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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Transportation and terminals revenue	$ 227,271	$ 317,637
Product sales revenue	201,711	296,063
Affiliate management fee revenue	3,439	4,906
Total revenue	432,421	618,606
Costs and expenses:		
Operating	65,181	73,497
Cost of product sales	160,398	198,040
Depreciation and amortization	36,332	37,511
General and administrative	30,056	34,935
Total costs and expenses	291,967	343,983
Earnings of non-controlled entities	2,051	466
Operating profit	142,505	275,089
Interest expense	31,723	36,416
Interest income	(22)	(391)
Interest capitalized	(3,451)	(5,310)
Debt placement fee amortization expense	540	599
Income before provision for income taxes	113,715	243,775
Provision for income taxes	748	1,221
Net income	$ 112,967	$ 242,554
Basic and diluted net income per limited partner unit	$ 0.50	$ 1.07
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	226,705	227,141

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Refined products:		
Transportation revenue per barrel shipped	$ 1.136	$ 1.356
Volume shipped (million barrels):		
Gasoline	53.6	59.8
Distillates	33.8	37.5
Aviation fuel	4.5	5.0
Liquefied petroleum gases	1.1	1.5
Total volume shipped	93.0	103.8
Crude oil:		
Transportation revenue per barrel shipped	$ 0.313	$ 1.113
Volume shipped (million barrels)	15.9	41.8
Crude oil terminal average utilization (million barrels per month)	12.8	12.1
Marine storage:		
Marine terminal average utilization (million barrels per month)	22.7	22.7

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Refined products:		
Transportation and terminals revenue	$ 165,359	$ 210,236
Less: Operating expenses	46,281	51,157
Transportation and terminals margin	119,078	159,079
Product sales revenue	199,415	293,710
Less: Cost of product sales	158,298	197,756
Product margin	41,117	95,954
Operating margin	$ 160,195	$ 255,033
Crude oil:		
Transportation and terminals revenue	$ 23,228	$ 67,903
Affiliate management fee revenue	3,159	4,595
Earnings (loss) of non-controlled entities	1,375	(180)
Less: Operating expenses	5,107	9,058
Transportation and terminals margin	22,655	63,260
Operating margin	$ 22,655	$ 63,260
Marine storage:		
Transportation and terminals revenue	$ 38,684	$ 39,498
Affiliate management fee revenue	280	311
Earnings of non-controlled entities	676	646
Less: Operating expenses	14,553	14,086
Transportation and terminals margin	25,087	26,369
Product sales revenue	2,296	2,353
Less: Cost of product sales	2,100	284
Product margin	196	2,069
Operating margin	$ 25,283	$ 28,438
Segment operating margin	$ 208,133	$ 346,731
Add: Allocated corporate depreciation costs	760	804
Total operating margin	208,893	347,535
Less:		
Depreciation and amortization expense	36,332	37,511
General and administrative expense	30,056	34,935
Total operating profit	$ 142,505	$ 275,089

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 thousands except per unit amounts)

	Three Months Ended March 31, 2014	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 242,554	$ 1.07
Deduct: Unrealized derivative gains associated with future physical product transactions	(131)	—
Excluding commodity-related adjustments	$ 242,423	$ 1.07
Weighted average number of limited partner units outstanding used for basic and limited net income per unit calculation	227,141	

*Please see Distributable Cash Flow Reconciliation to Net Income for further descriptions of the commodity-related adjustments.

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

	Three Months Ended March 31,		2014
	2013	**2014**	**Guidance**
Net income	$ 112,967	$ 242,554	$ 738,000
Interest expense, net	28,250	30,715	124,000
Depreciation and amortization [(1)]	36,872	38,110	151,000
Equity-based incentive compensation [(2)]	(7,403)	(9,725)	5,000
Asset retirements and impairments	1,791	1,205	5,000
Commodity-related adjustments:			
Derivative (gains) losses recognized in the period associated with future product transactions [(3)]	2,261	(131)	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period [(4)]	(5,195)	(5,250)	
Lower-of-cost-or-market adjustments	(2,000)	—	
Total commodity-related adjustments	(4,934)	(5,381)	(8,000)
Other	(1,279)	396	(4,000)
Adjusted EBITDA	166,264	297,874	1,011,000
Interest expense, net	(28,250)	(30,715)	(124,000)
Maintenance capital[(5)]	(14,108)	(13,977)	(77,000)
Distributable cash flow	$ 123,906	$ 253,182	$ 810,000
Distributable cash flow per limited partner unit paid distributions related to this period	$ 0.55	$ 1.12	$ 3.57
Weighted average number of limited partner units paid distributions related to this period	226,679	227,068	227,068

(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, 2013 and 2014 was $4.9 million and $5.1 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership in 2013 and 2014 of $12.3 million and $14.8 million, respectively, for equity-based incentive compensation units that vested on the previous year end, which reduce distributable cash flow.

(3) Certain derivatives the partnership uses as economic hedges have not been designated as hedges for accounting purposes and the mark-to-market changes of these derivatives are recognized currently in earnings. These amounts represent the gains or losses from economic hedges in the partnership's earnings for the period associated with products that had not yet been physically sold as of the period end date.

(4) When the partnership physically sells products that it has economically hedged (but were not designated as hedges for accounting purposes), it includes in its distributable cash flow calculations the full amount of the change in fair value of the associated derivative agreement.

(5) Maintenance capital expenditure projects are not undertaken primarily to generate incremental distributable cash flow (i.e. incremental returns to the partnership's unitholders), while expansion capital projects are undertaken primarily to generate incremental distributable cash flow. For this reason, the partnership deducts maintenance capital expenditures to determine distributable cash flow.