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

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2015
Transportation and terminals revenue	$ 317,637	$ 345,600
Product sales revenue	296,063	173,127
Affiliate management fee revenue	4,906	3,363
Total revenue	618,606	522,090
Costs and expenses:		
Operating	73,497	98,495
Cost of product sales	198,040	136,179
Depreciation and amortization	37,511	41,697
General and administrative	34,935	35,498
Total costs and expenses	343,983	311,869
Earnings of non-controlled entities	466	9,590
Operating profit	275,089	219,811
Interest expense	36,416	36,607
Interest income	(391)	(349)
Interest capitalized	(5,310)	(2,107)
Debt placement fee amortization expense	599	587
Other expense	—	279
Income before provision for income taxes	243,775	184,794
Provision for income taxes	1,221	1,158
Net income	$ 242,554	$ 183,636
Basic and diluted net income per limited partner unit	$ 1.07	$ 0.81
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	227,141	227,525

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2015
Refined products:		
Transportation revenue per barrel shipped	$ 1.356	$ 1.369
Volume shipped (million barrels):		
Gasoline	59.8	62.2
Distillates	37.5	36.9
Aviation fuel	5.0	5.2
Liquefied petroleum gases	1.5	1.0
Total volume shipped	103.8	105.3
Crude oil:		
Magellan 100%-owned assets:		
Transportation revenue per barrel shipped	$ 1.113	$ 1.112
Volume shipped (million barrels)	41.8	50.0
Crude oil terminal average utilization (million barrels per month)	12.1	12.6
Select joint venture pipelines:		
BridgeTex - volume shipped (million barrels) [1]	—	15.0
Marine storage:		
Marine terminal average utilization (million barrels per month)	22.7	23.6

(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 March 31,	
	2014	**2015**
Refined products:		
Transportation and terminals revenue	$ 210,236	$ 216,777
Less: Operating expenses	51,157	70,306
Losses of non-controlled entities	—	(55)
Transportation and terminals margin	159,079	146,416
Product sales revenue	293,710	172,639
Less: Cost of product sales	197,756	135,634
Product margin	95,954	37,005
Operating margin	$ 255,033	$ 183,421
Crude oil:		
Transportation and terminals revenue	$ 67,903	$ 86,560
Affiliate management fee revenue	4,595	3,027
Earnings of non-controlled entities	(180)	8,924
Less: Operating expenses	9,058	13,861
Transportation and terminals margin	63,260	84,650
Operating margin	$ 63,260	$ 84,650
Marine storage:		
Transportation and terminals revenue	$ 39,498	$ 42,263
Affiliate management fee revenue	311	336
Earnings of non-controlled entities	646	721
Less: Operating expenses	14,086	15,335
Transportation and terminals margin	26,369	27,985
Product sales revenue	2,353	488
Less: Cost of product sales	284	545
Product margin	2,069	(57)
Operating margin	$ 28,438	$ 27,928
Segment operating margin	$ 346,731	$ 295,999
Add: Allocated corporate depreciation costs	804	1,007
Total operating margin	347,535	297,006
Less:		
Depreciation and amortization expense	37,511	41,697
General and administrative expense	34,935	35,498
Total operating profit	$ 275,089	$ 219,811

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 March 31, 2015	
	Net Income	**Basic and Diluted Net Income Per Limited Partner Unit**
As reported	$ 183,636	$ 0.81
Unrealized derivative losses associated with future physical product sales	4,537	0.02
Lower-of-cost-or-market adjustments associated with future physical product transactions	466	—
Excluding commodity-related adjustments*	$ 188,639	$ 0.83
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	227,525	

* 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	Three Months Ended March 31, 2015	2015 Guidance
Net income	$ 242,554	$ 183,636	$ 705,000
Interest expense, net, and provision for income taxes	31,936	35,309	150,000
Depreciation and amortization (1)	38,110	42,284	170,000
Equity-based incentive compensation (2)	(9,725)	(13,033)	5,000
Asset retirements	1,205	(3)	5,000
Commodity-related adjustments:			
Derivative losses (gains) recognized in the period associated with future product transactions (3)	(131)	4,537	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period (4)	(5,250)	56,400	
Lower-of-cost-or-market adjustments(5)	—	(29,062)	
Total commodity-related adjustments	(5,381)	31,875	56,000
Cash distributions of non-controlled entities in excess of earnings	396	4,866	14,000
Adjusted EBITDA	299,095	284,934	1,105,000
Interest expense, net, and provision for income taxes	(31,936)	(35,309)	(150,000)
Maintenance capital (6)	(13,977)	(16,501)	(85,000)
Distributable cash flow	$ 253,182	$ 233,124	$ 870,000
Distributable cash flow per limited partner unit receiving distributions related to this period	$ 1.12	$ 1.03	$ 3.83
Weighted average number of limited partner units receiving distributions related to this period	227,068	227,426	227,426

(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, 2014 and 2015 was $5.1 million and $4.8 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 distributable cash flow ("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. 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 DCF calculations the full amount of the change in fair value of the associated derivative agreement.

(5) We add the amount of lower-of-cost-or-market ("LCM") adjustments on inventory and firm purchase commitments we recognize in each applicable period to determine DCF as these are non-cash charges against income. In subsequent periods when we physically sell or purchase the related products, we deduct the LCM adjustments previously recognized to determine DCF.

(6) Maintenance capital expenditure projects maintain our 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.