

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|------------------|-------------------------------------|-------------------|
| | 2009 | 2010 | 2009 | 2010 |
| Transportation and terminals revenues | \$ 183,718 | \$ 220,530 | \$ 678,945 | \$ 793,599 |
| Product sales revenues | 169,346 | 177,772 | 334,465 | 763,090 |
| Affiliate management fee revenue | 191 | 189 | 761 | 758 |
| Total revenues | <u>353,255</u> | <u>398,491</u> | <u>1,014,171</u> | <u>1,557,447</u> |
| Costs and expenses: | | | | |
| Operating | 62,457 | 62,232 | 257,635 | 282,212 |
| Product purchases | 138,769 | 165,069 | 280,291 | 668,585 |
| Depreciation and amortization | 26,288 | 29,208 | 97,216 | 108,668 |
| General and administrative | 22,663 | 28,272 | 84,049 | 95,316 |
| Total costs and expenses | <u>250,177</u> | <u>284,781</u> | <u>719,191</u> | <u>1,154,781</u> |
| Equity earnings | <u>605</u> | <u>1,409</u> | <u>3,431</u> | <u>5,732</u> |
| Operating profit | 103,683 | 115,119 | 298,411 | 408,398 |
| Interest expense | 21,159 | 26,768 | 73,357 | 96,379 |
| Interest income | (8) | (55) | (660) | (140) |
| Interest capitalized | (758) | (408) | (3,510) | (2,943) |
| Debt placement fee amortization expense | 337 | 386 | 1,112 | 1,401 |
| Other (income)/expense | 612 | — | (24) | 750 |
| Income before provision for income taxes | <u>82,341</u> | <u>88,428</u> | <u>228,136</u> | <u>312,951</u> |
| Provision for income taxes | 389 | 471 | 1,661 | 1,371 |
| Net income | <u>\$ 81,952</u> | <u>\$ 87,957</u> | <u>\$ 226,475</u> | <u>\$ 311,580</u> |
| Allocation of net income: | | | | |
| Non-controlling owners' interest | \$ — | \$ (175) | \$ 99,729 | \$ (397) |
| Limited partners' interest | <u>81,952</u> | <u>88,132</u> | <u>126,746</u> | <u>311,977</u> |
| Net income | <u>\$ 81,952</u> | <u>\$ 87,957</u> | <u>\$ 226,475</u> | <u>\$ 311,580</u> |
| Basic and diluted net income per limited partner unit | <u>\$ 0.77</u> | <u>\$ 0.78</u> | <u>\$ 2.22</u> | <u>\$ 2.85</u> |
| Weighted average number of limited partner units outstanding used for basic net income per unit calculation | <u>106,782</u> | <u>112,596</u> | <u>57,115</u> | <u>109,485</u> |
| Weighted average number of limited partner units outstanding used for diluted net income per unit calculation | <u>106,902</u> | <u>112,895</u> | <u>57,145</u> | <u>109,561</u> |

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|--|-------------|---|-------------|
| | 2009 | 2010 | 2009 | 2010 |
| Petroleum pipeline system: | | | | |
| Transportation revenue per barrel shipped | \$ 1.223 | \$ 1.026 | \$ 1.205 | \$ 1.160 |
| Volume shipped (million barrels)..... | 74.3 | 113.6 | 295.7 | 359.5 |
| Petroleum terminals: | | | | |
| Storage terminal average utilization (million barrels per month)..... | 24.2 | 29.9 | 23.5 | 25.8 |
| Inland terminal throughput (million barrels)..... | 27.6 | 28.1 | 109.8 | 114.7 |
| Ammonia pipeline system: | | | | |
| Volume shipped (thousand tons)..... | 223 | 164 | 643 | 462 |

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2009 | 2010 | 2009 | 2010 |
| Petroleum pipeline system: | | | | |
| Transportation and terminals revenues..... | \$ 128,279 | \$ 162,949 | \$ 494,165 | \$ 583,977 |
| Less: Operating expenses..... | 43,338 | 41,760 | 180,979 | 190,971 |
| Transportation and terminals margin..... | 84,941 | 121,189 | 313,186 | 393,006 |
| Product sales revenues..... | 165,529 | 174,246 | 320,100 | 744,612 |
| Less: Product purchases..... | 137,328 | 164,261 | 275,880 | 663,327 |
| Product margin..... | 28,201 | 9,985 | 44,220 | 81,285 |
| Add: Affiliate management fee revenue..... | 191 | 189 | 761 | 758 |
| Equity earnings..... | 605 | 1,409 | 3,431 | 5,732 |
| Operating margin..... | <u>\$ 113,938</u> | <u>\$ 132,772</u> | <u>\$ 361,598</u> | <u>\$ 480,781</u> |
| Petroleum terminals: | | | | |
| Transportation and terminals revenues..... | \$ 48,568 | \$ 52,709 | \$ 166,950 | \$ 196,719 |
| Less: Operating expenses..... | 17,664 | 17,493 | 64,349 | 75,172 |
| Transportation and terminals margin..... | 30,904 | 35,216 | 102,601 | 121,547 |
| Product sales revenues..... | 3,817 | 3,644 | 14,365 | 18,750 |
| Less: Product purchases..... | 1,938 | 1,429 | 6,393 | 7,549 |
| Product margin..... | 1,879 | 2,215 | 7,972 | 11,201 |
| Operating margin..... | <u>\$ 32,783</u> | <u>\$ 37,431</u> | <u>\$ 110,573</u> | <u>\$ 132,748</u> |
| Ammonia pipeline system: | | | | |
| Transportation and terminals revenues..... | \$ 7,368 | \$ 5,375 | \$ 19,862 | \$ 14,922 |
| Less: Operating expenses..... | 2,464 | 3,620 | 16,196 | 19,078 |
| Operating margin (loss)..... | <u>\$ 4,904</u> | <u>\$ 1,755</u> | <u>\$ 3,666</u> | <u>\$ (4,156)</u> |
| Segment operating margin..... | \$ 151,625 | \$ 171,958 | \$ 475,837 | \$ 609,373 |
| Add: Allocated corporate depreciation costs..... | 1,009 | 641 | 3,839 | 3,009 |
| Total operating margin..... | 152,634 | 172,599 | 479,676 | 612,382 |
| Less: Depreciation and amortization..... | 26,288 | 29,208 | 97,216 | 108,668 |
| General and administrative..... | 22,663 | 28,272 | 84,049 | 95,316 |
| Total operating profit..... | <u>\$ 103,683</u> | <u>\$ 115,119</u> | <u>\$ 298,411</u> | <u>\$ 408,398</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.
RECONCILIATION OF NET INCOME AND NET INCOME PER LIMITED PARTNER UNIT
EXCLUDING MARK-TO-MARKET COMMODITY-RELATED PRICING ADJUSTMENTS TO GAAP
MEASURES
(Unaudited, in millions except per unit amounts)

| | Three Months Ended December 31, 2010 | | |
|---|---|--|--|
| | Net Income | Basic Net Income Per Limited Partner Unit | Diluted Net Income Per Limited Partner Unit |
| As reported | \$ 88.0 | \$ 0.78 | \$ 0.78 |
| Add: Unrealized NYMEX losses associated with future physical product sales | 17.2 | 0.15 | 0.15 |
| Deduct: Lower-of-cost-or-market inventory adjustments..... | (0.2) | — | — |
| Excluding mark-to-market commodity-related pricing adjustments..... | \$ 105.0 | \$ 0.93 | \$ 0.93 |
| Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation..... | | 112.6 | 112.9 |

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | | 2011 |
|--|------------------------------------|----------------|-------------------------------------|-----------------|---------------|
| | 2009 | 2010 | 2009 | 2010 | Estimate |
| Net income | \$ 82.0 | \$ 88.0 | \$ 226.5 | \$ 311.6 | \$ 353 |
| Add: Depreciation and amortization ⁽¹⁾ | 26.6 | 29.6 | 98.3 | 110.1 | 123 |
| Equity-based incentive compensation ⁽²⁾ | 2.2 | 7.4 | 6.1 | 15.5 | 9 |
| Expenses (credits) indemnified by former affiliate..... | (0.8) | — | 5.2 | — | — |
| Asset retirements and impairments | 2.5 | 1.0 | 5.5 | 1.1 | 5 |
| Commodity-related adjustments ⁽³⁾ | (0.6) | 19.5 | 24.4 | 7.8 | (12) |
| Less: Maintenance capital | 7.5 | 17.6 | 38.0 | 44.6 | 65 |
| Other | (0.5) | (0.2) | (0.4) | 1.7 | 3 |
| Distributable cash flow ⁽⁴⁾ | <u>\$104.9</u> | <u>\$128.1</u> | <u>\$ 328.4</u> | <u>\$ 399.8</u> | <u>\$ 410</u> |

⁽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 twelve months ended December 31, 2009 and 2010 was \$9.6 million and \$18.9 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership during first quarter 2009 and 2010 of \$3.5 million and \$3.4 million, respectively, for equity-based incentive compensation units that vested on the previous year end.

⁽³⁾ Represents adjustments to the partnership's commodity-related activities to more closely follow the cash impact of settled transactions. Commodity-related adjustments include the following:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------------|-------------------------------------|---------------|
| | 2009 | 2010 | 2009 | 2010 |
| NYMEX contract gains/(losses) recognized in previous periods | \$ (12.2) | \$ — | \$ 20.2 | \$ (7.7) |
| NYMEX contract (gains)/losses recognized in the current period that are associated with future physical product sales | 14.7 | 17.2 | 10.5 | 15.0 |
| Lower-of-cost-or-market adjustments | (3.1) | (0.2) | (6.3) | — |
| Cost of goods sold adjustment related to transitional commodity activities for the Houston-to-El Paso pipeline to more closely resemble current market prices for distributable cash flow purposes rather than average inventory costing for the income statement..... | — | 2.5 | — | 0.5 |
| Total commodity-related adjustments | <u>\$ (0.6)</u> | <u>\$ 19.5</u> | <u>\$ 24.4</u> | <u>\$ 7.8</u> |

⁽⁴⁾ Distributable cash flow does not include fluctuations related to working capital.