

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

| | Three Months Ended | |
|---|---------------------------|------------------|
| | March 31, | |
| | 2008 | 2009 |
| Transportation and terminals revenues | \$ 144,592 | \$ 154,888 |
| Product sales revenues | 201,718 | 57,716 |
| Affiliate management fee revenue | 183 | 190 |
| Total revenues | <u>346,493</u> | <u>212,794</u> |
| Costs and expenses: | | |
| Operating | 55,592 | 60,727 |
| Product purchases | 177,568 | 52,630 |
| Depreciation and amortization | 17,176 | 19,315 |
| Affiliate general and administrative | 17,780 | 20,525 |
| Total costs and expenses | <u>268,116</u> | <u>153,197</u> |
| Gain on assignment of supply agreement | 26,492 | — |
| Equity earnings | 405 | 519 |
| Operating profit | 105,274 | 60,116 |
| Interest expense | 12,936 | 15,549 |
| Interest income | (293) | (223) |
| Interest capitalized | (1,302) | (936) |
| Debt placement fee amortization | 168 | 220 |
| Other income | — | (82) |
| Income before provision for income taxes | <u>93,765</u> | <u>45,588</u> |
| Provision for income taxes | 443 | 357 |
| Net income | <u>\$ 93,322</u> | <u>\$ 45,231</u> |
| Allocation of net income: | | |
| Limited partners' interest | \$ 73,763 | \$ 22,921 |
| General partner's interest | 19,559 | 22,310 |
| Net income | <u>\$ 93,322</u> | <u>\$ 45,231</u> |
| Basic and diluted net income per limited partner unit | <u>\$ 1.10</u> | <u>\$ 0.34</u> |
| Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation | <u>66,772</u> | <u>67,074</u> |

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2008 | 2009 |
| Petroleum products pipeline system: | | |
| Transportation revenue per barrel shipped | \$ 1.153 | \$ 1.145 |
| Volume shipped (million barrels)..... | 68.9 | 71.7 |
| Petroleum products terminals: | | |
| Marine terminal average storage utilized (million barrels per month) | 22.8 | 25.1 |
| Inland terminal throughput (million barrels)..... | 27.1 | 26.0 |
| Ammonia pipeline system: | | |
| Volume shipped (thousand tons)..... | 220 | 124 |

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

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2008 | 2009 |
| Petroleum products pipeline system: | | |
| Transportation and terminals revenues..... | \$ 106,323 | \$ 114,769 |
| Less: Operating expenses..... | 42,260 | 43,955 |
| Transportation and terminals margin..... | 64,063 | 70,814 |
| Product sales revenues..... | 192,897 | 54,232 |
| Less: Product purchases..... | 174,621 | 51,588 |
| Product margin..... | 18,276 | 2,644 |
| Add: Affiliate management fee revenue..... | 183 | 190 |
| Equity earnings..... | 405 | 519 |
| Gain on assignment of supply agreement..... | 26,492 | — |
| Operating margin..... | <u>\$ 109,419</u> | <u>\$ 74,167</u> |
| Petroleum products terminals: | | |
| Transportation and terminals revenues..... | \$ 33,601 | \$ 38,153 |
| Less: Operating expenses..... | 12,529 | 15,384 |
| Transportation and terminals margin..... | 21,072 | 22,769 |
| Product sales revenues..... | 8,821 | 3,484 |
| Less: Product purchases..... | 3,077 | 1,536 |
| Product margin..... | 5,744 | 1,948 |
| Operating margin..... | <u>\$ 26,816</u> | <u>\$ 24,717</u> |
| Ammonia pipeline system: | | |
| Transportation and terminals revenues..... | \$ 5,420 | \$ 3,229 |
| Less: Operating expenses..... | 2,254 | 3,118 |
| Operating margin..... | <u>\$ 3,166</u> | <u>\$ 111</u> |
| Segment operating margin..... | \$ 139,401 | \$ 98,995 |
| Add: Allocated corporate depreciation costs..... | 829 | 961 |
| Total operating margin..... | 140,230 | 99,956 |
| Less: Depreciation and amortization..... | 17,176 | 19,315 |
| Affiliate general and administrative..... | 17,780 | 20,525 |
| Total operating profit..... | <u>\$ 105,274</u> | <u>\$ 60,116</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)

| | Three Months Ended March 31, | |
|--|---|--------------------|
| | 2008 | 2009 |
| Net income | \$ 93,322 | \$ 45,231 |
| Direct charges to the general partner: | | |
| Reimbursable general and administrative costs | 408 | — |
| Previously indemnified environmental charges | 1,529 | 670 |
| Total direct charges to general partner | <u>1,937</u> | <u>670</u> |
| Income before direct charges to general partner | 95,259 | 45,901 |
| Less: Distributions paid for the quarter | 65,795 | 71,015 |
| Undistributed income/(distributions in excess of income) | <u>\$ 29,464</u> | <u>\$ (25,114)</u> |
| Ownership interests: | | |
| Limited partners | 98.011% | 98.017% |
| General partner | 1.989% | 1.983% |
| Total ownership interests | <u>100.000%</u> | <u>100.000%</u> |
| Allocation of net income: | | |
| Limited partner allocation: | | |
| Allocation of undistributed income/(distributions in excess of income) | \$ 28,878 | \$ (24,616) |
| Cash distributions paid for the quarter | 44,885 | 47,537 |
| Net income allocated to limited partners | <u>\$ 73,763</u> | <u>\$ 22,921</u> |
| General partner allocation: | | |
| Allocation of undistributed income/(distributions in excess of income) | \$ 586 | \$ (498) |
| Cash distributions paid for the quarter | 20,910 | 23,478 |
| Direct charges to general partner | (1,937) | (670) |
| Net income allocated to general partner | <u>\$ 19,559</u> | <u>\$ 22,310</u> |
| Limited partners' allocation of net income | \$ 73,763 | \$ 22,921 |
| General partner's allocation of net income | 19,559 | 22,310 |
| Net income | <u>\$ 93,322</u> | <u>\$ 45,231</u> |

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 has retrospectively applied EITF No. 07-4 to the three months ended March 31, 2008.

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

| | Three Months Ended March 31, | |
|--|---------------------------------|----------------|
| | 2008 | 2009 |
| Net income | \$ 93.3 | \$ 45.2 |
| Add: Depreciation and amortization ⁽¹⁾ | 17.3 | 19.5 |
| Equity-based incentive compensation ⁽²⁾ | (2.4) | (0.3) |
| Direct charges to general partner | 1.9 | 0.7 |
| Asset retirements | 0.1 | 1.3 |
| NYMEX contract adjustments ⁽³⁾ | — | 13.7 |
| Less: Maintenance capital (net of indemnified spending) ⁽⁴⁾ | 7.4 | 10.4 |
| Gain on assignment of supply agreement | 26.5 | — |
| Other | — | (1.0) |
| Distributable cash flow ⁽⁵⁾ | <u>\$ 76.3</u> | <u>\$ 70.7</u> |

⁽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 three months ended March 31, 2008 and 2009 was \$2.1 million and \$3.7 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership 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 NYMEX contracts. Because these NYMEX contracts do not qualify for hedge accounting treatment, \$10.6 million of profits 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 current quarter includes \$3.1 million of marked-to-market losses on NYMEX contracts associated with products that will be physically sold in future periods.

⁽⁴⁾ During first quarter 2008 and 2009, the partnership paid an additional \$0.3 million and \$0.9 million, respectively, for indemnified maintenance capital projects related to its indemnification settlement or expected 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 March 31, 2009, the partnership has either paid or accrued liabilities totaling \$85.9 million of the \$117.5 million indemnification settlement amount it has received, including \$24.0 million for capital projects.