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,	
	2010	**2011**	**2010**	**2011**
Transportation and terminals revenues	$ 193,173	$ 223,192	$ 366,342	$ 428,600
Product sales revenues	229,698	159,943	386,034	397,239
Affiliate management fee revenue	189	192	379	385
Total revenues	423,060	383,327	752,755	826,224
Costs and expenses:				
Operating	70,287	81,323	132,396	143,684
Product purchases	183,639	118,836	316,523	330,066
Depreciation and amortization	25,715	30,664	52,057	60,027
General and administrative	20,178	25,281	43,420	49,871
Total costs and expenses	299,819	256,104	544,396	583,648
Equity earnings	1,480	1,443	2,669	2,810
Operating profit	124,721	128,666	211,028	245,386
Interest expense	22,521	25,988	44,295	52,474
Interest income	(7)	(1)	(11)	(11)
Interest capitalized	(803)	(1,190)	(1,651)	(1,861)
Debt placement fee amortization expense	329	385	657	770
Income before provision for income taxes	102,681	103,484	167,738	194,014
Provision for income taxes	229	485	752	950
Net income	$ 102,452	$ 102,999	$ 166,986	$ 193,064
Allocation of net income (loss):				
Non-controlling owners' interest	$ (68)	$ –	$ (68)	$ (63)
Limited partners' interest	102,520	102,999	167,054	193,127
Net income	$ 102,452	$ 102,999	$ 166,986	$ 193,064
Basic and diluted net income per limited partner unit	$ 0.96	$ 0.91	$ 1.56	$ 1.71
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	106,896	112,847	106,869	112,804

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2011**	**2010**	**2011**
Petroleum pipeline system:				
Transportation revenue per barrel shipped	$ 1.304	$ 1.097	$ 1.265	$ 1.071
Volume shipped (million barrels):				
Refined products:				
Gasoline	42.8	52.3	82.1	104.7
Distillates	28.8	32.9	53.2	62.5
Aviation fuel	5.2	7.7	10.0	12.8
Liquefied petroleum gases	1.9	2.2	3.1	3.1
Crude oil	—	10.2	—	17.2
Total volume shipped	78.7	105.3	148.4	200.3
Petroleum terminals:				
Storage terminal average utilization (million barrels per month)	23.8	31.1	23.8	30.5
Inland terminal throughput (million barrels)	30.3	29.3	56.4	56.9
Ammonia pipeline system:				
Volume shipped (thousand tons)	111	191	278	412

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
Petroleum pipeline system:				
Transportation and terminals revenues	$ 141,461	$ 161,168	$ 264,376	$ 305,230
Less: Operating expenses	49,450	51,737	92,270	89,447
Transportation and terminals margin	92,011	109,431	172,106	215,783
Product sales revenues	222,963	152,891	375,189	379,879
Less: Product purchases	182,267	117,540	313,043	326,013
Product margin	40,696	35,351	62,146	53,866
Add: Affiliate management fee revenue	189	192	379	385
Equity earnings	1,480	1,443	2,669	2,810
Operating margin	$ 134,376	$ 146,417	$ 237,300	$ 272,844
Petroleum terminals:				
Transportation and terminals revenues	$ 48,446	$ 56,969	$ 94,105	$ 112,190
Less: Operating expenses	18,262	26,627	34,635	48,623
Transportation and terminals margin	30,184	30,342	59,470	63,567
Product sales revenues	6,763	7,140	10,873	17,558
Less: Product purchases	1,917	2,084	4,523	5,858
Product margin	4,846	5,056	6,350	11,700
Operating margin	$ 35,030	$ 35,398	$ 65,820	$ 75,267
Ammonia pipeline system:				
Transportation and terminals revenues	$ 3,783	$ 5,755	$ 8,876	$ 12,787
Less: Operating expenses	3,235	3,726	7,216	7,057
Operating margin	$ 548	$ 2,029	$ 1,660	$ 5,730
Segment operating margin	$ 169,954	$ 183,844	$ 304,780	$ 353,841
Add: Allocated corporate depreciation costs	660	767	1,725	1,443
Total operating margin	170,614	184,611	306,505	355,284
Less: Depreciation and amortization expense	25,715	30,664	52,057	60,027
General and administrative expense	20,178	25,281	43,420	49,871
Total operating profit	$ 124,721	$ 128,666	$ 211,028	$ 245,386

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 MEASURE
(Unaudited, in thousands except per unit amounts)

	Three Months Ended June 30, 2011	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 102,999	$ 0.91
Deduct: Unrealized derivative gains associated with future physical product transactions	(226)	—
Excluding commodity-related adjustments	$ 102,773	$ 0.91
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	112,847	

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,		2011
	2010	2011	2010	2011	Guidance
Net income	$ 102,452	$ 102,999	$ 166,986	$ 193,064	$ 389,000
Depreciation and amortization [1]	26,044	31,049	52,714	60,797	124,000
Equity-based incentive compensation [2]	1,949	5,260	3,509	1,600	8,000
Asset retirements and impairments	335	5,276	(1,282)	7,106	8,000
Commodity-related adjustments:					
Derivative losses/(gains) recognized in the period associated with future product transactions [3]	(14,364)	(226)	(13,209)	8,765	
Derivative (losses)/gains recognized in previous periods associated with product sales completed in the period [4]	(11,763)	(17,381)	(7,158)	(12,007)	
Lower-of-cost-or-market adjustments	5,119	—	5,182	—	
Houston-to-El Paso cost of sales adjustments[5]	971	1,929	(4,233)	(3,915)	
Total commodity-related adjustments	(20,037)	(15,678)	(19,418)	(7,157)	(16,000)
Maintenance capital	(8,990)	(10,720)	(15,023)	(19,370)	(65,000)
Other	(1,050)	(601)	(1,579)	(739)	(3,000)
Distributable cash flow	$ 100,703	$ 117,585	$ 185,907	$ 235,301	$ 445,000
Distributable cash flow per limited partner unit	$ 0.94	$ 1.04	$ 1.74	$ 2.09	$ 3.95
Weighted average number of limited partner units paid distributions	106,731	112,737	106,731	112,737	112,800

(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, 2010 and 2011 was $6.9 million and $9.0 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership in 2010 and 2011 of $3.4 million and $7.4 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 transitional commodity activities for the partnership's Houston-to-El Paso pipeline to more closely resemble current market prices for distributable cash flow purposes rather than average inventory costing as used to determine the partnership's results of operations.