

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,	
	2006	2007	2006	2007
Transportation and terminals revenues	\$ 144,702	\$ 154,492	\$ 413,448	\$ 447,713
Product sales revenues	171,762	167,287	493,464	493,852
Affiliate management fee revenue	173	178	518	534
Total revenues	316,637	321,957	907,430	942,099
Costs and expenses:				
Operating	71,051	64,442	179,481	185,444
Product purchases	169,741	153,926	458,193	444,494
Depreciation and amortization	15,182	15,914	45,739	47,049
Affiliate general and administrative	17,042	17,219	47,806	52,645
Total costs and expenses	273,016	251,501	731,219	729,632
Equity earnings	814	1,091	2,479	2,960
Operating profit	44,435	71,547	178,690	215,427
Interest expense	14,359	13,698	43,116	43,637
Interest income	(482)	(332)	(1,729)	(1,449)
Interest capitalized	(714)	(1,091)	(1,346)	(3,193)
Debt placement fee amortization	679	174	2,034	1,973
Debt prepayment premium	—	—	—	1,984
Other expense	—	29	339	728
Income before income taxes	30,593	59,069	136,276	171,747
Provision (benefit) for income taxes	—	(375)	—	1,149
Net income	<u>\$ 30,593</u>	<u>\$ 59,444</u>	<u>\$ 136,276</u>	<u>\$ 170,598</u>
Allocation of net income:				
Limited partners' interest	\$ 28,335	\$ 43,049	\$ 106,163	\$ 123,690
General partner's interest	2,258	16,395	30,113	46,908
Net income	<u>\$ 30,593</u>	<u>\$ 59,444</u>	<u>\$ 136,276</u>	<u>\$ 170,598</u>
Basic net income per limited partner unit	<u>\$ 0.43</u>	<u>\$ 0.65</u>	<u>\$ 1.60</u>	<u>\$ 1.86</u>
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	<u>66,361</u>	<u>66,550</u>	<u>66,361</u>	<u>66,546</u>
Diluted net income per limited partner unit	<u>\$ 0.43</u>	<u>\$ 0.65</u>	<u>\$ 1.60</u>	<u>\$ 1.86</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	<u>66,644</u>	<u>66,550</u>	<u>66,537</u>	<u>66,549</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Petroleum products pipeline system:				
Transportation revenue per barrel shipped	\$ 1.051	\$ 1.164	\$ 1.052	\$ 1.154
Volume shipped (million barrels).....	84.7	78.6	232.1	226.8
Petroleum products terminals:				
Marine terminal average storage utilized per month (million barrels)	20.5	21.8	20.6	21.6
Inland terminal throughput (million barrels).....	28.7	30.9	81.1	88.4
Ammonia pipeline system:				
Volume shipped (thousand tons).....	159	133	537	533

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Petroleum products pipeline system:				
Transportation and terminals revenues.....	\$ 112,667	\$ 118,862	\$ 311,841	\$ 340,558
Less: Operating expenses.....	<u>57,623</u>	<u>46,432</u>	<u>140,196</u>	<u>131,688</u>
Transportation and terminals margin.....	55,044	72,430	171,645	208,870
Product sales revenues.....	167,537	161,993	482,976	480,729
Less: Product purchases.....	<u>168,374</u>	<u>152,189</u>	<u>453,813</u>	<u>438,548</u>
Product margin.....	(837)	9,804	29,163	42,181
Add: Affiliate management fee revenue.....	173	178	518	534
Equity earnings.....	<u>814</u>	<u>1,091</u>	<u>2,479</u>	<u>2,960</u>
Operating margin.....	<u>\$ 55,194</u>	<u>\$ 83,503</u>	<u>\$ 203,805</u>	<u>\$ 254,545</u>
Petroleum products terminals:				
Transportation and terminals revenues.....	\$ 29,372	\$ 32,786	\$ 92,514	\$ 96,549
Less: Operating expenses.....	<u>10,885</u>	<u>13,521</u>	<u>34,744</u>	<u>40,627</u>
Transportation and terminals margin.....	18,487	19,265	57,770	55,922
Product sales revenues.....	4,225	5,294	10,488	13,123
Less: Product purchases.....	<u>1,496</u>	<u>1,867</u>	<u>4,766</u>	<u>6,335</u>
Product margin.....	<u>2,729</u>	<u>3,427</u>	<u>5,722</u>	<u>6,788</u>
Operating margin.....	<u>\$ 21,216</u>	<u>\$ 22,692</u>	<u>\$ 63,492</u>	<u>\$ 62,710</u>
Ammonia pipeline system:				
Transportation and terminals revenues.....	\$ 3,517	\$ 3,672	\$ 11,666	\$ 13,085
Less: Operating expenses.....	<u>4,163</u>	<u>5,950</u>	<u>9,396</u>	<u>17,470</u>
Operating margin.....	<u>\$ (646)</u>	<u>\$ (2,278)</u>	<u>\$ 2,270</u>	<u>\$ (4,385)</u>
Segment operating margin.....	\$ 75,764	\$ 103,917	\$ 269,567	\$ 312,870
Add: Allocated corporate depreciation costs.....	<u>895</u>	<u>763</u>	<u>2,668</u>	<u>2,251</u>
Total operating margin.....	76,659	104,680	272,235	315,121
Less: Depreciation and amortization.....	15,182	15,914	45,739	47,049
Affiliate general and administrative.....	<u>17,042</u>	<u>17,219</u>	<u>47,806</u>	<u>52,645</u>
Total operating profit.....	<u>\$ 44,435</u>	<u>\$ 71,547</u>	<u>\$ 178,690</u>	<u>\$ 215,427</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)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Net income	\$ 30,593	\$ 59,444	\$ 136,276	\$ 170,598
Direct charges to the general partner:				
Reimbursable general and administrative costs.....	(31)	1,869	934	3,749
Previously indemnified environmental charges.....	8,323	885	8,381	3,757
Total direct charges to general partner.....	<u>8,292</u>	<u>2,754</u>	<u>9,315</u>	<u>7,506</u>
Income before direct charges to general partner	38,885	62,198	145,591	178,104
General partner's share of income ^(a)	27.13%	30.79%	27.08%	30.55%
General partner's allocated share of net income before direct charges	10,550	19,149	39,428	54,414
Direct charges to general partner	8,292	2,754	9,315	7,506
Net income allocated to general partner	<u>\$ 2,258</u>	<u>\$ 16,395</u>	<u>\$ 30,113</u>	<u>\$ 46,908</u>
Net income	\$ 30,593	\$ 59,444	\$ 136,276	\$ 170,598
Less: net income allocated to general partner	2,258	16,395	30,113	46,908
Net income allocated to limited partners	<u>\$ 28,335</u>	<u>\$ 43,049</u>	<u>\$ 106,163</u>	<u>\$ 123,690</u>

- (a) For periods when the distributions the partnership pays exceed its net income, 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. The cash distributions the partnership paid for the three months ended September 30, 2006 exceeded its net income for that period; therefore, the general partner's share of income was its proportion of cash distributions paid for that quarter. For the three months ended September 30, 2007, the partnership's net income exceeds the cash distributions it will pay for that period; therefore, the general partner's share of income was allocated based on a theoretical cash distribution of \$0.6469 per limited partner unit. The general partner's share of distributions for the nine months ended September 30, 2006 was equal to its share of actual first and third quarter 2006 distributions plus its share of theoretical distributions for second quarter 2006. During 2007, the general partner's share of distributions for the nine months ended September 30, 2007 was equal to its share of actual distributions paid for the first quarter and theoretical distributions for the 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,	
	2006	2007	2006	2007
Net income	\$ 30.6	\$ 59.4	\$ 136.3	\$ 170.6
Add: Depreciation and amortization ⁽¹⁾	15.9	16.1	47.8	49.0
Equity-based incentive compensation	4.4	1.2	8.2	7.1
Direct charges to general partner	8.3	2.8	9.3	7.5
Asset retirements and impairments	1.4	1.4	6.0	5.8
Less: Maintenance capital (net of indemnified spending).....	6.8	7.0	17.5	20.9
Other	1.5	1.1	3.7	3.0
Distributable cash flow ⁽²⁾	<u>\$ 52.3</u>	<u>\$ 72.8</u>	<u>\$ 186.4</u>	<u>\$ 216.1</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 indemnification settlement, the partnership has collected the entire amount due of \$117.5 million. Through September 30, 2007, the partnership has either paid or accrued liabilities totaling \$85.2 million that are covered by this indemnification settlement.