

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Transportation and terminals revenues	\$ 162,580	\$ 166,703	\$ 307,385	\$ 321,723
Product sales revenues	110,364	41,327	312,082	99,043
Affiliate management fee revenue	183	190	366	380
Total revenues	<u>273,127</u>	<u>208,220</u>	<u>619,833</u>	<u>421,146</u>
Costs and expenses:				
Operating	56,794	60,848	112,219	121,315
Product purchases	75,292	40,990	252,860	93,620
Depreciation and amortization	21,271	23,163	42,284	46,315
Affiliate general and administrative	19,060	20,248	37,350	41,384
Total costs and expenses	<u>172,417</u>	<u>145,249</u>	<u>444,713</u>	<u>302,634</u>
Gain on assignment of supply agreement	—	—	26,492	—
Equity earnings	<u>1,377</u>	<u>939</u>	<u>1,782</u>	<u>1,458</u>
Operating profit	102,087	63,910	203,394	119,970
Interest expense	12,754	15,809	25,693	31,361
Interest income	(303)	(206)	(599)	(427)
Interest capitalized	(1,110)	(942)	(2,412)	(1,878)
Debt placement fee amortization expense	169	224	337	444
Other income	(254)	(565)	(254)	(647)
Income before provision for income taxes	90,831	49,590	180,629	91,117
Provision for income taxes	502	452	945	809
Net income	<u>\$ 90,329</u>	<u>\$ 49,138</u>	<u>\$ 179,684</u>	<u>\$ 90,308</u>
Allocation of net income ⁽¹⁾ :				
Non-controlling owners' interest	\$ 59,425	\$ 34,527	\$ 131,161	\$ 63,675
Limited partners' interest	31,308	14,611	49,332	26,633
General partner's interest	(404)	—	(809)	—
Net income	<u>\$ 90,329</u>	<u>\$ 49,138</u>	<u>\$ 179,684</u>	<u>\$ 90,308</u>
Basic and diluted net income per limited partner unit	<u>\$ 0.50</u>	<u>\$ 0.23</u>	<u>\$ 0.79</u>	<u>\$ 0.42</u>
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	<u>62,654</u>	<u>62,670</u>	<u>62,654</u>	<u>62,669</u>

- (1) The partnership adopted Statement of Financial Accounting Standard ("SFAS") No. 160, *Non-Controlling Interests in Consolidated Financial Statements* on January 1, 2009. As prescribed by SFAS No. 160, the non-controlling owners' interest is treated as a component of equity and is no longer included in expense; therefore, in the statements above, the partnership has allocated net income between the non-controlling owners' interest, the limited partners' interest and the general partner's interest. For presentation and disclosure purposes, the partnership has retrospectively applied SFAS No. 160 for all periods presented.

MAGELLAN MIDSTREAM HOLDINGS, L.P.
ALLOCATION OF NET INCOME
(In thousands, unless otherwise noted)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
Net income	\$ 90,329	\$ 49,138	\$ 179,684	\$ 90,308
Net income applicable to non-controlling owners' interest	59,425	34,527	131,161	63,675
Net income applicable to limited partners and general partner	30,904	14,611	48,523	26,633
Direct charges to the general partner:				
Reimbursable general and administrative costs	408	—	816	—
Income applicable to limited partners and general partner before direct charges to general partner	31,312	14,611	49,339	26,633
General partner's share of income ⁽¹⁾	0.0141%	0%	0.0141%	0%
General partner's allocated share of net income before direct charges	4	—	7	—
Direct charges to general partner	408	—	816	—
Net loss allocated to general partner	\$ (404)	\$ —	\$ (809)	\$ —
Net income applicable to limited partners and general partner	\$ 30,904	\$ 14,611	\$ 48,523	\$ 26,633
Less: net loss allocated to general partner	(404)	—	(809)	—
Net income allocated to limited partners	\$ 31,308	\$ 14,611	\$ 49,332	\$ 26,633

(1) In December 2008, the partnership acquired its general partner from MGG Midstream Holdings, L.P. and since that date its general partner has owned a non-economic interest in the partnership. Subsequent to that transaction, the general partner has not been allocated a portion of the partnership's net income.