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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013
Transportation and terminals revenues	$ 217,554	$ 227,271
Product sales revenues	275,730	201,711
Affiliate management fee revenue	199	3,439
Total revenues	493,483	432,421
Costs and expenses:		
Operating	68,452	65,181
Product purchases	248,612	160,398
Depreciation and amortization	31,510	36,332
General and administrative	23,744	30,056
Total costs and expenses	372,318	291,967
Earnings of non-controlled entities	1,648	2,051
Operating profit	122,813	142,505
Interest expense	29,123	31,723
Interest income	(35)	(22)
Interest capitalized	(864)	(3,451)
Debt placement fee amortization expense	519	540
Income before provision for income taxes	94,070	113,715
Provision for income taxes	546	748
Net income	$ 93,524	$ 112,967
Basic and diluted net income per limited partner unit	$ 0.41	$ 0.50
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,182	226,705

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013
Refined products:		
Transportation revenue per barrel shipped	$ 1.197	$ 1.136
Volume shipped (million barrels):		
Refined products:		
Gasoline	45.9	53.6
Distillates	29.8	33.8
Aviation fuel	5.6	4.5
Liquefied petroleum gases	1.0	1.1
Total volume shipped	82.3	93.0
Crude oil:		
Transportation revenue per barrel shipped	$ 0.276	$ 0.313
Volume shipped (million barrels)	14.9	15.9
Crude oil terminal average utilization (million barrels per month)	12.6	12.8
Marine storage:		
Marine terminal average utilization (million barrels per month)	24.1	22.7

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013
Refined products:		
Transportation and terminals revenues	$ 157,670	$ 165,359
Less: Operating expenses	57,206	46,281
Transportation and terminals margin	100,464	119,078
Product sales revenues	272,818	199,415
Less: Product purchases	247,836	158,298
Product margin	24,982	41,117
Operating margin	$ 125,446	$ 160,195
Crude oil:		
Transportation and terminals revenues	$ 21,213	$ 23,228
Less: Operating expenses (credit)	(897)	5,107
Transportation and terminals margin	22,110	18,121
Affiliate management fee revenue	199	3,159
Earnings of non-controlled entities	1,668	1,375
Operating margin	$ 23,977	$ 22,655
Marine storage:		
Transportation and terminals revenues	$ 38,671	$ 38,684
Less: Operating expenses	12,877	14,553
Transportation and terminals margin	25,794	24,131
Product sales revenues	2,912	2,296
Less: Product purchases	776	2,100
Product margin	2,136	196
Affiliate management fee revenue	—	280
Earnings (loss) of non-controlled entities	(20)	676
Operating margin	$ 27,910	$ 25,283
Segment operating margin	$ 177,333	$ 208,133
Add: Allocated corporate depreciation costs	734	760
Total operating margin	178,067	208,893
Less:		
Depreciation and amortization expense	31,510	36,332
General and administrative expense	23,744	30,056
Total operating profit	$ 122,813	$ 142,505

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 MEASURES
(Unaudited, in thousands except per unit amounts)

	Three Months Ended March 31, 2013	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 112,967	$ 0.50
Add: Unrealized derivative losses associated with future physical product transactions	2,261	0.01
Excluding commodity-related adjustments	$ 115,228	$ 0.51
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,705	

*Please see Distributable Cash Flow Reconciliation to Net Income for further descriptions of the commodity-related adjustments.

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013	2013 Guidance
Net income	$ 93,524	$ 112,967	$ 510,000
Interest expense, net	28,224	28,250	120,000
Depreciation and amortization (1)	32,029	36,872	150,000
Equity-based incentive compensation (2)	(10,156)	(7,403)	7,000
Asset retirements and impairments	5,407	1,791	7,000
Commodity-related adjustments:			
Derivative losses/(gains) recognized in the period associated with future product transactions (3)	13,162	2,261	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period (4)	3,163	(5,195)	
Lower-of-cost-or-market adjustments	(1,017)	(2,000)	
Houston-to-El Paso cost of sales adjustments(5)	1,039	—	
Total commodity-related adjustments	16,347	(4,934)	(10,000)
Other	520	(1,279)	(9,000)
Adjusted EBITDA	165,895	166,264	775,000
Interest expense, net	(28,224)	(28,250)	(120,000)
Maintenance capital	(11,958)	(14,108)	(75,000)
Distributable cash flow	$ 125,713	$ 123,906	$ 580,000
Distributable cash flow per limited partner unit	$ 0.56	$ 0.55	$ 2.56
Weighted average number of limited partner units paid distributions	226,200	226,679	226,679

(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, 2012 and 2013 was $2.8 million and $4.9 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership in 2012 and 2013 of $13.0 million and $12.3 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 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. We discontinued these commodity activities during 2012 in conjunction with the Longhorn crude pipeline project.