

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

	Three Months Ended	
	March 31,	
	2005	2006
Transportation and terminals revenues.....	\$ 112,692	\$ 130,191
Product sales revenues.....	145,474	148,896
Affiliate management fee revenue.....	167	173
Total revenues	<u>258,333</u>	<u>279,260</u>
Costs and expenses:		
Operating	44,255	51,113
Environmental	1,200	2,272
Product purchases	131,311	133,595
Depreciation and amortization	12,970	15,201
Affiliate general and administrative	<u>15,126</u>	<u>15,027</u>
Total costs and expenses	204,862	217,208
Equity earnings	<u>518</u>	<u>719</u>
Operating profit	53,989	62,771
Interest expense	12,418	14,088
Interest income	(985)	(646)
Debt placement fee amortization	732	677
Other (income)/expense.....	<u>(299)</u>	<u>339</u>
Net income	<u>\$ 42,123</u>	<u>\$ 48,313</u>
Allocation of net income:		
Limited partners' interest	\$ 35,977	\$ 36,685
General partner's interest	<u>6,146</u>	<u>11,628</u>
Net income	<u>\$ 42,123</u>	<u>\$ 48,313</u>
Basic net income per limited partner unit	<u>\$ 0.54</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>66,361</u>
Diluted net income per limited partner unit	<u>\$ 0.54</u>	<u>\$ 0.55</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	<u>66,467</u>	<u>66,482</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended	
	March 31,	
	2005	2006
Petroleum products pipeline system:		
Transportation revenue per barrel shipped (dollars per barrel)	\$1.020	\$1.026
Transportation barrels shipped (million barrels)	65.7	69.0
Petroleum products terminals:		
Marine terminal average storage capacity utilized per month (million barrels)	16.5	19.1
Marine terminal throughput (million barrels)	12.4	10.9
Inland terminal throughput (million barrels)	26.1	27.7
Ammonia pipeline system:		
Volume shipped (thousand tons)	152	216

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

	Three Months Ended	
	March 31,	
	2005	2006
Petroleum products pipeline system:		
Transportation and terminals revenues.....	\$ 85,271	\$ 90,749
Less: Operating expenses.....	35,129	38,778
Environmental expenses.....	<u>842</u>	<u>1,908</u>
Transportation and terminals margin.....	49,300	50,063
Product sales revenues.....	142,804	143,719
Less: Product purchases.....	<u>130,125</u>	<u>130,463</u>
Product margin.....	12,679	13,256
Add: Affiliate management fee revenue.....	167	173
Equity earnings.....	<u>518</u>	<u>719</u>
Operating margin.....	<u>\$ 62,664</u>	<u>\$ 64,211</u>
Petroleum products terminals:		
Transportation and terminals revenues.....	\$ 25,510	\$ 35,475
Less: Operating expenses.....	9,182	11,837
Environmental expenses.....	<u>38</u>	<u>121</u>
Transportation and terminals margin.....	16,290	23,517
Product sales revenues.....	2,670	5,177
Less: Product purchases.....	<u>1,311</u>	<u>3,259</u>
Product margin.....	<u>1,359</u>	<u>1,918</u>
Operating margin.....	<u>\$ 17,649</u>	<u>\$ 25,435</u>
Ammonia pipeline system:		
Transportation and terminals revenues.....	\$ 2,701	\$ 4,721
Less: Operating expenses.....	1,402	2,004
Environmental expenses.....	<u>320</u>	<u>243</u>
Operating margin.....	<u>\$ 979</u>	<u>\$ 2,474</u>
Segment operating margin.....	\$ 81,292	\$ 92,120
Add: Allocated corporate depreciation costs.....	<u>793</u>	<u>879</u>
Total operating margin.....	82,085	92,999
Less: Depreciation and amortization.....	12,970	15,201
Affiliate general and administrative.....	<u>15,126</u>	<u>15,027</u>
Total operating profit.....	<u>\$ 53,989</u>	<u>\$ 62,771</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,	
	2005	2006
Net income.....	\$ 42,123	\$ 48,313
Direct charges to the general partner:		
Reimbursable general and administrative costs.....	1,043	412
Previously indemnified environmental charges	<u>466</u>	<u>600</u>
Total direct charges to general partner.....	<u>1,509</u>	<u>1,012</u>
Income before direct charges to the general partner.....	43,632	49,325
General partner's share of income.....	<u>17.54%</u>	<u>25.63%</u>
General partner's allocated share of net income before direct charges.....	7,655	12,640
Direct charges to general partner.....	<u>(1,509)</u>	<u>(1,012)</u>
Net income allocated to general partner.....	<u>\$ 6,146</u>	<u>\$ 11,628</u>
Net income.....	\$ 42,123	\$ 48,313
Less: net income allocated to general partner.....	<u>6,146</u>	<u>11,628</u>
Net income allocated to limited partners.....	<u>\$ 35,977</u>	<u>\$ 36,685</u>

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

	Three Months Ended	
	March 31,	
	2005	2006
Net income	\$ 42.1	\$ 48.3
Add: Depreciation and amortization ⁽¹⁾	13.7	15.9
Equity-based compensation	2.0	1.5
Direct charges to general partner	1.5	1.0
Less: Maintenance capital (net of indemnified spending)	2.1	2.9
Other	<u>0.5</u>	<u>0.5</u>
Distributable cash flow ⁽²⁾	<u>\$ 56.7</u>	<u>\$ 63.3</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.