

January 3, 2012

MLP Monthly Update - December

Summary

We recently initiated coverage of Vanguard Natural Resources LLC (VNR) with a Buy rating and a \$33 price target. Vanguard is focused on the development and acquisition of oil and natural gas properties. The company's assets are located in the Permian Basin, South Texas, Appalachian Basin, Mississippi, the Williston Basin, the Arkoma Basin, and the Big Horn Basin. We estimate distribution growth at 5.7% in 2011, 6.1% in 2012, and 5.9% in 2013. This compares with 3.4%, 2.6%, and 2.5% for other E&P MLPs under our coverage. In addition, the company's coverage ratio of 1.2x over the next two years provides support to our thesis that our estimates for growth are attainable. We believe Vanguard is an attractive investment due to its distribution growth profile, total return potential, its limited exposure to commodity prices due to its hedging program, and the transformative nature of the Encore Energy Partners acquisition. (Please see page 2 for the full story.)

Key Points

- **Top news story.** On December 1, Plains All American (PAA-\$73.45, Buy) announced that it entered into a definitive agreement with BP PLC (BP-NR) to acquire its Canadian natural gas liquids and liquefied petroleum gas business for total consideration of approximately \$1.67 billion. The acquisition is subject to regulatory approval and customary closing conditions and is anticipated to close late in the first quarter or early in the second quarter of 2012. Based on the accretive nature of the transaction and the four other acquisitions announced, Plains increased its 2012 distribution growth target to between 8%-9% over its current annualized distribution of \$3.98/unit.
- **Return.** Our MLP Universe increased 9.8% during 2011 after increasing 7.3% during December, which was the second monthly increase out of the last three months. Excluding EVEP, our MLP Universe would be up 5.3%. This compares to a monthly gain of 0.85% for the S&P 500 and 5.7% for the Alerian Index (AMZ).
- **Yields.** The 10-year U.S. Treasury bond yield was 2.08% on November 30 and decreased to 1.91% on December 30. The BBB Corporate bond yield was 4.7% on November 30 and increased to 4.5% on December 30. The MSCI US REIT Index yield was 3.8% on November 30 and decreased to 3.66% on December 30. The average spread between energy MLPs and the 10-year was 449 basis points on December 30, while the spread between MLPs and the BBB bond was 201 basis points.
- **Natural gas storage and crude oil inventories.** Working gas in storage decreased to 3,548 Bcf on December 23 from 3,851 Bcf on November 25. The current level is 9.1% higher than the 3,251 Bcf reported last year. This year's storage level is 13.7% higher than the five-year average of 3,120 Bcf for this time of year. U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 3.9 million barrels from the previous week. At 327.5 million barrels, U.S. crude oil inventories are in the upper limit of the average range for this time of year.
- **Rig count and Henry Hub spot prices.** The BHI U.S. natural gas rig count decreased to 809 on December 25 from 856 on December 2. This year's level is 12% lower than the 919 reported last year. The spot price for Henry Hub natural gas was \$2.99/Mcf, compared with \$4.42/Mcf last year. Over the last year, the correlation between the natural gas rig count and spot prices is 0.33. This compares to a correlation of 0.83 for the 2008 to 2010 period.
- **Gasoline and distillate supplied.** Total products supplied averaged 18.6 million barrels per day (MMBbls/d) over the last four-week period, which is 7.8% below the same period last year. Over the last 52 weeks, products supplied is 1.2% lower than the prior period. Gasoline supplied over the last four-week period averaged 8.8 MMBbls/d, which is 5.6% below the same period last year. Over the last 52 weeks, gasoline supplied has decreased 1.8% compared with the prior period. Distillate supplied (which includes heating oil and diesel) over the last four-week period averaged 4.0 MMBbls/d, which is 3.9% higher than the same period last year. Over the last 52 weeks, distillate supplied has increased 1.6% compared with the prior period.
- **Gasoline and distillate prices.** The national average retail price of regular grade gasoline was \$3.258/gallon on December 26, an increase of \$0.029/gallon compared with last week, and \$0.206/gallon higher than last year. The national average retail price of diesel was \$3.791/gallon on December 26, a decrease of \$0.037/gallon compared with last week, and \$0.497/gallon higher than last year.

Thought for the Month - December

We recently initiated coverage of Vanguard Natural Resources LLC (VNR-\$27.63, Buy) with a \$33 price target. Vanguard is focused on the development and acquisition of oil and natural gas properties. The company's assets are located in the Permian Basin, South Texas, Appalachian Basin, Mississippi, the Williston Basin, the Arkoma Basin, and the Big Horn Basin. Vanguard is now the third-largest Exploration and Production (E&P) Master Limited Partnership (MLP) in terms of enterprise value.

The company's total proved reserves, including 2011 acquisitions, are 78.8 MMBoe, of which approximately 52% are oil, 36% are natural gas, and 12% are natural gas liquids (NGLs). Approximately 80% of the total proved reserves was classified as proved developed, with a 15-year reserve-to-production profile.

Vanguard's expected oil production is hedged at approximately 73% in 2012 and approximately 66% in 2013, while natural gas is hedged at approximately 45% in 2012 and approximately 46% in 2013. By locking in prices for the majority of its production, Vanguard has taken away potential volatility in its cash flow. We believe this is a sound strategy for any E&P MLP.

Vanguard's growth should be driven by acquisitions and organic growth projects. The company's capital budget for 2012 is likely to range between \$35 million and \$40 million. We believe Vanguard will continue to be an active acquirer and we forecast \$300 million in acquisitions in 2012 and \$200 million thereafter.

We estimate Vanguard's distribution at \$2.31/unit in 2011, \$2.45/unit in 2012, and \$2.595/unit in 2013. Our distributable cash flow estimates are \$3.09/unit for 2011, \$2.93/unit for 2012, and \$3.01/unit for 2013, which equates to coverage ratios of 1.3x, 1.2x, and 1.2x, respectively.

Vanguard increased its distribution by 7.9% in 2010 and we estimate growth at 5.7% in 2011, 6.1% in 2012, and 5.9% in 2013. This compares with 3.4%, 2.6%, and 2.5% for other E&P MLPs under our coverage. In addition, the company's coverage ratio of 1.2x over the next two years provides support to our thesis that our estimates for growth are attainable. Management has stated that it is comfortable with a coverage ratio of 1.2x.

We believe Vanguard is an attractive investment due to its distribution growth profile, total return potential, its limited exposure to commodity prices due to its hedging program, and the transformative nature of the Encore Energy Partners acquisition. Please see our full report dated December 21, 2011.

News of the MLP World

December 1: Plains All American (PAA-\$73.45, Buy) announced that it entered into a definitive agreement with BP PLC (BP-NR) to acquire its Canadian natural gas liquids and liquefied petroleum gas business for total consideration of approximately \$1.67 billion. The acquisition is subject to regulatory approval and customary closing conditions and is anticipated to close late in the first quarter or early in the second quarter of 2012. Based on the accretive nature of the transaction and the four other acquisitions announced, Plains increased its 2012 distribution growth target to between 8%-9% over its current annualized distribution of \$3.98/unit.

December 1: Plains All American announced that it completed two acquisitions and entered into definitive agreements for two additional acquisitions since the beginning of the 2011 fourth quarter. Aggregate consideration for the four acquisitions is approximately \$620 million. The partnership stated that although these acquisitions are not expected to have any meaningful impact on its fourth-quarter results, PAA expects adjusted EBITDA for the fourth quarter to exceed the midpoint of its quarterly guidance by approximately 10% to 15%.

December 1: LINN Energy (LINE-\$37.91, Buy) announced today that Michael C. Linn, who founded LINN Energy in 2003, is retiring and will step down as executive chairman of the board. He will continue to serve on LINN's board as director and founder. LINN Energy President and Chief Executive Officer Mark E. Ellis will add the role of chairman of the board to his responsibilities. Both changes will be effective Dec. 31, 2011.

December 8: Enterprise Products Partners (EPD-\$46.38, Buy) announced that it priced a public offering of 9,000,000 common units at a price of \$44.68/unit. Enterprise has also granted the underwriters a 30-day option to purchase up to 1,350,000 additional common units to cover over-allotments, if any. Enterprise will use the net proceeds of approximately \$390 million from this offering, including any exercise of the over-allotment option by the underwriters, to temporarily reduce borrowings under its multi-year revolving credit facility.

December 8: Plains All American announced it is converting an existing Oklahoma liquefied petroleum gas (LPG) pipeline into crude oil service. The pipeline, which extends from Medford, Oklahoma, to PAA's crude oil terminal facility in Cushing, Oklahoma, will provide an initial crude oil throughput capacity of 12,000 barrels per day by January 2012 and will be expanded to 25,000 barrels per day by July 2012.

December 9: Energy Transfer Equity (ETE-\$40.58, Hold) announced that Southern Union Company (SUG-NR) stockholders voted to approve the proposed merger with ETE at the special meeting of Southern Union stockholders. The merger is expected to be consummated in the first quarter of 2012, subject to regulatory

approval.

December 12: Plains All American announced that it entered into a new \$1.2 billion credit facility to provide additional liquidity. The facility closed on December 9, 2011, but has not been activated. Pursuant to its terms, PAA may activate the facility at any time over the next six months, resulting in a maturity 364 days from the activation date.

December 20: Enterprise Products Partners and Enbridge Inc. (ENB-NR) announced plans to hold concurrent open seasons from January 4, 2012, through February 10, 2012, to solicit capacity commitments from shippers for an expansion of the Seaway pipeline and an extension of the pipeline into the Port Arthur/Beaumont refining market.

December 20: EV Energy Partners (EVEP-\$65.90, Buy) announced that Mark A. Houser has been promoted to president and chief executive officer, effective January 1, 2012. John B. Walker, chairman and CEO since EVEP was founded in September 2006, will remain executive chairman.

December 20: Magellan Midstream Partners (MMP-\$68.88, Buy) and Copano Energy, L.L.C. (CPNO-NR) announced the formation of a joint venture to deliver Eagle Ford Shale condensate to Corpus Christi, Texas. The 50/50 joint venture, known as Double Eagle Pipeline LLC, will construct and own approximately 140 miles of new pipeline to connect an existing 50-mile pipeline segment owned by Copano to Karnes, Live Oak, McMullen, and LaSalle Counties of Texas. The initial capacity of the pipeline will be 100,000 barrels per day. Double Eagle also will construct a new truck unloading facility along the pipeline near Three Rivers, Texas. The expected cost of the new joint venture facilities is approximately \$150 million. The companies expect to provide limited services by the end of 2012, with full service available beginning in the first quarter of 2013.

December 22: EV Energy Partners announced it, along with certain institutional partnerships managed by EnerVest, Ltd., has closed both previously announced Barnett Shale acquisitions from two unrelated companies. EVEP acquired an approximate 31.5% interest in the combined assets for an adjusted purchase price of \$345.6 million, subject to customary post-closing adjustments.

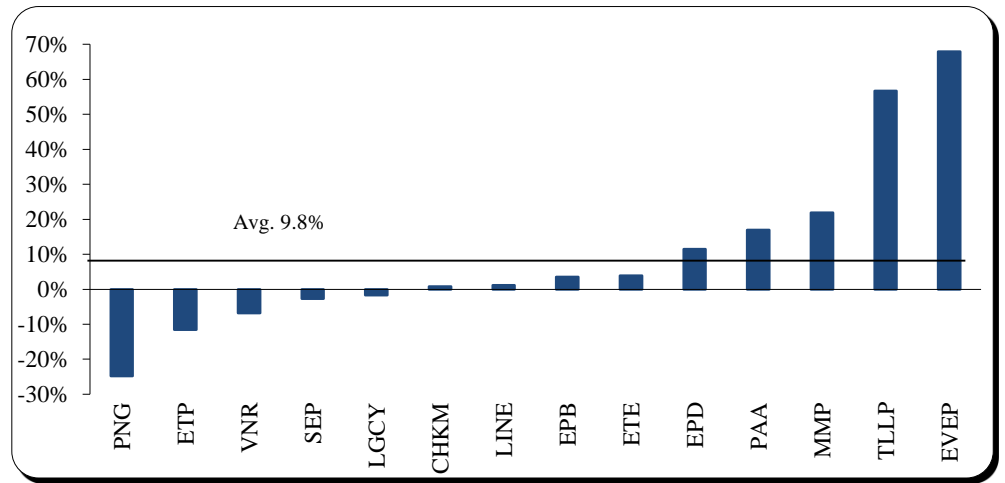
December 27: Enterprise Products Partners announced that it agreed to sell 22,762,636 Energy Transfer Equity common units in a private transaction to certain purchasers. Proceeds of approximately \$825.1 million will be used for general partnership purposes, including funding growth capital projects. Closing of the transaction is scheduled to occur in January 2012.

December 28: Chesapeake Midstream Partners (CHKM-\$29.00, Buy) announced it has agreed to acquire Appalachia Midstream Services, L.L.C. from Chesapeake Energy (CHK-NR) for \$865 million.

Return

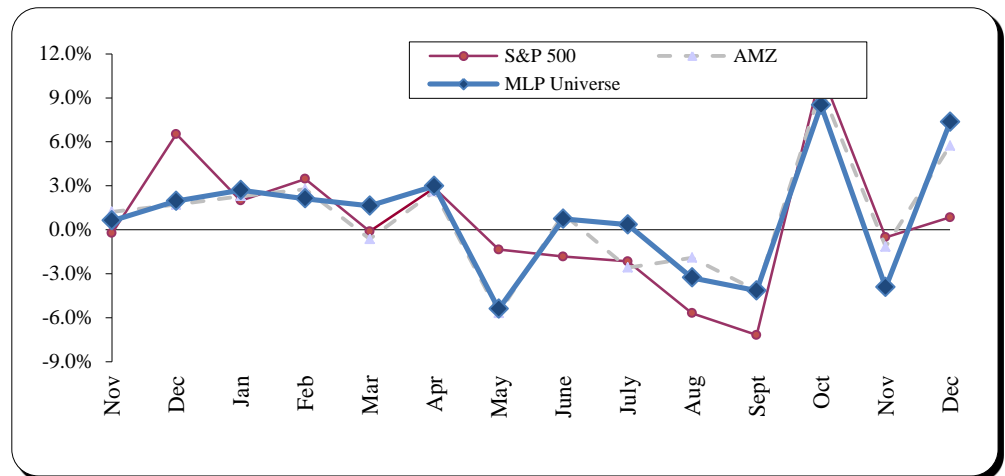
Our MLP Universe increased 9.8% during 2011 after increasing 7.3% during December, which was the second monthly increase out of the last three months. Excluding EVEP, our MLP Universe would be up 5.3%. This compares to a monthly gain of 0.85% for the S&P 500 and 5.7% for the Alerian Index (AMZ).

FIGURE 1 – MLP MONTHLY - UNIVERSE RETURN YEAR-TO-DATE



Source: FactSet and Wunderlich Securities, Inc.

FIGURE 2 – MLP MONTHLY - UNIVERSE MONTHLY PERFORMANCE

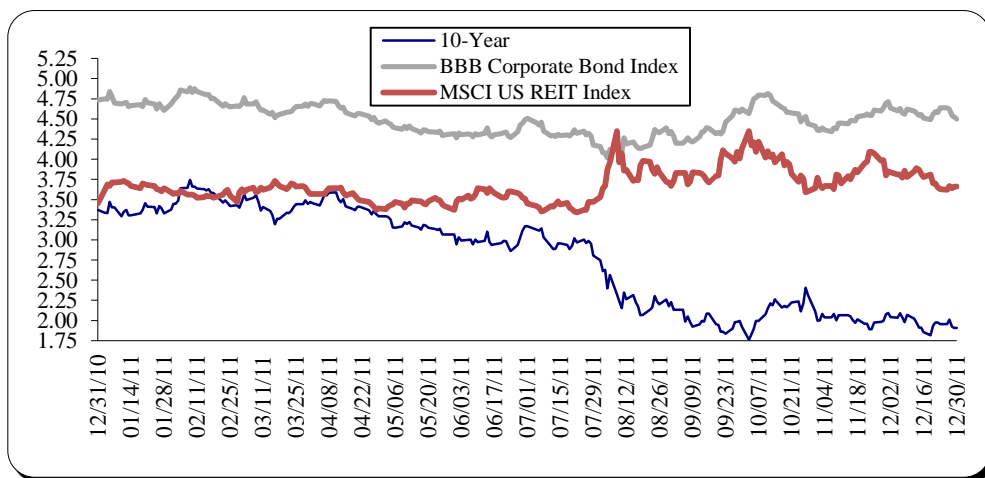


Source: FactSet and Wunderlich Securities, Inc.

Yields

The 10-year U.S. Treasury bond yield was 2.08% on November 30 and decreased to 1.91% on December 30. The BBB Corporate bond yield was 4.7% on November 30 and increased to 4.5% on December 30. The MSCI US REIT Index yield was 3.8% on November 30 and decreased to 3.66% on December 30.

FIGURE 3 – MLP MONTHLY - 10-YEAR TREASURY & CORPORATE BBB BOND INDEX

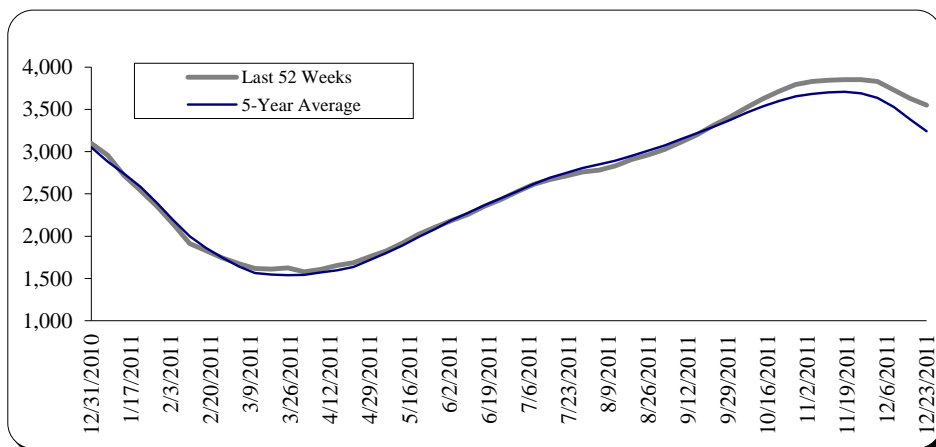


Source: FactSet and Wunderlich Securities, Inc.

Natural Gas Storage

Working gas in storage decreased to 3,548 Bcf on December 23 from 3,851 Bcf on November 25. The current level is 9.1% higher than the 3,251 Bcf reported last year. This year’s storage level is 13.7% higher than the five-year average of 3,120 Bcf for this time of year.

FIGURE 4 – MLP MONTHLY - NATURAL GAS STORAGE (BCF)

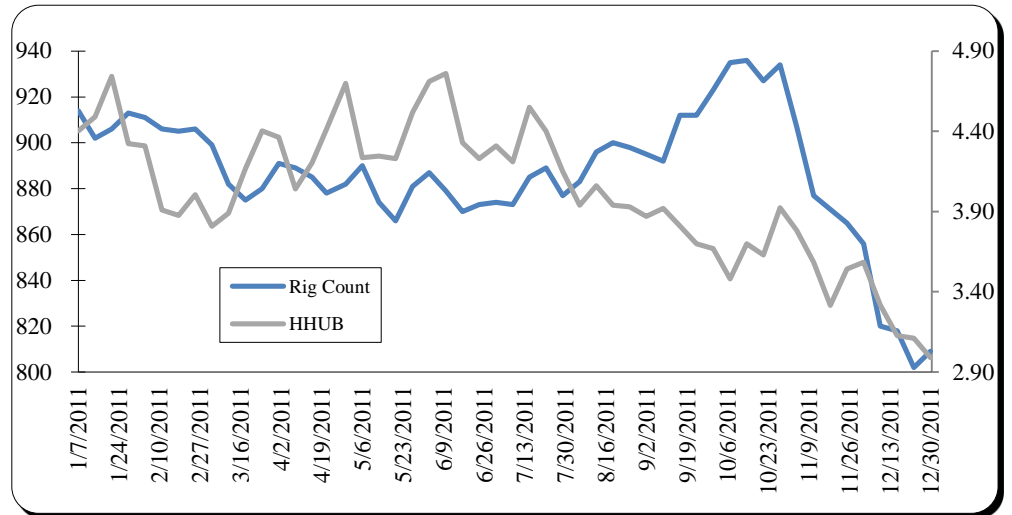


Source: DOE and Wunderlich Securities, Inc.

Rig Count and Natural Gas Prices

The BHI U.S. natural gas rig count decreased to 809 on December 25 from 856 on December 2. This year’s level is 12% lower than the 919 reported last year.

FIGURE 5 – MLP MONTHLY - BHI RIG COUNT AND HENRY HUB SPOT PRICE (MCF)

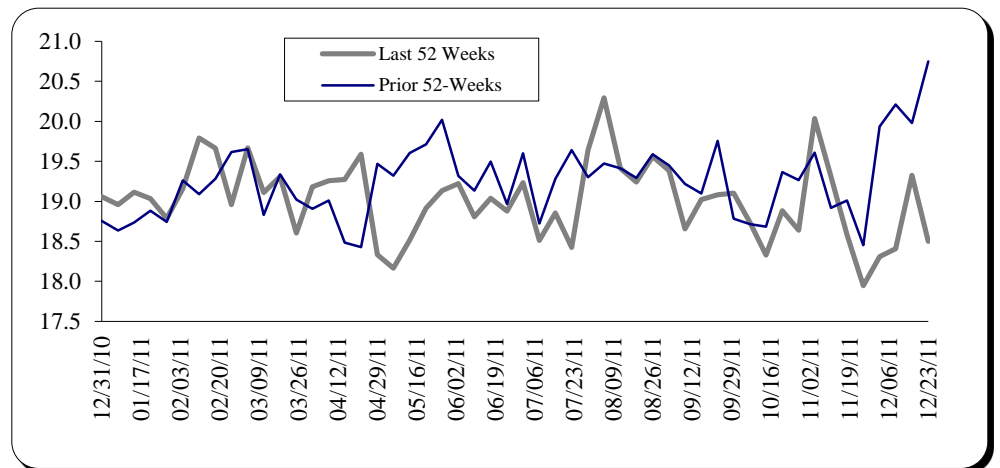


Source: Baker Hughes, Inc., FactSet, Wunderlich Securities, Inc.

Total Products Supplied

Total products supplied averaged 18.6 million barrels per day (MMBbls/d) over the last four-week period, which is 7.8% below the same period last year. Over the last 52 weeks, products supplied is 1.2% lower than the prior period.

FIGURE 6 – MLP MONTHLY – TOTAL PRODUCTS SUPPLIED (MMBLS/D)

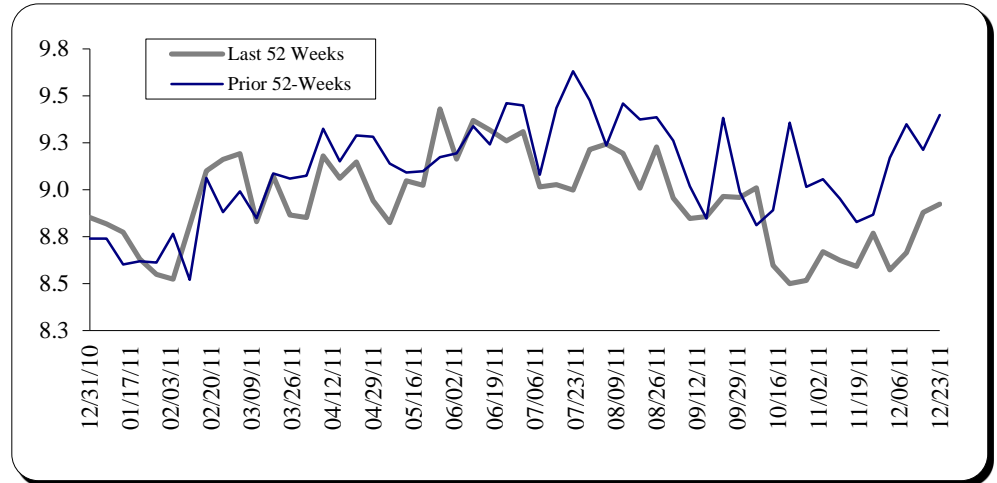


Source: DOE and Wunderlich Securities, Inc.

Gasoline Supplied

Gasoline supplied over the last four-week period averaged 8.8 MMBbls/d, which is 5.6% below the same period last year. Over the last 52 weeks, gasoline supplied has decreased 1.8% compared with the prior period.

FIGURE 7 – MLP MONTHLY - GASOLINE SUPPLIED (MMBLS/D)

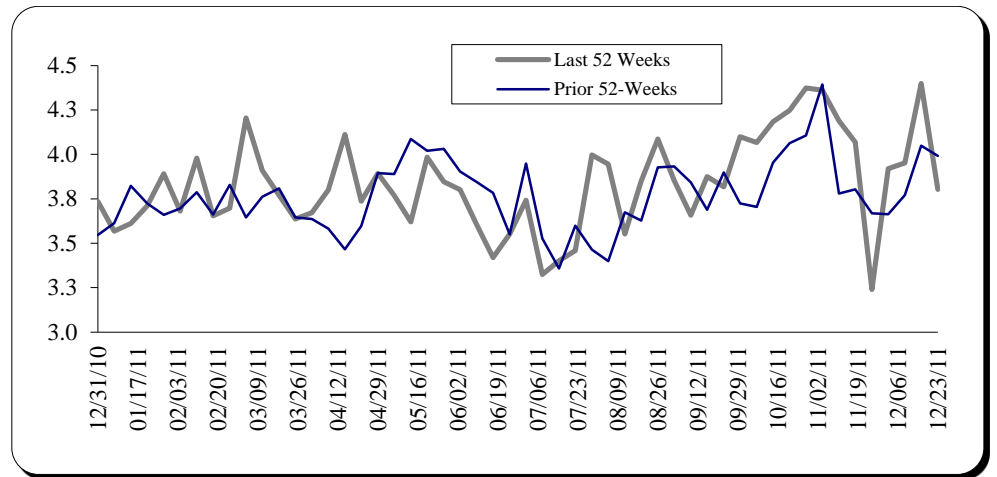


Source: DOE and Wunderlich Securities, Inc.

Distillate Fuel Supplied

Distillate supplied (which includes heating oil and diesel) over the last four-week period averaged 4.0 MMBbls/d, which is 3.9% higher than the same period last year. Over the last 52 weeks, distillate supplied has increased 1.6% compared with the prior period.

FIGURE 8 – MLP MONTHLY - DISTILLATE SUPPLIED (MMBLS/D)

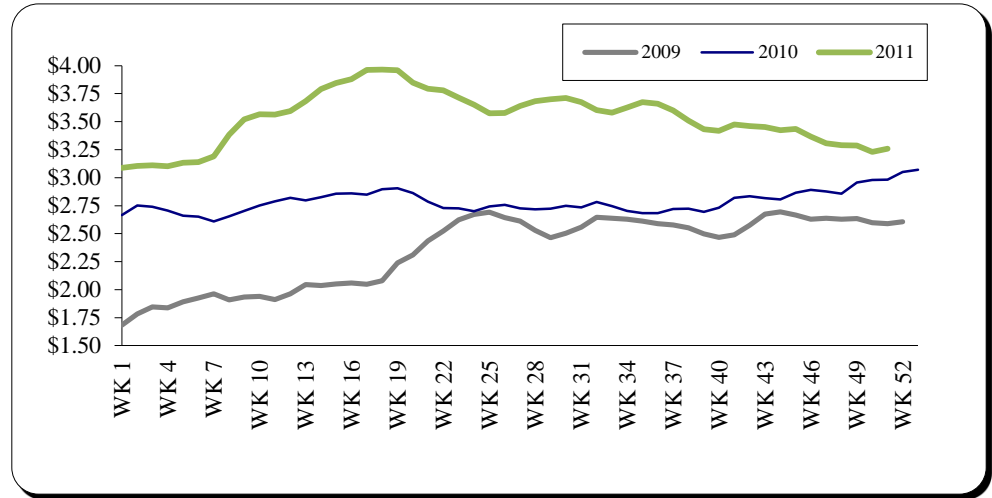


Source: DOE and Wunderlich Securities, Inc.

Gasoline Prices

The national average retail price of regular grade gasoline was \$3.258/gallon on December 26, an increase of \$0.029/gallon compared with last week, and \$0.206/gallon higher than last year.

FIGURE 9 – MLP MONTHLY - GASOLINE PRICES (\$/GALLON)

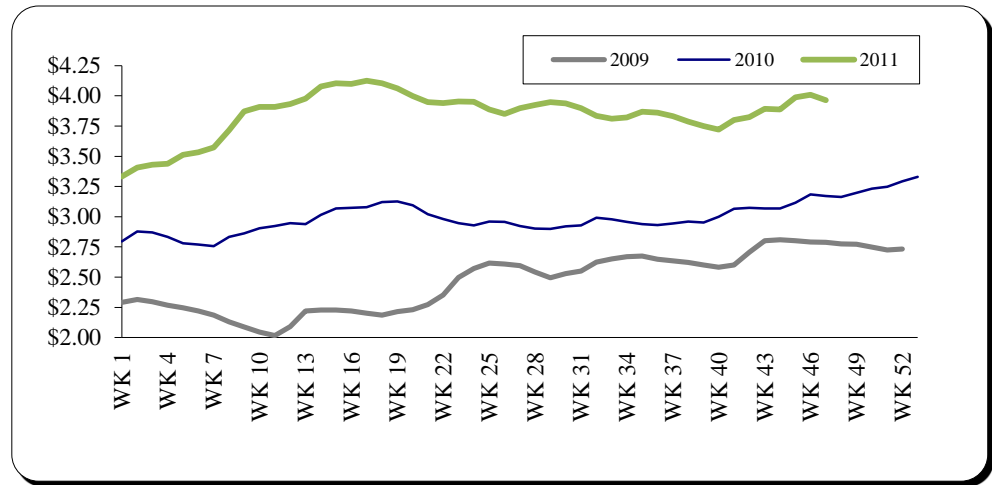


Source: DOE and Wunderlich Securities, Inc.

Diesel Prices

The national average retail price of diesel was \$3.791/gallon on December 26, a decrease of \$0.037/gallon compared with last week, and \$0.497/gallon higher than last year.

FIGURE 10 – MLP MONTHLY - DIESEL PRICES (\$/GALLON)



Source: DOE and Wunderlich Securities, Inc.

FIGURE 11 – MLP MONTHLY - UNIVERSE VALUATION 1

	Rating	Price \$/Unit	Price Target	52 Week		Mkt Cap \$Mil.	EV \$Mil.	EBITDA (LP)			EV/EBITDA		Debt/ EBITDA	EBITDA/Interest			
				High	Low			10	11E	12E	11E	12E		10	11E	12E	
Natural Gas/NGLs																	
Chesapeake Midstream	CHKM	B	29.00	32.50	29.31	23.93	4,015	4,495.1	172.3	336.5	350.7	13.4x	12.8x	1.4x	-	24.8x	17.4x
El Paso	EPB	H	34.62	37.00	38.36	31.36	7,121	11,042.1	540.2	866.5	914.7	12.7x	12.1x	4.0x	4.2x	3.7x	3.8x
Energy Transfer	ETP	H	45.85	46.00	55.50	38.08	9,610	17,919.2	979.1	1,136.0	1,278.4	15.8x	14.0x	4.6x	3.7x	3.8x	3.6x
Enterprise Products	EPD	B	46.38	48.00	46.70	27.85	40,590	56,994.2	2,852.0	3,767.4	4,104.4	15.1x	13.9x	3.5x	4.5x	5.0x	5.5x
PAA Natural Gas Storage	PNG	H	18.75	18.50	25.50	15.51	1,334	1,779.9	44.4	102.3	116.8	17.4x	15.2x	4.3x	10.5x	17.8x	15.0x
Spectra Energy Partners	SEP	H	31.96	35.00	34.93	25.53	3,079	3,783.2	205.6	247.4	282.4	15.3x	13.4x	2.6x	12.7x	10.1x	9.6x
												14.9x	13.6x	3.4x	7.1x	10.9x	9.1x
Liquids																	
Magellan Midstream	MMP	B	68.88	69.00	69.21	51.00	7,773	9,615.5	519.4	641.2	628.0	15.0x	15.3x	3.5x	5.4x	6.0x	5.6x
Plains All American	PAA	B	73.45	73.00	73.55	54.90	11,458	16,513.2	822.7	1,142.7	1,246.8	14.5x	13.2x	3.5x	4.5x	6.2x	5.2x
Tesoro Logistics	TLLP	B	32.90	33.00	34.40	21.07	1,004	1,033.0	-	41.5	78.2	24.9x	13.2x	1.9x	-	25.4x	13.4x
												18.1x	13.9x	3.0x	4.9x	12.5x	8.1x
General Partners																	
Energy Transfer Equity	ETE	H	40.58	38.00	47.34	30.78	9,048	10,931.3	-	-	-	-	-	-	-	-	-
E&P																	
EV Energy Partners	EVEP	B	65.90	92.00	77.96	39.20	2,282	2,687.9	136.2	202.0	273.0	13.3x	9.8x	3.9x	14.2x	6.9x	3.3x
Legacy Reserves	LGCY	B	28.24	33.00	33.71	22.00	1,230	1,642.9	140.3	196.8	208.9	8.4x	7.9x	1.9x	8.7x	10.2x	10.1x
LINN Energy	LINE	B	37.91	44.00	41.13	31.03	6,659	9,581.2	732.1	978.2	1,215.2	9.8x	7.9x	3.5x	3.9x	3.9x	4.2x
Vanguard	VNR	B	27.63	33.00	33.67	21.86	1,343	2,584.5	80.4	152.1	231.8	17.0x	11.1x	3.6x	10.6x	4.8x	6.8x
												12.1x	9.2x	3.2x	9.4x	6.5x	6.1x
S&P 500	SP50		1,257.60		1,370.58	1,074.77											
Alerian MLP Index	AMZ-USA		389.93		391.85	310.82											

Source: Partnership reports, FactSet, and Wunderlich Securities, Inc. estimates

FIGURE 12 – MLP MONTHLY - UNIVERSE VALUATION 2

	Distributable CF		Distribution Coverage		Price/DCF		Distribution			Growth		Price/Dist		Yield	Spread/		Spread/		
	11E	12E	11E	12E	11E	12E	Current	10	11E	12E	10/11E	11/12E	11E	12E	%	10 Yr Treasury	BBB Bond	Yield	
Natural Gas/NGLs																			
Chesapeake Midstream	1.81	1.84	1.3x	1.1x	16.0x	15.7x	1.50	0.55	1.48	1.68	NA	13.6%	19.7x	17.3x	5.17	3.3		0.7	
El Paso	2.50	2.43	1.3x	1.1x	13.8x	14.2x	1.96	1.63	1.93	2.15	18.4%	11.4%	17.9x	16.1x	5.66	3.8		1.2	
Energy Transfer	3.57	3.89	1.0x	1.1x	12.8x	11.8x	3.58	3.58	3.58	3.58	0.0%	0.0%	12.8x	12.8x	7.80	5.9		3.3	
Enterprise Products	3.77	3.51	1.6x	1.4x	12.3x	13.2x	2.45	2.32	2.44	2.56	5.2%	4.9%	19.0x	18.2x	5.28	3.4		0.8	
PAA Natural Gas Storage	1.37	1.51	1.0x	1.1x	13.6x	12.4x	1.43	0.89	1.41	1.43	NA	1.8%	13.3x	13.1x	7.63	5.7		3.1	
Spectra Energy Partners	2.10	2.24	1.1x	1.1x	15.2x	14.3x	1.88	1.74	1.87	1.95	7.5%	4.3%	17.1x	16.4x	5.88	4.0		1.4	
			1.2x	1.2x	14.0x	13.6x					7.8%	6.0%	16.7x	15.6x	6.24	4.3		1.7	
Liquids																			
Magellan Midstream	3.84	4.06	1.2x	1.2x	18.0x	17.0x	3.20	2.96	3.17	3.41	7.3%	7.6%	21.7x	20.2x	4.65	2.7		0.1	
Plains All American	5.49	5.21	1.4x	1.2x	13.4x	14.1x	3.98	3.79	3.96	4.28	4.5%	8.1%	18.6x	17.2x	5.42	3.5		0.9	
Tesoro Logistics	1.27	2.22	1.3x	1.4x	25.9x	14.8x	1.40	-	0.95	1.56	-	-	34.5x	21.1x	4.26	2.3		-0.2	
			1.3x	1.3x	19.1x	15.3x					5.9%	7.8%	24.9x	19.5x	4.77	2.9		0.3	
General Partners																			
Energy Transfer Equity	2.25	2.56	0.9x	1.0x	18.0x	15.9x	2.50	2.16	2.44	2.50	12.7%	2.7%	16.7x	16.2x	6.16	4.3		1.7	
E&P																			
EV Energy Partners	3.41	3.49	1.1x	1.1x	19.3x	18.9x	3.05	3.03	3.05	3.06	0.5%	0.5%	21.6x	21.5x	4.63	2.7		0.1	
Legacy Reserves	2.35	2.68	1.1x	1.2x	12.0x	10.6x	2.18	2.09	2.17	2.25	3.8%	3.9%	13.0x	12.6x	7.72	5.8		3.2	
LINN Energy	3.24	3.43	1.2x	1.2x	11.7x	11.1x	2.76	2.58	2.73	2.82	5.8%	3.3%	13.9x	13.4x	7.28	5.4		2.8	
Vanguard	3.07	2.99	1.3x	1.2x	9.0x	9.3x	2.31	2.19	2.31	2.45	5.7%	6.1%	12.0x	11.3x	8.36	6.5		3.9	
			1.2x	1.2x	13.0x	12.4x					4.0%	3.5%	15.1x	14.7x	7.00	5.1		2.5	
10 Year Treasury	1.91																		
BBB Bond Yield	4.50																		

Source: Partnership reports and Wunderlich Securities, Inc. estimates

FIGURE 13 – MLP MONTHLY - UNIVERSE VALUATION 3

	<u>Distribution</u>					<u>Growth</u>				12/10 3-Yr CAGR
Natural Gas/NGLs LP	08	09	10	11E	12E	09/08	10/09	11/10E	12/11E	
Chesapeake Midstream	-	-	0.5540	1.4750	1.6750	NA	NA	NA	13.6%	NA
El Paso	1.2025	1.3650	1.6300	1.9300	2.1500	13.5%	19.4%	18.4%	11.4%	16.3%
Energy Transfer	3.5500	3.5750	3.5750	3.5750	3.5750	0.7%	0.0%	0.0%	0.0%	0.0%
Enterprise Products	2.1000	2.1850	2.3150	2.4350	2.5550	4.0%	5.9%	5.2%	4.9%	5.4%
PAA Natural Gas	-	-	0.8939	1.4050	1.4300	NA	NA	NA	1.8%	NA
Spectra Energy Partners	1.3800	1.5600	1.7400	1.8700	1.9500	13.0%	11.5%	7.5%	4.3%	7.7%
						7.8%	9.2%	7.8%	6.0%	7.4%
Liquids LPs										
Magellan Midstream	2.7725	2.8400	2.9550	3.1700	3.4100	2.4%	4.0%	7.3%	7.6%	6.3%
Plains All American	3.5375	3.6575	3.7850	3.9550	4.2750	3.4%	3.5%	4.5%	8.1%	5.3%
Tesoro Logistics	-	-	-	0.9548	1.5600	NA	NA	NA	NA	-
						2.9%	3.8%	5.9%	7.8%	5.8%
General Partners										
Energy Transfer Equity	1.9100	2.1350	2.1600	2.4350	2.5000	11.8%	1.2%	12.7%	2.7%	5.4%
E&P										
EV Energy Partners	2.8210	3.0140	3.0300	3.0460	3.0620	6.8%	0.5%	0.5%	0.5%	0.5%
Legacy Reserves	2.0500	2.0800	2.0850	2.1650	2.2500	1.5%	0.2%	3.8%	3.9%	2.7%
LINN Energy	2.5200	2.5200	2.5800	2.7300	2.8200	0.0%	2.4%	5.8%	3.3%	3.8%
Vanguard	1.8900	2.0250	2.1850	2.3100	2.4500	7.1%	7.9%	5.7%	6.1%	6.6%
						3.9%	2.8%	4.0%	3.5%	3.4%

Source: Partnership reports and Wunderlich Securities, Inc. estimates

FIGURE 14 – MLP MONTHLY – NON-COVERED MLPs

	Ticker	Price	52 Week		Yield (%)	Distribution	Price/Dist	Mkt Cap \$ Million	EV \$ Million	3-Month Avg. Vol.
		\$/Unit	High	Low						
Gathering & Processing										
American Midstream	AMID	18.17	23.37	16.00	5.92	1.08	16.9x	164.5	171.8	21,577
Atlas Pipeline Partners	APL	37.15	37.90	23.42	5.81	2.16	17.2x	1,991.9	2,427.1	343,935
Chesapeake Midstream	CHKM	29.00	29.31	23.93	5.17	1.50	19.3x	4,006.7	4,467.1	350,948
Copano Energy	CPNO	34.20	37.40	26.08	6.73	2.30	14.9x	2,266.8	3,401.8	181,691
Crestwood Midstream	CMLP	31.74	33.00	21.72	6.05	1.92	16.5x	1,252.0	1,699.8	67,321
Crosstex Energy	XTEX	16.22	19.97	13.23	7.64	1.24	13.1x	821.6	1,774.9	163,248
DCP Midstream Partners	DPM	47.47	47.92	34.40	5.39	2.56	18.5x	2,109.2	3,026.7	92,735
Eagle Rock Energy	EROC	11.65	13.00	8.32	6.87	0.80	14.6x	1,496.1	2,215.3	350,570
Markwest Energy	MWE	55.06	56.82	39.00	5.30	2.92	18.9x	4,676.8	6,130.9	741,708
Regency Energy	RGP	24.86	28.35	20.20	7.32	1.82	13.7x	3,911.6	5,973.3	616,466
Targa Resources	NGLS	37.28	39.47	28.83	6.25	2.33	16.0x	3,159.7	4,735.1	273,294
Western Gas Partners	WES	41.27	41.34	29.96	4.07	1.68	24.6x	3,720.1	4,049.7	194,371
Natural Gas										
Blueknight Energy	BKEP	6.53	9.00	4.95	0.00	0.00	0.0x	148.0	-70.9	47,036
Boardwalk Pipeline	BWP	27.67	33.50	23.54	7.63	2.11	13.1x	5,494.9	8,672.2	360,975
El Paso	EPB	34.62	38.36	31.36	5.66	1.96	17.7x	7,266.4	10,511.0	692,901
Energy Transfer	ETP	45.85	55.50	38.08	7.80	3.58	12.8x	9,609.8	18,336.6	1,203,827
Enterprise Products	EPD	46.38	46.70	27.85	5.28	2.45	18.9x	40,590.0	54,917.1	1,430,027
Kinder Morgan	KMP	84.95	84.95	63.42	5.46	4.64	18.3x	19,615.1	41,426.2	692,852
Martin Midstream	MMLP	34.45	42.64	27.00	8.85	3.05	11.3x	705.2	1,099.3	56,837
Niska Gas Storage	NKA	8.89	22.21	8.75	15.75	1.40	6.4x	607.2	1,322.9	208,593
ONEOK Partners	OKS	57.74	59.87	36.31	4.12	2.38	24.3x	11,768.3	15,626.4	285,873
PAA Natural Gas Storage	PNG	18.75	25.50	15.51	7.63	1.43	13.1x	1,586.8	1,814.0	131,509
Spectra Energy Partners	SEP	31.96	34.93	25.53	5.88	1.88	17.0x	3,079.3	3,801.1	149,355
TC Pipelines	TCP	47.43	54.95	39.24	6.49	3.08	15.4x	2,537.5	3,304.8	93,521
Williams Partners	WPZ	59.99	61.22	44.81	4.98	2.99	20.1x	17,425.7	22,844.7	270,120

Source: FactSet and Wunderlich Securities, Inc.

FIGURE 15 – MLP MONTHLY – NON-COVERED MLPs

	Ticker	Price	52 Week		Yield (%)	Distribution	Price/Dist	Mkt Cap \$ Million	EV \$ Million	3-Month Avg. Vol.
		\$/Unit	High	Low						
Liquids										
Buckeye Partners	BPL	63.98	68.81	54.51	6.41	4.10	15.6x	5,957.7	8,612.7	247,246
Enbridge Energy	EEP	33.19	34.58	24.66	6.42	2.13	15.6x	9,065.8	14,246.0	781,111
Genesis Energy	GEL	28.04	29.83	20.85	6.10	1.71	16.4x	2,016.8	2,588.9	181,678
Global Partners	GLP	21.87	29.98	14.73	9.14	2.00	10.9x	472.0	1,256.7	72,532
Holly Energy	HEP	53.78	61.05	45.40	6.51	3.50	15.4x	1,187.4	1,567.7	52,068
Magellan Midstream	MMP	68.88	69.21	51.00	4.65	3.20	21.5x	7,765.3	9,729.4	248,836
NuStar Energy	NS	56.66	70.87	49.02	7.73	4.38	12.9x	3,667.0	6,199.6	324,128
Oiltanking Partners	OILT	27.92	29.55	21.75	4.84	1.35	20.7x	1,086.1	1,094.5	38,975
Plains All American	PAA	73.45	73.55	54.90	5.42	3.98	18.5x	10,971.7	16,651.5	648,661
Sunoco Logistics	SXL	39.40	39.98	24.40	4.20	1.65	23.8x	4,071.0	6,011.7	258,936
Tesoro Logistics	TLLP	32.90	34.40	21.07	4.26	1.40	23.5x	1,024.3	1,033.0	49,903
TransMontaigne	TLP	33.60	40.69	29.65	7.38	2.48	13.5x	485.8	656.7	33,787
General Partners										
Atlas Pipeline Holdings	ATLS	24.30	27.36	13.11	3.95	0.96	25.3x	1,245.8	2,815.3	355,637
Alliance Holdings GP	AHGP	51.98	58.00	40.24	4.69	2.44	21.3x	3,111.7	3,731.3	47,911
Crosstex Energy, Inc. (C Corp)	XTXI	12.64	15.30	8.29	3.16	0.40	31.6x	596.5	2,074.4	410,994
Energy Transfer Equity	ETE	40.58	47.34	30.78	6.16	2.50	16.2x	9,048.2	27,258.6	687,676
Kinder Morgan, Inc. (C Corp)	KMI	32.17	32.25	23.51	3.73	1.20	26.8x	26,040.5	63,745.2	2,549,910
NuStar GP Holdings	NSH	33.25	39.98	27.94	5.95	1.98	16.8x	1,415.3	1,424.4	104,888
E&P										
BreitBurn Energy	BBEP	19.07	23.14	15.00	9.12	1.74	11.0x	1,125.9	1,605.3	622,427
Constellation energy	CEP	1.96	3.60	1.81	0.00	0.00	0.0x	46.6	125.2	44,797
EV Energy Partners	EVEP	65.90	77.96	39.20	4.63	3.05	21.6x	2,252.0	2,677.1	275,342
Legacy Reserves	LGCY	28.24	33.71	22.00	7.72	2.18	13.0x	1,235.8	1,608.9	171,196
LINN Energy	LINE	37.91	41.13	31.03	7.28	2.76	13.7x	6,699.0	9,444.6	790,481
Memorial Production	MEMP	18.08	19.09	17.51	0.00	0.00	0.0x	387.3	387.3	362,723
Pioneer Southwest	PSE	26.16	35.87	21.34	7.80	2.04	12.8x	866.3	947.5	127,693
QR Energy, LP	QRE	20.16	23.56	15.61	9.42	1.90	10.6x	719.9	967.1	84,864

Source: FactSet and Wunderlich Securities, Inc.

FIGURE 16 – MLP MONTHLY – NON-COVERED MLPS

	Ticker	Price	52 Week		Yield (%)	Distribution	Price/Dist	Mkt Cap \$ Million	EV \$ Million	3-Month Avg. Vol.
		\$/Unit	High	Low						
Propane										
AmeriGas Partners	APU	45.91	51.50	36.76	6.45	2.96	15.5x	2,622.7	3,660.5	76,155
Ferrellgas Partners	FGP	18.97	29.00	17.76	10.54	2.00	9.5x	1,441.1	2,647.2	182,802
Inergy LP	NRGY	24.42	42.75	22.54	11.55	2.82	8.7x	3,324.5	4,715.3	705,369
NGL Energy Partners	NGL	20.63	24.20	18.00	6.54	1.35	15.3x	571.8	346.8	13,567
Star Gas Partners	SGU	4.87	6.02	4.56	6.37	0.31	15.7x	326.7	355.8	67,526
Suburban Propane	SPH	47.61	58.99	40.25	7.16	3.41	14.0x	1,686.8	1,893.9	72,756
Other										
Calumet Specialty	CLMT	20.16	24.95	15.99	9.92	2.00	10.1x	1,038.8	1,509.8	326,562
Cheniere Energy	CQP	18.02	24.54	11.52	9.43	1.70	10.6x	2,998.3	4,962.7	255,109
Compressco Partners, L.P.	GSJK	15.00	20.16	13.46	10.33	1.55	9.7x	233.0	-	13,116
CVR Partners, LP	UAN	24.82	27.75	16.75	9.22	2.29	10.8x	1,812.4	1,683.4	246,328
Dorchester Minerals	DMLP	22.66	30.09	20.81	7.28	1.65	13.7x	695.1	683.7	79,017
Exterran Partners	EXLP	20.15	31.35	17.50	9.68	1.95	10.3x	750.8	1,308.0	103,353
Pope Resources	POPE	42.99	50.29	35.02	3.26	1.40	30.7x	188.6	335.3	2,336
Terra Nitrogen	TNH	167.92	199.50	101.21	9.43	15.84	10.6x	3,137.7	2,956.5	54,767
Coal										
Alliance Resource	ARLP	75.58	84.10	58.00	5.05	3.82	19.8x	2,779.5	2,898.6	58,664
Natural Resource Partners	NRP	27.11	37.80	23.36	8.12	2.20	12.3x	2,874.4	3,558.1	212,643
Oxford Resource Partners LP	OXF	15.03	28.80	13.50	11.64	1.75	8.6x	310.2	447.3	57,011
Penn Virginia	PVR	25.53	29.10	20.85	7.83	2.00	12.8x	1,812.2	2,738.8	410,070
Rhino Resource	RNO	19.30	28.23	15.02	9.95	1.92	10.1x	534.7	652.5	60,316
Marine Transport										
Capital Product Partners	CPLP	6.13	11.39	4.85	15.17	0.93	6.6x	425.3	849.2	250,269
Navios	NMM	14.74	21.56	11.06	11.94	1.76	8.4x	818.2	1,096.7	276,337
Teekay LNG	TGP	33.17	41.50	28.61	7.60	2.52	13.2x	1,968.9	3,931.1	285,668
Teekay Offshore	TOO	26.60	31.50	22.01	7.52	2.00	13.3x	1,689.5	3,530.6	162,340

Source: FactSet and Wunderlich Securities, Inc.

FIGURE 17 – MLP MONTHLY – MARKET STATISTICS

U.S. Markets		Price	Price	MTD %	2010	YTD %	Price	YOY %	52 Week	
Ticker	Price	11/30/2011	Change	YE Price	Change	12/30/2010	Change	High	Low	
S&P 500	SP50	1,257.60	1,246.96	0.9%	1,257.64	0.0%	1,257.88	0.0%	1,370.58	1,074.77
Dow Jones Industrials	DJII	12,217.56	12,045.68	1.4%	11,577.51	5.5%	11,569.71	5.6%	12,928.45	10,362.26
NASDAQ	COMP	2,605.15	2,620.34	-0.6%	2,652.87	-1.8%	2,662.98	-2.2%	2,887.75	2,298.89
10 Year Treasury	US10YY-TU1	2.00	2.08	-3.7%	3.37	-40.7%	3.36	-40.4%	-	-
Indices										
Alerian MLP	AMZ-USA	389.93	368.76	5.7%	363.55	7.3%	363.57	7.3%	391.85	310.82
Cushing 30 MLP Index	MLPX-CME	352.31	332.11	6.1%	337.36	4.4%	337.01	4.5%	364.81	291.48
Integrated Oil Index	XOI-USA	1,229.10	1,232.75	-0.3%	1,213.16	1.3%	1,211.49	1.5%	1,409.79	958.66
Natural Gas Index	XNG-USA	636.15	671.87	-5.3%	605.48	5.1%	605.00	5.1%	715.26	509.18
Commodities										
West Texas Intermediate (\$/b)	CL00-USA	101.21	100.36	0.8%	91.38	10.8%	89.84	12.7%	114.00	75.67
Henry Hub (\$/mcf)	NG00-USA	3.08	3.55	-13.2%	4.42	-30.3%	4.35	-29.2%	4.92	2.98
Brent Crude (\$/b)	BRN00-IEPA	109.92	109.98	-0.1%	94.75	16.0%	93.09	18.1%	126.66	92.37
Closed-End Funds										
ClearBridge Energy MLP Fund	CEM	22.44	21.89	2.5%	21.98	2.1%	21.73	3.3%	23.97	17.62
ClearBridge Energy Opportunity Fund	EMO	19.08	18.84	1.3%	-	-	-	-	20.49	15.00
Cushing MLP Total Return	SRV	8.90	9.43	-5.6%	10.52	-15.4%	10.33	-13.8%	11.14	8.01
Fiduciary/Claymore Opp Fund	FMO	21.47	21.71	-1.1%	21.64	-0.8%	21.58	-0.5%	24.34	16.21
Fiduciary Energy Income & Growth	FEN	28.25	27.45	2.9%	26.88	5.1%	26.93	4.9%	30.79	22.45
Kayne Anderson Energy Develop	KED	21.41	20.21	5.9%	18.01	18.9%	18.27	17.2%	21.49	17.25
Kayne Anderson Energy Total Return	KYE	25.31	23.82	6.3%	29.11	-13.1%	28.74	-11.9%	31.99	21.59
Kayne Anderson Midstream Energy Return	KMF	24.94	22.46	11.0%	25.00	-0.2%	25.00	-0.2%	25.57	19.36
Kayne Anderson MLP Investment	KYN	29.86	28.03	6.5%	31.47	-5.1%	31.08	-3.9%	33.02	22.87
MLP & Strategic Equity Fund	MTP	17.08	16.15	5.8%	17.62	-3.1%	17.65	-3.2%	19.60	14.25
Nuveen Energy MLP Total Return Fund	JMF	17.39	16.66	4.4%	-	-	-	-	20.72	13.90
Salient MLP & Energy MLP Infrastructure	SMF	23.30	23.42	-0.5%	-	-	-	-	25.76	19.95
Tortoise Capital Resources	TTO	8.06	7.80	3.3%	7.30	10.4%	7.38	9.2%	9.27	6.59
Tortoise Energy Capital	TYE	26.83	26.21	2.4%	27.77	-3.4%	27.04	-0.8%	30.12	21.24
Tortoise Energy Infrastructure	TYG	39.99	39.35	1.6%	38.25	4.5%	37.23	7.4%	41.72	29.81
Tortoise MLP Fund	NTG	25.77	24.84	3.7%	24.24	6.3%	24.25	6.3%	27.50	21.00
Tortoise North American Energy	TYN	24.46	24.05	1.7%	25.00	-2.2%	24.91	-1.8%	27.75	19.76
Tortoise Pipeline & Energy Fund	TTP	23.60	25.01	-5.6%	-	-	-	-	25.15	22.35

Source: FactSet and Wunderlich Securities, Inc.

FIGURE 18 – MLP MONTHLY – MARKET STATISTICS

Open-End MLP Funds	Ticker	Price		MTD % Change	2010 YE Price	YTD % Change	Price		52 Week	
		Price	11/30/2011				12/30/2010	Y0Y % Change	High	Low
Center Coast MLP Focus Fund	CCCA	10.49	10.11	3.8%	10.00	4.9%	-	-	11.13	9.32
Cushing MLP Premier	CSHAX	20.48	19.92	2.8%	20.68	-1.0%	-	-	22.95	17.74
Famco MLP & Energy Income Fund	INFIX	11.11	10.65	4.3%	10.12	9.8%	10.11	9.9%	11.11	9.49
Famco MLP & Energy Infrastructure Fund	MLPPX	11.76	11.25	4.5%	10.73	9.6%	10.71	9.8%	11.76	9.97
MainGate MLP Fund	AMLPX	10.20	9.76	4.5%	-	-	-	-	10.82	9.06
SteelPath MLP Alpha Fund	MLPAX	10.74	10.38	3.5%	10.81	-0.6%	10.82	-0.7%	11.80	9.65
SteelPath MLP Income Fund	MLPDX	10.31	10.14	1.7%	10.99	-6.2%	10.98	-6.1%	12.05	9.56
SteelPath MLP Select 40 Fund	MLPFX	10.90	10.56	3.2%	10.92	-0.2%	10.91	-0.1%	12.07	9.76
MLP ETFs										
Alerian MLP ETF	AMPL	16.62	15.97	4.1%	16.07	3.4%	16.05	3.6%	17.18	13.10
JPM Alerian MLP Index ETN	AMJ	38.97	36.92	5.6%	36.35	7.2%	36.27	7.4%	39.42	31.52
Credit Suisse Index ETN	MLPN	25.07	23.52	6.6%	23.95	4.7%	23.89	4.9%	26.08	20.32
E-TRACS UBS Alerian MLP ETN	MLPI	33.10	31.27	5.9%	30.10	10.0%	30.07	10.1%	36.49	25.13
E-TRACS 2x Leveraged	MLPL	40.70	36.39	11.8%	34.40	18.3%	34.27	18.8%	40.78	25.30
Commodity Funds										
GreenHaven Continuous Com. Index Fund	GCC	29.92	31.18	-4.0%	32.95	-9.2%	32.44	-7.8%	36.51	28.98
iShares S&P GSCI	GSG	32.98	33.79	-2.4%	34.10	-3.3%	33.47	-1.5%	39.37	29.02
iShares Diversified Alternatives	ALT	48.75	49.25	-1.0%	50.55	-3.6%	50.57	-3.6%	52.95	47.34
PowerShares DB Agriculture	DBA	28.88	28.99	-0.4%	32.35	-10.7%	31.85	-9.3%	35.58	27.57
PowerShares DB Base Metals	DBB	18.65	19.97	-6.6%	24.43	-23.7%	24.14	-22.7%	26.18	17.82
PowerShares DB Commodity Tracking Fund	DBC	26.84	27.64	-2.9%	27.55	-2.6%	27.04	-0.7%	32.02	25.19
PowerShares DB Energy Fund	DBE	27.62	28.38	-2.7%	26.88	2.8%	26.37	4.7%	33.70	24.85
PowerShares DB G10 Currency	DBV	23.76	23.87	-0.5%	23.74	0.1%	23.62	0.6%	25.26	21.80
PowerShares DB Gold	DGL	54.45	61.01	-10.8%	50.16	8.6%	49.57	9.8%	66.80	46.16
PowerShares DB Oil	DBO	28.57	28.70	-0.5%	28.22	1.2%	27.62	3.4%	34.57	22.07
PowerShares DB Precious Metals	DBP	53.88	61.19	-11.9%	51.82	4.0%	51.26	5.1%	69.52	46.83
PowerShares DB Silver	DBS	47.99	57.39	-16.4%	54.51	-12.0%	53.83	-10.8%	86.98	45.74
PowerShares US \$ Bearish	UDN	26.85	27.41	-2.0%	27.10	-0.9%	26.87	-0.1%	29.33	26.31
PowerShares DB US \$ Bullish	UUP	22.47	22.06	1.9%	22.71	-1.1%	22.92	-2.0%	23.40	20.84
United States 12 Month Nat Gas Fund	UNL	21.12	24.61	-14.2%	34.97	-39.6%	34.36	-38.5%	36.97	21.12
United States 12 Month Oil Fund, LP	USL	43.48	43.79	-0.7%	43.10	0.9%	42.22	3.0%	51.61	33.65
United States Gasoline Fund, LP	UGA	48.32	46.70	3.5%	42.11	14.8%	41.14	17.5%	56.00	40.72
United States Heating Oil Fund, LP	UHN	32.87	34.21	-3.9%	29.86	10.1%	29.17	12.7%	38.67	29.00
United States Natural Gas Fund, LP	UNG	6.46	7.87	-17.9%	11.98	-46.1%	11.78	-45.2%	12.96	6.43
United States Oil Fund, LP	USO	38.11	38.78	-1.7%	39.00	-2.3%	38.12	0.0%	45.60	29.10
United States Short Oil fund	DNO	36.11	35.81	0.8%	40.42	-10.7%	41.27	-12.5%	48.47	33.44

Source: FactSet and Wunderlich Securities, Inc.

Companies Mentioned							
Ticker	Rating	Price	Price Target	Ticker	Rating	Price	Price Target
CHKM	BUY	29.00	32.50	EPB	HOLD	34.62	37.00
EPD	BUY	46.38	48.00	ETE	HOLD	40.58	38.00
ETP	HOLD	45.85	46.00	EVEP	BUY	65.90	92.00
LGCY	BUY	28.24	33.00	LINE	BUY	37.91	44.00
MMP	BUY	68.88	69.00	PAA	BUY	73.45	73.00
PNG	HOLD	18.75	18.50	SEP	HOLD	31.96	35.00
TLLP	BUY	32.90	33.00	VNR	BUY	27.63	33.00

Disclosures:

Analyst Certification

I John R. Cusick, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their underlying securities. I further certify that I have not and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this research report.

Valuation/Risks:

- We use a dividend discount model to value MLPs. We use a two-stage model, estimating the partnership's distribution over the next five years and then using a long-term growth rate. We then discount the cash flows to derive the present value.
- MLPs are tax-advantaged investments. The removal of these tax benefits is the biggest risk for MLPs.

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Prices are as of the close of Jan 02 2012.

Ratings Distribution (in Percentages) & Investment Banking Disclosure Chart Information

Ratings Distribution & Investment Banking Disclosure				
Rating	Count	Ratings Distribution*	Count	Investment Banking**
Buy -rated	145	63.30	20	13.79
Hold -rated	80	34.90	7	8.75
Sell -rated	4	1.70	0	0.00

* Percentage of all Wunderlich-covered stocks assigned an equivalent Buy, Hold, or Sell rating.

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