

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Transportation and terminals revenues.....	\$ 122,812	\$ 129,924	\$ 419,117	\$ 500,196
Product sales revenues.....	138,535	179,120	275,769	636,209
Affiliate management fee revenue.....	<u>163</u>	<u>166</u>	<u>488</u>	<u>667</u>
Total revenues	261,510	309,210	695,374	1,137,072
Costs and expenses:				
Operating	50,363	58,354	177,066	217,788
Environmental	1,485	2,093	43,989	12,007
Environmental reimbursements	(74)	—	(41,398)	—
Product purchases	135,101	168,472	255,599	582,631
Depreciation and amortization	12,937	14,908	41,845	56,307
Affiliate general and administrative	<u>14,235</u>	<u>15,087</u>	<u>54,466</u>	<u>61,131</u>
Total costs and expenses	214,047	258,914	531,567	929,864
Equity earnings	<u>621</u>	<u>873</u>	<u>1,602</u>	<u>3,104</u>
Operating profit	48,084	51,169	165,409	210,312
Interest expense	12,645	13,725	37,893	52,554
Interest income	(721)	(867)	(2,458)	(4,296)
Debt prepayment premium	—	—	12,666	—
Write-off of unamortized debt placement costs	—	—	5,002	—
Debt placement fee amortization	832	677	3,056	2,871
Other income.....	<u>—</u>	<u>—</u>	<u>(953)</u>	<u>(300)</u>
Net income	<u>\$ 35,328</u>	<u>\$ 37,634</u>	<u>\$ 110,203</u>	<u>\$ 159,483</u>
Allocation of net income:				
Limited partners' interest	\$ 31,515	\$ 30,422	\$ 101,140	\$ 135,579
General partner's interest	<u>3,813</u>	<u>7,212</u>	<u>9,063</u>	<u>23,904</u>
Net income	<u>\$ 35,328</u>	<u>\$ 37,634</u>	<u>\$ 110,203</u>	<u>\$ 159,483</u>
Basic net income per limited partner unit	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 1.72</u>	<u>\$ 2.04</u>
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	<u>65,872</u>	<u>66,361</u>	<u>58,716</u>	<u>66,361</u>
Diluted net income per limited partner unit	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 1.72</u>	<u>\$ 2.03</u>
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	<u>66,032</u>	<u>66,833</u>	<u>58,844</u>	<u>66,625</u>

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2004	2005	2004	2005
Petroleum products pipeline system:				
Transportation revenue per barrel shipped (dollars per barrel)	\$1.055	\$1.001	\$0.997	\$1.026
Transportation barrels shipped (million barrels)	72.9	75.7	255.0	297.7
Petroleum products terminals:				
Marine terminal average storage capacity utilized per month (million barrels) *	16.7	18.9	16.4	18.6
Marine terminal throughput (million barrels)	11.9	11.0	28.9	48.4
Inland terminal throughput (million barrels)	27.1	27.5	101.2	111.1
Ammonia pipeline system:				
Volume shipped (thousand tons)	213	226	765	713

* For the twelve months ended December 31, 2004, represents the average storage capacity utilized for the three months we owned the East Houston, Texas facility (0.6 million barrels) and the average storage capacity utilized for the full year at our other marine terminals (15.8 million barrels).

For the twelve months ended December 31, 2005, represents the average storage capacity utilized for the four months that we owned our Delaware terminal (1.8 million barrels) and the average monthly storage capacity utilized for the full year at our other marine terminals (16.8 million barrels).

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2004	2005	2004	2005
Petroleum products pipeline system:				
Transportation and terminals revenues	\$ 95,085	\$ 95,520	\$315,044	\$ 381,926
Less: Operating expenses	(38,973)	(47,071)	(139,082)	(176,781)
Environmental expenses	(263)	(1,640)	(38,744)	(8,590)
Add: Environmental expense reimbursement	<u>74</u>	<u>—</u>	<u>37,647</u>	<u>—</u>
Transportation and terminals margin	55,923	46,809	174,865	196,555
Product sales revenues	134,974	176,601	264,950	625,725
Less: Product purchases	<u>(132,604)</u>	<u>(166,797)</u>	<u>(249,064)</u>	<u>(578,806)</u>
Product margin	2,370	9,804	15,886	46,919
Add: Affiliate management fee revenue	163	166	488	667
Equity earnings	<u>621</u>	<u>873</u>	<u>1,602</u>	<u>3,104</u>
Operating margin	<u>\$ 59,077</u>	<u>\$ 57,652</u>	<u>\$192,841</u>	<u>\$ 247,245</u>
Petroleum products terminals:				
Transportation and terminals revenues	\$ 24,403	\$ 29,189	\$ 91,302	\$ 105,563
Less: Operating expenses	(10,186)	(11,538)	(36,864)	(40,197)
Environmental expenses	(200)	(392)	(3,039)	(2,102)
Add: Environmental expense reimbursement	<u>—</u>	<u>—</u>	<u>2,839</u>	<u>—</u>
Transportation and terminals margin	14,017	17,259	54,238	63,264
Product sales revenues	3,561	2,519	10,819	11,444
Less: Product purchases	<u>(2,497)</u>	<u>(1,803)</u>	<u>(6,535)</u>	<u>(5,294)</u>
Product margin	1,064	716	4,284	6,150
Operating margin	<u>\$ 15,081</u>	<u>\$ 17,975</u>	<u>\$ 58,522</u>	<u>\$ 69,414</u>
Ammonia pipeline system:				
Total revenues	\$ 4,039	\$ 5,897	\$ 13,922	\$ 15,849
Less: Operating expenses	(2,720)	(1,238)	(5,300)	(6,849)
Environmental expenses	(1,022)	(61)	(2,206)	(1,315)
Add: Environmental expense reimbursement	<u>—</u>	<u>—</u>	<u>912</u>	<u>—</u>
Operating margin	<u>\$ 297</u>	<u>\$ 4,598</u>	<u>\$ 7,328</u>	<u>\$ 7,685</u>
Segment operating margin	\$ 74,455	\$ 80,225	\$258,691	\$ 324,344
Add: Allocated corporate depreciation costs	<u>801</u>	<u>939</u>	<u>3,029</u>	<u>3,406</u>
Total operating margin	75,256	81,164	261,720	327,750
Less: Depreciation and amortization	(12,937)	(14,908)	(41,845)	(56,307)
Affiliate general and administrative	<u>(14,235)</u>	<u>(15,087)</u>	<u>(54,466)</u>	<u>(61,131)</u>
Total operating profit	<u>\$ 48,084</u>	<u>\$ 51,169</u>	<u>\$165,409</u>	<u>\$ 210,312</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		Twelve Months Ended	
	December 31,		December 31,	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Net income.....	\$ 35,328	\$ 37,634	\$ 110,203	\$ 159,483
Direct charges to the general partner:				
Transition charges.....	—	—	823	—
Reimbursable general and administrative costs.....	590	601	6,397	3,294
Previously indemnified environmental charges	<u>1,010</u>	<u>1,810</u>	<u>1,351</u>	<u>8,502</u>
Total direct charges to general partner.....	<u>1,600</u>	<u>2,411</u>	<u>8,571</u>	<u>11,796</u>
Income before direct charges to general partner.....	36,928	40,045	118,774	171,279
General partner's share of income.....	<u>14.66%</u>	<u>24.02%</u>	<u>14.85%</u>	<u>20.84%</u>
General partner's allocated share of net income				
before direct charges.....	5,413	9,623	17,634	35,700
Direct charges to general partner.....	<u>1,600</u>	<u>2,411</u>	<u>8,571</u>	<u>11,796</u>
Net income allocated to general partner.....	<u>\$ 3,813</u>	<u>\$ 7,212</u>	<u>\$ 9,063</u>	<u>\$ 23,904</u>
Net income.....	\$ 35,328	\$ 37,634	\$110,203	\$ 159,483
Less: net income allocated to general partner.....	<u>3,813</u>	<u>7,212</u>	<u>9,063</u>	<u>23,904</u>
Net income allocated to limited partners.....	<u>\$ 31,515</u>	<u>\$ 30,422</u>	<u>\$101,140</u>	<u>\$ 135,579</u>