

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2021	2020	2021
Transportation and terminals revenue .....	\$ 459,940	\$ 464,910	\$ 1,305,217	\$ 1,332,271
Product sales revenue .....	111,220	168,815	443,127	575,575
Affiliate management fee revenue .....	5,288	5,329	15,895	15,925
Total revenue .....	<u>576,448</u>	<u>639,054</u>	<u>1,764,239</u>	<u>1,923,771</u>
Costs and expenses:				
Operating .....	157,716	146,556	446,102	422,907
Cost of product sales .....	89,375	145,855	364,916	488,614
Depreciation, amortization and impairment .....	68,439	61,401	183,226	168,304
General and administrative .....	37,497	46,632	115,480	148,671
Total costs and expenses .....	<u>353,027</u>	<u>400,444</u>	<u>1,109,724</u>	<u>1,228,496</u>
Other operating income (expense) .....	(2,863)	2,591	539	4,033
Earnings of non-controlled entities .....	39,135	36,466	116,484	116,107
Operating profit .....	<u>259,693</u>	<u>277,667</u>	<u>771,538</u>	<u>815,415</u>
Interest expense .....	54,212	57,016	179,371	170,976
Interest capitalized .....	(1,272)	(315)	(10,451)	(1,240)
Interest income .....	(260)	(138)	(903)	(439)
Gain on disposition of assets .....	—	(3,231)	(12,887)	(72,933)
Other (income) expense .....	1,455	2,224	3,708	18,111
Income from continuing operations before provision for income taxes .....	<u>205,558</u>	<u>222,111</u>	<u>612,700</u>	<u>700,940</u>
Provision for income taxes .....	824	821	2,169	2,044
Income from continuing operations .....	<u>204,734</u>	<u>221,290</u>	<u>610,531</u>	<u>698,896</u>
Income from discontinued operations .....	6,904	15,309	22,514	39,438
Net income .....	<u>\$ 211,638</u>	<u>\$ 236,599</u>	<u>\$ 633,045</u>	<u>\$ 738,334</u>
Basic and diluted income from continuing operations per common unit .....	<u>\$ 0.91</u>	<u>\$ 1.01</u>	<u>\$ 2.70</u>	<u>\$ 3.15</u>
Basic and diluted income from discontinued operations per common unit .....	<u>\$ 0.03</u>	<u>\$ 0.07</u>	<u>\$ 0.10</u>	<u>\$ 0.18</u>
Basic and diluted net income per common unit .....	<u>\$ 0.94</u>	<u>\$ 1.08</u>	<u>\$ 2.80</u>	<u>\$ 3.33</u>
Weighted average number of common units outstanding used for basic net income per unit calculation .....	<u>225,222</u>	<u>218,637</u>	<u>226,045</u>	<u>221,637</u>
Weighted average number of common units outstanding used for diluted net income per unit calculation .....	<u>225,222</u>	<u>218,788</u>	<u>226,045</u>	<u>221,730</u>

**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**OPERATING STATISTICS**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2021	2020	2021
<b>Refined products:</b>				
Transportation revenue per barrel shipped .....	\$ 1.719	\$ 1.724	\$ 1.658	\$ 1.697
Volume shipped (million barrels):				
Gasoline .....	71.9	80.3	199.4	224.1
Distillates .....	42.5	53.0	127.6	152.4
Aviation fuel .....	4.7	8.4	16.8	21.7
Liquefied petroleum gases .....	0.1	0.1	0.5	0.6
Total volume shipped .....	119.2	141.8	344.3	398.8
<b>Crude oil:</b>				
Magellan 100%-owned assets:				
Transportation revenue per barrel shipped .....	\$ 1.401	\$ 0.803	\$ 1.145	\$ 0.803
Volume shipped (million barrels) <sup>(1)</sup> .....	45.1	49.2	167.9	145.3
Terminal average utilization (million barrels per month) .....	25.9	24.9	24.7	25.1
Select joint venture pipelines:				
BridgeTex - volume shipped (million barrels) <sup>(2)</sup> .....	30.6	29.1	99.9	84.6
Saddlehorn - volume shipped (million barrels) <sup>(3)</sup> .....	15.1	19.9	46.5	56.0

(1) Volume shipped includes shipments related to the partnership's crude oil marketing activities.

(2) These volumes reflect the total shipments for the BridgeTex pipeline, which is owned 30% by Magellan.

(3) These volumes reflect the total shipments for the Saddlehorn pipeline, which was owned 40% by Magellan through January 31, 2020 and 30% thereafter.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2021	2020	2021
<b>Refined products:</b>				
Transportation and terminals revenue	\$ 307,218	\$ 349,430	\$ 876,363	\$ 984,895
Affiliate management fee revenue	1,579	1,643	4,676	4,802
Other operating income (expense)	193	2,873	2,223	6,279
Earnings of non-controlled entities	7,134	8,160	25,946	25,528
Less: Operating expense	114,313	114,612	316,371	314,241
Transportation and terminals margin	201,811	247,494	592,837	707,263
Product sales revenue	106,027	153,352	422,986	487,551
Less: Cost of product sales	79,612	128,372	334,366	394,316
Product margin	26,415	24,980	88,620	93,235
Operating margin	<u>\$ 228,226</u>	<u>\$ 272,474</u>	<u>\$ 681,457</u>	<u>\$ 800,498</u>
<b>Crude oil:</b>				
Transportation and terminals revenue	\$ 154,652	\$ 116,920	\$ 433,947	\$ 351,817
Affiliate management fee revenue	3,709	3,686	11,219	11,123
Other operating income (expense)	(3,056)	(282)	(1,684)	(2,246)
Earnings of non-controlled entities	32,001	28,306	90,538	90,579
Less: Operating expense	46,956	35,042	139,645	118,072
Transportation and terminals margin	140,350	113,588	394,375	333,201
Product sales revenue	5,193	15,463	20,141	88,024
Less: Cost of product sales	9,763	17,483	30,550	94,298
Product margin	(4,570)	(2,020)	(10,409)	(6,274)
Operating margin	<u>\$ 135,780</u>	<u>\$ 111,568</u>	<u>\$ 383,966</u>	<u>\$ 326,927</u>
Segment operating margin	\$ 364,006	\$ 384,042	\$ 1,065,423	\$ 1,127,425
Add: Allocated corporate depreciation costs	1,623	1,658	4,821	4,965
Total operating margin	365,629	385,700	1,070,244	1,132,390
Less:				
Depreciation, amortization and impairment expense	68,439	61,401	183,226	168,304
General and administrative expense	37,497	46,632	115,480	148,671
Total operating profit	<u>\$ 259,693</u>	<u>\$ 277,667</u>	<u>\$ 771,538</u>	<u>\$ 815,415</u>

Note: Amounts may not sum to figures shown on the consolidated statements of income due to intersegment eliminations and allocated corporate depreciation costs.

**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**RECONCILIATION OF NET INCOME AND NET INCOME PER COMMON UNIT**  
**EXCLUDING COMMODITY-RELATED ADJUSTMENTS TO GAAP MEASURES**  
**(Unaudited, in thousands except per unit amounts)**

	<b>Three Months Ended</b>		
	<b>September 30, 2021</b>		
	<b>Net Income</b>	<b>Basic Net Income Per Common Unit</b>	<b>Diluted Net Income Per Common Unit</b>
<b>As reported</b> .....	\$ 236,599	\$ 1.08	\$ 1.08
Commodity-related adjustments associated with future transactions <sup>(1)</sup> .....	2,524		
Excluding commodity-related adjustments.....	\$ 239,123	\$ 1.09	\$ 1.09
Weighted average number of common units outstanding used for basic net income per unit calculation.....	218,637		
Weighted average number of common units outstanding used for diluted net income per unit calculation.....	218,788		

(1) Includes the partnership's net share of commodity-related adjustments for its non-controlled entities. Please see Distributable Cash Flow ("DCF") and Free Cash Flow ("FCF") Reconciliation to Net Income for further descriptions of commodity-related adjustments.

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

	Three Months Ended		Nine Months Ended		2021 Guidance
	September 30,		September 30,		
	2020	2021	2020	2021	
<b>Net income</b> .....	\$ 211,638	\$ 236,599	\$ 633,045	\$ 738,334	\$ 975,000
Interest expense, net .....	52,680	56,563	168,017	169,297	226,000
Depreciation, amortization and impairment <sup>(1)</sup> .....	71,822	56,115	193,408	174,407	232,000
Equity-based incentive compensation <sup>(2)</sup> .....	1,169	5,626	(9,120)	9,535	15,000
Gain on disposition of assets <sup>(3)</sup> .....	—	(103)	(10,511)	(68,538)	(69,000)
Commodity-related adjustments:					
Derivative (gains) losses recognized in the period associated with future transactions <sup>(4)</sup> .....	5,839	4,063	6,741	21,072	
Derivative gains (losses) recognized in previous periods associated with transactions completed in the period <sup>(4)</sup> .....	2,889	(9,096)	(18,915)	(32,154)	
Inventory valuation adjustments <sup>(5)</sup> .....	(18,291)	(1,044)	9,540	2,354	
Total commodity-related adjustments .....	(9,563)	(6,077)	(2,634)	(8,728)	(20,000)
Distributions from operations of non-controlled entities in excess of earnings .....	10,811	9,699	36,161	24,509	44,000
<b>Adjusted EBITDA</b> .....	338,557	358,422	1,008,366	1,038,816	1,403,000
Interest expense, net, excluding debt issuance cost amortization <sup>(6)</sup> .....	(51,933)	(55,784)	(152,392)	(166,968)	(223,000)
Maintenance capital <sup>(7)</sup> .....	(27,858)	(25,562)	(81,160)	(50,238)	(80,000)
<b>Distributable cash flow</b> .....	258,766	277,076	774,814	821,610	1,100,000
Expansion capital <sup>(8)</sup> .....	(68,454)	(25,513)	(309,986)	(67,576)	(80,000)
Proceeds from asset sales .....	1,711	121	334,583	270,697	270,000
<b>Free cash flow</b> .....	192,023	251,684	799,411	1,024,731	1,290,000
Distributions paid .....	(231,245)	(226,633)	(697,264)	(685,018)	(906,000)
<b>Free cash flow after distributions</b> .....	<u>\$ (39,222)</u>	<u>\$ 25,051</u>	<u>\$ 102,147</u>	<u>\$ 339,713</u>	<u>\$ 384,000</u>

- (1) Depreciation, amortization and impairment expense is excluded from DCF to the extent it represents a non-cash expense.
- (2) Because the partnership intends to satisfy vesting of unit awards under its equity-based long-term incentive compensation plan with the issuance of common units, expenses related to this plan generally are deemed non-cash and excluded for DCF purposes. The amounts above have been reduced by cash payments associated with the plan, which are primarily related to tax withholdings.
- (3) Gains on disposition of assets are excluded from DCF to the extent they are not related to the partnership's ongoing operations.
- (4) Certain derivatives have not been designated as hedges for accounting purposes and the mark-to-market changes of these derivatives are recognized currently in net income. The partnership excludes the net impact of these derivatives from its determination of DCF until the transactions are settled and, where applicable, the related products are sold. In the period in which these transactions are settled and any related products are sold, the net impact of the derivatives is included in DCF.
- (5) The partnership adjusts DCF for lower of average cost or net realizable value adjustments related to inventory and firm purchase commitments as well as market valuation of short positions recognized each period as these are non-cash items. In subsequent periods when the partnership physically sells or purchases the related products, it adjusts DCF for the valuation adjustments previously recognized.
- (6) Interest expense includes debt prepayment costs of \$12.9 million in the nine months ended September 30, 2020, which are excluded from DCF as they are financing activities and not related to the partnership's ongoing operations.
- (7) Maintenance capital expenditures maintain existing assets of the partnership and do not generate incremental DCF (i.e. incremental returns to the unitholders). For this reason, the partnership deducts maintenance capital expenditures to determine DCF.
- (8) Includes additions to property, plant and equipment (excluding maintenance capital and capital-related changes in accounts payable and other current liabilities), acquisitions and investments in non-controlled entities, net of distributions from returns of investments in non-controlled entities and deposits from undivided joint interest third parties.

**MAGELLAN MIDSTREAM PARTNERS, L.P.**  
**FREE CASH FLOW RECONCILIATION TO NET CASH PROVIDED**  
**BY OPERATING ACTIVITIES**  
(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2021	2020	2021
<b>Net cash provided by operating activities</b> .....	\$ 276,852	\$ 286,122	\$ 840,105	\$ 879,077
Changes in operating assets and liabilities .....	19,823	22,183	30,419	626
Net cash provided (used) in investing activities .....	(91,462)	(37,692)	(110,265)	160,144
Payments associated with settlement of equity-based incentive compensation .....	—	—	(14,700)	(6,151)
Settlement gain, amortization of prior service credit and actuarial loss .....	(1,427)	(2,687)	(3,953)	(7,151)
Changes in accrued capital items .....	(3,873)	(11,397)	52,772	(4,047)
Commodity-related adjustments <sup>(1)</sup> .....	(9,563)	(6,077)	(2,634)	(8,728)
Other .....	1,673	1,232	7,667	10,961
<b>Free cash flow</b> .....	<u>\$ 192,023</u>	<u>\$ 251,684</u>	<u>\$ 799,411</u>	<u>\$ 1,024,731</u>
Distributions paid .....	(231,245)	(226,633)	(697,264)	(685,018)
<b>Free cash flow after distributions</b> .....	<u>\$ (39,222)</u>	<u>\$ 25,051</u>	<u>\$ 102,147</u>	<u>\$ 339,713</u>

(1) Please refer to the preceding table for a description of these commodity-related adjustments.