

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2005 | 2006 | 2005 | 2006 |
| Transportation and terminals revenues | \$ 131,647 | \$ 144,702 | \$ 370,272 | \$ 413,448 |
| Product sales revenues | 182,129 | 171,762 | 457,089 | 493,464 |
| Affiliate management fee revenue | 167 | 173 | 501 | 518 |
| Total revenues | 313,943 | 316,637 | 827,862 | 907,430 |
| Costs and expenses: | | | | |
| Operating | 63,379 | 62,529 | 159,434 | 168,220 |
| Environmental | 6,942 | 8,522 | 9,914 | 11,261 |
| Product purchases | 160,500 | 169,741 | 414,159 | 458,193 |
| Depreciation and amortization | 14,498 | 15,182 | 41,399 | 45,739 |
| Affiliate general and administrative | 15,784 | 17,042 | 46,044 | 47,806 |
| Total costs and expenses | 261,103 | 273,016 | 670,950 | 731,219 |
| Equity earnings | 909 | 814 | 2,231 | 2,479 |
| Operating profit | 53,749 | 44,435 | 159,143 | 178,690 |
| Interest expense | 13,846 | 14,359 | 39,508 | 43,116 |
| Interest income | (1,287) | (482) | (3,429) | (1,729) |
| Interest capitalized | (299) | (714) | (679) | (1,346) |
| Debt placement fee amortization | 731 | 679 | 2,194 | 2,034 |
| Other (income) / expense | — | — | (300) | 339 |
| Net income | <u>\$ 40,758</u> | <u>\$ 30,593</u> | <u>\$ 121,849</u> | <u>\$ 136,276</u> |
| Allocation of net income: | | | | |
| Limited partners' interest | \$ 37,143 | \$ 28,335 | \$ 105,157 | \$ 106,163 |
| General partner's interest | 3,615 | 2,258 | 16,692 | 30,113 |
| Net income | <u>\$ 40,758</u> | <u>\$ 30,593</u> | <u>\$ 121,849</u> | <u>\$ 136,276</u> |
| Basic net income per limited partner unit | <u>\$ 0.56</u> | <u>\$ 0.43</u> | <u>\$ 1.58</u> | <u>\$ 1.60</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> | <u>66,361</u> | <u>66,361</u> |
| Diluted net income per limited partner unit | <u>\$ 0.56</u> | <u>\$ 0.43</u> | <u>\$ 1.58</u> | <u>\$ 1.60</u> |
| Weighted average number of limited partner units outstanding used for diluted net income per unit calculation | <u>66,592</u> | <u>66,644</u> | <u>66,610</u> | <u>66,537</u> |

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|-------------|--|-------------|
| | 2005 | 2006 | 2005 | 2006 |
| Petroleum products pipeline system: | | | | |
| Transportation revenue per barrel shipped (dollars per barrel)..... | \$ 1.053 | \$ 1.052 | \$ 1.035 | \$ 1.053 |
| Transportation barrels shipped (million barrels) | 79.4 | 84.5 | 222.0 | 231.4 |
| Petroleum products terminals: | | | | |
| Marine terminal average storage capacity utilized per month (million barrels) | 18.6 | 18.8 | 18.5 | 18.9 |
| Inland terminal throughput (million barrels)..... | 28.6 | 31.7 | 83.6 | 89.7 |
| Ammonia pipeline system: | | | | |
| Volume shipped (thousand tons)..... | 149 | 159 | 487 | 537 |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2005 | 2006 | 2005 | 2006 |
| Petroleum products pipeline system: | | | | |
| Transportation and terminals revenues..... | \$ 103,307 | \$ 111,139 | \$ 286,406 | \$ 307,713 |
| Less: Operating expenses..... | 52,836 | 49,649 | 129,710 | 129,367 |
| Environmental expenses..... | 4,420 | 7,574 | 6,950 | 9,488 |
| Transportation and terminals margin..... | 46,051 | 53,916 | 149,746 | 168,858 |
| Product sales revenues..... | 180,165 | 166,452 | 449,124 | 478,841 |
| Less: Product purchases..... | 160,362 | 167,275 | 412,009 | 450,291 |
| Product margin..... | 19,803 | (823) | 37,115 | 28,550 |
| Add: Affiliate management fee revenue..... | 167 | 173 | 501 | 518 |
| Equity earnings..... | 909 | 814 | 2,231 | 2,479 |
| Operating margin..... | <u>\$ 66,930</u> | <u>\$ 54,080</u> | <u>\$ 189,593</u> | <u>\$ 200,405</u> |
| Petroleum products terminals: | | | | |
| Transportation and terminals revenues..... | \$ 25,358 | \$ 30,900 | \$ 76,374 | \$ 96,642 |
| Less: Operating expenses..... | 9,838 | 11,289 | 28,659 | 35,963 |
| Environmental expenses..... | 1,620 | (4) | 1,710 | 122 |
| Transportation and terminals margin..... | 13,900 | 19,615 | 46,005 | 60,557 |
| Product sales revenues..... | 2,514 | 5,310 | 8,925 | 14,623 |
| Less: Product purchases..... | 816 | 2,595 | 3,491 | 8,288 |
| Product margin..... | 1,698 | 2,715 | 5,434 | 6,335 |
| Operating margin..... | <u>\$ 15,598</u> | <u>\$ 22,330</u> | <u>\$ 51,439</u> | <u>\$ 66,892</u> |
| Ammonia pipeline system: | | | | |
| Transportation and terminals revenues..... | \$ 3,745 | \$ 3,517 | \$ 9,952 | \$ 11,666 |
| Less: Operating expenses..... | 2,197 | 3,211 | 5,611 | 7,745 |
| Environmental expenses..... | 902 | 952 | 1,254 | 1,651 |
| Operating margin..... | <u>\$ 646</u> | <u>\$ (646)</u> | <u>\$ 3,087</u> | <u>\$ 2,270</u> |
| Segment operating margin..... | \$ 83,174 | \$ 75,764 | \$ 244,119 | \$ 269,567 |
| Add: Allocated corporate depreciation costs..... | 857 | 895 | 2,467 | 2,668 |
| Total operating margin..... | 84,031 | 76,659 | 246,586 | 272,235 |
| Less: Depreciation and amortization..... | 14,498 | 15,182 | 41,399 | 45,739 |
| Affiliate general and administrative..... | 15,784 | 17,042 | 46,044 | 47,806 |
| Total operating profit..... | <u>\$ 53,749</u> | <u>\$ 44,435</u> | <u>\$ 159,143</u> | <u>\$ 178,690</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 September 30, | | Nine Months Ended September 30, | |
|---|---|------------------|--|-------------------|
| | 2005 | 2006 | 2005 | 2006 |
| Net income | \$ 40,758 | \$ 30,593 | \$ 121,849 | \$ 136,276 |
| Direct charges to the general partner: | | | | |
| Reimbursable general and administrative costs..... | 1,049 | (31) | 2,693 | 934 |
| Previously indemnified environmental charges..... | 6,055 | 8,323 | 6,692 | 8,381 |
| Total direct charges to general partner..... | <u>7,104</u> | <u>8,292</u> | <u>9,385</u> | <u>9,315</u> |
| Income before direct charges to general partner..... | 47,862 | 38,885 | 131,234 | 145,591 |
| General partner's share of income | 22.40% | 27.13% | 19.87% | 27.08% |
| General partner's allocated share of net income before direct charges | 10,719 | 10,550 | 26,077 | 39,428 |
| Direct charges to general partner..... | 7,104 | 8,292 | 9,385 | 9,315 |
| Net income allocated to general partner | <u>\$ 3,615</u> | <u>\$ 2,258</u> | <u>\$ 16,692</u> | <u>\$ 30,113</u> |
| Net income | \$ 40,758 | \$ 30,593 | \$ 121,849 | \$ 136,276 |
| Less: net income allocated to general partner..... | 3,615 | 2,258 | 16,692 | 30,113 |
| Net income allocated to limited partners | <u>\$ 37,143</u> | <u>\$ 28,335</u> | <u>\$ 105,157</u> | <u>\$ 106,163</u> |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|---|----------------|--|-----------------|
| | 2005 | 2006 | 2005 | 2006 |
| Net income | \$ 40.7 | \$ 30.6 | \$ 121.8 | \$ 136.3 |
| Add: Depreciation and amortization ⁽¹⁾ | 15.2 | 15.9 | 43.6 | 47.8 |
| Equity-based incentive compensation..... | 2.7 | 4.4 | 7.1 | 8.2 |
| Direct charges to general partner | 7.1 | 8.3 | 9.4 | 9.3 |
| Asset retirements and impairments | 6.5 | 1.4 | 8.1 | 6.0 |
| Less: Maintenance capital (net of indemnified spending)..... | 6.6 | 6.8 | 14.1 | 17.5 |
| Other | 1.4 | 1.5 | 4.1 | 3.7 |
| Distributable cash flow ⁽²⁾ | <u>\$ 64.2</u> | <u>\$ 52.3</u> | <u>\$ 171.8</u> | <u>\$ 186.4</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.