

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

	Three Months Ended	
	March 31,	
	2006	2007
Transportation and terminals revenues	\$ 130,191	\$ 143,151
Product sales revenues	148,896	148,663
Affiliate management fee revenue	173	173
Total revenues	<u>279,260</u>	<u>291,987</u>
Costs and expenses:		
Operating	53,385	60,975
Product purchases	133,595	133,980
Depreciation and amortization	15,201	15,440
Affiliate general and administrative	<u>15,027</u>	<u>17,685</u>
Total costs and expenses	<u>217,208</u>	<u>228,080</u>
Equity earnings	719	763
Operating profit	62,771	64,670
Interest expense	14,292	14,867
Interest income	(646)	(371)
Interest capitalized	(204)	(897)
Debt placement fee amortization	677	645
Other expense	<u>339</u>	<u>—</u>
Income before income taxes	48,313	50,426
Provision for income taxes	—	724
Net income	<u>\$ 48,313</u>	<u>\$ 49,702</u>
Allocation of net income:		
Limited partners' interest	\$ 36,685	\$ 36,851
General partner's interest	<u>11,628</u>	<u>12,851</u>
Net income	<u>\$ 48,313</u>	<u>\$ 49,702</u>
Basic net income per limited partner unit	<u>\$ 0.55</u>	<u>\$ 0.55</u>
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	<u>66,361</u>	<u>66,538</u>
Diluted net income per limited partner unit	<u>\$ 0.55</u>	<u>\$ 0.55</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	<u>66,482</u>	<u>66,546</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31,	
	2006	2007
Petroleum products pipeline system:		
Transportation revenue per barrel shipped (dollars per barrel)	\$ 1.025	\$ 1.152
Transportation barrels shipped (million barrels)	69.2	71.3
Petroleum products terminals:		
Marine terminal average storage utilized per month (million barrels)	20.7	21.8
Inland terminal throughput (million barrels)	25.2	28.2
Ammonia pipeline system:		
Volume shipped (thousand tons)	216	214

Beginning in 2007, commercial and operating responsibilities for the partnership's two inland terminals in the Dallas, Texas area moved to the petroleum products pipeline system. As a result, historical inland terminals throughput has been adjusted to exclude these two facilities. In addition, pipeline shipments to Dallas Love Field from the partnership's Dallas terminal have been reported as transportation barrels shipped to the petroleum products pipeline system for all periods presented.

Also, beginning in 2007, the partnership has reported all marine storage utilized, including asphalt storage at New Haven, Connecticut and storage utilized for intersegment transactions at East Houston, Texas, both of which were excluded from operating statistics in prior reporting periods. Historical statistics have been adjusted to conform to the current period's presentation of this data.

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

	Three Months Ended March 31,	
	2006	2007
Petroleum products pipeline system:		
Transportation and terminals revenues.....	\$ 91,853	\$ 107,311
Less: Operating expenses.....	41,029	42,942
Transportation and terminals margin.....	50,824	64,369
Product sales revenues.....	145,464	144,265
Less: Product purchases.....	131,576	131,426
Product margin.....	13,888	12,839
Add: Affiliate management fee revenue.....	173	173
Equity earnings.....	719	763
Operating margin.....	<u>\$ 65,604</u>	<u>\$ 78,144</u>
Petroleum products terminals:		
Transportation and terminals revenues.....	\$ 34,371	\$ 31,749
Less: Operating expenses.....	11,615	13,961
Transportation and terminals margin.....	22,756	17,788
Product sales revenues.....	3,432	4,398
Less: Product purchases.....	2,146	2,682
Product margin.....	1,286	1,716
Operating margin.....	<u>\$ 24,042</u>	<u>\$ 19,504</u>
Ammonia pipeline system:		
Transportation and terminals revenues.....	\$ 4,721	\$ 4,915
Less: Operating expenses.....	2,247	5,539
Operating margin.....	<u>\$ 2,474</u>	<u>\$ (624)</u>
Segment operating margin.....	\$ 92,120	\$ 97,024
Add: Allocated corporate depreciation costs.....	879	771
Total operating margin.....	92,999	97,795
Less: Depreciation and amortization.....	15,201	15,440
Affiliate general and administrative.....	15,027	17,685
Total operating profit.....	<u>\$ 62,771</u>	<u>\$ 64,670</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,	
	2006	2007
Net income	\$ 48,313	\$ 49,702
Direct charges to the general partner:		
Reimbursable general and administrative costs.....	412	276
Previously indemnified environmental charges.....	600	2,250
Total direct charges to general partner.....	<u>1,012</u>	<u>2,526</u>
Income before direct charges to general partner.....	49,325	52,228
General partner's share of income	25.63%	29.44%
General partner's allocated share of net income before direct charges.....	12,640	15,377
Direct charges to general partner.....	1,012	2,526
Net income allocated to general partner	<u>\$ 11,628</u>	<u>\$ 12,851</u>
Net income	\$ 48,313	\$ 49,702
Less: net income allocated to general partner.....	11,628	12,851
Net income allocated to limited partners	<u>\$ 36,685</u>	<u>\$ 36,851</u>

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

	Three Months Ended	
	March 31,	
	2006	2007
Net income	\$ 48.3	\$ 49.7
Add: Depreciation and amortization ⁽¹⁾	15.9	16.1
Equity-based incentive compensation	1.5	3.7
Direct charges to general partner	1.0	2.5
Asset retirements	0.4	0.9
Less: Maintenance capital (net of indemnified spending)	2.9	5.3
Other	0.9	1.5
Distributable cash flow ⁽²⁾	<u>\$ 63.3</u>	<u>\$ 66.1</u>

⁽¹⁾ Depreciation and amortization includes debt placement fee amortization.

⁽²⁾ 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. Related to its \$117.5 million indemnification settlement, the partnership has received \$82.5 million through March 31, 2007 with the remaining \$35.0 million expected in July 2007. Through March 31, 2007, the partnership has either paid or accrued liabilities totaling \$80.5 million that are covered by this indemnification settlement.