)	$ 6,697
Segment operating margin	$ 103,917	$ 121,480	$ 312,870	$ 402,034
Add: Allocated corporate depreciation costs	763	813	2,251	2,523
Total operating margin	104,680	122,293	315,121	404,557
Less: Depreciation and amortization	15,914	17,726	47,049	52,336
Affiliate general and administrative	17,219	17,151	52,645	53,385
Total operating profit	$ 71,547	$ 87,416	$ 215,427	$ 298,836

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 September 30,		Nine Months Ended September 30,	
	2007	**2008**	**2007**	**2008**
Net income	$ 59,444	$ 73,336	$ 170,598	$ 261,032
Direct charges to the general partner:				
Reimbursable general and administrative costs [a]	1,869	408	3,749	1,224
Previously indemnified environmental charges (credits)	885	2,656	3,757	(7,106)
Total direct charges (credits) to general partner	2,754	3,064	7,506	(5,882)
Income before direct charges (credits) to general partner	62,198	76,400	178,104	255,150
General partner's share of income[b]	30.79%	34.31%	30.55%	35.90%
General partner's allocated share of net income before direct charges (credits)	19,149	26,212	54,414	91,606
Direct charges (credits) to general partner	2,754	3,064	7,506	(5,882)
Net income allocated to general partner	$ 16,395	$ 23,148	$ 46,908	$ 97,488
Net income	$ 59,444	$ 73,336	$ 170,598	$ 261,032
Less: net income allocated to general partner	16,395	23,148	46,908	97,488
Net income allocated to limited partners	$ 43,049	$ 50,188	$ 123,690	$ 163,544

(a) Reimbursable G&A costs for the nine months ended September 30, 2007 include a $1.3 million unusual non-cash expense related to a payment by MGG Midstream Holdings, L.P., an affiliate indirectly owning a portion of the partnership's general partner. This item did not impact cash available for distributions.

(b) For periods when the distributions the partnership pays exceed its net income (before direct charges to the general partner), the general partner's percentage share of income is its proportion of cash distributions paid for the period. For periods when net income exceeds the cash distributions the partnership pays, the general partner's percentage share of income is its proportion of theoretical cash distributions that equal net income (before direct charges to the general partner). For the third quarter of 2007 and 2008 a per unit theoretical cash distribution of $0.6469 and $0.7520, respectively, would have resulted in total distributions equal to net income before direct charges to the general partner. The general partner's share of distributions at this level was 30.79% and 34.31% for the third quarter 2007 and 2008, respectively. The general partner's share of net income for the nine months ended September 30, 2007 is based on its share of actual distributions paid for the first quarter and theoretical distributions for the second and third quarters. The general partner's share of net income for the nine months ended September 30, 2008 is based on its share of theoretical distributions for the first, second and third quarters.

MAGELLAN MIDSTREAM PARTNERS, L.P.
DISTRIBUTABLE CASH FLOW
(Unaudited, in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2008**	**2007**	**2008**
Net income	$ 59.4	$ 73.3	$ 170.6	$ 261.0
Add: Depreciation and amortization [1]	16.1	18.0	49.0	52.9
Equity-based incentive compensation [2]	1.2	1.5	2.8	0.5
Direct charges (credits) to general partner	2.8	3.1	7.5	(5.9)
Asset retirements and impairments	1.4	2.1	5.8	3.8
Less: Maintenance capital (net of expected reimbursements and indemnified spending) [3]	7.0	10.6	20.9	25.4
Gain on assignment of supply agreement	—	—	—	26.5
Unrealized gain on NYMEX contracts	—	12.2	—	12.2
Other	1.1	1.1	3.0	1.8
Distributable cash flow [4]	$ 72.8	$ 74.1	$ 211.8	$ 246.4

(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, 2007 and 2008 was $7.1 million and $5.0 million, respectively. However, the figures above include an adjustment for tax withholdings paid by the partnership during first quarter 2007 and 2008 of $4.3 million and $4.5 million, respectively, for equity-based incentive compensation units that vested on the previous year end.

(3) The partnership paid the following additional amounts for indemnified maintenance capital projects related to its indemnification settlement or for which it expects third-party reimbursement: for the three months ended September 30, 2007 and 2008, $2.1 million and $0.7 million, respectively; and for the nine months ended September 30, 2007 and 2008, $5.0 million and $4.2 million, respectively.

(4) 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 September 30, 2007 and 2008, the partnership has either paid or accrued liabilities totaling $85.2 million and $83.4 million, respectively, which were covered by an indemnification settlement for which the partnership has received the full amount of $117.5 million.