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,	
	2014	2015	2014	2015
Transportation and terminals revenue	$ 360,517	$ 400,944	$ 1,031,722	$ 1,120,560
Product sales revenue	155,865	172,731	589,585	455,827
Affiliate management fee revenue	5,219	3,557	15,346	10,478
Total revenue	521,601	577,232	1,636,653	1,586,865
Costs and expenses:				
Operating	132,387	137,906	330,758	367,834
Cost of product sales	91,591	85,522	398,734	316,208
Depreciation and amortization	38,054	42,043	122,462	124,180
General and administrative	35,377	37,612	109,621	111,052
Total costs and expenses	297,409	303,083	961,575	919,274
Earnings of non-controlled entities	1,645	15,521	4,066	49,653
Operating profit	225,837	289,670	679,144	717,244
Interest expense	34,993	39,779	108,674	116,142
Interest income	(374)	(310)	(1,171)	(993)
Interest capitalized	(9,205)	(3,984)	(21,358)	(9,037)
Debt placement fee amortization expense	566	640	1,767	1,867
Other (income) expense	—	1,706	—	(4,554)
Income before provision for income taxes	199,857	251,839	591,232	613,819
Provision for income taxes	1,237	867	3,798	1,820
Net income	$ 198,620	$ 250,972	$ 587,434	$ 611,999
Basic net income per limited partner unit	$ 0.87	$ 1.10	$ 2.59	$ 2.69
Diluted net income per limited partner unit	$ 0.87	$ 1.10	$ 2.58	$ 2.69
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	227,294	227,580	227,242	227,540
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	227,830	227,945	227,422	227,702

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2015**	**2014**	**2015**
Refined products:				
Transportation revenue per barrel shipped	$ 1.408	$ 1.476	$ 1.392	$ 1.417
Volume shipped (million barrels):				
Gasoline	66.2	73.9	189.7	203.3
Distillates	41.6	38.8	119.6	112.0
Aviation fuel	6.4	5.6	17.5	16.1
Liquefied petroleum gases	4.3	3.5	9.5	9.3
Total volume shipped	118.5	121.8	336.3	340.7
Crude oil:				
Magellan 100%-owned assets:				
Transportation revenue per barrel shipped	$ 1.304	$ 1.148	$ 1.222	$ 1.104
Volume shipped (million barrels)	44.0	53.6	132.7	157.4
Crude oil terminal average utilization (million barrels per month)	12.3	13.5	12.2	13.0
Select joint venture pipelines:				
BridgeTex - volume shipped (million barrels) (1)	0.2	18.5	0.2	57.2
Marine storage:				
Marine terminal average utilization (million barrels per month)	22.9	24.3	22.8	24.1

(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 September 30,		Nine Months Ended September 30,	
	2014	**2015**	**2014**	**2015**
Refined products:				
Transportation and terminals revenue	$ 237,972	$ 259,806	$ 680,697	$ 710,294
Less: Operating expenses	101,206	104,622	249,665	275,403
Losses of non-controlled entities	—	(48)	—	(146)
Transportation and terminals margin	136,766	155,136	431,032	434,745
Product sales revenue	155,134	171,775	585,178	453,737
Less: Cost of product sales	91,407	85,341	397,980	315,301
Product margin	63,727	86,434	187,198	138,436
Operating margin	$ 200,493	$ 241,570	$ 618,230	$ 573,181
Crude oil:				
Transportation and terminals revenue	$ 78,839	$ 96,029	$ 226,298	$ 278,345
Affiliate management fee revenue	4,902	3,211	14,399	9,449
Earnings of non-controlled entities	959	14,906	1,667	47,735
Less: Operating expenses	14,375	19,479	35,300	49,354
Transportation and terminals margin	70,325	94,667	207,064	286,175
Operating margin	$ 70,325	$ 94,667	$ 207,064	$ 286,175
Marine storage:				
Transportation and terminals revenue	$ 43,706	$ 45,109	$ 124,727	$ 131,921
Affiliate management fee revenue	317	346	947	1,029
Earnings of non-controlled entities	686	663	2,399	2,064
Less: Operating expenses	17,691	14,700	48,321	45,916
Transportation and terminals margin	27,018	31,418	79,752	89,098
Product sales revenue	731	956	4,407	2,090
Less: Cost of product sales	184	181	754	907
Product margin	547	775	3,653	1,183
Operating margin	$ 27,565	$ 32,193	$ 83,405	$ 90,281
Segment operating margin	$ 298,383	$ 368,430	$ 908,699	$ 949,637
Add: Allocated corporate depreciation costs	885	895	2,528	2,839
Total operating margin	299,268	369,325	911,227	952,476
Less:				
Depreciation and amortization expense	38,054	42,043	122,462	124,180
General and administrative expense	35,377	37,612	109,621	111,052
Total operating profit	$ 225,837	$ 289,670	$ 679,144	$ 717,244

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 AND LOWER-OF-COST-OR-MARKET INVENTORY ADJUSTMENTS TO GAAP MEASURES
(Unaudited, in thousands except per unit amounts)

	Three Months Ended September 30, 2015		
	Net Income	**Basic Net Income Per Limited Partner Unit**	**Diluted Net Income Per Limited Partner Unit**
As reported	$ 250,972	$ 1.10	$ 1.10
Unrealized derivative gains associated with future physical product sales	(54,958)	(0.24)	(0.24)
Lower-of-cost-or-market adjustments associated with future physical product transactions	488	—	—
Excluding commodity-related adjustments*	$ 196,502	$ 0.86	$ 0.86
Weighted average number of limited partner units outstanding used for basic net income per unit calculation	227,580		
Weighted average number of limited partner units outstanding used for diluted net income per unit calculation	227,945		

* 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 September 30,		Nine Months Ended September 30,		2015
	2014	**2015**	**2014**	**2015**	**Guidance**
Net income	$ 198,620	$ 250,972	$ 587,434	$ 611,999	$ 803,000
Interest expense, net, and provision for income taxes	26,651	36,352	89,943	107,932	145,000
Depreciation and amortization (1)	38,620	42,683	124,229	126,047	170,000
Equity-based incentive compensation (2)	4,978	4,687	2,918	(2,558)	6,000
Asset retirements	1,520	2,294	4,830	4,378	6,000
Commodity-related adjustments:					
Derivative gains recognized in the period associated with future product transactions (3)	(39,246)	(54,958)	(28,692)	(54,182)	
Derivative gains (losses) recognized in previous periods associated with product sales completed in the period (4)	(3,817)	(315)	(8,086)	96,084	
Lower-of-cost-or-market adjustments (5)	2,453	488	2,453	(38,676)	
Total commodity-related adjustments	(40,610)	(54,785)	(34,325)	3,226	13,000
Cash distributions of non-controlled entities in excess of earnings	1,659	9,814	3,493	7,540	7,000
Adjusted EBITDA	231,438	292,017	778,522	858,564	1,150,000
Interest expense, net, and provision for income taxes	(26,651)	(36,352)	(89,943)	(107,932)	(145,000)
Maintenance capital (6)	(21,401)	(25,661)	(56,165)	(64,675)	(85,000)
Distributable cash flow	$ 183,386	$ 230,004	$ 632,414	$ 685,957	$ 920,000
Distributable cash flow per limited partner unit receiving distributions related to this period	$ 0.81	$ 1.01	$ 2.79	$ 3.02	$ 4.05
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 nine months ended September 30, 2014 and 2015 was $17.7 million and $15.2 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.