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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
Transportation and terminals revenues	$ 173,169	$ 205,408
Product sales revenues	156,336	237,296
Affiliate management fee revenue	190	193
Total revenues	329,695	442,897
Costs and expenses:		
Operating	62,109	62,361
Product purchases	132,884	211,230
Depreciation and amortization	26,342	29,363
General and administrative	23,242	24,590
Total costs and expenses	244,577	327,544
Equity earnings	1,189	1,367
Operating profit	86,307	116,720
Interest expense	21,774	26,486
Interest income	(4)	(10)
Interest capitalized	(848)	(671)
Debt placement fee amortization expense	328	385
Income before provision for income taxes	65,057	90,530
Provision for income taxes	523	465
Net income	$ 64,534	$ 90,065
Allocation of net income (loss):		
Non-controlling owners' interest	$ —	$ (63)
Limited partners' interest	64,534	90,128
Net income	$ 64,534	$ 90,065
Basic and diluted net income per limited partner unit	$ 0.60	$ 0.80
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	106,843	112,762

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
Petroleum pipeline system:		
Transportation revenue per barrel shipped	$ 1.222	$ 1.043
Volume shipped (million barrels):		
Refined products:		
Gasoline	39.3	52.4
Distillates	24.4	29.6
Aviation fuel	4.8	5.1
Liquefied petroleum gases	1.2	0.9
Crude oil	—	7.0
Total volume shipped	69.7	95.0
Petroleum terminals:		
Storage terminal average utilization (million barrels per month)	23.8	30.0
Inland terminal throughput (million barrels)	26.1	27.6
Ammonia pipeline system:		
Volume shipped (thousand tons)	167	221

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
Petroleum pipeline system:		
Transportation and terminals revenues	$ 122,915	$ 144,062
Less: Operating expenses	42,820	37,710
Transportation and terminals margin	80,095	106,352
Product sales revenues	152,226	226,988
Less: Product purchases	130,776	208,473
Product margin	21,450	18,515
Add: Affiliate management fee revenue	190	193
Equity earnings	1,189	1,367
Operating margin	$ 102,924	$ 126,427
Petroleum terminals:		
Transportation and terminals revenues	$ 45,659	$ 55,221
Less: Operating expenses	16,373	21,996
Transportation and terminals margin	29,286	33,225
Product sales revenues	4,110	10,418
Less: Product purchases	2,606	3,774
Product margin	1,504	6,644
Operating margin	$ 30,790	$ 39,869
Ammonia pipeline system:		
Transportation and terminals revenues	$ 5,093	$ 7,032
Less: Operating expenses	3,981	3,331
Operating margin	$ 1,112	$ 3,701
Segment operating margin	$ 134,826	$ 169,997
Add: Allocated corporate depreciation costs	1,065	676
Total operating margin	135,891	170,673
Less: Depreciation and amortization	26,342	29,363
General and administrative	23,242	24,590
Total operating profit	$ 86,307	$ 116,720

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 March 31, 2011	
	Net Income	Net Income Per Basic and Diluted Limited Partner Unit
As reported	$ 90,065	$ 0.80
Add: Unrealized NYMEX losses associated with future physical product sales	23,971	0.21
Excluding commodity-related adjustments	$ 114,036	$ 1.01
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	112,762	

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011	2011 Guidance
Net income	$ 64,534	$ 90,065	$ 383,000
Add: Depreciation and amortization [1]	26,670	29,748	122,000
Equity-based incentive compensation expense [2]	1,560	(3,660)	8,000
Asset retirements	(1,617)	1,830	5,000
Commodity-related adjustments:			
NYMEX losses (gains) recognized in the current period associated with products that will be sold in the future [3]	6,780	23,971	
NYMEX (losses) gains recognized in previous periods associated with products sold in the current period [4]	(1,020)	(9,606)	
Lower-of-cost-or-market adjustments	63	—	
Houston-to-El Paso cost of sales adjustments [5]	(5,204)	(5,844)	
Total commodity-related adjustments	619	8,521	(13,000)
Less: Maintenance capital	6,033	8,650	65,000
Other	529	138	—
Distributable cash flow [6]	$ 85,204	$ 117,716	$ 440,000
Distributable cash flow per limited partner unit	$ 0.80	$ 1.04	$ 3.90
Limited partner units paid distributions	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 three months ended March 31, 2010 and 2011 was $5.0 million and $3.7 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.

(3) Certain derivatives the partnership uses as economic hedges do not qualify for hedge accounting treatment. The partnership recognizes the change in fair value of these agreements each accounting period in its earnings, even if the hedged product has not yet been physically sold. These amounts represent the gains or losses of hedged products recognized in the partnership's earnings for product that it has not yet physically sold.

(4) When the partnership physically sells products that it has economically hedged (but did not qualify for hedge accounting treatment), 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.

(6) Distributable cash flow does not include fluctuations related to working capital.