

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2008	2007	2008
Transportation and terminals revenues	\$ 160,366	\$ 166,955	\$ 608,781	\$ 638,810
Product sales revenues	215,712	134,473	709,564	574,095
Affiliate management fee revenue	178	184	712	733
Total revenues	<u>376,256</u>	<u>301,612</u>	<u>1,319,057</u>	<u>1,213,638</u>
Costs and expenses:				
Operating	65,991	71,026	250,935	264,871
Product purchases	189,415	94,184	633,909	436,567
Depreciation and amortization	20,580	22,654	79,140	86,501
Affiliate general and administrative	20,483	18,198	74,859	73,302
Total costs and expenses	<u>296,469</u>	<u>206,062</u>	<u>1,038,843</u>	<u>861,241</u>
Gain on assignment of supply agreement	—	—	—	26,492
Equity earnings	<u>1,067</u>	<u>563</u>	<u>4,027</u>	<u>4,067</u>
Operating profit	80,854	96,113	284,241	382,956
Interest expense	13,630	16,038	54,956	56,764
Interest income	(320)	(532)	(2,851)	(1,482)
Interest capitalized	(1,259)	(1,069)	(4,452)	(4,803)
Non-controlling owners' interest in income of consolidated subsidiaries	53,335	61,562	175,356	244,430
Debt placement fee amortization	171	219	1,554	767
Debt prepayment premium	—	—	1,984	—
Other (income) expense	—	(126)	728	(380)
Income before provision for income taxes	<u>15,297</u>	<u>20,021</u>	<u>56,966</u>	<u>87,660</u>
Provision for income taxes	419	518	1,568	1,987
Net income	<u>\$ 14,878</u>	<u>\$ 19,503</u>	<u>\$ 55,398</u>	<u>\$ 85,673</u>
Allocation of net income:				
Limited partners' interest	\$ 17,317	\$ 20,349	\$ 61,580	\$ 87,733
General partner's interest	(2,439)	(846)	(6,182)	(2,060)
Net income	<u>\$ 14,878</u>	<u>\$ 19,503</u>	<u>\$ 55,398</u>	<u>\$ 85,673</u>
Basic and diluted net income per limited partner unit	<u>\$ 0.28</u>	<u>\$ 0.32</u>	<u>\$ 0.98</u>	<u>\$ 1.40</u>
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	<u>62,651</u>	<u>62,659</u>	<u>62,650</u>	<u>62,656</u>

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months Ended</u> <u>December 31,</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Net income	\$ 14,878	\$ 19,503	\$ 55,398	\$ 85,673
Direct charges to the general partner:				
Reimbursable general and administrative costs ^(a)	2,442	848	6,191	2,072
Income before direct charges to general partner	17,320	20,351	61,589	87,745
General partner's share of income ^(b)	0.0141%	0.0097%	0.0141%	0.0130%
General partner's allocated share of net income before direct charges	3	2	9	12
Direct charges to general partner	2,442	848	6,191	2,072
Net loss allocated to general partner	<u>\$ (2,439)</u>	<u>\$ (846)</u>	<u>\$ (6,182)</u>	<u>\$ (2,060)</u>
Net income	\$ 14,878	\$ 19,503	\$ 55,398	\$ 85,673
Less: net loss allocated to general partner	<u>(2,439)</u>	<u>(846)</u>	<u>(6,182)</u>	<u>(2,060)</u>
Net income allocated to limited partners	<u>\$ 17,317</u>	<u>\$ 20,349</u>	<u>\$ 61,580</u>	<u>\$ 87,733</u>

(a) Reimbursable G&A costs for the twelve months ended December 31, 2007 and for both the three and twelve months ended December 31, 2008, include a \$1.3 million and \$0.4 million, respectively, unusual non-cash expense related to a payment by MGG Midstream Holdings, L.P., an affiliate that, until December 2, 2008, indirectly owned a portion of the partnership's general partner. These payments did not impact our cash available for distributions.

(b) The partnership acquired its general partner from MGG Midstream Holdings, L.P., an affiliate, on December 2, 2008. The general partner's share of income for the three and twelve months ended December 31, 2008 has been adjusted to reflect MGG Midstream Holdings, L.P.'s proportional ownership during the periods presented.