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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	**2015**	**2014**	**2015**
Transportation and terminals revenue	$ 353,568	$ 374,016	$ 671,205	$ 719,616
Product sales revenue	137,657	109,969	433,720	283,096
Affiliate management fee revenue	5,221	3,558	10,127	6,921
Total revenue	496,446	487,543	1,115,052	1,009,633
Costs and expenses:				
Operating	124,874	131,433	198,371	229,928
Cost of product sales	109,103	94,507	307,143	230,686
Depreciation and amortization	46,897	40,440	84,408	82,137
General and administrative	39,309	37,942	74,244	73,440
Total costs and expenses	320,183	304,322	664,166	616,191
Earnings of non-controlled entities	1,955	24,542	2,421	34,132
Operating profit	178,218	207,763	453,307	427,574
Interest expense	37,265	39,756	73,681	76,363
Interest income	(406)	(334)	(797)	(683)
Interest capitalized	(6,843)	(2,946)	(12,153)	(5,053)
Debt placement fee amortization expense	602	640	1,201	1,227
Other income	—	(6,539)	—	(6,260)
Income before provision for income taxes	147,600	177,186	391,375	361,980
Provision for income taxes	1,340	(205)	2,561	953
Net income	$ 146,260	$ 177,391	$ 388,814	$ 361,027
Basic and diluted net income per limited partner unit	$ 0.64	$ 0.78	$ 1.71	$ 1.59
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	227,288	227,631	227,215	227,578

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
Refined products:				
Transportation revenue per barrel shipped	$ 1.409	$ 1.398	$ 1.384	$ 1.384
Volume shipped (million barrels):				
Gasoline	63.7	67.2	123.5	129.4
Distillates	40.5	36.3	78.0	73.2
Aviation fuel	6.1	5.3	11.1	10.5
Liquefied petroleum gases	3.7	4.8	5.2	5.8
Total volume shipped	114.0	113.6	217.8	218.9
Crude oil:				
Magellan 100%-owned assets:				
Transportation revenue per barrel shipped	$ 1.243	$ 1.052	$ 1.182	$ 1.081
Volume shipped (million barrels)	46.9	53.8	88.7	103.8
Crude oil terminal average utilization (million barrels per month)	12.3	12.8	12.2	12.7
Select joint venture pipelines:				
BridgeTex - volume shipped (million barrels) (1)	—	23.7	—	38.7
Marine storage:				
Marine terminal average utilization (million barrels per month)	22.7	24.3	22.7	23.9

(1) These volumes reflect the total shipments for the BridgeTex pipeline, which is owned 50% by Magellan.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	**2015**	**2014**	**2015**
Refined products:				
Transportation and terminals revenue	$ 232,489	$ 233,711	$ 442,725	$ 450,488
Less: Operating expenses	97,302	100,475	148,459	170,781
Losses of non-controlled entities	—	(43)	—	(98)
Transportation and terminals margin	135,187	133,193	294,266	279,609
Product sales revenue	136,334	109,323	430,044	281,962
Less: Cost of product sales	108,817	94,326	306,573	229,960
Product margin	27,517	14,997	123,471	52,002
Operating margin	$ 162,704	$ 148,190	$ 417,737	$ 331,611
Crude oil:				
Transportation and terminals revenue	$ 79,556	$ 95,756	$ 147,459	$ 182,316
Affiliate management fee revenue	4,902	3,211	9,497	6,238
Earnings of non-controlled entities	888	23,905	708	32,829
Less: Operating expenses	11,867	16,014	20,925	29,875
Transportation and terminals margin	73,479	106,858	136,739	191,508
Operating margin	$ 73,479	$ 106,858	$ 136,739	$ 191,508
Marine storage:				
Transportation and terminals revenue	$ 41,523	$ 44,549	$ 81,021	$ 86,812
Affiliate management fee revenue	319	347	630	683
Earnings of non-controlled entities	1,067	680	1,713	1,401
Less: Operating expenses	16,544	15,881	30,630	31,216
Transportation and terminals margin	26,365	29,695	52,734	57,680
Product sales revenue	1,323	646	3,676	1,134
Less: Cost of product sales	286	181	570	726
Product margin	1,037	465	3,106	408
Operating margin	$ 27,402	$ 30,160	$ 55,840	$ 58,088
Segment operating margin	$ 263,585	$ 285,208	$ 610,316	$ 581,207
Add: Allocated corporate depreciation costs	839	937	1,643	1,944
Total operating margin	264,424	286,145	611,959	583,151
Less:				
Depreciation and amortization expense	46,897	40,440	84,408	82,137
General and administrative expense	39,309	37,942	74,244	73,440
Total operating profit	$ 178,218	$ 207,763	$ 453,307	$ 427,574

Note: Amounts may not sum to figures shown on the consolidated statement of income due to inter-segment 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 AND LOWER-OF-COST-OR-MARKET INVENTORY ADJUSTMENTS TO GAAP MEASURES
(Unaudited, in thousands except per unit amounts)

	Three Months Ended June 30, 2015	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 177,391	$ 0.78
Unrealized derivative losses associated with future physical product sales	9,556	0.04
Lower-of-cost-or-market adjustments associated with future physical product transactions	145	—
Excluding commodity-related adjustments*	$ 187,092	$ 0.82
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	227,631	

* 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 June 30,		Six Months Ended June 30,		2015
	2014	2015	2014	2015	Guidance
Net income	$ 146,260	$ 177,391	$ 388,814	$ 361,027	$ 715,000
Interest expense, net, and provision for income taxes	31,356	36,271	63,292	71,580	150,000
Depreciation and amortization [(1)]	47,499	41,080	85,609	83,364	170,000
Equity-based incentive compensation [(2)]	7,665	5,788	(2,060)	(7,245)	6,000
Asset retirements	2,105	2,087	3,310	2,084	5,000
Commodity-related adjustments:					
Derivative losses recognized in the period associated with future product transactions [(3)]	13,597	9,556	14,371	5,590	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period [(4)]	(1,931)	26,682	(8,086)	91,585	
Lower-of-cost-or-market adjustments [(5)]	—	(10,102)	—	(39,164)	
Total commodity-related adjustments	11,666	26,136	6,285	58,011	64,000
Cash distributions of non-controlled entities in excess of earnings	1,438	(7,140)	1,834	(2,274)	5,000
Adjusted EBITDA	247,989	281,613	547,084	566,547	1,115,000
Interest expense, net, and provision for income taxes	(31,356)	(36,271)	(63,292)	(71,580)	(150,000)
Maintenance capital [(6)]	(20,787)	(22,513)	(34,764)	(39,014)	(85,000)
Distributable cash flow	$ 195,846	$ 222,829	$ 449,028	$ 455,953	$ 880,000
Distributable cash flow per limited partner unit receiving distributions related to this period	$ 0.86	$ 0.98	$ 1.98	$ 2.00	$ 3.87
Weighted average number of limited partner units receiving distributions related to this period	227,068	227,427	227,068	227,427	227,427

(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 ("DCF") purposes. Total equity-based incentive compensation expense for the six months ended June 30, 2014 and 2015 was $12.7 million and $10.6 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings paid by the partnership in 2014 and 2015 of $14.8 million and $17.8 million, respectively, for equity-based incentive compensation units that vested on the previous year end, which reduce DCF.

(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. In addition, the partnership has designated certain derivatives it uses to hedge its crude oil tank bottoms and linefill assets as fair value hedges and the change in the differential between the current spot price and forward price on these hedges is recognized currently in earnings. The partnership excludes the net impact of both of these adjustments from its determination of DCF until the hedged products are physically sold. In the period in which these hedged products are physically sold, the net impact of the associated hedges is included in the partnership's determination of DCF.

(4) When the partnership physically sells products that it has economically hedged (but were not designated as hedges for accounting purposes), the partnership includes in its DCF calculations the full amount of the gain or loss realized on the economic hedges in the period that the underlying product sales occur.

(5) The partnership adds the amount of lower-of-cost-or-market (“LCM”) adjustments on inventory and firm purchase commitments it recognizes in each applicable period to determine DCF as these are non-cash charges against income. In subsequent periods when the partnership physically sells or purchases the related products, it deducts the LCM adjustments previously recognized to determine DCF.

(6) Maintenance capital expenditure projects maintain the partnership's existing assets and do not generate incremental DCF (i.e. incremental returns to the partnership's unitholders). For this reason, the partnership deducts maintenance capital expenditures to determine DCF.