

MLP Monthly: January 2012

- **December Review.** Master Limited Partnerships (MLPs) finished the year with a flurry, up 5.6% in December (as measured by the Wells Fargo Securities MLP Index), compared to the S&P 500's gain of 0.9%. December performance was driven by (1) continued positive news flow from the MLP sector, and (2) investors' continued preference for yield-oriented securities, in our view. Notably, December monthly performance was strong despite the usual tax loss selling and portfolio rebalancing, and a heavy equity issuance calendar (11 offerings totaling \$2.6 billion).
- **Positive Outlook For 2012.** We maintain a positive outlook for 2012 MLP performance, driven by the following factors: (1) In a low interest rate environment, MLPs' yield and total return proposition (relative to investment alternatives) should attract incremental investors (2) fundamentals remain solid, (3) distribution growth is accelerating, and (4) valuations appear reasonable. For MLPs under coverage, we forecast a median total return potential of 10.9%. The one caveat to our outlook is Europe; namely if the Euro zone implodes and a credit crisis ensues, MLPs would likely underperform. For additional details on our 2012 outlook please see our "MLP Monthly: December 2011" published on November 30, 2011.
- **Fundamentals Drove Clear Winners And Losers In 2011.** The opportunity to create alpha in one's MLP portfolio was clearly present in 2011. While the MLP sector overall generated an attractive total return of 14.5% in 2011 (as measured by the Wells Fargo Securities MLP Index), MLPs involved in NGL and crude oil markets, and MLPs with above-average growth prospects significantly outperformed the MLP index. Conversely, MLPs in subsectors with weaker fundamentals including natural gas pipeline and storage, and retail propane underperformed. Finally, midstream companies (MLPs and C-corps) with general partner (GP) ownership interests posted strong results, driven by mergers and acquisitions (M&A) and a growing recognition of the value of GP incentive distribution rights (IDR). The best-performing subsectors in the Wells Fargo Securities MLP Index were gathering, processing, and natural gas liquids (NGL), refined products, and crude oil, which posted total returns of 26.0%, 19.4%, and 19.0%, respectively. The worst-performing subsectors in the index were propane, marine transportation, and natural gas pipelines, which posted total returns of negative 18.7%, negative 6.2% and positive 1.8%, respectively.
- **MLP Universe Continues To Expand--Record Year For Total Equity Issuance.** The MLP sector's market capitalization increased 13% in 2011, to \$271.6 billion (at December 31, 2011) from \$240.0 billion at December 31, 2010. Total new equity issuance in the MLP sector was a record \$21.3 billion. Further, there were 14 MLP initial public offerings (IPO) in 2011, including 4 midstream (including KMI), 3 upstream, 2 storage, and 5 other subsectors. Notably, the range of businesses being placed into the MLP structure continues to expand, with two new fertilizer MLPs and a petrochemical-related MLP in registration. In addition, due to the ramp-up in the development of shale plays, oilfield service companies involved in providing fracing services could become more interested in the MLP structure. We expect more assets beyond traditional oil and gas to be considered for the MLP structure.
- **Top Picks.** Our top large-cap Outperform-rated picks include EEP (\$33.19), EPD (\$46.38), and PAA (\$73.45). For investors willing to accept more risk, we highlight BBEP (\$19.07), GEL (\$28.04), and TOO (\$26.60).

Master Limited Partnerships

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Wells Fargo MLP Equity Research Published In December

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Thematic Research

- 12/02/11 - MLP Monthly: December 2011
- 12/06/11 - MLPs: Conference Preview--Plenty To Talk About
- 12/08/11 - Pipeline, MLP and E&P, Services and Utility Symposiums Takeaways
- 12/09/11 - MLPs: And The Band Played On
- 12/28/11 - NGL Snapshot: December 2011

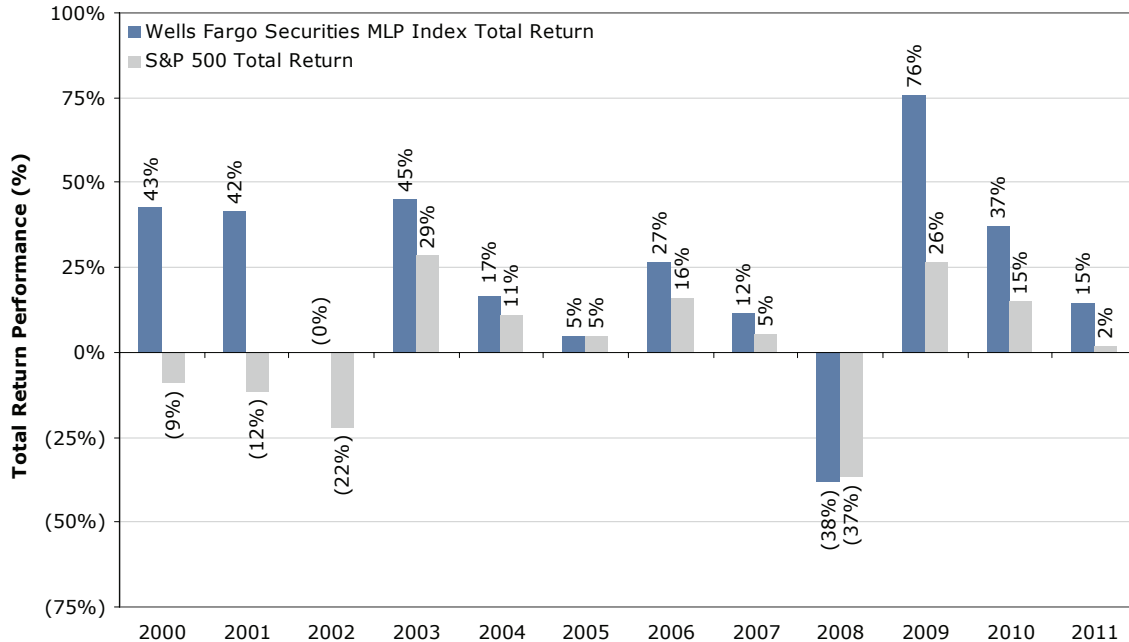
Partnership Specific Reports

- 12/05/11 - SXL: Adjusting Estimates, Valuation Range For 3-For-1 Stock Split
- 12/05/11 - PAA: Announces Five Deals For \$2.3B--Raising Valuation And Ests: Acquisition Of NGL Business A Positive--Maintain Outperform
- 12/08/11 - EVEP: Positive Takeaways From Our MLP Conference: Drilling Results In Oil Window Could Act As Catalyst In Q1'12
- 12/09/11 - NGLS/TRGP: Strong Guidance--Raising Ranges And TRGP Est
- 12/09/11 - EXLP Investment Merits Intact, But Lowering Val On Higher Risk Profile
- 12/09/11 - VNR: Updating Our Model For ENP Merger--Raising Estimates: Shift To Oil Deserves A Premium--Maintain Positive Outlook
- 12/09/11 - FGP: FQ1 2012 Results Disappoint - Lowering Estimates
- 12/12/11 - LINE: Raising Estimates And Valuation On \$600MM Acquisition: Acquisition Metrics Appear Favorable--Maintain Positive Outlook
- 12/12/11 - NGL: Announces Retail Propane Acquisition
- 12/13/11 - TLLP: Bakken Opportunities Accelerating Growth-Raising Val & Ests
- 12/13/11 - CPNO: Raising Valuation Range Post Conference: Guidance On EFS Volume Ramp And Lower Coverage Drive Increase
- 12/15/11 - MWE: Marcellus/Utica Thesis Working-Reiterate 1 Rating--Adj Ests: \$1.8B Acquisition of Remaining Liberty JV Interest Is Accretive
- 12/20/11 - WES: Kicks Off 12 With A Highly Accretive Acq.-Raising Val & Est
- 12/21/11 - LRE: Initiating Coverage With An Outperform Rating: Attractive Value Proposition--Secure 11% Yield And 2% Growth
- 12/27/11 - WPZ: \$750MM Laser Acq. Bolsters Marcellus Position--Raising Val

2011 In Review--Another Year Of Outperformance

MLPs once again outperformed the overall market. For 2011, MLPs were up 7.9% and generated a total return of 14.5% (as measured by the Wells Fargo Securities MLP Index), versus 0.0% and 2.1%, respectively, for the S&P 500. This marks the tenth time in the past 12 years that MLPs have outperformed.

Figure 1. Historical MLP Total Return Performance Versus The S&P 500

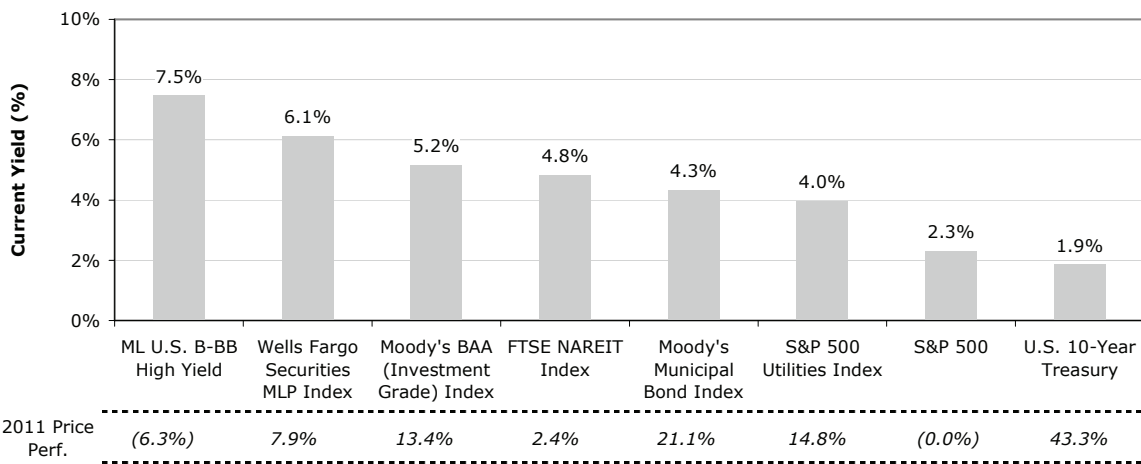


Source: FactSet, Standard & Poor's, and Wells Fargo Securities, LLC

Most Yield Investments Enjoyed Strong Performance

It was not just MLPs that benefitted from investors' appetite for yield. Most income-oriented securities enjoyed positive performance in 2011. In 2011, municipal bonds, utilities, and investment grade credit all posted strong performance with gains of 21.1%, 14.8%, and 13.4%, respectively (as measured by Moody's Municipal Bond Index, S&P 500 Utilities Index, and Moody's BAA Index--see Figure 2). Notably, even after strong performance in 2011, MLPs remain among the most attractive yield investment options for those seeking income, in our view.

Figure 2. MLP Yield Versus Other Yield-Oriented Securities



Source: FactSet, Standard & Poor's, and Wells Fargo Securities, LLC

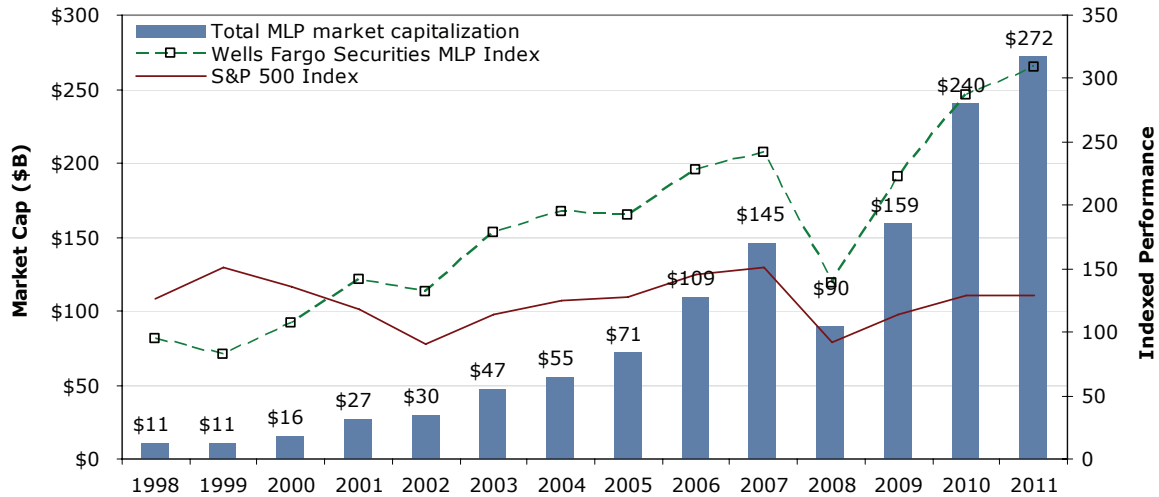
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For the year, MLP performance was driven primarily by the following factors: (1) investor preference for yield given a low interest rate environment; (2) solid fundamentals; (3) an accelerating distribution growth profile; (4) robust access to capital markets; (5) strong crude and NGL prices; (6) M&A driven price uplift; and (7) continued positive fund flows driven by the creation of new MLP products, which provided additional vehicles for MLP investment.

Notable events of 2011 included the following:

- The market cap of the MLP sector increased to \$272 billion from \$240 billion at the end of 2010. At December 31, 2011, MLPs had an average market-cap-adjusted yield of 6.12%, versus 6.14% at December 31, 2010.
- In 2011, the MLP sector experienced a busy year for IPOs, with 14 new MLPs (and related midstream companies) going public (including KMI).
- Notably, the range of assets and businesses in the MLP structure continues to expand with two fertilizer MLP IPOs completed in 2011 and a petrochemical-related MLP in registration.
- Net-net, there were 80 energy MLPs at the end of 2011, up from 70 at the end of 2010.
- There were two major merger and acquisition announcements within the broader MLP and midstream sector in 2011 (ETE and SUG and KMI and EP). These transactions highlighted the value of the general partner interest and cost of capital benefits of the MLP structure.
- For 2011, we forecast that 53 out of 57 MLPs (under coverage) will have increased their distributions (excludes MLP IPOs and MLPs that resumed distribution payments in 2011).
- Median distribution growth for 2011 is an estimated 4.5% compared to 3.0% in 2010, outpacing estimated CPI of 3.2%. The year-over-year increase in distribution growth is attributable to (1) improving fundamentals for MLPs involved in NGL and crude infrastructure; (2) an improved commodity price environment; and (3) an active acquisition market. Notably, we forecast distribution growth to accelerate further to a median sector increase of 6.6% in 2012.
- On a sub-sector basis, we forecast general partners (GP), gathering and processing, and large-cap pipeline MLPs to be the fastest-growing sub-sectors (excluding distressed MLPs), with median 2011 distribution growth forecasts of 14.4%, 8.7%, and 5.1%, respectively.
- MLPs made acquisitions totaling \$37.7 billion (including the \$9.4 billion ETE and SUG transaction, which received shareholder approval in December), up from \$18.5 billion in 2010. This was the largest amount of acquisitions ever consummated by the MLP sector (on a dollar basis). The average EBITDA multiple for acquisitions by MLPs was 8.8x, up from 8.3x in 2010.
- We forecast the MLP sector to spend a total of \$15.9 billion in organic capital investments in 2011, which almost matched 2008 levels of \$16.0 billion. MLPs involved in crude oil and NGL infrastructure (including gathering and processing) should continue to enjoy plentiful organic growth investment opportunities.
- There were nine new MLP products launched in 2011, including six closed-end funds, two open-end funds, and one ETF. Notably, three of the closed-end funds launched in 2011 are broader infrastructure-focused funds (i.e., Duff & Phelps Global Utility Income Fund--DPG, First Trust Energy Infrastructure Fund--FIF, and Tortoise Pipeline and Energy Fund, Inc.--TTP), but can own up to 25% of the fund in MLPs. The aggregate assets within MLP open-end funds, ETNs, and ETF more than doubled, to \$8.2 billion from \$4.0 billion at December 31, 2010.
- It was a record year for debt and equity issuance in the MLP sector. MLPs raised a total of \$20.7 billion of new public debt in 2011, including \$12.4 billion of investment grade and \$8.3 billion of non-investment grade debt. The MLP sector also raised a record \$21.3 billion of new equity, including \$11.1 billion for secondaries, \$5.4 billion for IPOs, \$2.3 billion for units sold by sponsors, \$1.6 billions for private placements, and almost \$1.0 billion for units to sponsor.

Figure 3. Historical MLP Market Cap Versus Price Performance

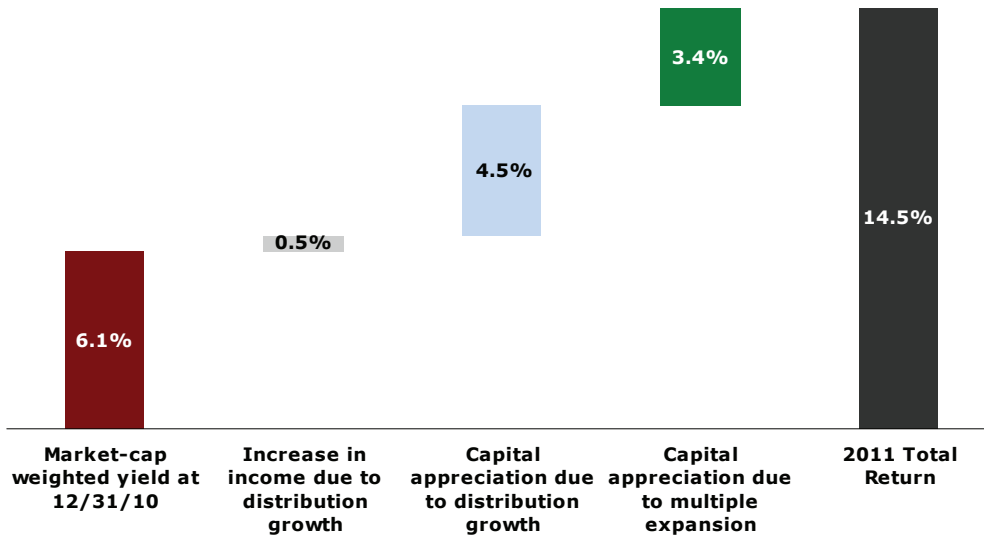


Source: FactSet, Standard & Poor's, and Wells Fargo Securities, LLC estimates

Yield Plus Growth Delivers Most Of 2011 Total Return

Our MLP universe began the year with a market-cap weighted yield of 6.14%, while trading at a median 2011 price-to-discounted cash flow (DCF) multiple of 13.0x. By the end of 2011, the group had a market-cap weighted yield of 6.12% and traded at a median 2012 price-to-DCF multiple of 12.1x. MLPs' total return of 14.5% this year consisted of 6.6% income (i.e., yield of 6.1% plus 0.5% from distribution growth) and capital appreciation and valuation expansion of 7.9% (i.e., 4.5% associated with distribution growth and 3.4%, due to multiple expansion).

Figure 4. 2011 MLP Total Return Performance By Component

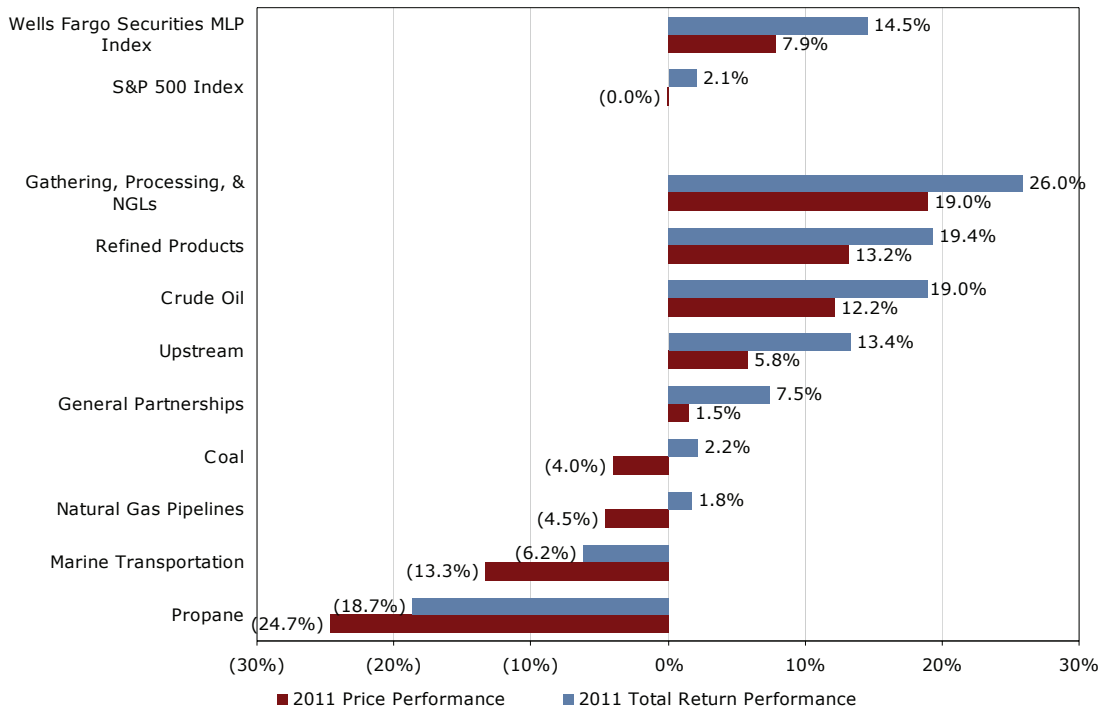


Source: FactSet and Wells Fargo Securities, LLC estimates

Splicing And Dicing -- 2011 Performance By The Numbers

The story of 2011 performance was investors' continued preference for yield securities in a low interest rate, low-growth macro environment combined with a strong fundamental backdrop for the sector. The top-performing subsectors of 2011 were gathering, processing, and NGLs, refined products, and crude oil. This was not surprising given (a) strong NGL fundamentals and pricing, (b) continued infrastructure requirements around shale development, and (c) robust crude oil market fundamentals, which drove volume and margin. While not captured by the Wells Fargo GP sub-sector index, the General Partner and integrated C-Corps. enjoyed strong results (a median return of 34% on a price performance basis), driven by M&A and corporate restructuring transactions, which unlocked value for investors.

Figure 5. 2011 MLP Price Performance And Total Return By Subgroup



Note: General Partners includes only MLP securities
Source: FactSet and Wells Fargo Securities, LLC estimates

A Brief Overview Of 2011 Subsector Performance Drivers

Gathering, Processing and NGL. G&P and NGL logistics MLPs were the primary beneficiary of strong NGL prices (average of \$1.41 per gallon in 2011, versus \$1.11 per gallon in 2010), robust processing margin, and increased NGL supply from shale development and demand from the petrochemical industry. The gathering and processing and NGL peer group produced another strong year, up 26%, compared to 49% in 2010. Demand for new NGL infrastructure including gathering and processing, fractionation, and pipelines remains strong driven by the development of liquid-rich and oil shale plays (and the associated gas production).

Refined products. The refined products pipeline and storage MLPs generated a strong total return of 19.4%, compared to 14.5% for the broader Wells Fargo Securities MLP Index. The relative outperformance was actually driven by mostly non-refined product-related activities. For example, SXL and MMP posted strong results, driven by crude oil infrastructure opportunities. With refined product demand steady but not growing (volume is steady to slightly decreasing with the impact offset by higher tariffs), MLPs with refined product assets are turning their focus to crude oil infrastructure, which offers better growth opportunities. Also within the refined products subsector, KMP and KMR posted strong results, primarily driven by KMI's announcements to acquire EP. Through Q3'11, refined product volumes have increased by an average of 0.8% (based on refined product MLPs under coverage) from the prior-year period. Results have been mixed, as motor gasoline demand is down 4.4% year over year, but diesel demand is up 4.5% versus the prior-year period (based on latest available EIA data through October 2011). Refined product pipeline MLPs benefitted from the July 2011 Federal Energy Regulatory Commission (FERC) PPI adjustment, which allowed index rates to be increased by 6.88%.

Crude oil. Crude oil MLPs outperformed the overall sector in 2011 as fundamentals for crude oil pipeline and infrastructure were strong. A resurgence in domestic crude oil production has resulted in regional takeaway constraints across the country. This, in turn, has increased the value of existing crude gathering and transportation assets and presented midstream companies with numerous investment opportunities. Notably, MLPs with crude lease gathering assets have benefited from sharply higher utilization and margin over the past few months. We expect this dynamic to persist over the next 12-18 months as regional production is likely to outpace takeaway capacity. The increase in crude volume has been partially offset by weaker crude oil contango market conditions in 2011, which has averaged \$0.64 per barrel, versus \$0.88 per barrel in 2010.

Upstream. The upstream MLP sub-sector slightly underperformed the overall sector in 2011, up 13.4% on a total return basis, versus 14.5% for the broader MLP index. The slight underperformance was driven primarily by (1) weakness in natural gas prices (for those upstream MLPs with significant natural gas exposure); (2) general market volatility in the first half of the year, driven by European sovereign debt issues; and (3) a temporary oversupply of equity in Q4 due to a slew of upstream MLP IPOs. Notably, upstream MLPs completed 18 acquisitions totaling \$4.4 billion and raised \$2.8 billion of new capital, including \$1.7 billion of new equity and \$1.1 billion of new public debt.

General partners. Publicly traded general partners captured within the Wells Fargo Securities MLP Index (includes only the GPs structured as partnerships themselves: AHGP, ATLS, ETE, and NSH) underperformed the overall sector. However, the GPs held within publicly traded C-corps (TRGP, XTXI, KMI, OKE, WMB, EP, ENB, TRP, ENB, and SE) meaningfully outperformed, driven by M&A activity and corporate restructurings, which highlighted the value of the GP IDRs. In addition, the benefits of having a GP C-corp structure with an MLP subsidiary were apparent as this enables enhanced flexibility in pursuing M&A opportunities. Interestingly, while the trend in 2009 and 2010 had been to consolidate GP interests and eliminate IDRs (mostly due to potential carried interest legislation, but secondarily to reduce the cost of capital IDR burden), 10 out of 13 MLPs created in 2011 have IDRs within their structure.

Coal. The MLP coal sector generated a total return of 2.2%. For 2011, we estimate distribution growth for coal MLPs under coverage to be 3.0%. Early in the year, coal prices benefitted from strong export demand, lower coal inventory and a relatively balanced supply and demand environment. However, a number of uncertainties weighed on the sector during the year including (1) concerns regarding the world economic outlook, especially Europe; (2) a number of coal plant retirement announcements by electric utilities; (3) depressed natural gas prices, which could result in continued fuel switching away from coal; and (4) the anticipation of new federal air pollution regulations, which could result in the shutdown a number of coal-fired power plants in the United States.

Natural gas pipelines. The subsector underperformed the MLP index primarily due to weaker underlying pipeline and gas storage fundamentals, in our view. The natural gas pipeline subsector generated a total return of negative 4.5%. Fundamentally, natural gas pipeline volume held relatively steady in 2011; however, the reduction in basis differentials and natural gas price volatility negatively affected intrastate pipeline volume and gas storage revenue opportunities. Given a reduction in dry gas drilling and the aforementioned factors, tariff rates for interstate pipelines could come under pressure in the future as contracts roll over.

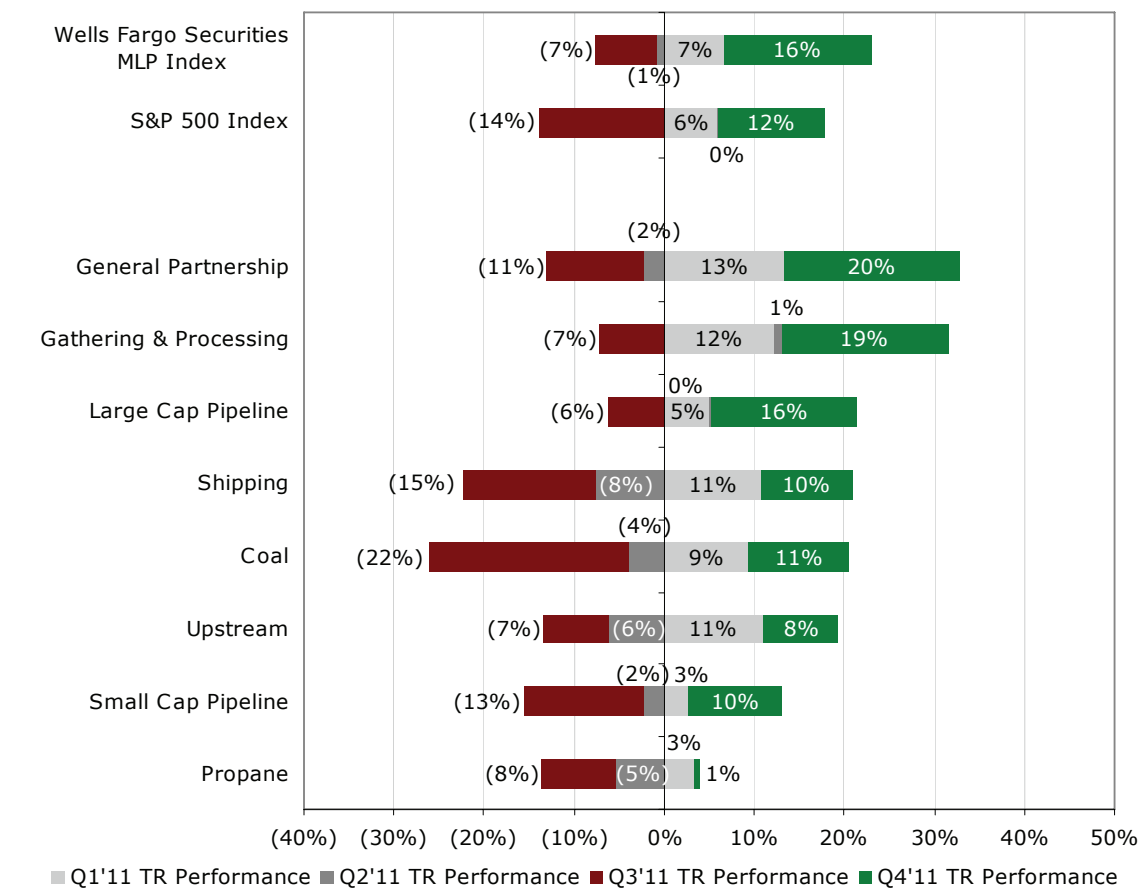
Marine transportation. The MLP shipping sector displayed a wide range of performances for the five MLPs included in this sector from a positive total return of 26.6% to a loss of 29.3%. As a group, the MLP shipping sector ended the year with a total return performance loss of 6.2%. The MLP shipping group was negatively affected by a lack of differentiation between shipping companies exposed to weak spot market pricing for conventional crude oil and dry bulk tankers, and those with long-term contracts and a visible distribution growth outlook, in our view. For 2011, we forecast distribution growth for the MLP shipping sector of 3.9% and expect an increase in distribution growth to 7.1% in 2012. Overall marine transportation fundamentals were negatively affected by global macroeconomic concerns (Europe), relatively soft petroleum product demand, periods of crude oil price weakness during the year, and continued oversupply of crude oil and dry bulk shipping tonnage.

Propane. The MLP propane sector was the worst-performing sub-sector among MLPs. Propane sector investment performance for 2011 resulted in a total return loss of 18.7%. For 2011, distribution growth for the sub-sector is forecasted to approximate 0.8%. There were a number of factors that drove this performance, including the following: (1) warmer-than-normal weather in the Q1 and Q4 calendar quarters negatively affected volume sold; (2) historically high propane prices, driven by strong crude oil prices and increased propane exports pressured propane MLPs' margin per gallon sold and encouraged customer conservation; (3) a continued sluggish U.S. economy weighed on propane demand, due to a weak housing market and slow pickup in industrial demand; and (4) a modest near-term impact from consumer switching from propane-to-natural gas due to a low natural gas price environment. As a result of the aforementioned fundamentals, two of the five propane MLPs generated distribution coverage of less than 1.0x, raising investor concern regarding the partnerships' ability to sustain current distributions. These issues were partially offset by propane MLPs' ability to complete small acquisitions during the year.

2011 Performance Was Strongest At The Start And End Of The Year

As outlined in Figure 6, 2011 MLP performance was strongest at the start and end of the year with the sector posting positive performance in Q1, flat-to-negative performance in Q2 and Q3, and the strongest performance in Q4. This largely mirrored general market conditions as the S&P exhibited a similar performance pattern. Overall equity performance was generally driven by macro factors such as European sovereign debt issues, economic weakness, and concerns regarding U.S. deficit reduction efforts.

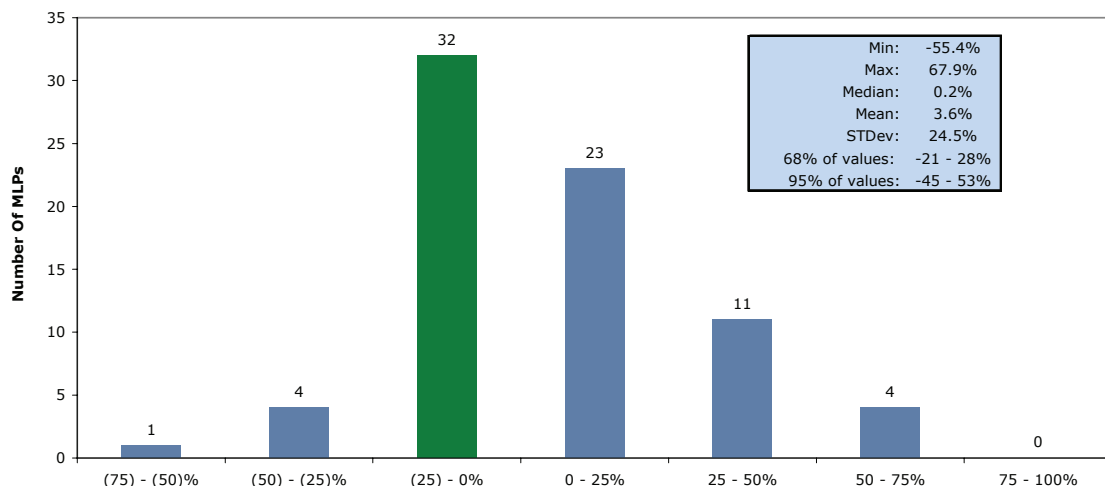
Figure 6. Breakdown Of MLP Total Return Performance In 2011 By Quarter



A Stock Picker’s Market In 2011 -- Plenty Of Opportunity To Create Alpha

In 2011, there was significant differentiation in individual MLP unit performance, with about half of the universe posting negative (or flat) price performance and half posting positive performance. Notably, only 15 of the 75 MLPs we tracked for this analysis posted results of +25%; thus, the opportunity to create significant alpha was available. On the flip side, there were 32 MLPs that generated price performance of 0% to negative 25%. Thus, successful MLP investing was as much about avoiding the losers as picking the winners.

Figure 7. Dispersion Of 2011 MLP Price Performance



Note: Price performance data is based on publicly traded MLPs as of December 31, 2011
Source: FactSet

Fundamentals Drove 2011 Performance

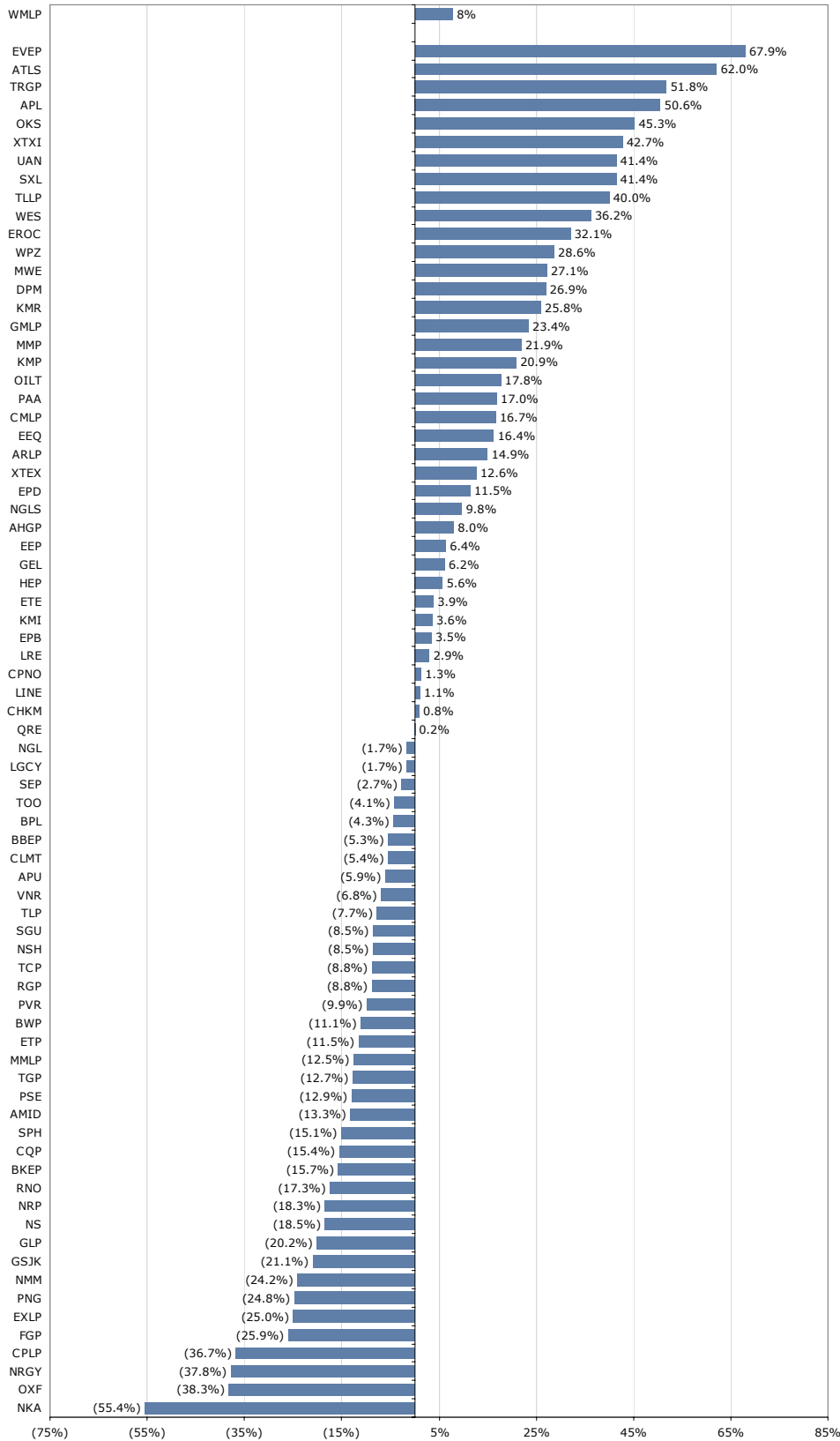
In 2011, the best-performing MLPs were EVEP, ATLS, TRGP, APL, and OKS, while the worst-performing MLPs were NKA, OXF, NRGY, CPLP, and FGP. MLP performance was driven primarily by the following: (1) investor preference for yield given a low interest rate environment; (2) solid fundamentals; (3) an accelerating distribution growth profile; (4) robust access to capital markets; (5) robust crude and NGL prices; (6) M&A driven price uplift; and (7) continued positive fund flow, driven by the creation of new MLP products, which provided additional vehicles for MLP investment.

The divergence in MLP performance was largely thematically and fundamentally driven. MLPs involved in crude oil and NGL infrastructure (including gathering and processing) posted strong results as they enjoy a strong fundamental backdrop and plentiful organic growth investment opportunities. Publicly traded GPs outperformed as M&A and corporate restructurings highlighted the value of the GP IDRs and dual C-corp GP and MLP structures. MLPs with higher distribution growth rates also were among the top performers, reinforcing our view that growth expectations drive performance in the MLP sector. Notably, EVEP's performance was driven by a special situation whereby the potential monetization of its Utica acreage garnered significant investor interest.

Likewise, the worst performers were in subsectors that have weak fundamentals, including natural gas and propane. Natural gas fundamentals (pipeline and storage) remain challenging, due to an oversupplied market, low volatility, and narrow basis differentials. Propane fundamentals are also challenging given higher prices, which caused customer conservation, warmer-than-normal weather and market-share loss to natural gas given the relative costs. Coal fundamentals were mixed as strong demand for exporting met coal was offset by weaker domestic demand, driven by regulatory pressures and the potential for fuel switching to natural gas. Specifically, OXF underperformed due to weak earnings, which were a function of higher surface mining costs because of unusual rain fall, flooding of the Ohio River that impeded barge loading and delays in bringing on more efficient mining equipment, all of which reduced production of committed and priced coal. Shipping fundamentals were negatively affected by global macroeconomic concerns, relatively soft petroleum product demand, periods of crude oil price weakness during the year, and continued oversupply of crude oil and dry bulk shipping tonnage.

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Figure 8. Individual MLP Price Performance (2011)



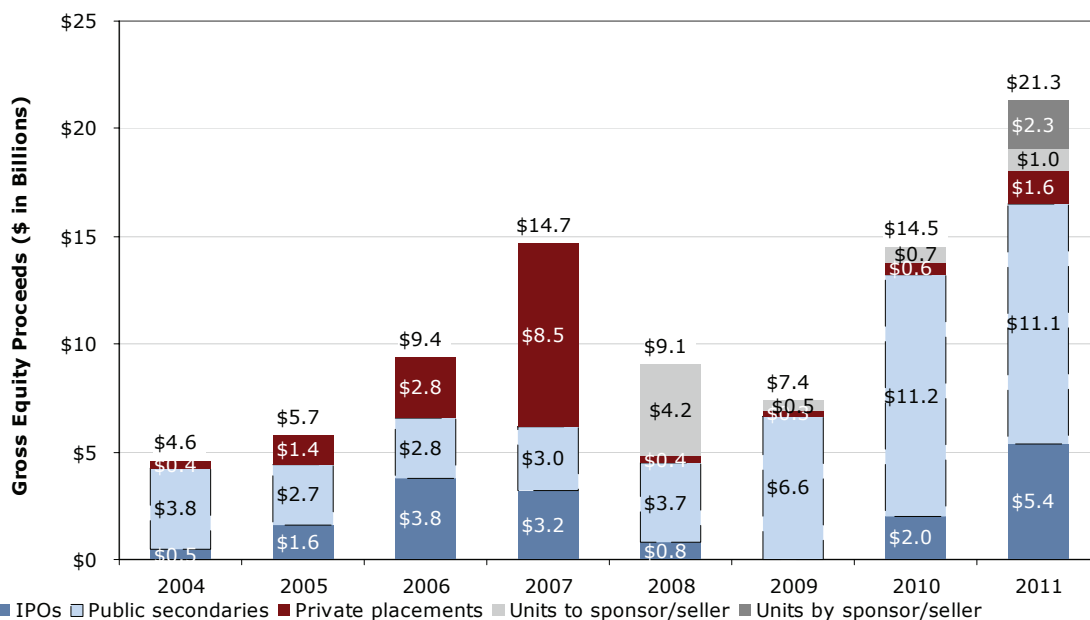
Source: FactSet, Standard & Poor's, and Wells Fargo Securities, LLC

Review Of 2011 Statistical Data

2011 Was The Largest Year For Equity Raised By MLPs

MLPs raised \$21.3 billion of total equity in 2011 as MLPs enjoyed significant access to capital. The total amount of equity issued in 2011 was the largest amount of equity raised by MLPs and compares to \$14.5 billion and \$7.4 billion in 2010 and 2009, respectively. For 2011, equity issuances were made up mostly of secondary and initial public offerings, which accounted for 52% (or \$11.1 billion) and 25% (or \$5.4 billion), respectively, of the total for the year. In addition, there were five secondary issuances completed during the year, which generated gross proceeds of more than \$500 million each (ETP \$718 million in March 2011 and \$592 million in November 2011; LINE \$621 million in February 2011; MWE \$543 million in December 2011; and PAA \$508 million in March 2011). Over the course of the year, BPL (\$1.4 billion), PAA (\$1.4 billion), ETP (\$1.3 billion), MWE (\$1.1 billion), and EPB (\$1.0 billion) raised the most public equity (through secondary offerings) out of all MLPs.

Figure 9. MLP Historical Equity Offerings



Source: Company reports

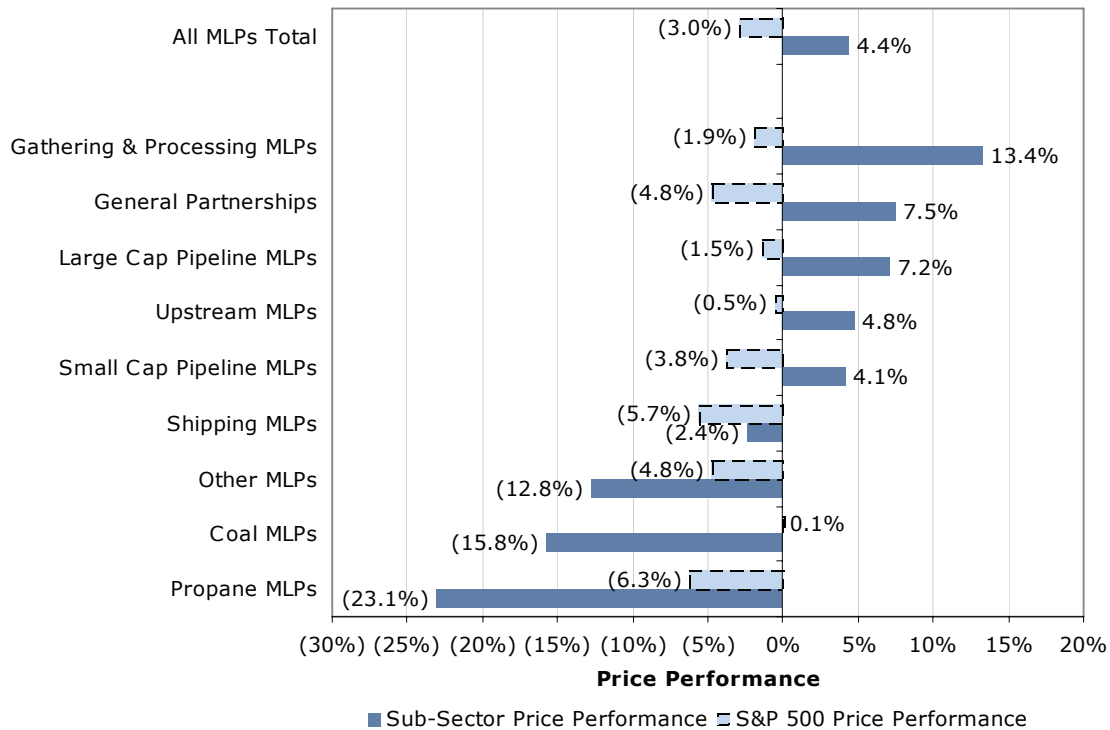
In 2011, there were 70 MLP-related public equity issuances comprised of public secondaries, 45; IPOs, 14; and units sold by sponsors, 11. If an investor purchased one unit per share of each of these issuances at the time of the offering, we estimate that the investments would have generated an aggregate return of 4.4% (on a price performance basis) compared to a median loss of 3.0% for the S&P 500 Index (i.e., for the comparable periods).

The best-performing MLP sub-sectors following an equity issuance were gathering and processing MLPs, general partnerships (including C-corp. GPs), and large-cap pipeline MLPs, which generated returns of 13.4%, 7.5%, and 7.2% (on a price performance basis), respectively, versus median S&P 500 Index losses of 1.9%, 4.8%, and 1.5% for the comparable periods.

The worst-performing MLP sub-sectors following an equity issuance were propane MLPs, coal MLPs, and other MLPs (i.e., compression, natural gas storage, and fertilizer MLPs), which generated losses of 23.1%, 15.8%, and 12.8%, respectively, versus comparable median S&P 500 Index returns of negative 6.3%, positive 0.1%, and negative 4.8%. Notably, our data excludes 11 equity issuances during 2011 that were not available to the public including units sold to sponsor (6) and private placements (5). For additional details, see supporting tables section at the end of this report.

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Figure 10. 2011 After-Market MLP Equity Issuance Performance Versus The S&P 500 Index



Note: Other MLPs include compression, natural gas storage, and fertilizer MLPs
Source: Company reports and FactSet

MLPs Raise A Record \$20.7 Billion Of Total Debt In 2011

MLPs raised \$20.7 billion of total debt in 2011, including \$12.4 billion of investment grade securities, 60% and \$8.3 billion of non-investment grade securities, 40%. Total debt issued in 2011 exceeded the previous record of \$20.3 billion issued in 2010 (i.e., 51% non-investment grade and 49% investment grade). In 2011, EPD, KMP, ETP, OKS, and MWE issued the most debt and raised \$2.75 billion, \$1.85 billion, \$1.5 billion, \$1.3 billion, and \$1.2 billion, respectively.

Figure 11. MLP Historical Debt Offerings

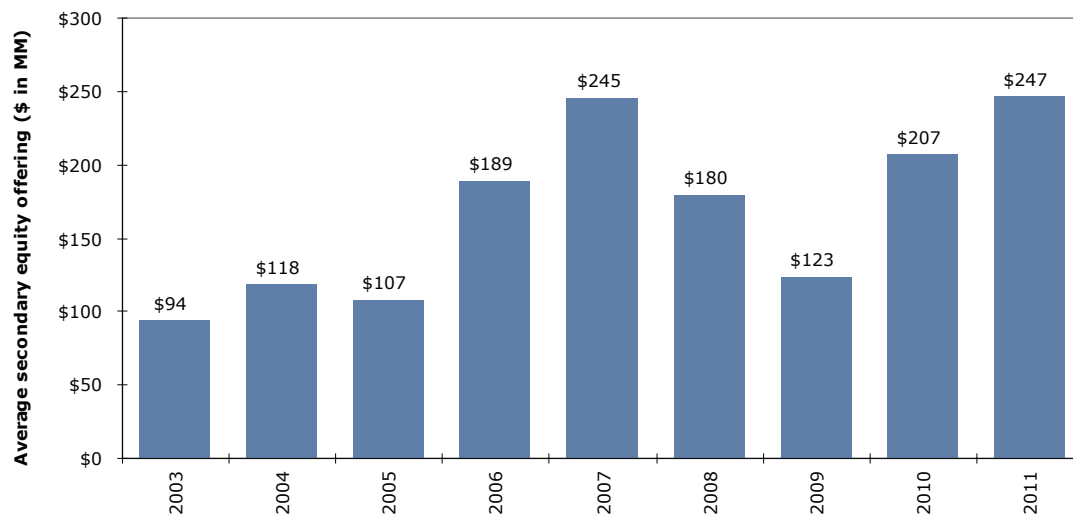


Source: Company reports

Average Size Of MLP Secondary Issuance Increasing

In 2011, the average secondary offering was \$247 million, compared to \$207 million in 2010 and the five-year average (2006-2010) of \$189 million. This is likely due to the growing MLP investor market and the inflow of new capital to the sector, in our view. Notably, the 2007 offering size is somewhat of an anomaly as several MLPs raised \$1 billion+ in private investment in public equity (PIPE) transactions that are unlikely to be repeated.

Figure 12. MLP Average Equity Offering Size By Year



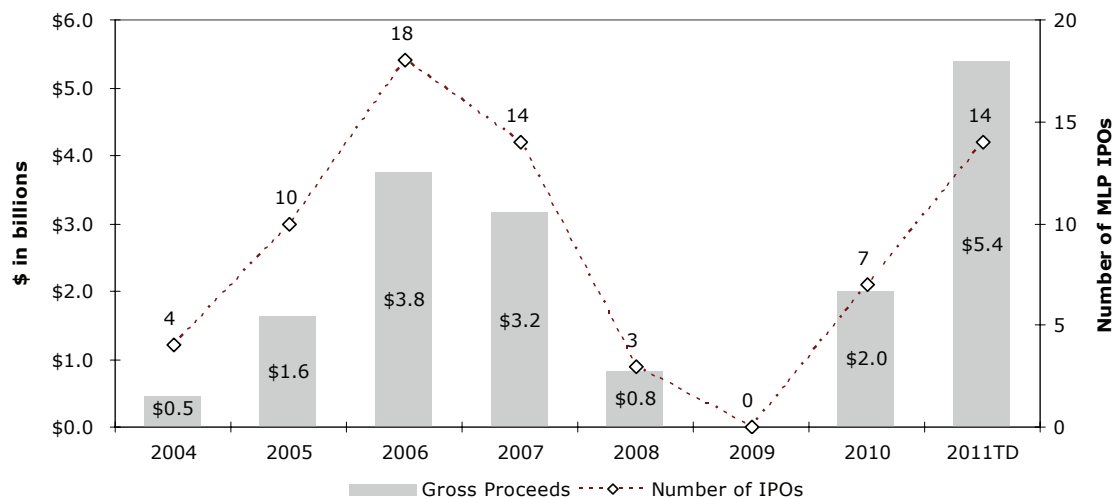
Note: Only public secondary offerings

Source: Partnership reports

A Strong Year For MLP IPOs

There were 14 MLP IPOs in 2011, including 4 midstream (including KMI), 3 upstream, 2 storage, and 5 other subsectors. Notably, the range of businesses being placed into the MLP structure continues to increase, with two new fertilizer MLPs and a petrochemical related MLP in registration. Given the variability of cash flow, these MLPs pay a variable rate distribution. In addition, due to the ramp-up in the development of shale plays, oilfield service companies involved in providing fracing services could become more interested in the MLP structure. Revenue from oilfield services is qualifying income for MLPs. Specifically, this includes income from providing fracing services to E&P companies (e.g., activities like supplying, transporting, storing, treating, and/or disposing fractionation fluid). We expect assets beyond traditional oil and gas to be placed into the MLP structure.

Figure 13. MLP Historical Initial Public Offerings ⁽¹⁾



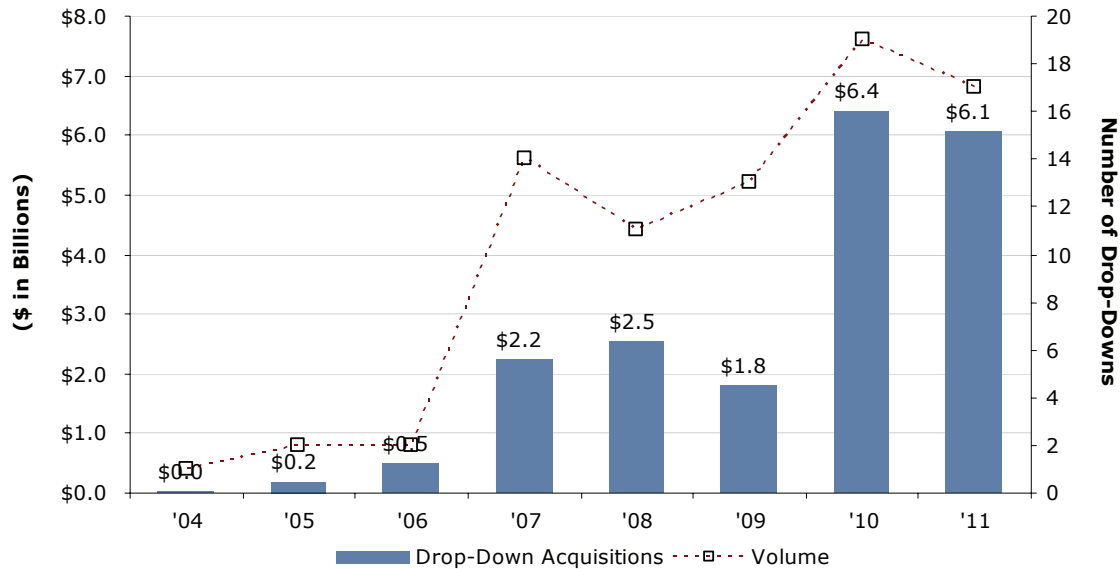
Note 1: 2010 and 2011 includes one general partner IPO structured as c-corps.

Source: Company reports

MLPs Complete \$6.1 Billion Of Drop-Down Acquisitions In 2011

In 2011, 15 MLPs completed 17 dropdown transactions for a total value of \$6.1 billion, which accounted for 22% of the total value of MLP acquisitions in 2011. The amount of dropdowns completed in 2011 is down slightly from the 19 dropdown transactions (and total value of \$6.4 billion) completed in 2010, but above the five-year average of 12 transactions (and total value of \$2.7 billion). The continued strength in dropdown acquisitions continues to be driven by a combination of funding needs by certain GP sponsors and GPs' desire to take advantage of the valuation arbitrage that exist for certain assets placed into the MLP (versus the C-corp), in our view. EPB completed the largest amount of dropdown acquisitions, or \$1.6 billion (via two transactions), followed by CHKM (\$865 million, one transaction) and TCP (\$605 million, one transaction).

Figure 14. MLP Historical Dropdown Acquisitions



Source: Company reports

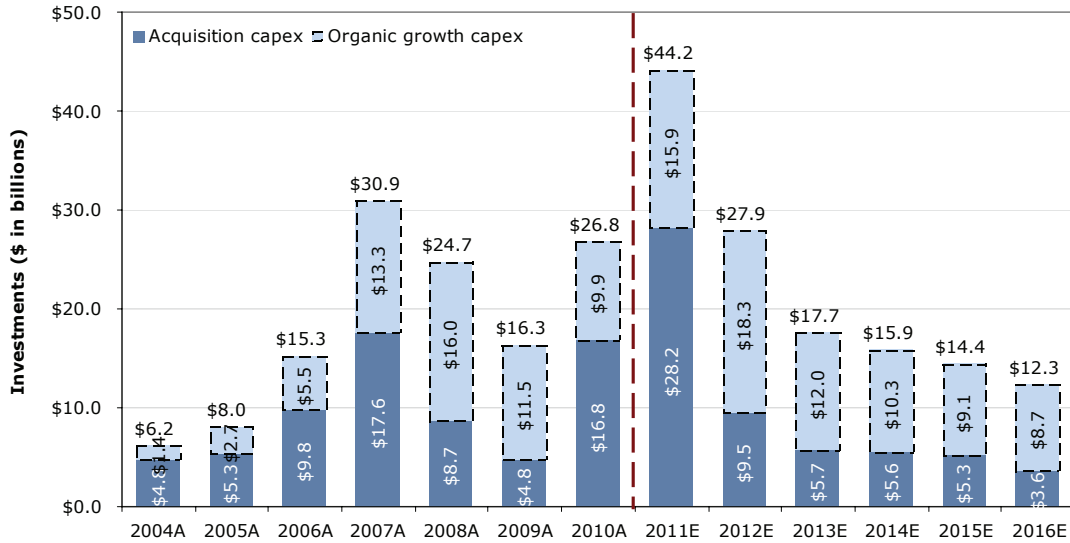
Please refer to page 34 for the total value of acquisitions consummated by MLPs.

2011 MLP Capex Investments Could Approach \$44 Billion

Despite the weakness in the overall U.S. (and global) economy, dynamics in the North American energy landscape continue to support a growing need for energy infrastructure investment. The ramp-up in domestic crude oil production, driven by the emergence of shale development, the continued growth of rich natural gas plays, and the increased demand for NGLs by the petrochemical industry continue to support the need for meaningful investments in infrastructure to deliver these commodities to market.

We estimate that MLP capex investments (i.e., acquisitions and organic expansions) could total \$44.2 billion in 2011. This is comprised of \$28.2 billion for acquisitions (includes the \$9.4 billion ETE/SUG transaction, which received shareholder approval in December) and \$15.9 billion for organic growth projects in 2011, which would mark a record year for MLP capex investments. We forecast total 2012 MLP investments of \$27.9 billion, including \$9.5 billion for acquisitions and \$18.3 billion for organic expansions. We also note that while our forward growth forecast reflects a decrease in capital spending for 2013+, this forecast is likely to prove conservative as visibility is more limited beyond 1-2 years.

Figure 15. MLP Organic Capital Expenditure And Acquisitions



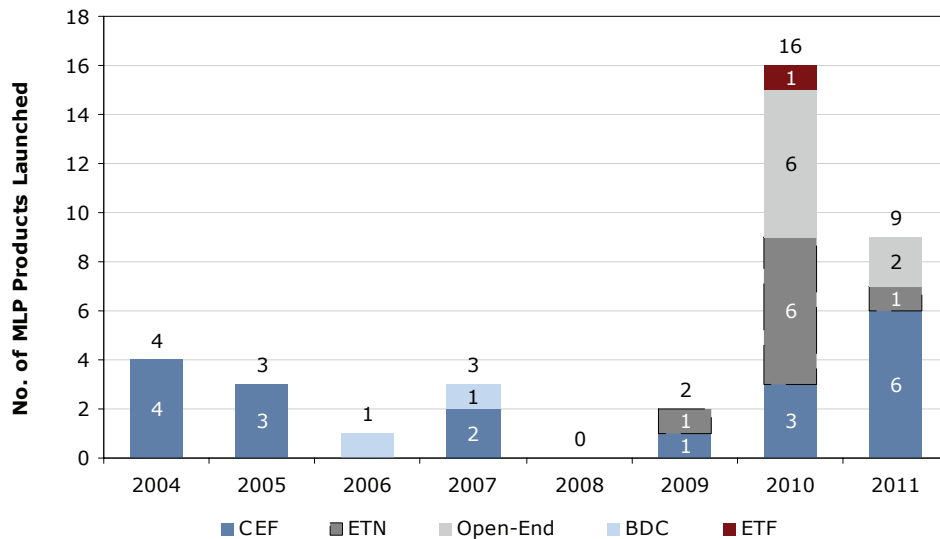
Note: Data for MLPs under coverage only
Source: Wells Fargo Securities, LLC estimates

MLP Investment Products Grow In Assets

There were nine new MLP products launched in 2011, including six closed-end funds, two open-end funds, and one ETF. Notably, three of the closed-end funds launched in 2011 are not MLP dedicated (i.e., Duff and Phelps Global Utility Income Fund--DPG, First Trust Energy Infrastructure Fund--FIF, and Tortoise Pipeline and Energy Fund, Inc., TTP), but can own MLPs as part of a broader strategy (up to 25% of the fund). On the basis of our calculations, there are a total of 38 MLP investment-related products, including 21 closed-end funds, 8 open-ended funds, 8 ETNs, and one ETF. The aggregate assets within MLP open-end funds, ETNs and ETF more than doubled, to \$8.2 billion from \$4.0 billion at December 31, 2010.

These products provide diversification for investors and are designed to be administratively less burdensome than direct ownership in MLPs (e.g., receive 1099s and not K-1 statements). The introduction of new MLP investment vehicles could signal a natural evolution, as the MLP sector matures to encompass more investable products. It is also more likely that these investment vehicles could broaden the ownership pool for the MLP sector and increase overall liquidity for MLPs. However, these vehicles are also likely to increase sector volatility as they increase the concentration of ownership of MLPs in fewer hands.

Figure 16. Number Of MLP-Related Products Introduced Into The Market



Source: Company reports

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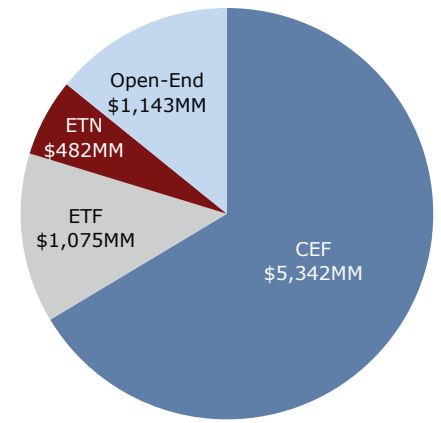
Positive Fund Flow--A Meaningful Contributor To MLP Performance In 2011

Positive fund flow was one of the most meaningful contributors to MLP performance in 2011 as we estimate these new MLP products experienced inflow totaling at least \$2.5 billion (which has been primarily invested in MLP equity). Notably, CEFs accounted for most of the initial capital raised by new MLP products, with the remaining amount related to two open-end funds and one ETN. In addition, new institutional funds have been formed to invest in the MLP sector and most of the existing MLP dedicated funds have seen new inflow, in our view, as foreign investors and U.S. pensions and endowments have increasingly been allocating capital to the sector.

Figure 17. Amount Raised By MLP Products In 2010 And 2011

Launch Date	Product Name	Ticker	Type	Total Net Assets (MM)
Mar-10	UBS E-TRACS Alerian MLP Infrastructure	MLPI	ETN	\$195
Mar-10	SteelPath MLP Income Fund	MLPDX	Open-End	\$228
Mar-10	SteelPath MLP Select 40 Fund	MLPFX	Open-End	\$498
Mar-10	SteelPath MLP Alpha Fund	MLPAX	Open-End	\$296
Apr-10	Credit Suisse - Cushing 30 MLP Index	MLPN	ETN	\$133
Jun-10	ClearBridge Energy MLP Fund	CEM	CEF	\$1,268
Jul-10	UBS E-TRACS 2x Leveraged Long Alerian	MLPL	ETN	\$92
Jul-10	UBS E-TRACS Alerian Natural Gas MLP Index	MLPG	ETN	\$14
Jul-10	Tortoise MLP Fund, Inc.	NTG	CEF	\$1,080
Aug-10	ALPS Alerian MLP ETF	AMPL	ETF	\$1,075
Sep-10	FAMCO MLP & Energy Infrastructure Fund	MLPPX	Open-End	\$17
Sep-10	UBS E-TRACS 1xMonthly Short Alerian MLP Infrastructure Total Return Index	MLPS	ETN	\$8
Oct-10	The Cushing MLP Premier Fund	CSHAX CSHCX CSHZX	Open-End	\$62
Oct-10	UBS E-TRACS Wells Fargo MLP Index	MLPW	ETN	\$19
Nov-10	Kayne Anderson Midstream / Energy Fund	KMF	CEF	\$475
Dec-10	Center Coast MLP Focus Fund	CCCAX CCCCX CCCNX	Open-End	\$43
Feb-11	Nuveen Energy MLP Total Return Fund	JMF	CEF	\$509
Mar-11	Morgan Stanley Cushing High Income Index ETN	MLPY	ETN	\$22
Mar-11	MainGate MLP Fund	AMPLX IMLPX	Open-End	NA
May-11	Salient MLP and Energy Infrastructure Fund	SMF	CEF	\$140
Jun-11	Tortoise MLP & Pipeline Fund	TORTX TORIX	Open-End	NA
Jun-11	ClearBridge Energy MLP Opportunity Fund Inc.	EMO	CEF	\$540
Jul-11	Duff & Phelps Global Utility Income Fund	DPG	CEF	\$735
Sep-11	First Trust Energy Infrastructure Fund	FIF	CEF	\$345
Oct-11	Tortoise Pipeline & Energy Fund, Inc.	TTP	CEF	\$250
Filed	Center Coast MLP Fund			
Filed	SteelPath Energy Infrastructure Investment Co.			
Filed	Cohen & Steers MLP Fund, Inc.			

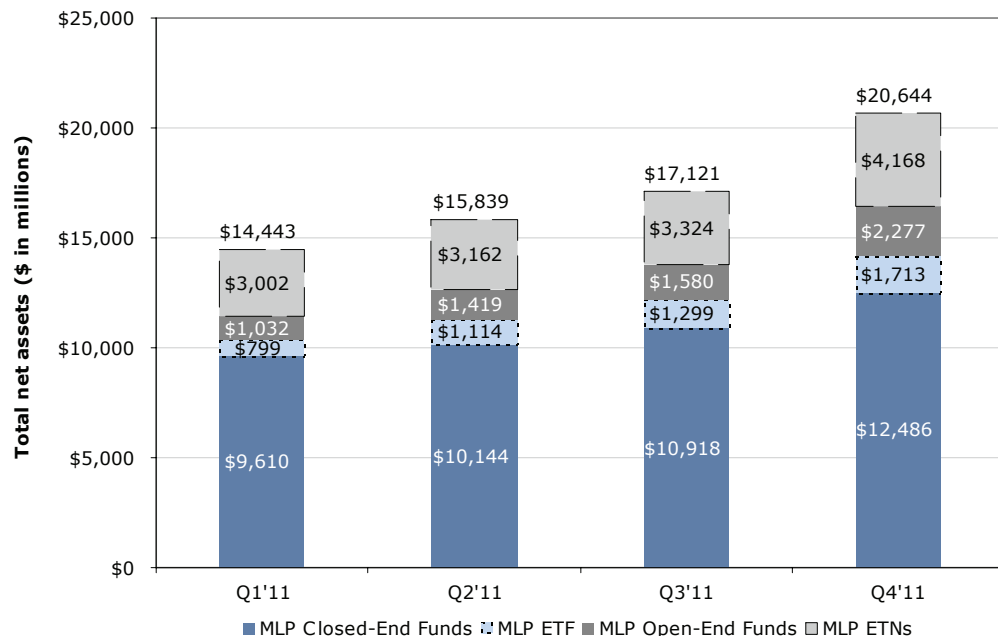
New MLP-Related Products Have Raised ~\$8.0 Billion Since 2010



Source: Partnership reports, Bloomberg, and Wells Fargo Securities, LLC estimates

By the end of 2011, MLP-related products' net assets grew almost 43%, to \$20.6 billion from \$14.4 billion at Q1 2011. MLP closed-end funds' assets increased by approximately \$2.9 billion, or 30.0%, due to the emergence of six new funds during the year. On a percentage basis, MLP open-end funds, the MLP ETF, and MLP ETNs increased their assets by largest amount, growing by 121% (or \$1.2 billion), 114% (\$914 million), and 39% (\$1.2 billion), respectively since the beginning of 2011.

Figure 18. 2011 MLP-Related Products' Assets Under Management



Source: Bloomberg and Company reports

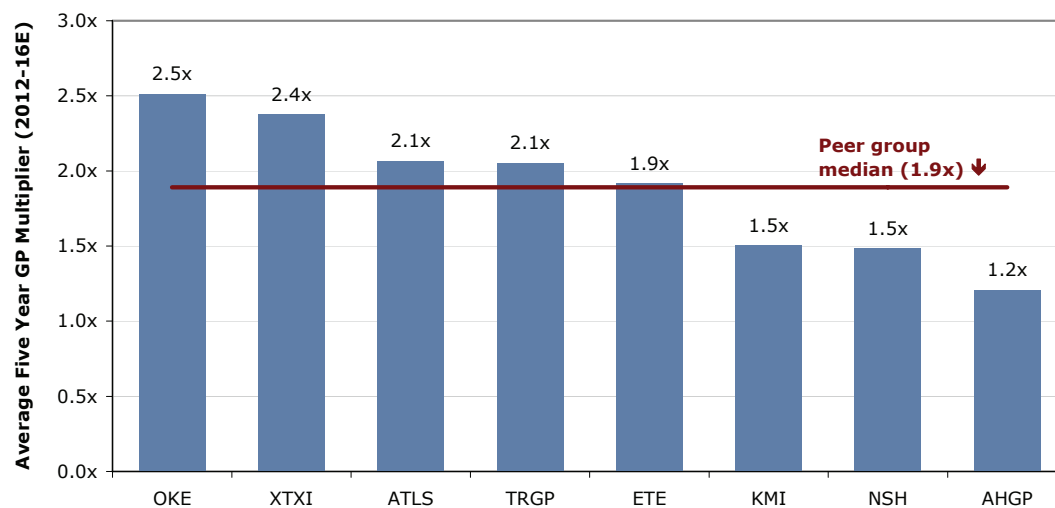
Midstream And GP M&A Drove Performance In 2011--More To Come?

We expect companies with publicly traded GPs to continue to trade at premium valuations given (1) the inherent leverage to cash flow growth afforded by IDRs; (2) the optionality embedded within the GP's valuation, and (3) the enhanced flexibility the GP provides in structuring M&A deals. In 2011, the value of the GP was more evident as several high-profile M&A transaction highlighted the value of the GP. For example, ETE and KMI's GP and MLP structure partially enabled the transactions economics to work (i.e., dropdowns are part of the deal accretion). In addition, several midstream companies that own GP interests announced plans to separate their businesses (El Paso, Williams) to better highlight the value of their separate businesses and entities including the general partner interest.

In 2012, we expect a continuation of 2011 as it relates to GP-related activity. We expect additional potential corporate reorganizations and M&A deals. These transactions could highlight the value of the GP and drive valuations higher. We note that even barring any major transactions, we would expect the value of the GP interest to continue to receive attention from the investor community as M&A deals announced in 2011 close early in 2012 and the value creation afforded by the GP becomes more apparent, in our view.

IDR leverage remains compelling. According to our analysis, general partner interest held within publicly traded entities (both C-Corp. and MLP structure) have a median GP multiplier of 1.9x. In other words, cash flow growth to the GP is roughly 1.9x that of growth to LP unit holders, all else being equal. GP cash flow can increase both when the MLP raises distributions to LP unit holders and when the underlying MLP issues LP equity.

Figure 19. Estimated GP Multiplier Over The Next Five Years



	GP Multiplier					Average Multiplier
	2012E	2013E	2014E	2015E	2016E	
OKE	3.4x	2.8x	2.4x	2.1x	1.9x	2.5x
XT XI	1.8x	2.0x	2.9x	2.8x	2.4x	2.4x
ATLS	-	-	3.2x	1.7x	1.3x	2.1x
TRGP	1.8x	2.5x	2.0x	2.0x	2.1x	2.1x
ETE	2.0x	2.0x	2.1x	1.8x	1.7x	1.9x
KMI	1.6x	1.5x	1.5x	1.5x	1.4x	1.5x
NSH	1.7x	1.5x	1.5x	1.4x	1.4x	1.5x
AHGP	1.4x	1.4x	1.3x	1.0x	1.0x	1.2x

Source: Wells Fargo Securities, LLC estimates

Value of IDRs is evident in IPO structure trends. In the 2009-2010 time frame, much of the rhetoric around GP IDRs centered on the burden these placed on cost of equity capital for MLPs and the competitive disadvantage of the 50/50 IDR tier. This coincided with a flurry of transactions whereby the MLP acquired the GP interest and eliminated the IDRs. (These transactions were actually primarily driven by concerns over potential carried interest legislation, which never passed).

Clearly, simple math would support the fact that the IDRs do place an additional cost burden on the entity. However, the trend seems to be reversing in 2011 and will likely continue in 2012. Since 2010, of the 19 MLPs that have completed initial public offerings (excluding pure-play GPs), 16 have a maximum IDR tier in their structure (either 50% IDR tier or 15-25% for upstream MLPs). In fact, one recent IPO has no intermediate IDR tiers (just a 50% tier). Thus, the value inherent in owning these IDR tiers seems to outweigh the challenges of a higher cost of equity for GP owners.

Figure 20. Max IDR Splits For New MLP IPOs (2010-11)

IPO Date	Ticker	Max IDR Tier
Apr-10	PNG	50%
May-10	NKA	50%
Jul-10	OXF	50%
Jul-10	CHKM	50%
Sep-10	RNO	50%
Dec-10	QRE	15% ¹
Apr-11	GMLP	50%
Apr-11	UAN	0%
Apr-11	TLLP	50%
May-11	NGL	50%
Jun-11	GSJK	50%
Jul-11	OILT	50%
Jul-11	AMID	50%
Nov-11	RNF	0%
Nov-11	LRE	25%
Dec-11	RRMS	50%
Dec-11	Upstream	25%
Dec-11	Upstream	0%
Dec-11	Midstream	50%

*16 out of the last 19
MLP IPOs (excluding
GPs) had some form of
IDRs*

Note 1: QRE does not have IDRs, but has management incentive fees, which are roughly equivalent to 15% IDRs over the long run, in our view.

Source: Partnership reports and Wells Fargo Securities, LLC estimates

MLPs Were Active In Refinancing Publicly Traded Debt In 2011

A number of MLPs took advantage of the low interest rate and robust debt capital market environment in 2011 to refinance outstanding debt. During the year, 9 MLPs solicited 12 tender offers of publicly traded debt. A majority of bonds refinanced in 2011 were issued between 2004 and 2006. Notably, the average yield for the Merrill U.S. High Yield B-BB Index was 7.31% in 2011, versus 7.46% for the 2004-06 period. The decline in spreads since the credit crisis (i.e., a decline of 64% since the height of the credit crisis in late 2008), combined with the mild interest rate environment have enabled some MLPs to refinance, or swap-out, debt securities issued at higher rates.

AmeriGas Partners LP (APU), Targa Resources Partners LP (NGLS), MarkWest Energy Partners LP (MWE), Inergy LP (NRGY), Copano Energy LLC (CPNO), Boardwalk Pipeline Partners LP (BWP), and Star Gas Partners LP (SGU) solicited tender offers to refinance outstanding long-term debt in 2011. On average, these MLPs were able to reduce their interest rates by 172 basis points (bps). On an annualized basis, we estimate the aforementioned tender offers will result in interest rate savings of \$43.3 million in aggregate for these MLPs. Notably, all tender offers in 2011 were consummated by non-investment grade MLPs. These MLPs were able to refinance their debt securities at an average interest rate of 6.67%, compared to the tendered securities, which had an average interest rate of 8.39%, or a 172-basis-point difference.

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Figure 21. MLP Debt Refinances During 2011

Date	MLP	Coupon		Term (years)		Principal (\$ in MM)	Δ Int. Rate	Est. Δ Annual Int. Rate Pmts (\$ in MM) ⁽¹⁾
		Issued	Tendered	Issued	Tendered			
Jan-11	APU	6.50%	7.25%	10	4	\$415.0	75 bps	\$3.1
Feb-11	NGLS	6.88%	11.25%	10	6	\$158.6	438 bps	\$6.9
Feb-11	MWE	6.50%	8.50%	10	5	\$272.2	200 bps	\$5.4
Mar-11	NRGY ⁽¹⁾	6.88%	8.75%	10	4-6	\$750.0	188 bps	\$14.1
Mar-11	MWE	6.50%	8.75%	10	7	\$165.6	225 bps	\$3.7
Apr-11	CPNO	7.13%	8.13%	10	5	\$332.7	100 bps	\$3.3
Jun-11	BWP	4.50%	5.50%	10	2	\$250.0	100 bps	\$2.5
Aug-11	APU	6.25%	7.13%	8	5	\$350.0	87 bps	\$3.1
FY2011	SGU	8.88%	10.25%	6	2	\$82.5	138 bps	\$1.1
Average / Total		6.67%	8.39%	9	6	\$2,776.6	172 bps	\$43.3

Note 1: NRGY used proceeds from the 2011 issuance to repurchase 2014-16 debt. In addition, the coupon rate for tendered debt of 8.75% was based on the rate for partnership's 2015 debt
Source: Partnership reports and Wells Fargo Securities, LLC

In addition, Atlas Pipeline Partners LP (APL) and Niska Gas Storage Partners LLC (NKA) repurchased (i.e., at a premium prior to maturation) approximately \$283 million and \$121 million, respectively, of long-term debt outstanding in 2011. The weighted-average cost of debt repurchased by APL and NKA was 8.14% and 8.88%, respectively. We estimate these repurchases will result in annual interest payment savings for APL and NKA of \$23.0 million and \$10.7 million, respectively.

Figure 22. MLP Debt Repurchases During 2011

Date	MLP	Coupon	Term	Principal	Est. Δ Annual
		Tendered	(years)	(\$MMs)	Int. Rate Pmts (\$ in MM) ⁽¹⁾
Apr-11	APL	8.75%	7	\$7.2	\$0.6
Apr-11	APL	8.13%	4	\$275.5	\$22.4
Sep-11	NKA	8.88%	7	\$30.7	\$2.7
Dec-11	NKA	8.88%	7	\$90.3	\$8.0
Average / Total		8.66%	6	\$403.7	\$33.8

Source: Partnership reports and Wells Fargo Securities, LLC

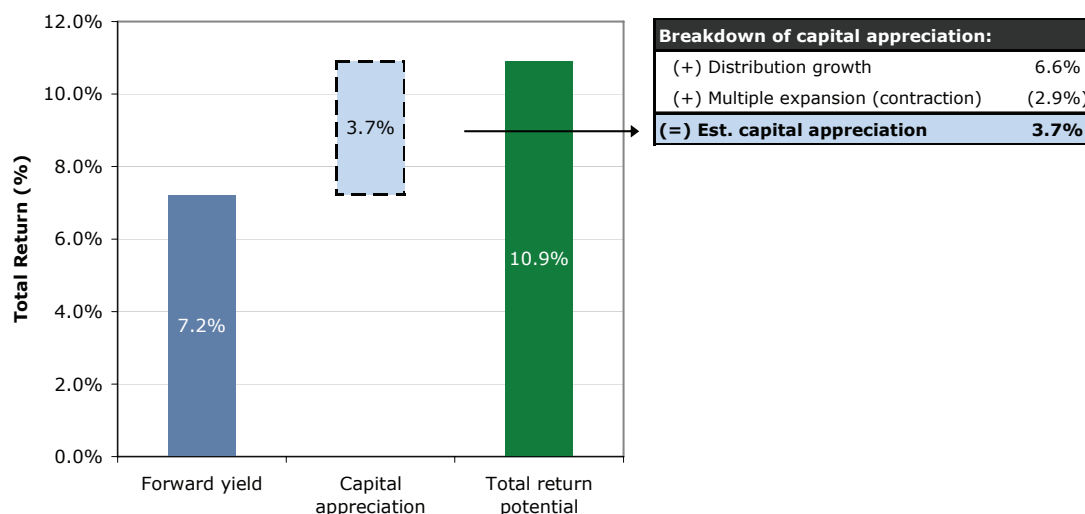
Positive Outlook For 2012

We maintain a positive outlook for 2012 as we expect MLPs to deliver on their fundamental value proposition; namely, a low-double-digit total return. We are forecasting a median sector total return potential of approximately 10.9% consisting of a forward yield of approximately 7.2% and capital appreciation of 3.7%. Our capital appreciation estimate of roughly 3.7% is comprised of two components: (1) distribution growth of 6.6% and (2) a valuation multiple contraction of 2.9% (i.e., we have assumed a slight increase in the median yield of the sector to 7.2% from 6.5%). The one caveat to our outlook is Europe; namely if the Euro zone implodes and a credit crisis ensues, MLPs would likely underperform in that scenario.

Our positive outlook is supported by the following factors:

- **MLPs' yield and total return proposition (relative to investment alternatives) should attract incremental investors.** We continue to expect investor appetite for high-yielding securities such as MLPs to remain healthy given an environment of low interest rates and anemic economic growth. The median yield for the MLP sector is currently 6.5%, which compares favorably to yields of 4.8% for the FTSE NAREIT Index and 4.0% for the S&P 500 Utilities Index. As such, we expect continued positive fund flows to the MLP sector, which should support valuations.

Figure 23. MLP Value Proposition



Source: FactSet and Wells Fargo Securities, LLC estimates

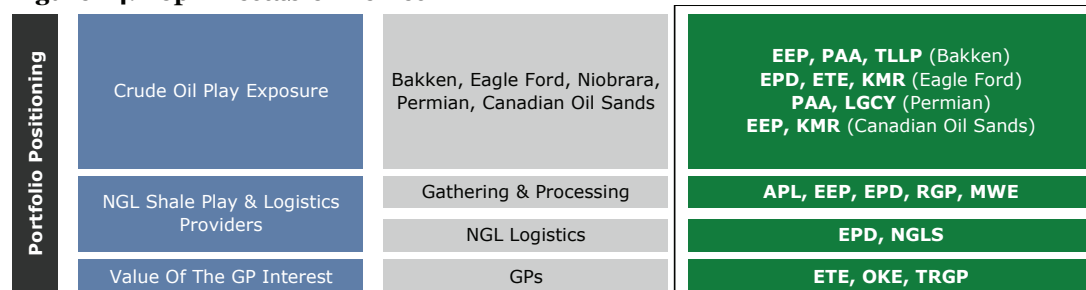
- Fundamentals remain solid.** As evidenced by Q3 results, MLPs have continued to deliver solid earnings. Notably, a total of 42 out of 56 MLPs (excluding GPs) under coverage reported EBITDA in line with or above expectations. In addition, the group increased its Q3 distribution by 5.0% (median) on a year-over-year basis. For 2012, the U.S. economy should be able to realize modest growth despite headwinds related to unemployment, the housing market, and the government’s fiscal concerns. Even a modest uptick in the economy would be constructive for energy demand (and MLPs), in our view.
- Distribution growth is poised to accelerate.** We forecast 2012 distribution growth of 6.6%, compared to 4.5% in 2011 and 3.3% in 2010 for MLPs.

Valuations appear more reasonable. MLP valuations appear roughly in line with historical five- and nine-year metrics. However, we expect MLPs to trade at a modest premium to historical averages given several changing industry dynamics.

Stick With What Is Working (Crude Oil And NGLs) -- Natural Gas Remains Challenged

We expect many of the themes that “worked” in 2011 to persist in 2012. MLPs involved in crude oil and NGL infrastructure (including gathering and processing) should continue to enjoy a strong fundamental backdrop and plentiful organic growth investment opportunities. Partnerships with exposure to growing shale plays should similarly benefit. Finally, publicly traded general partners should continue to garner premium valuations. We expect natural gas fundamentals (pipeline and storage) to remain challenging with the market oversupplied, low volatility, and narrow basis differentials.

Figure 24. Top Investable Themes



Note: The MLPs listed above represent our Outperform-rated stocks by theme
Source: Wells Fargo Securities, LLC estimates

Top picks. Our top large-cap Outperform-rated picks include EEP (\$33.19), EPD (\$46.38), and PAA (\$73.45). For investors willing to accept more risk, we highlight BBEP (\$19.07), GEL (\$28.04), and TOO (\$26.60).

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Figure 25. Top Sector Picks

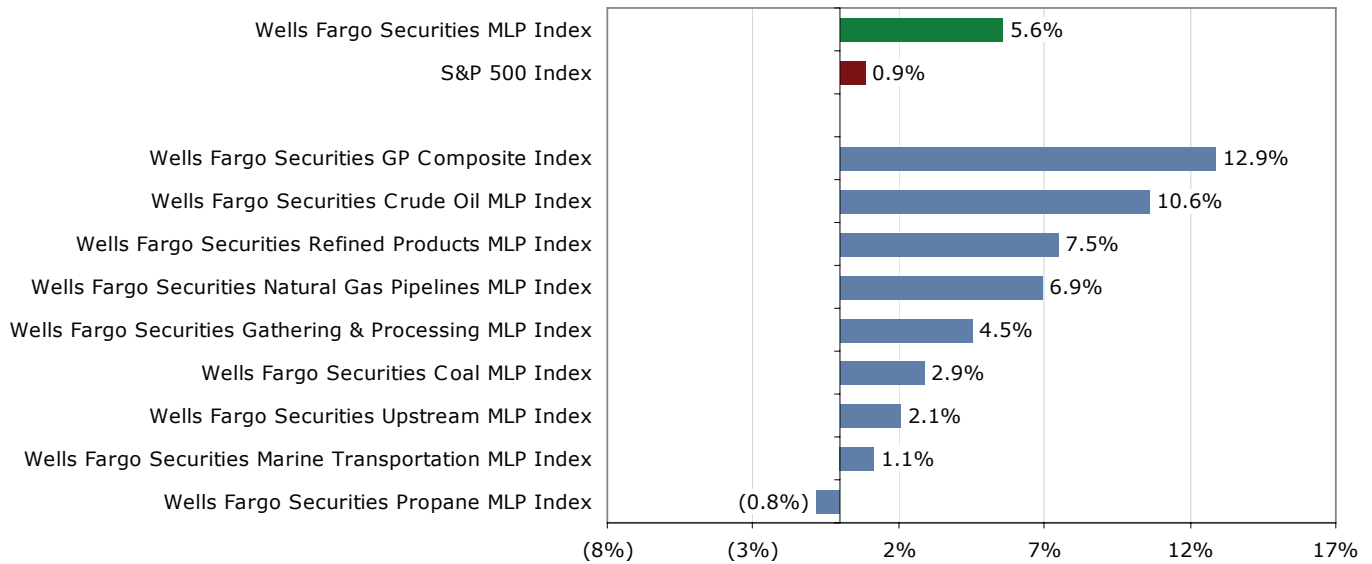
	Price 12/30/11	Current Yield	Valuation Range		Total Return Potential
			Low	High	
Large-Cap Pipeline MLPs					
Enbridge Energy Partners L.P. (CI A) (EEP)	\$33.19	6.4%	\$31	\$33	3%
Enterprise Products Partners L.P. (EPD)	\$46.38	5.3%	\$45	\$48	6%
Plains All American Pipeline L.P. (PAA)	\$73.45	5.4%	\$71	\$75	5%
Small-Cap Pipeline MLPs					
Genesis Energy L.P. (GEL)	\$28.04	6.1%	\$31	\$33	21%
Gathering And Processing MLPs					
Crestwood Midstream Partners, L.P. (CMLP)	\$31.74	6.0%	\$32	\$34	10%
MarkWest Energy Partners L.P. (MWE)	\$55.06	5.3%	\$57	\$61	13%
Regency Energy Partners L.P. (RGP)	\$24.86	7.3%	\$26	\$29	18%
Upstream MLPs					
BreitBurn Energy Partners L.P. (BBEP)	\$19.07	9.1%	\$20	\$22	20%
EV Energy Partners L.P. (EVEP)	\$65.90	4.6%	\$96	\$101	54%
Vanguard Natural Resources LLC (VNR)	\$27.63	8.4%	\$31	\$33	24%
Propane MLPs					
NGL Energy Partners, L.P. (NGL)	\$20.63	6.5%	\$24	\$26	29%
Shipping MLPs					
Teekay Offshore Partners L. P. (TOO)	\$26.60	7.5%	\$32	\$34	32%
Coal MLPs					
Natural Resource Partners L.P. (NRP)	\$27.11	8.1%	\$33	\$35	34%
General Partnerships					
Energy Transfer Equity L.P. (ETE)	\$40.58	6.2%	\$40	\$44	10%
Targa Resources Corp. (TRGP)	\$40.69	3.0%	\$44	\$48	17%

Source: FactSet and Wells Fargo Securities, LLC

December Price Performance

In December 2011, the Wells Fargo Securities MLP Index increased 5.6% (price performance), compared to an increase of 0.9% for the S&P 500. The best-performing MLP subsectors (market-cap weighted) in December were General Partnership and Crude Oil MLPs, which increased 12.9% and 10.6%, respectively. The worst-performing MLP subsectors in December were Propane and Marine Transportation, which declined 0.8% and increased 1.1%, respectively.

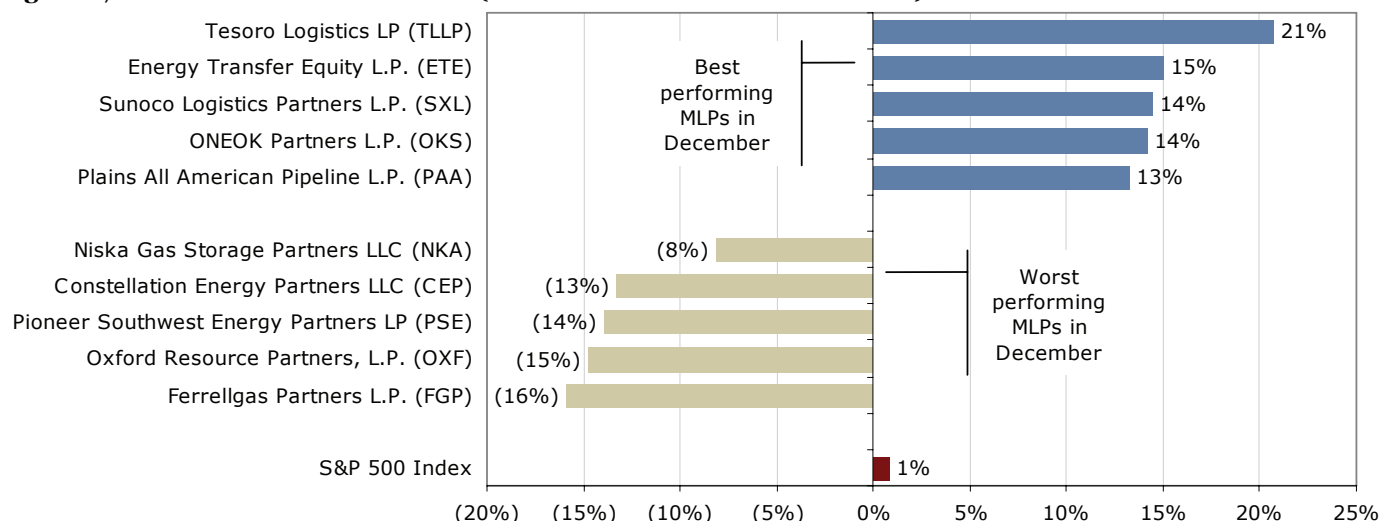
Figure 26. December 2011 Performance By Subsector (Market-Cap Weighted)



Source: Standard & Poor's, FactSet, and Wells Fargo Securities, LLC

The best-performing MLPs in December were TLLP, ETE, SXL, OKS, and PAA, while the worst-performing MLPs were FGP, OXF, PSE, CEP, and NKA.

Figure 27. Best And Worst Performers (December 2011 Price Performance)



Source: FactSet

The Wells Fargo Securities, LLC MLP Index

Real time price quotes for the Wells Fargo Securities, LLC MLP Index are available on Bloomberg and Reuters under the symbol WMLP (and WMLPT for total return) and on FactSet Marquee under the symbol WML-CME. For further information and to find historical performance data from 1990 (downloadable), as well as MLP performance by subsector, please visit www.wellsfargo.com/research.

Figure 28. Monthly Wells Fargo Securities, LLC MLP Price Performance

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Yr/Yr
2000	8.5%	(2.4%)	(1.7%)	1.0%	0.5%	5.2%	2.0%	1.8%	9.1%	(4.4%)	(3.1%)	11.2%	29.9%
2001	9.7%	0.9%	1.8%	8.1%	1.4%	(2.0%)	4.1%	3.4%	(2.5%)	5.0%	(2.9%)	2.0%	32.0%
2002	(1.1%)	(9.8%)	9.4%	1.9%	(3.7%)	(5.1%)	(1.7%)	6.0%	(3.8%)	(0.9%)	0.6%	2.2%	(7.3%)
2003	3.2%	0.8%	1.3%	6.1%	2.9%	4.0%	0.9%	0.4%	1.6%	1.2%	3.5%	4.8%	35.4%
2004	(2.6%)	0.9%	2.7%	(9.2%)	(0.8%)	2.0%	3.5%	2.2%	5.4%	(0.6%)	4.4%	1.7%	9.2%
2005	4.1%	1.1%	(3.9%)	2.7%	(0.5%)	4.0%	4.3%	(3.2%)	0.4%	(2.5%)	(4.6%)	(2.6%)	(1.2%)
2006	5.0%	(1.4%)	0.7%	0.9%	1.1%	(1.7%)	3.6%	1.6%	(1.3%)	4.3%	3.5%	1.5%	19.0%
2007	4.1%	2.1%	4.4%	5.7%	(0.9%)	0.7%	(1.3%)	(6.5%)	(2.8%)	5.4%	(5.1%)	0.4%	5.6%
2008	(2.0%)	(1.2%)	(6.5%)	6.2%	0.2%	(4.9%)	(2.6%)	0.4%	(17.0%)	(2.0%)	(18.4%)	(3.7%)	(42.7%)
2009	14.0%	(5.7%)	0.2%	9.4%	8.1%	(1.1%)	10.9%	(3.9%)	5.0%	1.8%	5.3%	6.7%	61.3%
2010	0.1%	3.8%	2.9%	2.7%	(6.6%)	5.5%	7.1%	(3.2%)	6.1%	4.5%	1.5%	2.0%	28.7%
2011	2.5%	2.7%	(0.2%)	2.9%	(5.7%)	0.8%	(2.3%)	(2.1%)	(4.2%)	9.8%	(1.2%)	5.6%	7.9%
Median	3.6%	0.9%	1.0%	2.8%	(0.1%)	0.8%	2.8%	0.4%	(0.5%)	1.5%	(0.3%)	2.0%	14.1%
Average	3.8%	(0.7%)	0.9%	3.2%	(0.3%)	0.6%	2.4%	(0.3%)	(0.3%)	1.8%	(1.4%)	2.6%	14.8%

Source: Standard & Poor's and Wells Fargo Securities, LLC

Short Interest Declined In December

In December, short interest volume declined by a median of 3.3%. The five MLPs with the largest month-over-month decreases were VNR (down 69.4%), NS (down 46.1%), CPLP (down 40.9%), NRP (down 38.4%), and AMID (down 34.2%). The five MLPs with the largest month-over-month increases were EROC (up 71.7%), GMLP (up 50.4%), APL (up 32.7%), BBEP (up 32.1%), and MWE (up 31.3%). For December, the short interest ratio for MLPs remained unchanged at 3.3 days from the prior month. The ten MLPs with the highest days-to-cover ratio include ARLP, 13.9; WPZ, 12.6; ETE, 11.1; KMP, 10.1; UAN, 10.0; OKS, 8.2; CMLP, 8.1; APU, 7.8; KMR, 7.1; and TOO, 7.1. Although a higher short interest ratio is usually a bearish sign, a positive catalyst could cause a more pronounced increase in the stock price of an MLP with a higher short-interest ratio than an MLP with a lower short-interest ratio, all else being equal. Namely, a positive event typically causes short sellers of a stock to cover or close out their positions (i.e., buy back the stock), creating additional buying pressure, which could further drive up the stock price.

Figure 29. Short-Interest Summary By MLP Subsector

	Percent Δ In Short Interest Volumes From Prior Month	Days To Cover
Large-Cap Pipeline MLP Median	(9.0%)	2.5
Small-Cap Pipeline MLP Median	(2.9%)	1.9
Other MLP Median	(16.3%)	2.4
Gathering & Processing MLP Median	3.7%	1.7
Upstream MLP Median	(1.5%)	1.0
Propane MLP Median	(11.0%)	3.5
Shipping MLP Median	(5.8%)	1.5
Coal MLP Median	(3.2%)	1.0
General Partnership MLP Median	(2.0%)	4.1
All MLPs Average	(3.3%)	3.3
All MLPs Median	(3.3%)	2.2

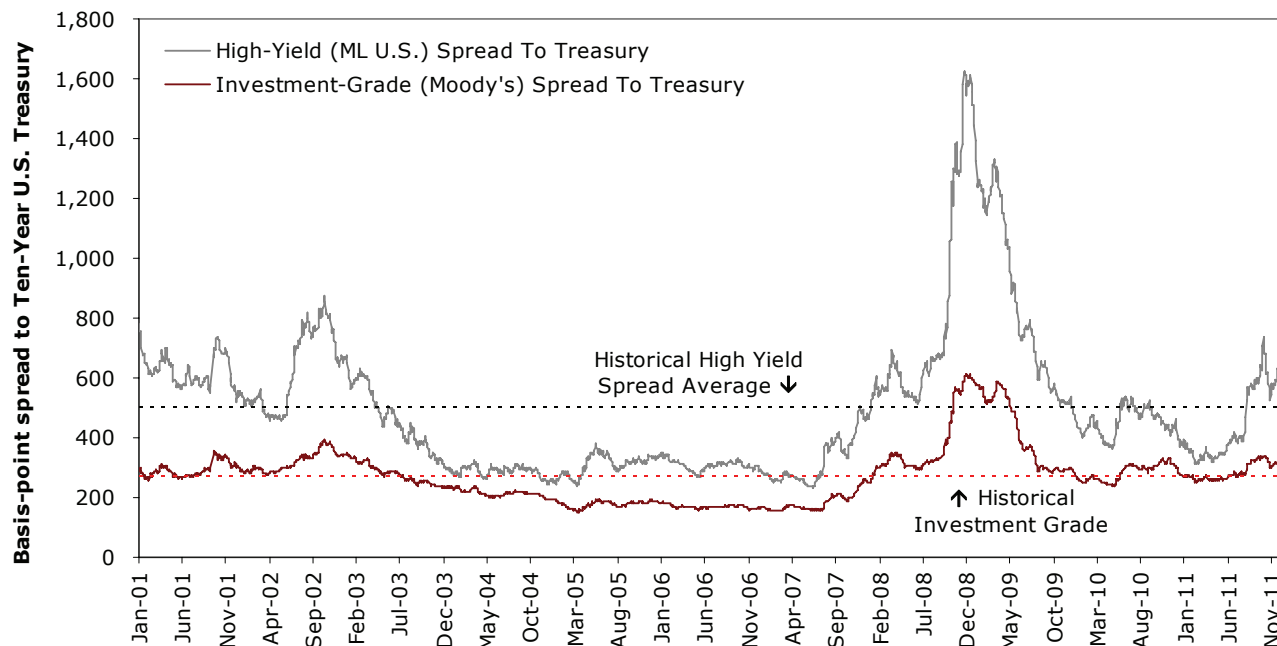
Note: Please see the back of this report for an overview of short interest positions by MLP
Source: FactSet

Update On Factors Driving MLP Performance

High Yield Spreads Narrow, While Investment Grade Spreads Widen Slightly In December

High yield credit spreads narrowed by approximately 21 bps and investment grade spreads widened by 6 bps in December. The spread for the high yield index was 582 bps above that of the 10-year U.S. Treasury at the end of December, versus 603 bps at the end of November (and versus a ten-year historical average spread from 2001 to 2010 of 502 bps). The investment grade spread to the Treasury was 331 bps at the end of December, versus 325 bps at the end of November (and versus a ten-year historical average spread of 271 bps). During December, the 10-year U.S. Treasury yield decreased by 20 bps to finish at 1.87%, compared to 2.07% at the end of November. For the month, non-investment grade bond yields declined 40 bps, to 7.7%, and investment grade bond yields decreased 14 bps, to 5.18% at the end of December.

Figure 30. High Yield And Investment Grade Credit Spreads To The 10-Year Treasury

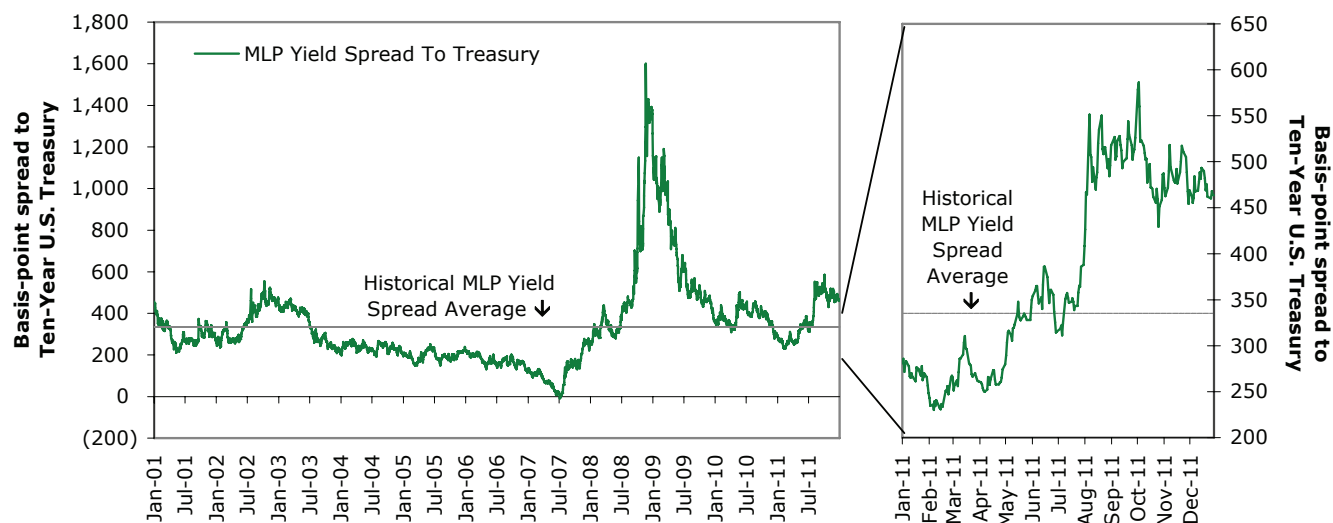


Source: Bloomberg and FactSet

MLP Yield Spread To Treasuries Contracted Slightly In December

MLPs were trading at a 464-basis-point spread above the 10-year Treasury yield as of December 31, 2011 (versus 468 bps at the end of November). The current spread compares with a historical average spread of 335 bps (the 10-year historical average). At the end of December, the median MLP yield was 6.5%, compared to 6.75% in November, while the yield on the 10-year Treasury decreased to 1.87% from 2.07% (at the end of November), resulting in a 4-basis-point narrowing in the spread. Notably, the historical spread between MLP yields and Treasuries has ranged from 12 bps to 1,703 bps since 2000.

Figure 31. Historical MLP Spread To The 10-Year Treasury



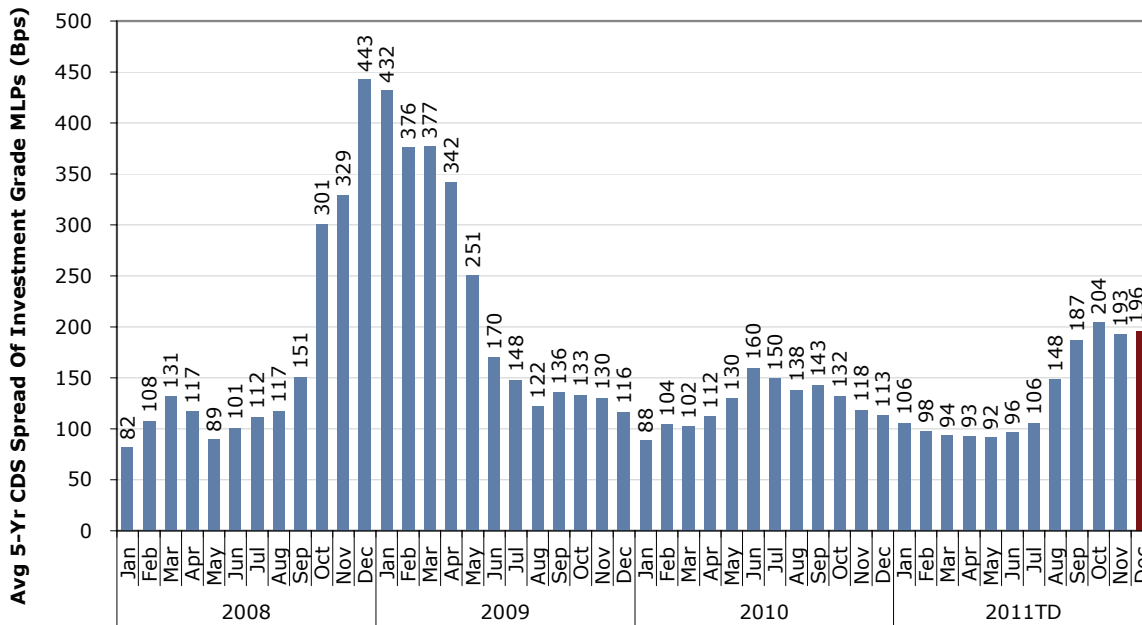
Source: FactSet

Master Limited Partnerships

MLP CDS Spreads Remained Essentially Unchanged In December

In December, credit default swap (CDS) spreads for large-cap pipeline MLPs with publicly traded debt remained essentially unchanged at 196 bps, versus 193 bps in November. Since 2008, MLP CDS spreads have averaged approximately 165 bps (through December 2011). Typically, a CDS represents a bilateral contract between a buyer of bonds and a seller of protection on these bonds. The spread represents the cost (or premium) of insuring bonds against a potential default. A wider CDS spread implies that bond investors are more concerned about an underlying company’s financial position. Conversely, a narrower CDS spread implies that bond holders are confident in a company’s ability to meet its bond payment obligations.

Figure 32. Average MLP CDS Spreads

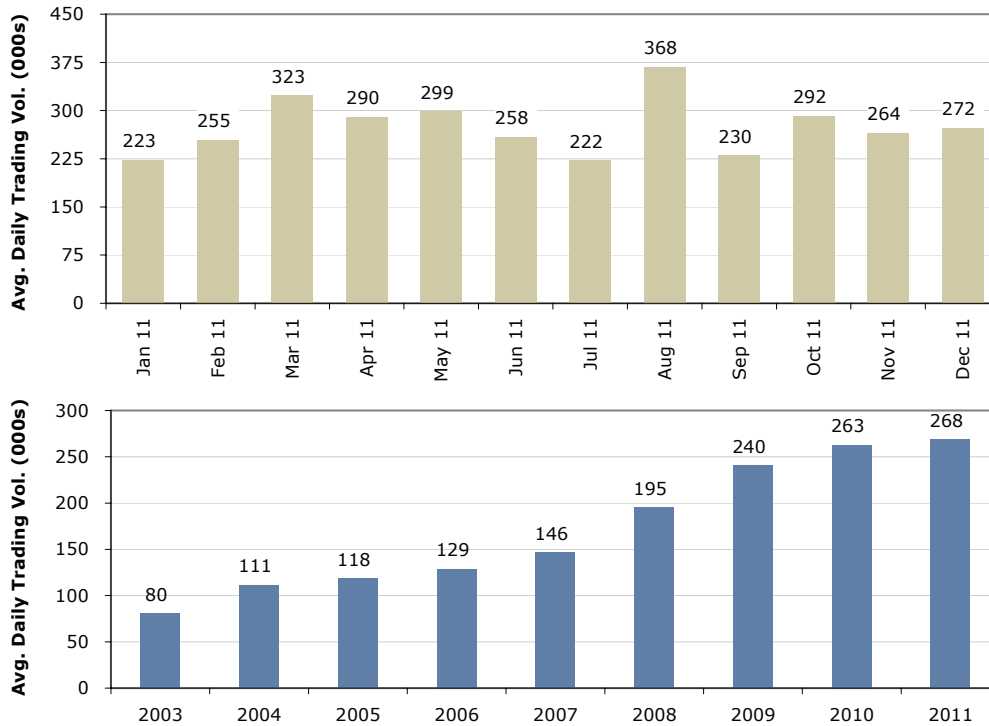


Note: Large-cap pipeline MLP group consists of EEP, EPD, ETP, KMP, MMP, OKS, and PAA.
Source: FactSet and Bloomberg

Trading Volume Up Slightly In December

The average daily trading volume for the MLP sector increased to 272,000 in December from 264,000 in November. The sequential increase in trading volume likely reflects an active month of 11 equity issuances, which included 4 IPOs.

Figure 33. Median MLP Daily Trading Volume

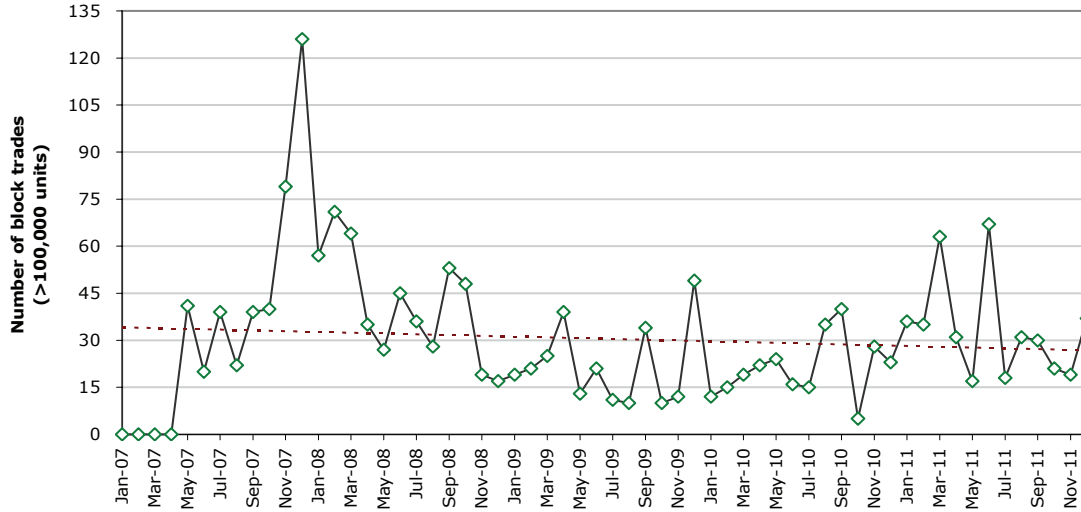


Source: FactSet

The number of large block trades (greater than 100,000 units) increased in December to 37 from 19 in November (and versus 23 trades in the comparable year ago period). Notably, there were 20 block trades completed on December 16, 2011.

Master Limited Partnerships

Figure 34. Total Number Of MLP Block Trades



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2007	0	0	0	0	41	20	39	22	39	40	79	126	406
2008	57	71	64	35	27	45	36	28	53	48	19	17	500
2009	19	21	25	39	13	21	11	10	34	10	12	49	264
2010	12	15	19	22	24	16	15	35	39	5	28	23	253
2011	36	35	63	31	17	67	18	31	30	21	19	37	405

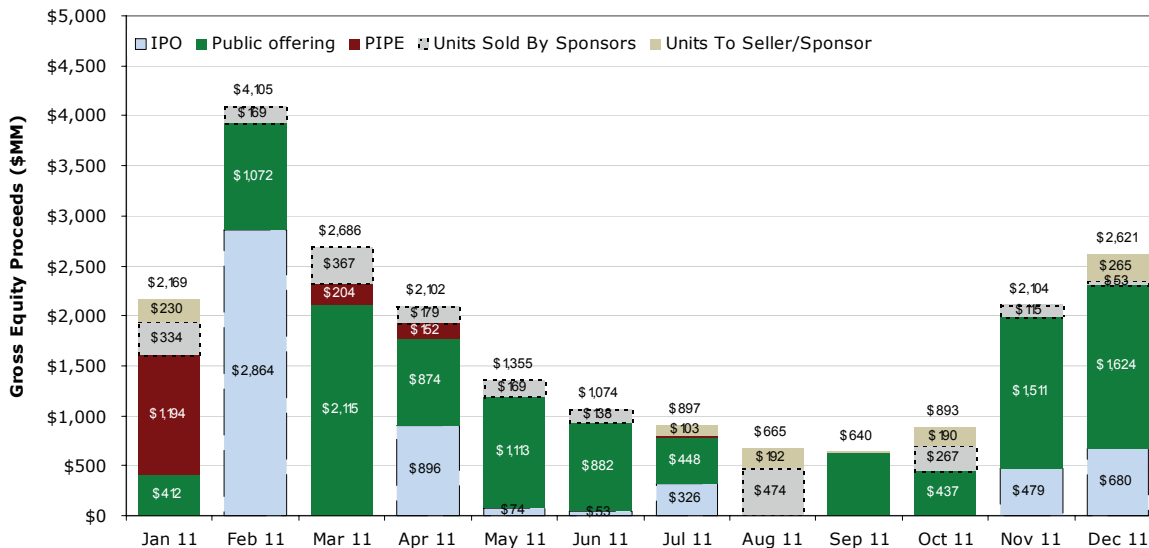
Note: Data as of December 31, 2011

Source: Bloomberg

MLPs Announced \$2.6 Billion Of Equity In December

MLPs announced five secondary offerings, four IPOs, one sale of units to a sponsor, and one sale of units by a sponsor for \$2,622 million in December. Five MLPs raised \$1,624 million through public offerings (i.e., Enbridge Energy Partners, \$262 million; Enterprise Products Partners, \$462 million; MarkWest Energy Partners, \$543 million; NuStar Energy, \$281 million; and Pioneer Southwest Energy Partners, \$76 million), and one MLP (i.e., Chesapeake Midstream Partners) raised \$265 million through units sold to its sponsor. There were also 4 MLP IPOs (i.e., 2 upstream, 1 storage, and 1 midstream), which raised gross proceeds of \$680 million. In addition, Pioneer Natural Resources Company (i.e., Pioneer Southwest Energy Partners' general partner) sold 1.8 million PSE common units (or \$53 million) during the month.

Figure 35. MLP Equity Offerings Over The Trailing 12 Months



Note: Data includes IPOs of c-corp. GP sponsor of MLPs (TRGP and KMI)

Source: Partnership reports

MLP Monthly: January 2012

For 2011, there were \$21.3 billion of equity offerings, of which 52% came from public secondary offerings, 25% came from IPOs, 11% came from units sold by sponsors, 7% came from private placements, and 5% came from units sold to sponsors.

Figure 36. 2011 MLP Equity Offerings

Date	Issuer	Offering Type	No. Of Units (MM)	Offer Price	Gross Equity Proceeds (\$MM)	Perf. Since Offering		Perf. + 5 Days	
						MLP	S&P 500	MLP	S&P 500
1/10/11	MWE	Public Offering	3.0	\$41.20	\$142.1	29.0%	(1.0%)	3.8%	2.0%
1/18/11	NGLS	Public Offering	8.0	\$33.67	\$269.4	7.1%	(2.9%)	(1.5%)	(0.3%)
1/18/11	BPL	Private Placement	14.0	\$58.73	\$824.0	(6.4%)	(2.9%)	15.4%	(0.3%)
1/19/11	PNG	Private Placement	17.0	\$21.75	\$370.0	(24.3%)	(1.9%)	13.3%	1.1%
1/19/11	PNG	Units To Sponsor	10.6	\$21.75	\$230.0	(24.3%)	(1.9%)	13.3%	1.1%
1/28/11	BPL	Units Sold By Sponsors	4.5	\$64.48	\$333.7	(1.0%)	(1.5%)	1.4%	2.7%
2/3/11	GLP	Public Offering	2.3	\$27.60	\$63.5	(20.8%)	(3.8%)	(0.8%)	1.1%
2/4/11	MMLP	Public Offering	1.6	\$39.35	\$64.1	(14.1%)	(4.1%)	0.4%	1.4%
2/8/11	BBEP	Public Offering	4.3	\$21.25	\$91.4	(11.5%)	(5.1%)	4.7%	0.3%
2/10/11	KMI	IPO	95.5	\$30.00	\$2,864.0	7.2%	(4.9%)	1.8%	1.4%
2/24/11	CLMT	Public Offering	4.5	\$21.45	\$96.5	(3.8%)	(3.7%)	(1.6%)	1.9%
2/28/11	LINE	Public Offering	16.0	\$38.80	\$620.8	(2.4%)	(5.2%)	(0.5%)	(1.3%)
2/28/11	EXLP	Units Sold By Sponsors	5.3	\$28.65	\$169.4	(32.2%)	(5.2%)	(1.4%)	(1.3%)
2/28/11	WES	Public Offering	3.6	\$35.15	\$135.4	13.9%	(5.2%)	(2.2%)	(1.3%)
3/4/11	DPM	Public Offering	3.2	\$40.55	\$130	17.8%	(4.8%)	(2.3%)	(1.3%)
3/4/11	EVPEP	Public Offering	3.0	\$44.42	\$153	46.8%	(4.8%)	(2.4%)	(1.3%)
3/7/11	PAA	Public Offering	6.9	\$64.00	\$508	12.4%	(4.0%)	(2.8%)	(1.0%)
3/8/11	EPB	Public Offering	12.0	\$34.30	\$473	(2.3%)	(4.9%)	0.8%	(3.0%)
3/15/11	FGP	Public Offering	4.4	\$26.27	\$133	(24.7%)	(1.9%)	(1.0%)	0.9%
3/16/11	NRP	Units Sold By Sponsors	6.0	\$36.36	\$218	(27.7%)	0.1%	(3.0%)	3.2%
3/23/11	RGNC	Private Placement	8.5	\$24.00	\$204	(5.3%)	(3.1%)	12.5%	2.4%
3/23/11	ETP	Public Offering	12.4	\$50.52	\$718	(11.7%)	(3.1%)	2.0%	2.4%
3/29/11	AHGP	Units Sold By Sponsors	2.8	\$54.21	\$149	(1.5%)	(4.7%)	(4.0%)	1.0%
4/1/11	CMLP	Private Placement	6.2	\$24.50	\$152	3.9%	(5.6%)	28.3%	(0.3%)
4/4/11	TGP	Public Offering	3.7	\$38.88	\$144	(18.1%)	(5.6%)	(2.3%)	(0.6%)
4/4/11	TRGP	Units Sold By Sponsors	5.7	\$31.73	\$179	20.1%	(5.6%)	4.2%	(0.6%)
4/7/11	NMM	Public Offering	4.0	\$19.68	\$91	(28.7%)	(5.7%)	2.9%	(1.4%)
4/7/11	GMLP	IPO	12.0	\$22.50	\$270	36.3%	(5.7%)	8.9%	(1.4%)
4/7/11	UAN	IPO	19.2	\$16.00	\$353	55.1%	(5.7%)	6.3%	(1.4%)
4/13/11	BPL	Public Offering	4.8	\$59.41	\$285	4.2%	(4.3%)	7.1%	1.2%
4/20/11	TLLP	IPO	13.0	\$21.00	\$273	56.7%	(5.5%)	13.9%	2.3%
4/28/11	TCLP	Public Offering	6.3	\$47.58	\$300	(2.5%)	(7.6%)	(1.6%)	(1.9%)
4/29/11	CMLP	Public Offering	1.8	\$30.65	\$55	6.0%	(7.8%)	(5.9%)	(1.7%)
5/11/11	NGL	IPO	3.5	\$21.00	\$74	(1.8%)	(6.3%)	1.4%	(0.1%)
5/12/11	EPB	Public Offering	14.0	\$34.51	\$483	(2.9%)	(6.8%)	(0.5%)	(0.4%)
5/23/11	ETE	Units Sold By Sponsors	4.5	\$37.98	\$169	0.2%	(4.5%)	11.0%	2.1%
5/25/11	EXLP	Public Offering	5.0	\$25.95	\$130	(22.4%)	(4.8%)	(3.0%)	(0.6%)
5/27/11	BWP	Public Offering	6.0	\$29.33	\$176	(5.2%)	(5.5%)	(4.1%)	(3.4%)
5/31/11	NRGY	Public Offering	9.0	\$36.00	\$324	(34.2%)	(6.5%)	(2.8%)	(4.5%)
6/9/11	SEP	Public Offering	6.3	\$30.96	\$194	3.7%	(2.4%)	(1.8%)	(1.7%)
6/13/11	KMP	Public Offering	6.7	\$71.44	\$479	16.7%	(1.1%)	(0.6%)	0.5%
6/15/11	BBEP	Units Sold By Sponsors	7.0	\$19.78	\$138	(1.5%)	(0.6%)	(1.9%)	1.7%
6/15/11	GSJK	IPO	2.7	\$20.00	\$53	(25.0%)	(0.6%)	(9.6%)	1.7%
6/28/11	EKP	Public Offering	7.0	\$30.00	\$210	11.4%	(3.0%)	(0.0%)	3.3%
7/5/11	TOO	Private Placement	0.7	\$28.57	\$20	(10.9%)	(6.0%)	4.9%	(1.8%)
7/8/11	WES	Units To Sponsor	3.0	\$34.88	\$103	13.5%	(6.4%)	3.4%	(2.1%)
7/19/11	MWE	Public Offering	3.5	\$48.00	\$193	13.9%	(5.2%)	(0.7%)	0.4%
7/13/11	OILT	IPO	11.5	\$21.50	\$247	29.9%	(4.6%)	12.8%	0.6%
7/14/11	RNO	Public Offering	2.5	\$24.50	\$61	(23.0%)	(3.9%)	5.6%	2.7%
7/14/11	GEL	Public Offering	7.4	\$26.30	\$193	2.5%	(3.9%)	(1.3%)	2.7%
7/26/11	AMID	IPO	3.8	\$21.00	\$79	(13.5%)	(5.6%)	(2.1%)	(5.8%)
8/11/11	PAA	Units Sold By Sponsors	7.5	\$63.18	\$474	16.3%	7.2%	(5.8%)	(2.7%)
8/31/11	NGL	Units To Sponsor	9.0	\$21.40	\$192	(3.6%)	3.2%	3.5%	(2.7%)
9/7/11	CLMT	Public Offering	11.0	\$18.00	\$198	3.3%	4.9%	(3.7%)	(0.8%)
9/13/11	COP	Units To Sponsor	0.7	\$15.25	\$10	12.8%	7.2%	(6.2%)	2.5%
9/20/11	WES	Public Offering	5.0	\$35.86	\$206	15.0%	4.6%	(2.3%)	(2.2%)
9/22/11	EKP	Public Offering	8.0	\$28.20	\$226	22.7%	11.3%	(2.1%)	2.7%
10/7/11	RGP	Public Offering	10.0	\$20.92	\$209	22.6%	8.8%	0.4%	6.0%
10/7/11	MWE	Public Offering	5.0	\$45.52	\$228	22.6%	8.8%	2.1%	6.0%
10/10/11	HEP	Units To Sponsor	3.8	\$50.00	\$190	2.8%	5.2%	7.6%	0.5%
10/12/11	CHKM	Units Sold By Sponsors	10.0	\$26.65	\$267	10.7%	4.2%	(1.7%)	0.2%
11/2/11	TGP	Public Offering	5.5	\$33.40	\$184	(4.1%)	1.6%	(4.6%)	(0.7%)
11/8/11	ETP	Public Offering	13.3	\$44.67	\$592	4.8%	(1.4%)	(1.1%)	(1.4%)
11/8/11	LGCY	Public Offering	3.4	\$28.85	\$98	(1.8%)	(1.4%)	(4.8%)	(1.4%)
11/9/11	PAA	Public Offering	6.0	\$65.03	\$390	16.2%	2.3%	(1.3%)	0.6%
11/9/11	RNF	IPO	15.0	\$20.00	\$300	(18.3%)	2.3%	1.3%	0.6%
11/11/11	LRE	IPO	9.4	\$19.00	\$179	3.2%	(0.5%)	0.7%	(3.8%)
11/14/11	PVR	Public Offering	7.0	\$24.55	\$172	(0.3%)	0.5%	(3.8%)	(4.7%)
11/30/11	BBEP	Units Sold By Sponsors	7.0	\$16.52	\$115	3.1%	0.9%	9.6%	1.1%
11/30/11	HEP	Public Offering	1.4	\$53.50	\$75	(3.5%)	0.9%	0.1%	1.1%
12/1/11	EKP	Public Offering	8.5	\$30.85	\$262	3.8%	1.0%	(1.6%)	(0.8%)
12/5/11	NS	Public Offering	5.3	\$53.45	\$281	1.7%	0.0%	1.0%	(1.6%)
12/7/11	EPD	Public Offering	9.0	\$44.68	\$462	1.0%	(0.3%)	0.4%	(3.9%)
12/9/11	MEMP	IPO	9.0	\$19.00	\$171	(4.8%)	0.2%	(1.1%)	(2.8%)
12/9/11	RRMS	IPO	7.0	\$20.00	\$140	2.9%	0.2%	(4.0%)	(2.8%)
12/12/11	PSE	Public Offering	2.6	\$29.20	\$76	(14.1%)	1.7%	(12.5%)	(2.5%)
12/13/11	MWE	Public Offering	10.0	\$54.25	\$543	0.6%	2.6%	(0.6%)	1.3%
12/13/11	PSE	Units Sold By Sponsors	1.8	\$29.20	\$53	(7.4%)	2.6%	(9.8%)	1.3%
12/14/11	MCEP	IPO	5.4	\$18.00	\$97	1.9%	3.8%	1.5%	2.6%
12/15/11	NRGM	IPO	16.0	\$17.00	\$272	11.5%	3.4%	7.6%	3.1%
12/28/11	CHKM	Units To Sponsor	9.8	\$27.04	\$265	6.9%	0.6%	8.0%	2.2%
Total / Median					\$21,313	1.0%	(2.9%)	(0.6%)	(0.1%)

Note: Data includes IPOs of C-corp. general partner (GP) sponsor of MLP

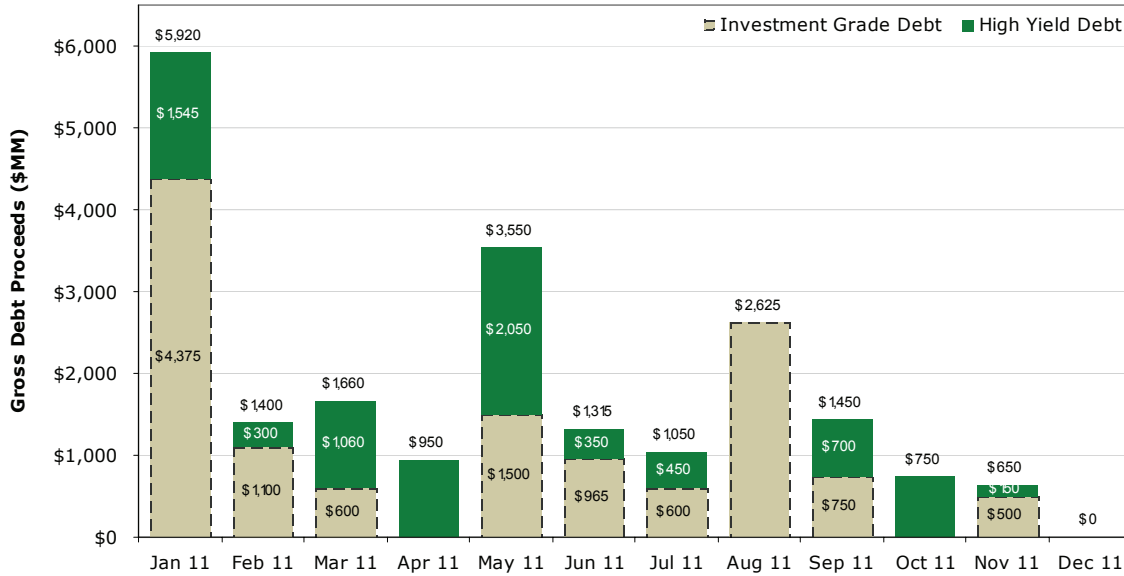
Source: Partnership reports and FactSet

Master Limited Partnerships

MLPs Issued \$20.7 Billion Of Debt In 2011

In 2011, MLPs raised \$20.7 billion of debt, of which 60% was issued by MLPs with an investment grade credit rating and 40% was issued by MLPs with a non-investment grade (or high yield) credit rating. For the month of December, MLPs did not issue any new senior notes.

Figure 37. MLP Debt Offerings Over The Trailing 12 Months



Source: Partnership reports

Figure 38. 2011 MLP Debt Offerings

Date	Issuer	Investment Grade?		Credit Rating		Coupon Rate	Price-To-Yield	Term (Years)	Gross Proceeds (\$MM)
		Grade?	S&P	Moody's					
1/4/11	EPD	Yes	BBB-	Baa3	3.20%	3.20%	5	\$750	
1/4/11	EPD	Yes	BBB-	Baa3	5.95%	5.95%	30	\$750	
1/4/11	BPL	Yes	BBB	Baa3	4.88%	4.88%	10	\$650	
1/5/11	APU	No	NA	Ba3	6.50%	6.50%	10	\$470	
1/14/11	PAA	Yes	BBB-	Baa3	5.00%	5.06%	10	\$600	
1/13/11	BWP	Yes	BBB	Baa1	4.50%	4.50%	10	\$325	
1/19/11	NRGY	No	B+	NA	6.88%	6.88%	10	\$750	
1/19/11	NGLS	No	BB	B1	6.88%	6.88%	10	\$325	
1/21/11	OKS	Yes	BBB	Baa2	3.25%	3.25%	5	\$650	
1/21/11	OKS	Yes	BBB	Baa2	6.13%	6.13%	30	\$650	
2/9/11	MWE	No	BB	Ba3	6.50%	6.50%	10	\$300	
2/24/11	KMP	Yes	BBB	Baa2	3.50%	3.50%	5	\$500	
2/24/11	KMP	Yes	BBB	Baa2	6.38%	6.38%	30	\$600	
3/10/11	MWE	No	BB	Ba3	6.50%	6.57%	10	\$200	
3/17/11	EVEP	No	B-	B3	8.00%	8.00%	8	\$300	
3/22/11	CPNO	No	B+	B1	7.13%	7.13%	10	\$360	
3/25/11	CMLP	No	NA	B3	7.75%	7.75%	8	\$200	
4/11/11	CHKM	No	BB+	Ba3	5.88%	5.88%	10	\$350	
4/15/11	CLMT	No	B	B3	9.38%	9.38%	8	\$400	
4/20/11	NRP	No	NA	NA	4.73%	4.73%	12	\$75	
4/20/11	NRP	No	NA	NA	5.03%	5.03%	15	\$125	
5/9/11	ETP	Yes	BBB-	Baa3	4.65%	4.65%	10	\$800	
5/9/11	ETP	Yes	BBB-	Baa3	6.05%	6.05%	30	\$700	
5/9/11	WES	No	BB+	NA	5.38%	5.39%	10	\$500	
5/10/11	LINE	No	B	B2	6.50%	6.55%	8	\$750	
5/23/11	RGNC	No	BB-	B1	6.50%	6.50%	10	\$500	
5/24/11	EROC	No	NA	B3	8.38%	8.50%	8	\$300	
6/2/11	EPB	No	NA	NA	4.40%	4.40%	10	\$300	
6/6/11	SEP	Yes	BBB	Baa3	2.95%	2.96%	5	\$250	
6/6/11	SEP	Yes	BBB	Baa3	4.60%	4.60%	10	\$250	
6/9/11	BWP	Yes	BBB	Baa1	4.50%	4.31%	10	\$115	
6/14/11	TCPL	Yes	BBB	Baa2	4.65%	4.67%	10	\$350	
6/15/11	NRP	No	NA	NA	5.03%	5.03%	15	\$50	
7/27/11	APU	No	NA	Ba3	6.25%	6.25%	8	\$450	
7/28/11	SXL	Yes	BBB	Baa2	4.65%	4.66%	10	\$300	
7/28/11	SXL	Yes	BBB	Baa2	6.10%	6.10%	30	\$300	
8/3/11	KMP	Yes	BBB	Baa2	4.15%	4.16%	11	\$375	
8/3/11	KMP	Yes	BBB	Baa2	5.63%	5.66%	30	\$375	
8/10/11	WPZ	Yes	BBB-	Baa2	5.40%	5.45%	30	\$375	
8/10/11	EPD	Yes	BBB-	Baa3	4.05%	4.06%	10	\$650	
8/10/11	EPD	Yes	BBB-	Baa3	5.70%	5.71%	30	\$600	
8/18/11	MMP	Yes	BBB	Baa2	4.53%	3.73%	10	\$250	
9/7/11	EET	Yes	BBB	Baa2	4.20%	4.20%	10	\$600	
9/7/11	EET	Yes	BBB	Baa2	5.50%	5.50%	40	\$150	
9/7/11	CLMT	No	B	B3	9.38%	9.38%	8	\$200	
9/15/11	EPB	No	BB	Ba1	5.00%	5.09%	10	\$500	
10/3/11	NRP	No	NA	NA	5.18%	5.18%	15	\$50	
10/25/11	MWE	No	BB	Ba3	6.25%	6.25%	10	\$700	
11/14/11	WPZ	Yes	BBB-	Baa3	4.00%	4.02%	10	\$500	
11/16/11	APL	No	NA	B3	8.75%	8.45%	7	\$150	
Weighted Average / Total						5.53%	5.53%	\$20,720	

Offering Type	% Of Total
Investment Grade Debt Offering	60%
High Yield Debt Offering	40%

Note: EPB's June debt offering was made by Southern Natural Gas (SNG). SNG is indirectly owned 85% by the partnership and 15% El Paso Corp (EP)

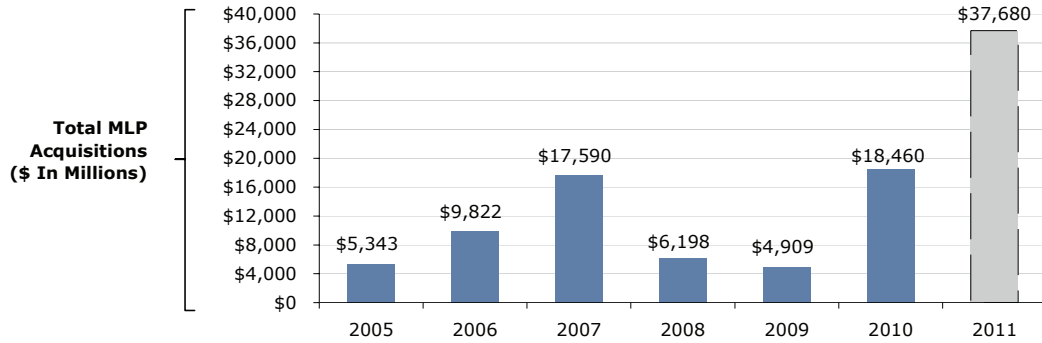
Source: Partnership reports and FactSet

Master Limited Partnerships

Ten Acquisitions Were Announced In December

Ten MLPs announced acquisitions in December, totaling more than \$6.2 billion. The transactions include gathering and processing (MWE, \$1,800 million, CHKM, \$865 million, WPZ, \$750 million, and WES, \$483 million), NGL infrastructure (PAA, \$1,670 million), crude oil pipeline (PAA, \$388 million), crude oil storage (PAA, \$220 million), refined products storage (KMP, \$215 million), propane (NGL, \$30.5 million), Other (PAA, \$12 million and NRP, not disclosed) assets.

Figure 39. Historical MLP Acquisition Spending

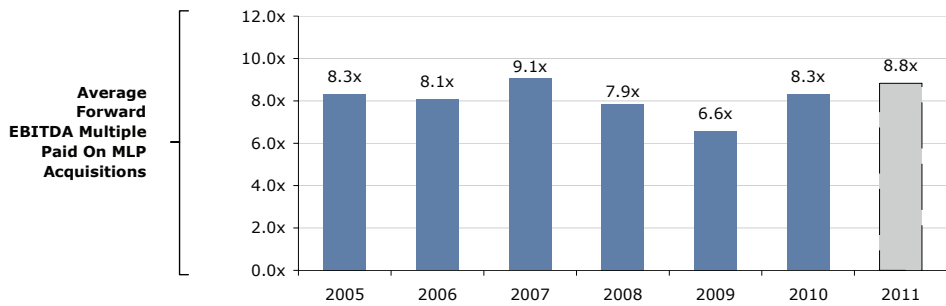


\$ in millions	2005	2006	2007	2008	2009	2010	2011
Pipelines	\$1,633	\$3,072	\$1,722	\$2,668	\$1,373	\$4,713	\$16,614
Storage	\$1,562	\$637	\$1,663	\$706	\$597	\$3,676	\$4,379
Gathering/Processing/Fractionation	\$1,744	\$4,218	\$4,803	\$781	\$1,040	\$6,000	\$6,243
Upstream	\$0	\$900	\$7,283	\$563	\$967	\$2,418	\$4,370
Marine Transportation	\$106	\$106	\$418	\$1,413	\$135	\$850	\$1,819
Coal	\$71	\$334	\$223	\$25	\$399	\$170	\$253
Propane	\$228	\$550	\$48	\$42	\$276	\$49	\$3,116
Other	\$0	\$5	\$1,431	\$0	\$123	\$585	\$888
Total	\$5,343	\$9,822	\$17,590	\$6,198	\$4,909	\$18,460	\$37,680

Source: Partnership reports and Wells Fargo Securities, LLC

In 2011, acquisition multiples averaged 8.8x, compared to 8.3x in 2010. The slightly higher acquisition multiples reflect healthier capital markets and a more competitive acquisition landscape early in 2011, in our view. Further, MLPs' lower cost of capital has positioned the partnerships to pay more for acquisitions, all else equal. Excluding upstream acquisitions, the 2011 average acquisition multiple is 9.2x EBITDA.

Figure 40. Estimated Acquisition Multiples Paid
Forward MLP Acquisition Multiples



	2005	2006	2007	2008	2009	2010	2011
Pipelines	8.3x	8.4x	13.9x	9.3x	8.2x	9.5x	10.9x
Storage	11.6x	9.2x	10.0x	8.3x	8.8x	9.9x	11.3x
Gathering/Processing/Fractionation	9.7x	9.2x	9.9x	10.0x	6.7x	9.1x	10.6x
Upstream	-	5.0x	6.5x	5.0x	5.4x	6.8x	6.0x
Marine Transportation	-	9.1x	9.0x	9.1x	6.0x	7.1x	7.8x
Coal	4.6x	-	7.3x	-	5.8x	-	7.3x
Propane	7.4x	7.5x	6.3x	5.5x	6.4x	-	7.8x
Other	-	-	9.6x	-	5.3x	7.3x	9.1x
Total	8.3x	8.1x	9.1x	7.9x	6.6x	8.3x	8.8x

Source: Partnership reports and Wells Fargo Securities, LLC estimates

Update On MLP Products

MLP Closed-End Fund Update

In December, the market value of MLP closed-end funds (including funds that can invest up to 25% of their assets in MLP equity and debt securities) increased 3.3% to \$12,219 million from \$11,823 million. Currently, the aggregate median closed-end fund dividend yield is 6.7%, which is a slight discount to the median MLP yield of 6.5%. MLP closed-end funds currently trade at a discount to NAV is 3.3% (median). For 2011, the median total return for the group was a gain of 2.9%, which compares to a total return of 14.5% for the Wells Fargo MLP TR Index.

Figure 41. CEF Comp Table

<i>\$ in millions, except per share data</i>										
	Ticker	Price 12/31/11	3-Month Avg Vol	Market Value	Dividend Yield	NAV / Share	Premium / (Discount) To NAV	YTD Return	IPO / Inception	
MLP Closed-End Funds	ClearBridge Energy MLP Fund Inc.	CEM	\$22.44	153,039	\$1,436.6	6.5%	\$22.14	1.4%	9.0%	6/25/10
	ClearBridge Energy MLP Opportunity Fund Inc.	EMO	\$19.08	90,966	\$574.6	6.9%	\$19.86	(3.9%)	(1.4%)	6/10/11
	Cushing MLP Total Return Fund	SRV	\$8.90	102,999	\$293.0	10.1%	\$7.72	15.3%	(7.4%)	8/27/07
	Energy Income & Growth Fund	FEN	\$28.25	81,084	\$318.2	6.7%	\$29.01	(2.6%)	12.2%	6/24/04
	Fiduciary/Claymore MLP Opportunity Fund	FMO	\$21.47	78,881	\$524.6	6.6%	\$21.28	0.9%	6.0%	12/22/04
	Kayne Anderson MLP Investment Co.	KYN	\$30.37	219,902	\$2,273.7	6.7%	\$28.00	8.5%	3.2%	9/27/04
	MLP & Strategic Equity Fund Inc	MTP	\$17.08	49,359	\$253.0	5.6%	\$18.52	(7.8%)	1.6%	6/29/07
	Nuveen Energy MLP Total Return Fund	JMF	\$17.39	91,681	\$385.2	7.3%	\$18.30	(5.0%)	(8.4%)	2/24/11
	Tortoise Energy Capital Corp.	TYT	\$26.83	53,667	\$522.3	6.1%	\$26.67	0.6%	2.7%	5/26/05
	Tortoise Energy Infrastructure Corp.	TYG	\$39.99	59,280	\$1,101.6	5.6%	\$34.96	14.4%	10.8%	2/24/04
	Tortoise MLP Fund, Inc.	NTG	\$25.77	122,560	\$1,174.9	6.4%	\$25.35	1.7%	13.5%	7/27/10
	Tortoise North American Energy	TYN	\$24.46	23,071	\$154.0	6.3%	\$25.51	(4.1%)	4.2%	10/27/05
MLP Closed-End Fund Mean			93,874	\$751.0	6.7%		1.6%	3.8%		
MLP Closed-End Fund Median			86,025	\$523.4	6.6%		0.7%	3.7%		
Other	Duff & Phelps Global Utility Income Fund	DPG	\$18.10	171,960	\$665.2	7.7%	\$19.25	(6.0%)	(6.1%)	7/27/11
	First Trust Energy Infrastructure Fund	FIF	\$20.25	103,433	\$349.3	6.4%	\$22.47	(9.9%)	2.4%	9/27/11
	Kayne Anderson Energy Development Co.	KED	\$21.41	50,374	\$221.1	7.1%	\$22.01	(2.7%)	27.5%	9/21/06
	Kayne Anderson Energy Total Return Fund	KYE	\$25.31	96,386	\$882.3	7.6%	\$26.13	(3.1%)	(6.6%)	6/27/05
	Kayne Anderson Midstream Energy	KMF	\$24.94	96,226	\$537.9	6.7%	\$26.95	(7.5%)	6.6%	11/23/10
	Salient MLP & Energy Infrastructure Fund	SMF	\$23.30	24,127	\$142.1	7.0%	\$24.99	(6.8%)	(3.5%)	5/26/11
	Tortoise Power and Energy Infrastructure	TPZ	\$24.99	24,981	\$173.7	6.0%	\$25.90	(3.5%)	8.6%	7/29/09
	Tortoise Pipeline & Energy Fund, Inc.	TTP	\$23.60	90,882	\$236.0	6.9%	\$25.35	(6.9%)	(5.2%)	10/31/11
	MLP-Related Closed-End Funds Mean			82,296	\$400.9	6.9%		(5.8%)	2.9%	
	MLP-Related Closed-End Funds Median			93,554	\$292.7	7.0%		(6.4%)	(0.6%)	
All Closed-End Funds Mean			89,243	\$611.0	6.8%		(1.4%)	3.5%		
All Closed-End Funds Median			90,924	\$453.7	6.7%		(3.3%)	2.9%		

Note: NAV per share calculated using the most recent NAV available

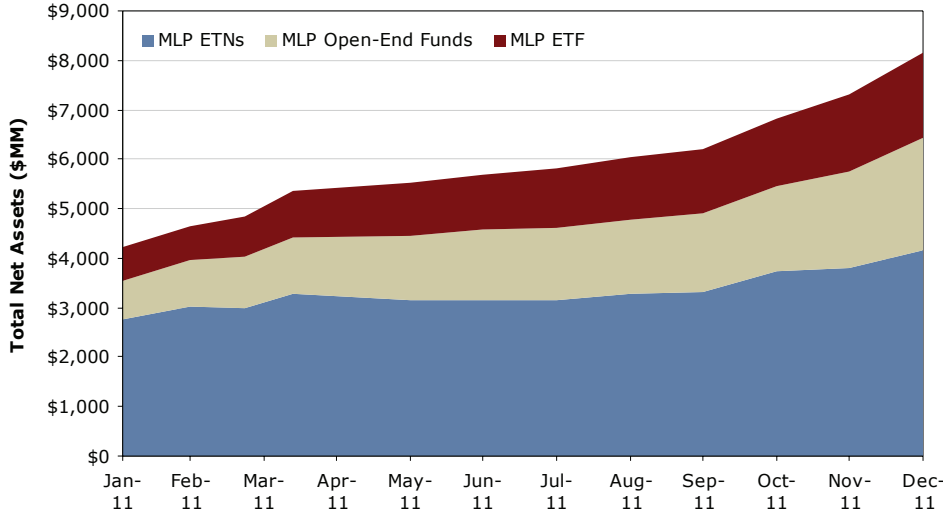
Source: Fund reports, Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

MLP Open-End Fund, ETN, And ETF Overview

In December, MLP products (i.e., MLP open-end funds, exchange-traded notes (ETN), and one exchange-traded fund (ETF) increased assets by 11.5%, to \$8.2 billion from \$7.3 billion in November. On a percentage basis, MLP open-end funds increased their assets by 17.8% from the prior month, while ETNs and the ETF experienced sequential increases of 9.4% and 8.6%, respectively. On a year-over-year basis, total net assets for these products have more than doubled, to \$8.2 billion from \$4.0 billion (as of December 31, 2010). During this period, nine additional MLP-related products launched IPOs (i.e., six CEFs, two open-end funds, and one ETN).

Master Limited Partnerships

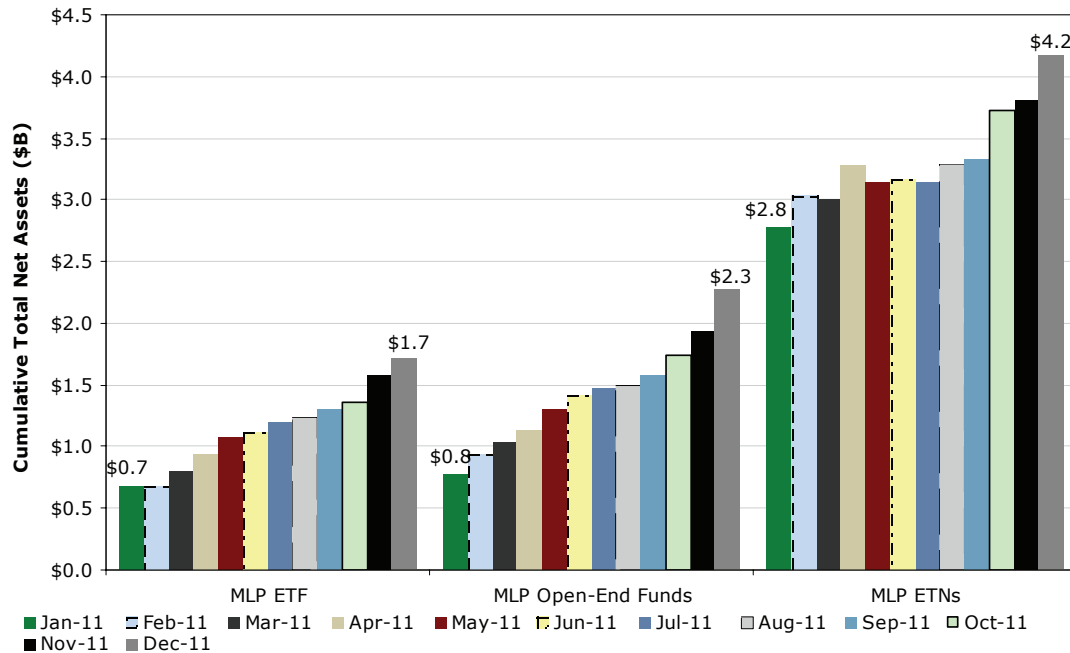
Figure 42. MLP Products Cumulative Total Net Assets



Source: Bloomberg and FactSet

MLP open-end funds increased their total net assets by 17.8%, to \$2.28 billion from \$1.93 billion in November. In December, the three MLP open-end funds that increased their assets the most were SteelPath MLP Select 40, Center Coast MLP Focus, and SteelPath MLP Alpha Funds, which increased assets by \$90.7 million, \$84.3 million, and \$64.9 million, respectively. The JPMorgan Alerian ETN, which increased its assets by \$367.0 million, was the primary driver behind the 9.4% increase in MLP ETN assets from the prior month. Finally, the Alerian MLP ETF increased its assets by \$136.1 million, to \$1,713 million in December. To note, asset data for closed-end funds are reported on a quarterly basis.

Figure 43. MLP Products Cumulative Total Net Assets



Source: Bloomberg and FactSet

MLP ETN/ETF Update

MLP ETFs and ETNs' total net assets increased to \$5,881 million in December from \$5,386 million in November. The median ETN and ETF median yield was 5.3% (versus the median MLP yield of 6.5%). Notably, the largest MLP ETF and ETN, the AMLP and AMJ, respectively, had dividend yields of 6.1% and 5.0% at the end of the month.

Figure 44. ETN And ETF Comp Table

MLP Exchange Traded Notes		Ticker	Price 12/31/11	Market Value (MM)	Dividend Yield	YTD Return	NAV / Share	Total Net Assets (MM)	Issuer
MLP ETF And ETNs	Alerian MLP ETF	AMLP	\$16.62	\$1,993.2	6.1%	3.4%	\$16.59	\$1,713.4	N/A
	Credit Suisse Cushing 30 MLP Index ETN	MLPN	\$25.07	\$242.7	5.3%	4.7%	\$23.30	\$197.2	CS
	JPMorgan Alerian MLP ETN	AMJ	38.97	\$3,639.9	5.0%	7.2%	\$38.96	\$3,639.0	JPM
	Morgan Stanley Cushing High Income Index ETN	MLPY	\$16.30	\$19.4	6.8%	(2.9%)	\$15.22	\$18.6	MS
	UBS E-TRACS 1xMonthly Short Alerian MLP Index	MLPS	\$18.26	\$10.3	NA	(18.6%)	\$19.90	\$11.0	UBS
	UBS E-TRACS 2x Leveraged Long Alerian	MLPL	\$40.70	\$93.9	9.6%	18.3%	\$34.98	\$83.9	UBS
	E-TRACS Alerian Natural Gas MLP Index	MLPG	\$29.91	\$15.0	5.3%	3.7%	\$28.08	\$14.3	UBS
	UBS E-TRACS Alerian MLP Infrastructure	MLPI	\$33.10	\$213.0	4.9%	10.0%	\$29.50	\$185.5	UBS
	UBS E-TRACS Wells Fargo MLP Index	MLPW	\$27.70	\$19.4	4.9%	8.4%	\$25.66	\$18.4	UBS
	MLP ETN and ETF Mean / Total				\$694.1	6.0%	3.8%	\$25.80	\$5,881.3
MLP ETN and ETF Median				\$93.9	5.3%	4.7%	\$25.66	\$83.9	

Note 1: NAV per share calculated using the most recent NAV available
Source: Fund reports, Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

MLP Open-End Fund Update

In December, the median implied yield for MLP open-end funds was 6.4%, versus the median MLP yield of 6.5% and 6.6% in November. For the month, these funds increased their total assets by approximately 17.8%, to \$2.28 billion from \$1.93 billion in November. For 2011, MLP open-end funds total return was 6.4%, which compares with a total return of 14.5% for the Wells Fargo MLP TR Index.

Figure 45. MLP Open-End Funds (Mutual Funds)

MLP Open-End Fund	Ticker	NAV 12/31/11	Total Assets (\$ in MM)	Current Annualized Dividend	Implied Yield	Minimum Investment	YTD Total Return	Front Load	Mgmt Fee
Center Coast MLP Focus Fund - Retail	CCCAX	\$10.49	\$166.1	\$0.64	6.1%	\$2,500	10.9%	5.8%	1.0%
Center Coast MLP Focus Fund - Retail	CCCXX	\$10.38	\$75.2	\$0.64	6.1%	\$2,500	9.7%	0.0%	1.0%
Center Coast MLP Focus Fund - Institutional	CCCXN	\$10.48	\$75.1	\$0.64	6.1%	\$1,000,000	10.8%	0.0%	1.0%
FAMCO MLP & Energy Income Fund - Retail	INFRX	\$11.25	\$4.2	\$0.60	5.3%	\$2,500	8.0%	5.5%	1.0%
FAMCO MLP & Energy Income Fund - Institutional	INFIX	\$11.11	\$32.5	\$0.60	5.4%	\$1,000,000	15.6%	0.0%	1.0%
FAMCO MLP & Energy Infrastructure Fund	MLPPX	\$11.76	\$23.4	\$0.60	5.1%	\$1,000,000	15.6%	0.0%	0.8%
MainGate MLP Fund - Retail	AMLPX	\$10.20	\$8.4	\$0.63	6.2%	\$2,500	8.7%	5.8%	1.3%
MainGate MLP Fund - Institutional	IMLPX	\$10.23	\$27.1	\$0.63	6.2%	\$1,000,000	8.8%	0.0%	1.3%
SteelPath MLP Alpha Fund Class A	MLPAX	\$10.74	\$129.1	\$0.69	6.4%	\$3,000	5.9%	5.8%	1.1%
SteelPath MLP Alpha Fund Class C	MLPGX	\$10.76	NA	\$0.69	6.4%	\$3,000	3.4%	1.0%	1.1%
SteelPath MLP Alpha Fund Class I	MLPOX	\$10.80	\$495.8	\$0.69	6.4%	\$3,000	6.2%	0.0%	1.1%
SteelPath MLP Select 40 Fund Class A	MLPFX	\$10.90	\$141.9	\$0.70	6.4%	\$3,000	6.4%	5.8%	0.7%
SteelPath MLP Select 40 Fund Class C	MLPEX	\$10.92	NA	\$0.70	6.4%	\$3,000	5.6%	1.0%	0.7%
SteelPath MLP Select 40 Fund Class I	MLPTX	\$10.97	\$515.1	\$0.70	6.4%	\$3,000	0.0%	0.0%	0.7%
SteelPath MLP Select 40 Fund Class Y	MLPYX	\$10.97	\$91.6	\$0.70	6.4%	\$3,000	6.7%	0.0%	0.7%
SteelPath MLP Income Fund Class A	MLPDX	\$10.31	\$190.5	\$0.78	7.5%	\$3,000	0.9%	5.8%	1.0%
SteelPath MLP Income Fund Class C	MLPRX	\$10.30	NA	\$0.78	7.5%	\$3,000	3.1%	0.0%	1.0%
SteelPath MLP Income Fund Class I	MLPZX	\$10.35	\$105.9	\$0.78	7.5%	\$3,000	1.2%	0.0%	1.0%
The Cushing MLP Premier Fund - Retail	CSHAX	\$20.48	\$108.0	\$1.32	6.4%	\$2,000	5.4%	5.8%	1.1%
The Cushing MLP Premier Fund - Retail	CSHCX	\$20.27	\$62.8	\$1.32	6.5%	\$2,000	4.6%	0.0%	1.1%
The Cushing MLP Premier Fund - Institutional	CSHZX	\$20.52	\$32.4	\$1.32	6.4%	\$250,000	5.6%	0.0%	1.1%
Tortoise MLP & Pipeline Fund - Retail	TORTX	\$11.51	\$4.2	\$0.13	1.1%	\$2,500	15.8%	5.8%	0.9%
Tortoise MLP & Pipeline Fund - Institutional	TORIX	\$11.54	\$24.2	\$0.15	1.3%	\$1,000,000	16.1%	0.0%	1.1%
MLP Open-End Fund Total / Median			\$2,313.6		6.4%	\$3,000	6.4%	0.0%	1.0%

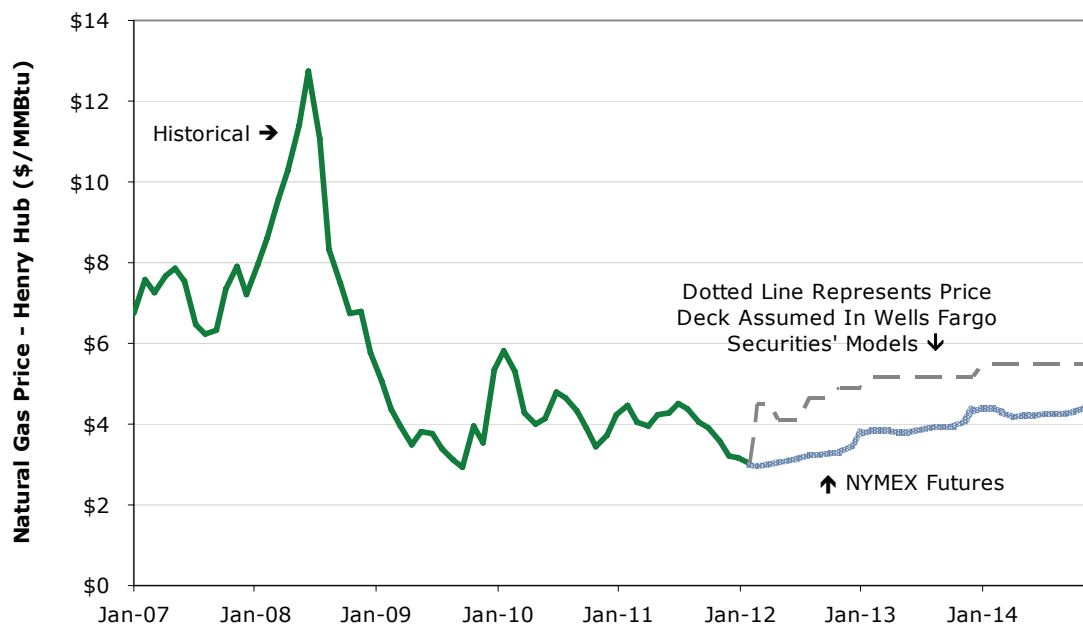
Source: Bloomberg and FactSet

Commodity Overview And Forecast

Natural Gas Prices Declined 2% In December

The average price of natural gas (Henry Hub) declined 1.9% in December, to \$3.15 per million British thermal units (MMBtu) from \$3.21 per MMBtu in November. Natural gas futures are currently averaging \$3.23 per MMBtu in 2012, \$3.94 per MMBtu in 2013, and \$4.34 per MMBtu in 2014.

Figure 46. Natural Gas Outlook



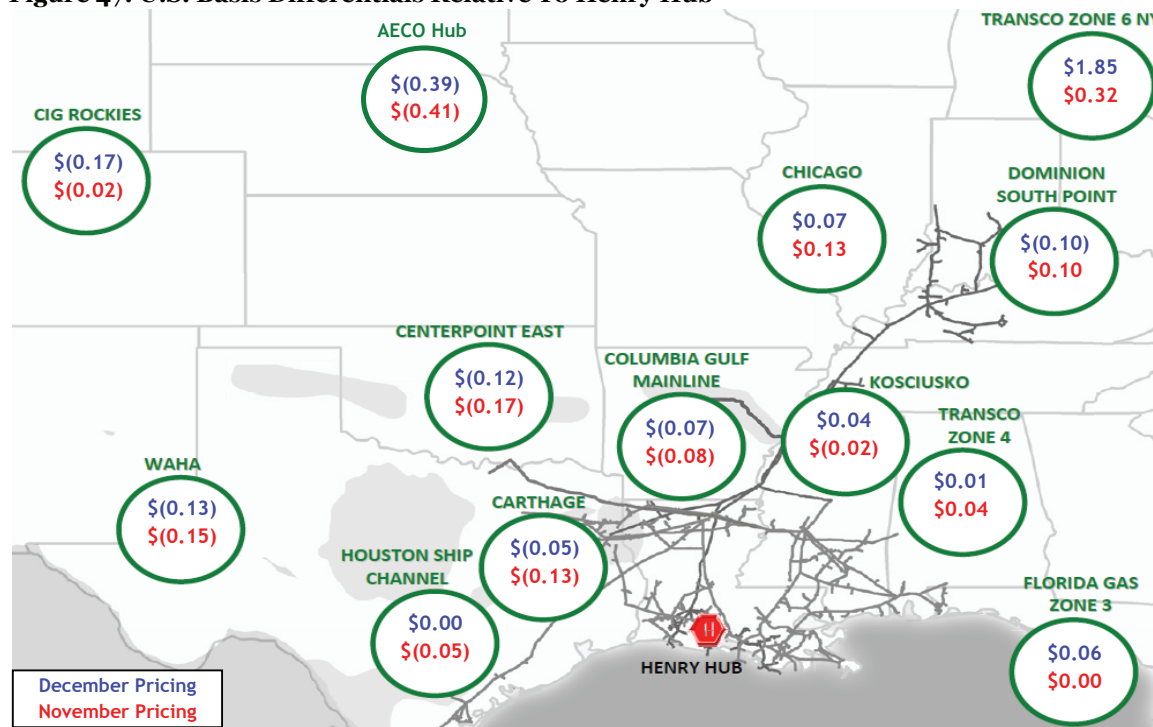
Source: Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

Basis Differentials Were Mixed During December

Basis differentials across the Texas and Gulf Coast regions were mixed during December. Rockies, Transco Zone 6 New York, and Florida Gas Zone 3 basis differentials relative to Henry Hub increased to negative \$0.17, positive \$1.85, and negative \$0.06 per million British thermal unit (MMBtu), respectively, from (\$0.02), \$0.32 and \$0.00 per MMBtu, previously. In contrast, Houston Ship Channel, Carthage, and Chicago narrowed to \$0.00 per MMBtu, negative \$0.05 per MMBtu and positive \$0.07 per MMBtu, respectively, versus negative \$0.05 per MMBtu, negative \$0.13 per MMBtu, and \$0.13 per MMBtu in the prior month. In addition, basis differentials at Waha, AECO Hub, and Columbia Gulf Mainline remained essentially unchanged at negative \$0.13 per MMBtu, negative \$0.39 per MMBtu, and negative \$0.07 per MMBtu, respectively, as compared to negative \$0.15 per MMBtu, negative \$0.41 per MMBtu, and negative \$0.08 per MMBtu in November.

As a reminder, natural gas basis differentials are a key driver of intrastate natural gas transportation results (specifically in the Texas and Gulf Coast region) for a number of MLPs. Intrastate pipeline networks transport natural gas between many hubs and points within Texas; hence, basis differentials among multiple hubs in the region are a driver of segment revenue.

Figure 47. U.S. Basis Differentials Relative To Henry Hub

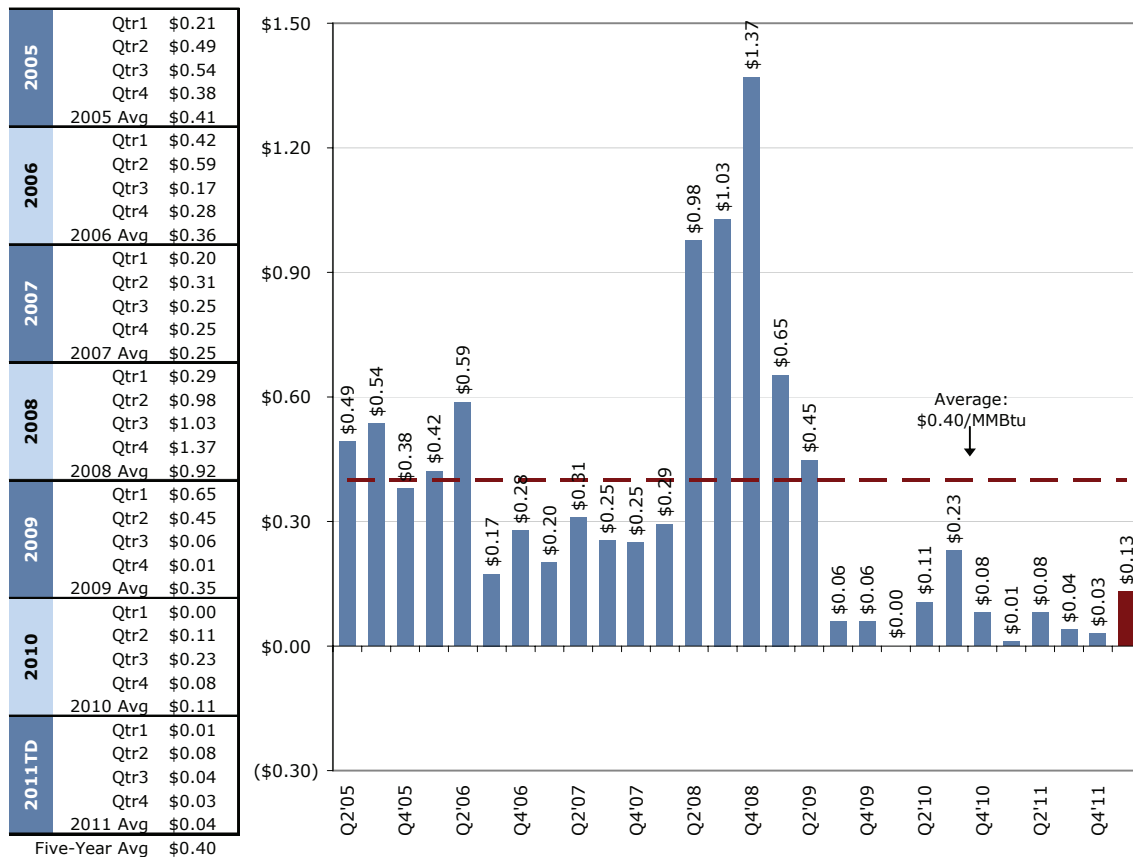


Source: Bloomberg

In Figure 48, we have highlighted the Katy-Waha basis spread (i.e., West-to-East) given its prominence within a number of MLP intrastate pipeline systems. For Q4, the differential between these two hubs decreased to an average of \$0.03 per MMBtu after averaging \$0.08 per MMBtu in Q2 and \$0.04 per MMBtu in Q3. However, the Katy-Waha basis spread improved to \$0.13 per MMBtu by the end of December. To note, several MLP management teams have indicated that the breakeven cost to move natural gas across Texas is approximately \$0.08-0.12 per MMBtu. Hence, the West-to-East basis differential will need to remain at current levels or increase for pipeline operators to utilize excess pipeline capacity to ship natural gas volume on a spot basis.

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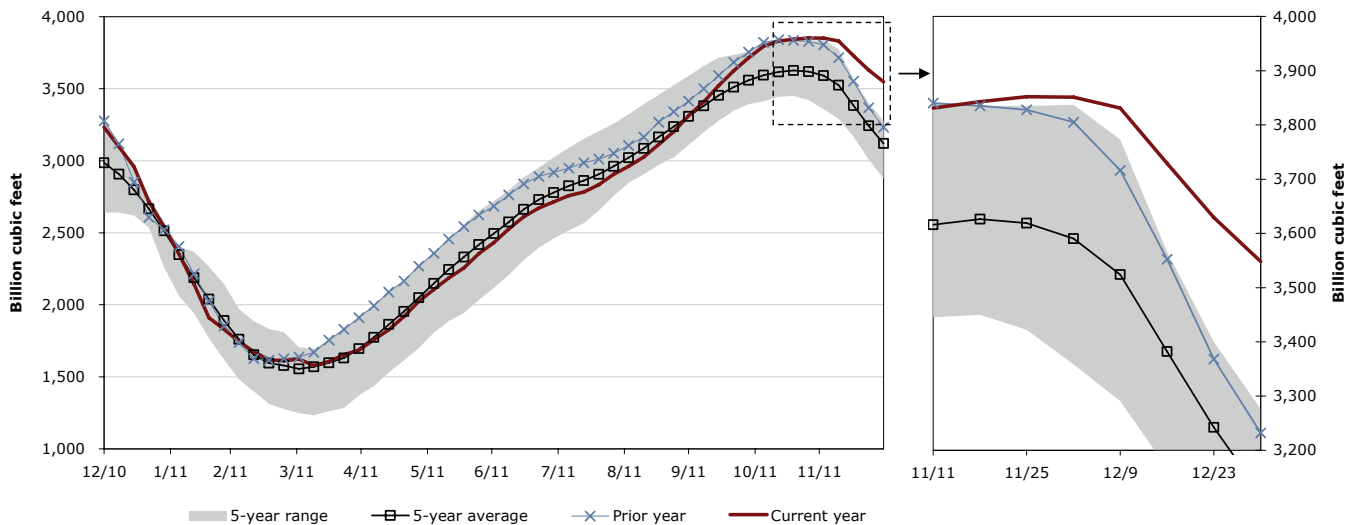
Figure 48. Historical Katy-To-Waha Differential



Source: Bloomberg

On December 23, 2011, the EIA reported a natural gas storage withdrawal of 81 billion cubic feet (Bcf), which compared with the Consensus estimate of 86 Bcf. This compares with the five-year average withdrawal of 132 Bcf and the 136 Bcf withdrawn in 2010. Storage now stands at 3,548 Bcf, which is above the five-year average by 13.7%, and 9.1% higher than 2010 levels.

Figure 49. Natural Gas Storage Inventory



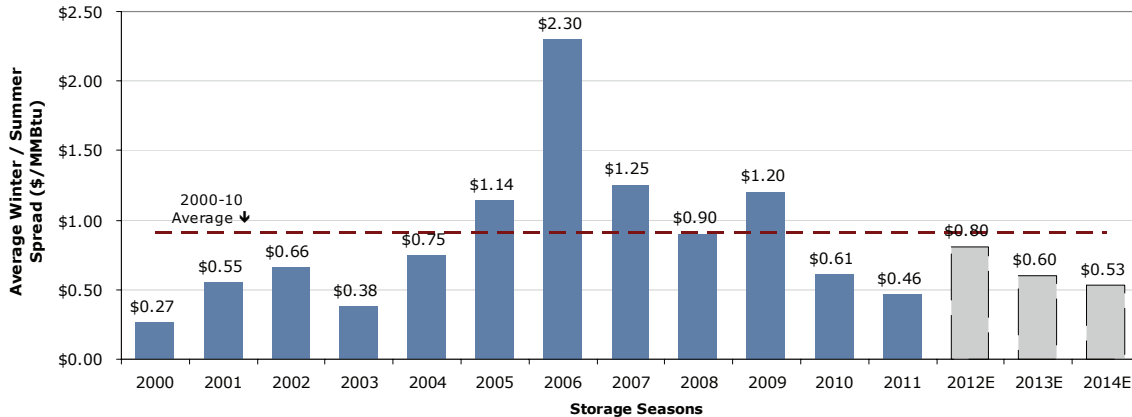
Source: EIA

2012 Seasonal Storage Spreads Widened In December

At the end of December, the implied winter summer spreads for 2012, 2013, and 2014 approximated \$0.80 per MMBtu, \$0.60 per MMBtu, and \$0.53 per MMBtu, respectively, compared to \$0.75 per MMBtu, \$0.59 per MMBtu, and \$0.57 per MMBtu at the end of November. The aforementioned figures are based on the difference between maximum NYMEX futures monthly pricing for the winter (November to April) and minimum NYMEX futures monthly pricing for the summer (May to October) in 2012, 2013, and 2014. Future seasonal spread expectations remain below the five-year historical average (i.e., 2006-2010) of \$1.25 per MMBtu.

As a reminder, the winter to summer spread represents the effective value of storage in any given year because a user of storage can buy natural gas in the summer (when prices are seasonally low due to less demand), inject it into storage, and sell forward on the NYMEX at the higher winter price, locking in a margin.

Figure 50. Historical And Forecasted Winter Summer Spread Based On NYMEX Futures



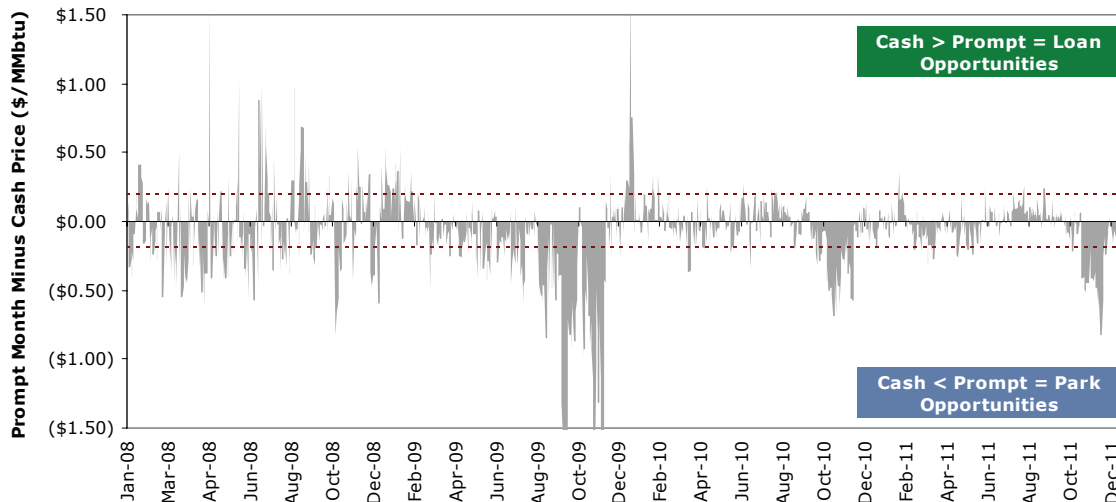
Note: Figures are based on natural gas storage seasons.
Source: Bloomberg and FactSet

Park And Loan Opportunities Weakened In December

Intra-month storage spreads (i.e., the basis for hub services revenue and park and loan opportunities) decreased in December from the prior month. Thus, we estimate that there was a decline in the number of opportunities for storage operators to conduct park and loan activities. Barring a significant change in weather conditions or disruption in supplies, we continue to expect intra-month storage spreads (i.e., short-term firm or cash-prompt) to remain weak.

As shown in Figure 51, when the difference between cash Henry Hub pricing and prompt month futures pricing exceeds \$0.20 per MMBtu (i.e., represents variable costs), storage operators can take advantage of park (cash is less than prompt) and loan (cash is greater than prompt) opportunities.

Figure 51. Prompt Month Versus Spot Gas Prices

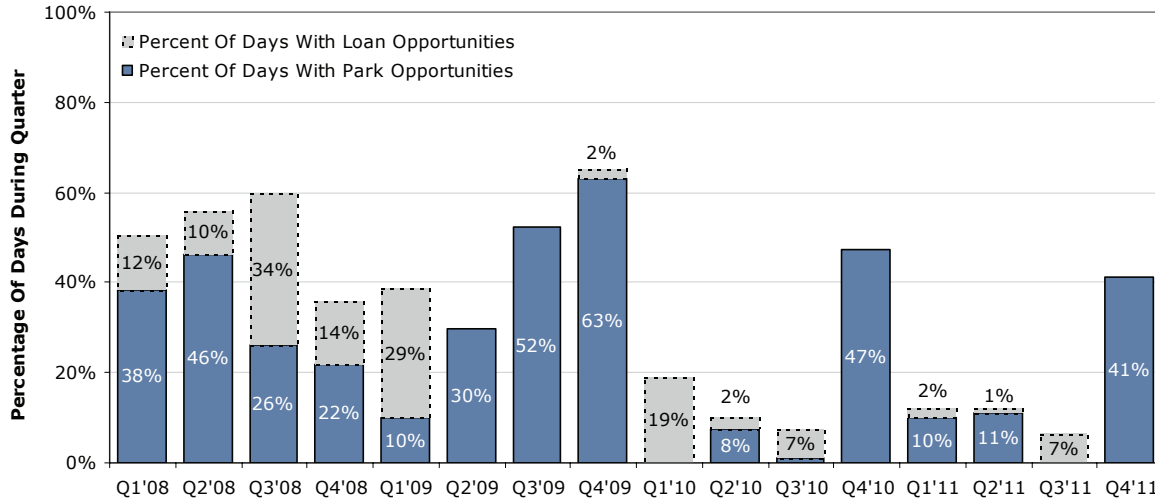


Source: Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

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For Q4 2011, we estimate that 41% of trading days provided storage operators with sufficient spreads to conduct park and loan activities. This was a marked improvement from the prior quarter (of 7%), but down from the prior year period.

Figure 52. Percentage Of Days With Park And Loan Opportunities (By Quarter)

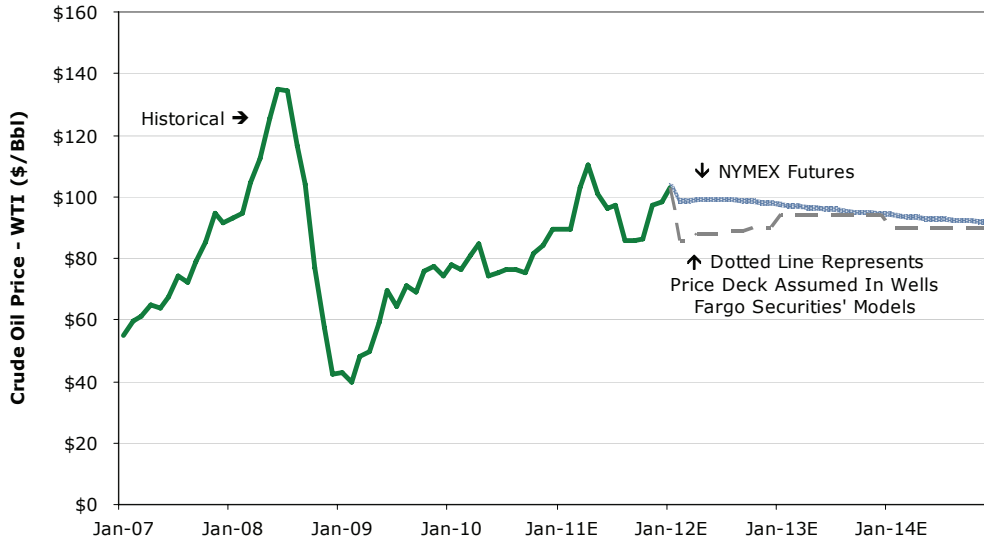


Source: Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

Crude Oil Prices Increased Slightly In December

The average price of crude oil (WTI) increased 1.6% in December, to \$98.56 per bbl from \$97.01 per bbl in November. NYMEX (WTI) crude oil futures are currently averaging \$99.28 per bbl in 2012, \$96.16 per bbl in 2013, and \$93.06 per bbl in 2014.

Figure 53. Crude Oil Outlook

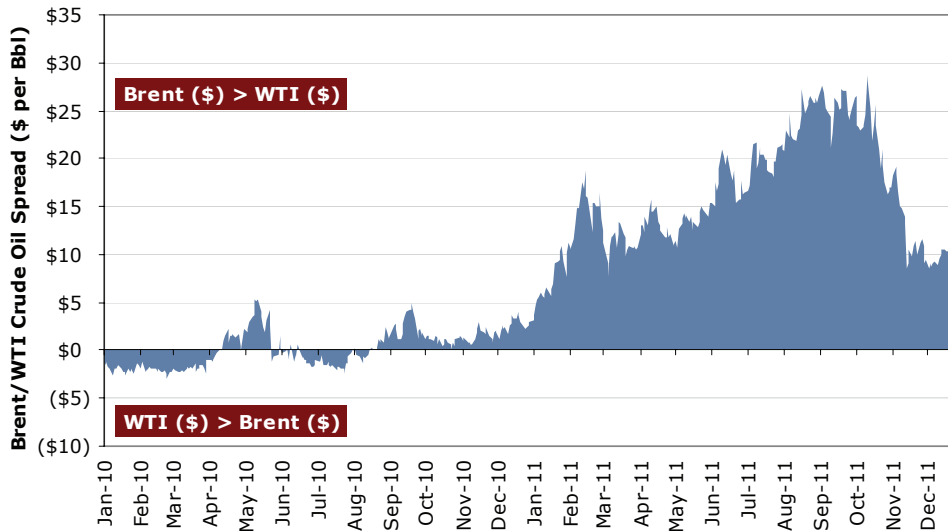


Source: Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

Brent/WTI Crude Price Differential Narrows To \$9/Bbl In December

In 2011, the Brent-to-WTI spread averaged \$15.98 per barrel, or an average 14% WTI discount relative to Brent. This is a shift from historical trading patterns as WTI has historically traded at a slight premium to the Brent crude oil price. From 2004 to 2010, WTI traded at an average premium of \$0.65 per barrel relative to Brent. In December, a barrel of Brent crude averaged \$107.91 per barrel, compared to \$98.56 (average) per barrel for WTI (\$107.91 - \$98.56 = \$9.35 spread).

Figure 54. WTI-To-Brent Crude Differential

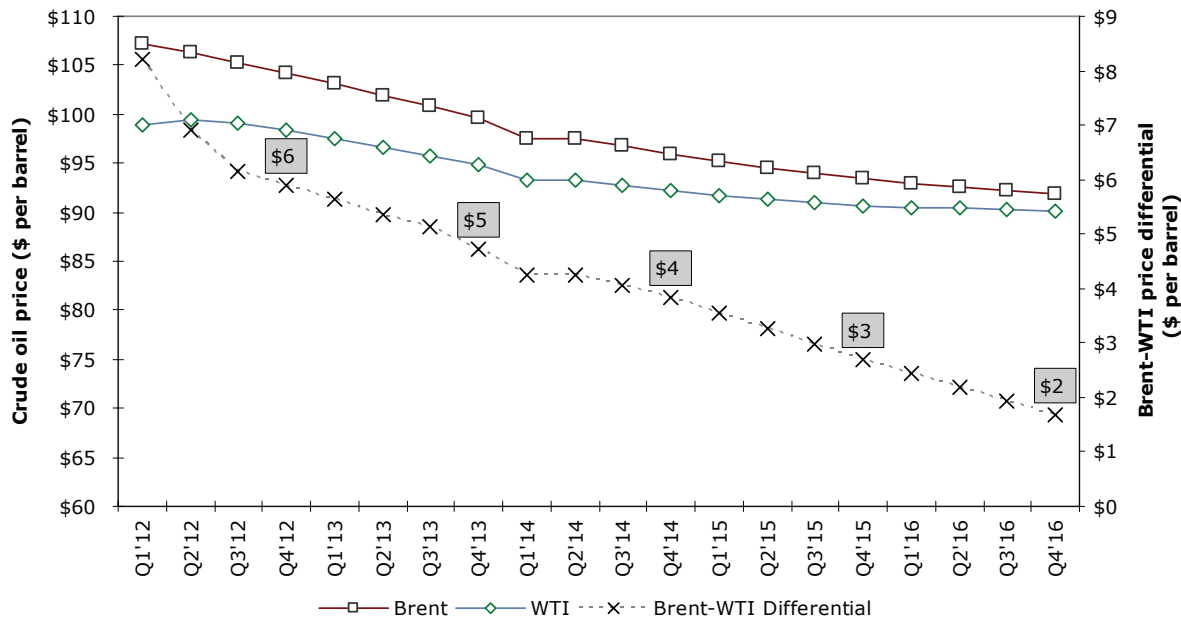


Source: FactSet

WTI And Brent Futures' Price Curves Converge Through 2016

Although spot WTI and Brent crude oil prices reflect a current differential of approximately \$9 per barrel, forward prices for each of these commodities suggest that prices could converge by the end of 2016. The convergence in WTI and Brent crude oil prices most likely reflects the potential impact of projects that will deliver crude oil to the Gulf Coast. Based on current forward pricing for WTI and Brent crude, the spread is expected to narrow to \$6 per barrel by the end of 2012, \$4 per barrel by the end of 2014, and to \$2 per barrel by the end of 2016.

Figure 55. WTI And Brent Forward Price Curves And Spread



Source: FactSet

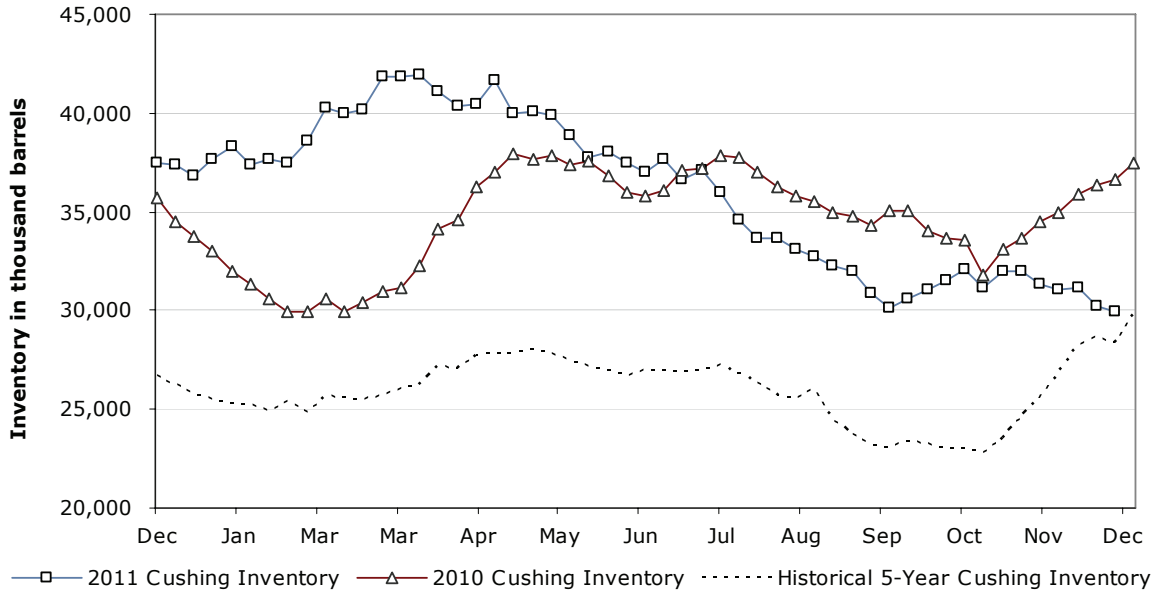
What Is Causing The Dislocation In WTI Crude Oil Pricing?

The dislocation in WTI crude oil pricing is primarily due to an oversupply of crude oil at Cushing, Oklahoma (the delivery point for NYMEX WTI futures contracts). Cushing crude oil inventory levels currently stand at 29,909 MBbls (based on EIA data as of December 23, 2011) as compared to the prior year period of 36,635 MBbls. Although current inventory levels are 18% below those of 2010, Cushing crude oil inventory remains

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approximately 5.4% above the five-year historical average of 28,372 MBbls for the comparable period. Notably, the start-up of phase II of TransCanada's Keystone pipeline in February brought an incremental 500-600 Mbbls/d of heavy crude oil supply to Cushing from Steele City, Nebraska. In addition, active drilling by E&P companies in prolific unconventional oil plays in West Texas, the Rockies, and the Bakken play in North Dakota has also contributed to the buildup of crude oil supply at the hub (i.e., a large portion of the crude oil produced in West Texas is transported to Cushing). Given that pipeline connectivity from Cushing to the Gulf Coast is limited, wide basis differentials have formed between Cushing and other domestic oil hubs.

Figure 56. Weekly Crude Oil Supply At Cushing, Oklahoma

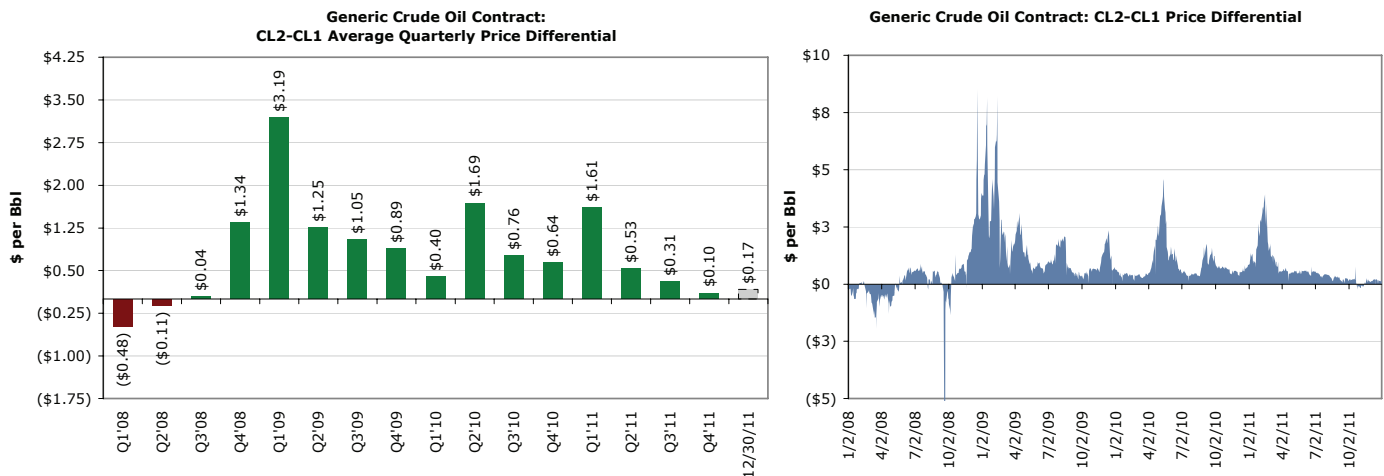


Note 1: Excludes Strategic Petroleum Reserves (SPR)
 Note 2: Data as of October 21, 2011 (latest data)
 Source: EIA

Crude Oil Contango Spread Increased In December

In December, forward futures pricing for crude oil remained above spot pricing (i.e., a contango market). The spread increased to an average of \$0.16 per barrel in December from \$0.02 per barrel in November (and versus \$0.61 per barrel in the comparable prior year period), and versus 2011 and 2010 averages of \$0.64 and \$0.88, respectively.

Figure 57. Crude Oil Contango



Source: Bloomberg, FactSet, and Wells Fargo Securities, LLC estimates

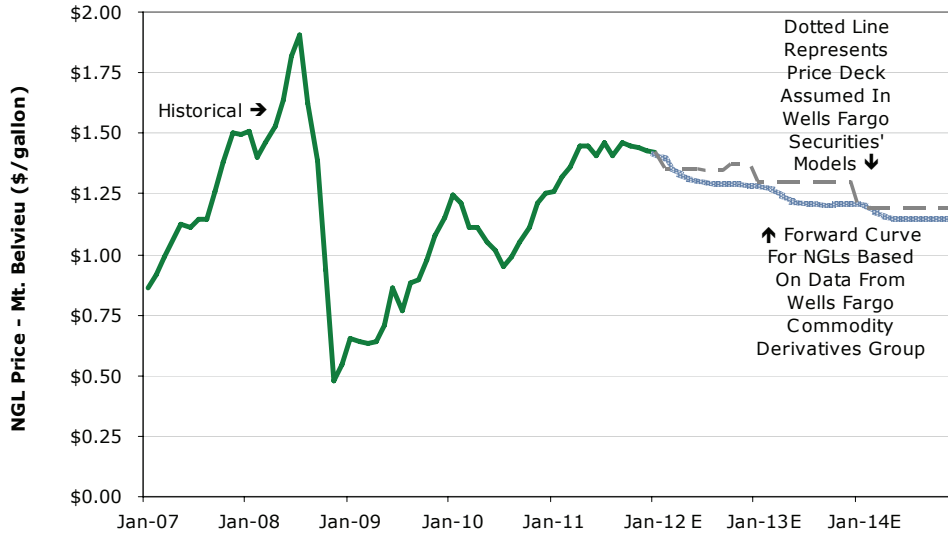
Natural Gas Liquids Outlook

Note: For more information on the NGL market, please refer to our monthly NGL snapshot report.

NGL Composite Prices Were Essentially Flat In December

NGL composite prices averaged \$1.43 per gallon in December, compared to \$1.44 per gallon in November. On the basis of data provided by Wells Fargo's Commodity Derivatives Group, the forward curve for NGLs is currently averaging \$1.32 per gallon in 2012, \$1.23 per gallon in 2013, and \$1.16 per gallon in 2014.

Figure 58. Natural Gas Liquids Pricing

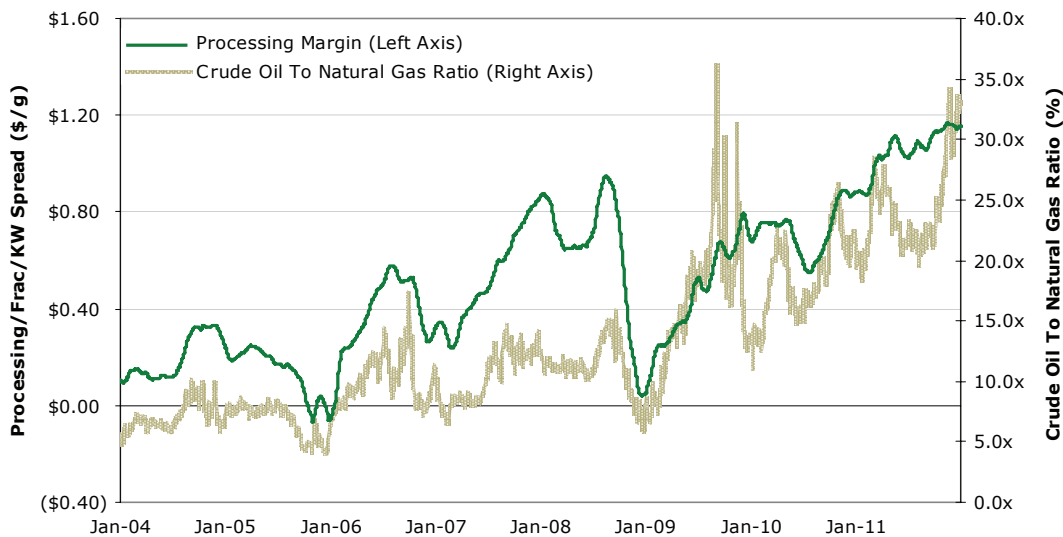


Source: Bloomberg and Wells Fargo Commodity Derivatives Group

Frac Spreads Were Flat In December

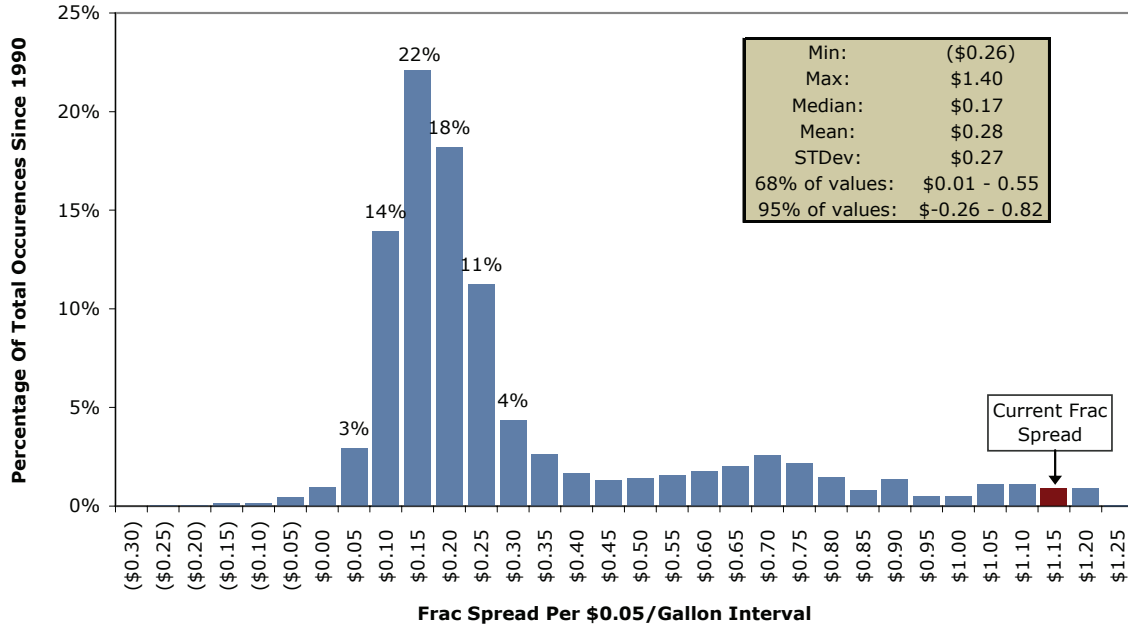
The average processing margin averaged \$1.16 per gallon in December, which was unchanged from the prior month and compares with averages of \$1.06 per gallon in 2011 and \$0.74 per gallon in 2010. The December average margin also compares with the five-year average of \$0.56 per gallon, the ten-year average of \$0.36 per gallon, and \$0.28 per gallon based on processing margin data since 1990.

Figure 59. Historical Processing Margin



Source: Bloomberg

Figure 60. Histogram Of Historical Frac Spread Since 1990



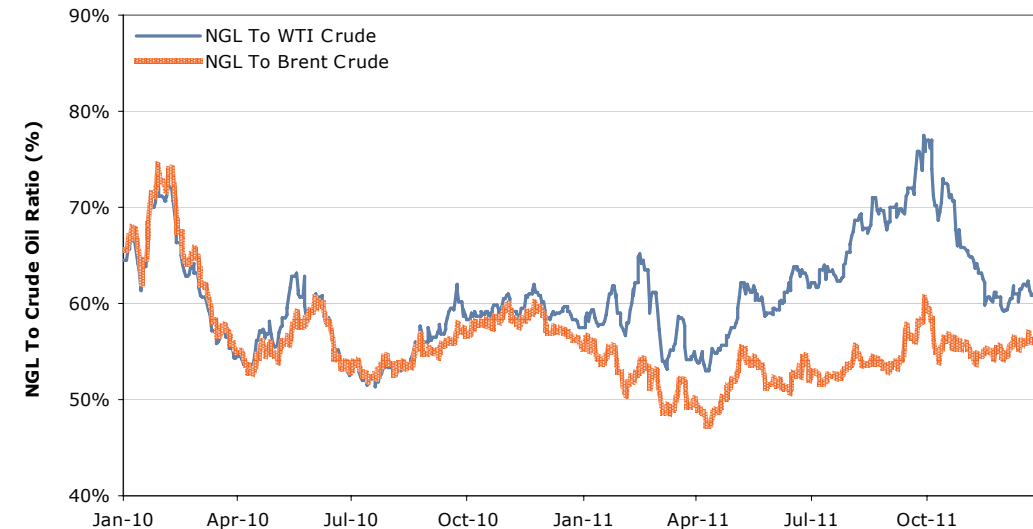
Source: Bloomberg

NGL-To-Crude Ratio Remained Essentially Unchanged In December

The NGL-to-WTI crude ratio averaged 61% in December from 62% in November, while the NGL-to-Brent crude ratio averaged 56% in December (versus 55% in the prior month). The slight decrease in the NGL-to-WTI crude oil ratio (i.e., relative to Brent) is likely due to a recent convergence between WTI and Brent crude oil prices. Notably, the spread between Brent and WTI decreased to an average of \$9.35 per bbl in December from \$13.51 per bbl in November. The spread was down to \$8.75 per bbl as of December 30, 2011. We believe Brent and WTI futures prices have converged as a result of increased visibility around the construction of new crude oil pipelines to debottleneck the supply glut at Cushing.

To note, NGL prices to a large extent track Brent more closely than WTI, in our view, given that a significant portion of overall demand for NGLs is predicated on exports and competition in the global markets (e.g., ethylene derivative and LPG exports). For example, U.S. ethylene-derivative exports compete with ethylene produced by naphtha-based crackers overseas, which is predicated on Brent pricing. Hence, an increase in the Brent/LLS-to-WTI premium could result in a higher NGL-to- crude (WTI) ratio, all else being equal.

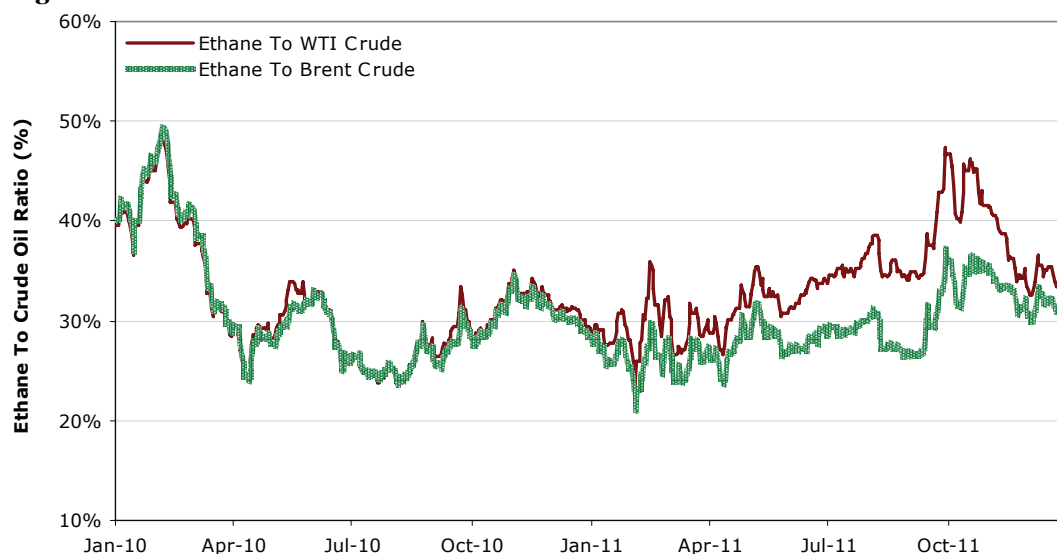
Figure 61. Historical NGL-To-Crude Oil Ratio



Source: Bloomberg

The ratio between ethane, the largest component of the NGL barrel, and WTI crude oil prices decreased to 34% in December from 37% in November. On a Brent basis, the ethane-to-crude ratio averaged 31% in December, versus 33% in November.

Figure 62. Historical Ethane-To-Crude Oil Ratio



Source: Bloomberg

Overview Of Wells Fargo Commodity Price Forecasts

For 2011, crude oil, natural gas, and NGL prices (Mont Belvieu), and processing margin averaged \$95.08 per barrel, \$3.98 per MMBtu, \$1.41 per gallon, and \$1.06 per gallon, respectively. For 2012, we are forecasting a crude oil price, natural gas price, NGL price, and processing margin of \$88.30 per barrel, \$4.54 per MMBtu, \$1.36 per gallon, and \$0.97 per gallon, respectively. For 2013, our crude oil price, natural gas price, NGL price, and processing margin forecast is \$94.00 per bbl, \$5.15 per MMBtu, \$1.30 per gallon, and \$0.86 per gallon, respectively. Finally, our long-term (2014+) crude oil and natural gas price estimates are \$90.00 per bbl and \$5.50 per MMBtu, respectively, while our NGL and processing margin forecast ranges from \$1.19 to \$1.25 per gallon and \$0.72-0.78 per gallon, respectively.

Figure 63. Wells Fargo Securities Oil, Natural Gas, And NGL Price Deck

	2010A	Q1'11A	Q2'11A	Q3'11A	Q4'11A	2011A	2012E	2013E	2014E	2015E	2016E+
Crude oil - WTI (\$/Bbl)	\$79.60	\$94.60	\$102.34	\$89.54	\$93.90	\$95.08	\$88.30	\$94.00	\$90.00	\$90.00	\$90.00
Natural gas - HH (\$/MMBtu)	\$4.39	\$4.11	\$4.32	\$4.19	\$3.31	\$3.98	\$4.54	\$5.15	\$5.50	\$5.50	\$5.50
NGL composite price (\$/g)	\$1.11	\$1.31	\$1.44	\$1.44	\$1.44	\$1.41	\$1.36	\$1.30	\$1.19	\$1.20	\$1.25
NGL-to-crude oil ratio (WTI)	59%	58%	59%	68%	64%	62%	65%	58%	56%	56%	58%
NGL-to-crude oil ratio (Brent)	58%	52%	52%	54%	52%	52%	54%	51%	54%	54%	56%
Processing margin (\$/g)	\$0.73	\$0.95	\$1.06	\$1.09	\$1.15	\$1.06	\$0.97	\$0.86	\$0.72	\$0.72	\$0.78

Source: Wells Fargo Securities, LLC estimates (E&P and MLP equity research teams)

Q3 GDP Growth Revised Lower - Moderate Growth Likely To Continue In 2012

In December, Q3 gross domestic product (GDP) was reduced slightly, to 1.8% from the prior estimate of 2.0%. The revision was primarily attributable to a decrease in healthcare services consumption (i.e., a 2.2% sequential decline in Q3 2011 expenditure versus the previous BEA estimate of a 19.5% increase), which was partially offset by higher estimated inventory investment.

The Wells Fargo Economics Group revised its Q4 2011 GDP forecast higher, to 3.7% from 3.5% primarily based on stronger-than-anticipated home building activity data released during the end of December. The more favorable outlook for Q4 2011 is supported by a faster-than-anticipated ramp-up in home construction in November (i.e., up 9.3%) and a 4.0% improvement in existing home sales in November. The economics team does not believe the pace of housing starts will continue in 2012, as the November figure was likely favorably affected by unusually warm weather and seasonal factors. The group believes that GDP growth will moderate early in 2012, as consumer spending scales back in-line with sluggish income growth.

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The ISM manufacturing index increased to 53.9 in December from 52.7 in November. The modest manufacturing gain realized in December supports the Wells Fargo Economics Group's outlook for a moderate pace of growth for H1 2012. Specifically, gains were realized in production (in ten industries), new orders (in nine industries), and employment (in ten industries). With regard to potential inflationary pressures, prices paid by businesses have moderated, which bodes well for corporate profit margin. The price index increased slightly, to 47.5 in December, which was below the breakeven 50 level. The ISM non-manufacturing index also improved in December, to 52.6 from 52.0 in November (though to a level lower than Consensus expectations of 53.0). Similar to manufacturing, service new orders realized a gain and wholesale prices have softened, which is a positive for corporate profit margin.

The Leading Economic Index continues to suggest a moderate pace of economic growth. For 2012, the Wells Fargo Economics Group is forecasting GDP of 2.1%, which is a slight improvement from its estimate of 1.8% for 2011. The team believes there are several factors impeding a stronger economic recovery, such as concerns surrounding the U.S. budget deficit, the European sovereign debt crisis, and the high domestic unemployment rate.

The Wells Fargo Economics Group anticipates that U.S. interest rates are likely to remain low given the domestic economic trends. In December, the average yield on the 10-year Treasury decreased to 1.97% from 2.07% (at the end of November). The Wells Fargo Economics Group expects the 10-year Treasury yield to average 2.25% in 2012, versus the average of 2.64% in 2011. For the Federal funds target rate, the yield is expected to remain level with 2011 and average 0.25%.

Figure 64. Overview And Outlook For Key Economic Metrics

	2009A	2010A	Q1A	Q2A	Q3A	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E	2013E
Real GDP	(3.6%)	3.0%	0.4%	1.3%	1.8%	3.7%	1.8%	1.5%	1.8%	2.2%	2.2%	2.1%	1.8%
Consumer Price Index	(0.3%)	1.6%	2.2%	3.3%	3.8%	3.4%	3.2%	1.9%	1.9%	2.0%	2.2%	1.9%	2.0%
Fed. Funds Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
U.S. 10-Yr Treasury	3.85%	3.22%	3.47%	3.18%	1.92%	2.00%	2.64%	2.10%	2.20%	2.30%	2.40%	2.25%	2.63%

Note: Estimates as of December 23, 2011
Source: Wells Fargo Securities Economics Group

Global Review--Europe Continues To Struggle

Given the ongoing sovereign debt crisis in Europe, international economies continue to struggle as several countries including China, France, Germany, Italy, Japan, Spain, and the United Kingdom have released data pointing toward a slowdown in their economies. In November, the Eurozone's unemployment rate remained at a 13-year high of 10.3%, with Spain recording the area's highest unemployment rate of 22.9%. In addition, European confidence on the economic outlook declined to its lowest level in more than two years. For 2012, the European Central Bank forecasts that the euro region's economy will expand 0.3% in 2012, while the European Commission expects growth of 0.5%.

Germany (the Eurozone's largest economy) reported a 4.8% decline in factory orders, which was the largest drop in almost three years. In addition, the country reported a 0.9% decline in retail sales in November, which was the second consecutive monthly decline and could result in a contraction for Q4. France's consumer confidence reached its lowest level in December since the peak of the financial crisis in 2008 and France's National Institute of Statistics and Economic Studies (INSEE) estimates the country to have entered another recession extending from Q1 2011 to Q1 2012. Italy's economy contracted in Q3 and is expected to continue to do so through mid-2012 as a result of lower domestic demand and fiscal austerity measures. Italy's unemployment rate also increased to 8.6% in November from 8.5% in the prior month. An added concern for Europe was a downward revision of the region's November services purchasing managers index (PMI) to 47.5, which was the third straight monthly contraction.

In the United Kingdom, the country posted GDP growth of only 0.5% over the past four quarters. Wells Fargo's Economics team indicated that the U.K. economy could contract modestly on a sequential basis in Q4. U.K. retail sales have been negatively affected by weaker average weekly earnings growth (at 2%) relative to CPI inflation (at 5%). The Economics team also noted that the country's industrial production declined 0.7% in October and its manufacturing PMI was below 50 (implying a contracting economy). Given the country's weak economy and an expected decline in inflation, Wells Fargo's Economics team expects the Bank of England to announce further quantitative easing in the months ahead.

Asian economies. In China, property prices declined for the fourth consecutive month in December. According to the China Real Estate Index System, average housing prices decreased 0.25% in 100 major Chinese cities. The decrease in China's housing sector has also contributed to a slowdown in purchases for home-related goods. Through the first 11 months of 2011, home appliance sales growth declined to 15% from

24% in the comparable 2010 period, while furniture sales growth decreased to 24% in 2011 from 34% in the prior year period. Although deteriorating European economic conditions are expected to slow China's growth, the Wells Fargo Economics team continues to expect the country's GDP growth rate to outpace most other countries. As an example, China's manufacturing PMI contracted to less than 40 in late 2008, yet the country's GDP growth rate did not fall below 6%.

Although Japan's economy has rebounded from the tsunami and earthquake that affected the country in March 2011, there have been signs of a slowdown in momentum. According to Wells Fargo's Economics team, year-over-year machine tool orders declined in November, while the country's manufacturing PMI fell below 50 during the month.

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Supporting Tables

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2011 After Market MLP Equity Issuance Performance

	Date	Issuer	Offering Type	No. Of Units (MM)	Offer Price	12/30/11 Price	Price Perf.	S&P 500 Perf.
Large Cap Pipeline MLPs	1/28/11	BPL	Units Sold By Sponsors	4.5	\$64.48	\$63.98	(0.8%)	(1.5%)
	3/7/11	PAA	Public Offering	6.9	\$64.00	\$73.45	14.8%	(4.0%)
	3/8/11	EPB	Public Offering	12.0	\$34.30	\$34.62	0.9%	(4.9%)
	3/23/11	ETP	Public Offering	12.4	\$50.52	\$45.85	(9.2%)	(3.1%)
	4/13/11	BPL	Public Offering	4.8	\$59.41	\$63.98	7.7%	(4.3%)
	5/12/11	EPB	Public Offering	14.0	\$34.51	\$34.62	0.3%	(6.8%)
	5/27/11	BWP	Public Offering	6.0	\$29.33	\$27.67	(5.7%)	(5.5%)
	6/9/11	SEP	Public Offering	6.3	\$30.96	\$31.96	3.2%	(2.4%)
	6/13/11	KMP	Public Offering	6.7	\$71.44	\$84.95	18.9%	(1.1%)
	6/28/11	EEP	Public Offering	7.0	\$30.00	\$33.19	10.6%	(3.0%)
	8/11/11	PAA	Units Sold By Sponsors	7.5	\$63.18	\$73.45	16.3%	7.2%
	9/22/11	EEP	Public Offering	8.0	\$28.20	\$33.19	17.7%	11.3%
	11/8/11	ETP	Public Offering	13.3	\$44.67	\$45.85	2.6%	(1.4%)
	11/9/11	PAA	Public Offering	6.0	\$65.03	\$73.45	12.9%	2.3%
12/1/11	EEP	Public Offering	8.5	\$30.85	\$33.19	7.6%	1.0%	
12/5/11	NS	Public Offering	5.3	\$53.45	\$56.66	6.0%	0.0%	
12/7/11	EPD	Public Offering	9.0	\$44.68	\$46.38	3.8%	(0.3%)	
Large Cap Pipeline MLP Total / Median					\$799	\$856	7.2%	(1.5%)
Small Cap Pipeline MLPs	2/3/11	GLP	Public Offering	2.3	\$27.60	\$21.87	(20.8%)	(3.8%)
	2/4/11	MMLP	Public Offering	1.6	\$39.35	\$34.45	(12.5%)	(4.1%)
	2/24/11	CLMT	Public Offering	4.5	\$21.45	\$20.16	(6.0%)	(3.7%)
	4/20/11	TLLP	IPO	13.0	\$21.00	\$32.90	56.7%	(5.5%)
	4/28/11	TCP	Public Offering	6.3	\$47.58	\$47.43	(0.3%)	(7.6%)
	7/13/11	OILT	IPO	11.5	\$21.50	\$27.92	29.9%	(4.6%)
	7/14/11	GEL	Public Offering	7.4	\$26.30	\$28.04	6.6%	(3.9%)
	9/7/11	CLMT	Public Offering	11.0	\$18.00	\$20.16	12.0%	4.9%
	11/30/11	HEP	Public Offering	1.4	\$53.50	\$53.78	0.5%	0.9%
	12/9/11	RRMS	IPO	7.0	\$20.00	\$20.58	2.9%	0.2%
	12/15/11	NRGM	IPO	16.0	\$17.00	\$18.95	11.5%	3.4%
Small Cap Pipeline MLP Total / Median					\$313	\$326	4.1%	(3.8%)
Gathering & Processing MLPs	1/10/11	MWE	Public Offering	3.0	\$41.20	\$55.06	33.6%	(1.0%)
	1/18/11	NGLS	Public Offering	8.0	\$33.67	\$37.28	10.7%	(2.9%)
	2/28/11	WES	Public Offering	3.6	\$35.15	\$41.27	17.4%	(5.2%)
	3/4/11	DPM	Public Offering	3.2	\$40.55	\$47.47	17.1%	(4.8%)
	4/29/11	CMLP	Public Offering	1.8	\$30.65	\$31.74	3.6%	(7.8%)
	7/19/11	MWE	Public Offering	3.5	\$48.00	\$55.06	14.7%	(5.2%)
	7/26/11	AMID	IPO	3.8	\$21.00	\$18.17	(13.5%)	(5.6%)
	9/20/11	WES	Public Offering	5.0	\$35.86	\$41.27	15.1%	4.6%
	10/7/11	RGP	Public Offering	10.0	\$20.92	\$24.86	18.8%	8.8%
	10/7/11	MWE	Public Offering	5.0	\$45.52	\$55.06	21.0%	8.8%
	10/12/11	CHKM	Units Sold By Sponsors	10.0	\$26.65	\$29.00	8.8%	4.2%
12/13/11	MWE	Public Offering	10.0	\$54.25	\$55.06	1.5%	2.6%	
Gathering & Processing MLP Total / Median					\$433	\$491	13.4%	(1.9%)
Upstream MLPs	2/8/11	BBEP	Public Offering	4.3	\$21.25	\$19.07	(10.3%)	(5.1%)
	2/28/11	LINE	Public Offering	16.0	\$38.80	\$37.91	(2.3%)	(5.2%)
	3/4/11	EVEP	Public Offering	3.0	\$44.42	\$65.90	48.4%	(4.8%)
	6/15/11	BBEP	Units Sold By Sponsors	7.0	\$19.78	\$19.07	(3.6%)	(0.6%)
	11/8/11	LGCY	Public Offering	3.4	\$28.85	\$28.24	(2.1%)	(1.4%)
	11/11/11	LRE	IPO	9.4	\$19.00	\$19.61	3.2%	(0.5%)
	11/30/11	BBEP	Units Sold By Sponsors	7.0	\$16.52	\$19.07	15.4%	0.9%
	12/9/11	MEMP	IPO	9.0	\$19.00	\$18.08	(4.8%)	0.2%
	12/12/11	PSE	Public Offering	2.6	\$29.20	\$26.16	(10.4%)	1.7%
	12/13/11	PSE	Units Sold By Sponsors	1.8	\$29.20	\$26.16	(10.4%)	2.6%
12/14/11	MCEP	IPO	5.4	\$18.00	\$18.35	1.9%	3.8%	
Upstream MLP Total / Median					\$284	\$298	4.8%	(0.5%)
Propane	3/15/11	FGP	Public Offering	4.4	\$26.27	\$18.97	(27.8%)	(1.9%)
	5/11/11	NGL	IPO	3.5	\$21.00	\$20.63	(1.8%)	(6.3%)
	5/31/11	NRGY	Public Offering	9.0	\$36.00	\$24.42	(32.2%)	(6.5%)
Propane MLP Total / Median					\$83	\$64	(23.1%)	(6.3%)
Shipping	4/4/11	TGP	Public Offering	3.7	\$38.88	\$33.17	(14.7%)	(5.6%)
	4/7/11	NMM	Public Offering	4.0	\$19.68	\$14.74	(25.1%)	(5.7%)
	4/7/11	GMLP	IPO	12.0	\$22.50	\$30.66	36.3%	(5.7%)
	11/2/11	TGP	Public Offering	5.5	\$33.40	\$33.17	(0.7%)	1.6%
Shipping MLP Total / Median					\$114	\$112	(2.4%)	(5.7%)
Coal	3/16/11	NRP	Units Sold By Sponsors	6.0	\$36.36	\$27.11	(25.4%)	0.1%
	7/14/11	RNO	Public Offering	2.5	\$24.50	\$19.30	(21.2%)	(3.9%)
	11/14/11	PVR	Public Offering	7.0	\$24.55	\$25.53	4.0%	0.5%
Coal MLP Total / Median					\$85	\$72	(15.8%)	0.1%
Other MLPs	2/28/11	EXLP	Units Sold By Sponsors	5.3	\$28.65	\$20.15	(29.7%)	(5.2%)
	4/7/11	UAN	IPO	19.2	\$16.00	\$24.82	55.1%	(5.7%)
	5/25/11	EXLP	Public Offering	5.0	\$25.95	\$20.15	(22.4%)	(4.8%)
	6/15/11	GSJK	IPO	2.7	\$20.00	\$15.00	(25.0%)	(0.6%)
	11/9/11	RNF	IPO	15.0	\$20.00	\$16.35	(18.3%)	2.3%
Other MLP Total / Median					\$111	\$96	(12.8%)	(4.8%)
GPs	2/10/11	KMI	IPO	95.5	\$30.00	\$32.17	7.2%	(4.9%)
	3/29/11	AHGP	Units Sold By Sponsors	2.8	\$54.21	\$51.98	(4.1%)	(4.7%)
	4/4/11	TRGP	Units Sold By Sponsors	5.7	\$31.73	\$40.69	28.2%	(5.6%)
	5/23/11	ETE	Units Sold By Sponsors	4.5	\$37.98	\$40.58	6.9%	(4.5%)
General Partnership Total / Median					\$154	\$165	7.5%	(4.8%)
All MLPs Total					\$2,377	\$2,481	4.4%	
						Median	3.1%	(3.0%)
						Average	3.6%	(1.7%)

Source: Company reports and FactSet

Comp Tables

Master Limited Partnerships

MLP Market Data

		Price 12/30/2011	Current Yield	Current Distribution	52-Week		Market Cap	Enterprise Value	3-Month Avg. Vol.	Est. Tax Deferred		
	(SMM, except per unit data)	Ticker			Low	High						
Large Cap Pipeline MLPs	Energy Transfer Partners L.P.	ETP	\$45.85	7.8%	\$3.58	\$38.08	\$55.50	\$9,590	\$17,666	1,212,593	80%	
	NuSTAR Energy L.P.	NS	\$56.66	7.7%	\$4.38	\$49.02	\$70.87	\$3,661	\$6,072	326,722	80%	
	Boardwalk Pipeline Partners L.P.	BWP	\$27.67	6.4%	\$2.11	\$23.54	\$33.50	\$5,495	\$8,693	362,564	80%	
	Enbridge Energy Partners L.P. CIA	EEP	\$33.19	6.4%	\$2.13	\$24.66	\$34.58	\$8,840	\$14,229	781,239	90%	
	Buckeye Partners L.P.	BPL	\$63.98	6.3%	\$4.05	\$54.51	\$68.81	\$5,949	\$8,264	249,371	80%	
	Enbridge Energy Management L.L.C.	EEQ	\$34.76	6.1%	\$2.13	\$24.85	\$34.93	-	-	69,296	-	
	Kinder Morgan Management L.L.C.	KMR	\$78.52	5.9%	\$4.64	\$53.13	\$78.68	-	-	309,247	-	
	Spectra Energy Partners L.P.	SEP	\$31.96	5.9%	\$1.88	\$25.53	\$34.93	\$3,078	\$3,727	150,343	80%	
	El Paso Pipeline Partners L.P.	EPB	\$34.62	5.7%	\$1.96	\$31.36	\$38.36	\$7,120	\$10,894	700,105	80%	
	Kinder Morgan Energy Partners L.P.	KMP	\$84.95	5.5%	\$4.64	\$63.42	\$84.95	\$28,127	\$40,634	696,867	90%	
	Plains All American Pipeline L.P.	PAA	\$73.45	5.4%	\$3.98	\$54.90	\$73.55	\$11,040	\$16,625	653,397	80%	
	Enterprise Products Partners L.P.	EPD	\$46.38	5.3%	\$2.45	\$27.85	\$46.70	\$38,020	\$52,369	1,434,826	90%	
	Williams Partners L.P.	WPZ	\$59.99	5.0%	\$2.99	\$44.81	\$61.22	\$17,426	\$24,501	269,740	80%	
	Magellan Midstream Partners L.P.	MMP	\$68.88	4.6%	\$3.20	\$51.00	\$69.21	\$7,774	\$9,928	249,707	80%	
	Sunoco Logistics Partners L.P.	SXL	\$39.40	4.2%	\$1.65	\$24.40	\$39.98	\$4,090	\$5,888	260,570	80%	
	ONEOK Partners L.P.	OKS	\$57.74	4.1%	\$2.38	\$36.31	\$59.87	\$11,768	\$15,520	285,952	80%	
Large Cap Pipeline MLP Median			5.8%				\$8,307	\$12,562	317,984	80%		
Small & Mid Cap Pipeline & Other	Niska Gas Storage Partners LLC	NKA	\$8.89	15.7%	\$1.40	\$8.75	\$22.21	\$604	\$1,462	210,292	80%	
	Compresso Partners L.P.	GSJK	\$15.00	10.3%	\$1.55	\$13.46	\$20.16	\$231	\$211	13,279	80%	
	Calumet Specialty Products Partners L.P.	CLMT	\$20.16	9.9%	\$2.00	\$15.99	\$24.95	\$1,024	\$1,667	328,819	75%	
	Exterran Partners L.P.	EXLP	\$20.15	9.7%	\$1.95	\$17.50	\$31.35	\$751	\$1,295	104,280	80%	
	Cheniere Energy Partners L.P.	CQP	\$18.02	9.4%	\$1.70	\$11.52	\$24.54	\$2,998	\$5,040	256,699	80%	
	CVR Partners LP	UAN	\$24.82	9.2%	\$2.29	\$16.75	\$27.75	\$1,812	\$1,681	244,453	50%	
	Global Partners LP	GLP	\$21.87	9.1%	\$2.00	\$14.73	\$29.98	\$472	\$904	72,733	80%	
	Martin Midstream Partners L.P.	MMLP	\$34.45	8.9%	\$3.05	\$27.00	\$42.64	\$660	\$1,100	57,126	80%	
	PAA Natural Gas Storage L.P.	PNG	\$18.75	7.6%	\$1.43	\$15.51	\$25.50	\$1,334	\$1,768	132,149	80%	
	Transmontaigne Partners L.P.	TLP	\$33.60	7.4%	\$2.48	\$29.65	\$40.69	\$485	\$605	33,893	80%	
	Blueknight Energy Partners LP	BKEP	\$6.53	6.7%	\$0.44	\$4.95	\$9.00	\$210	\$437	47,476	80%	
	Holly Energy Partners L.P.	HEP	\$53.78	6.5%	\$3.50	\$45.40	\$61.05	\$1,187	\$1,716	52,423	75%	
	TC PipeLines L.P.	TCP	\$47.43	6.5%	\$3.08	\$39.24	\$54.95	\$2,538	\$3,284	94,050	80%	
	Genesis Energy L.P.	GEL	\$28.04	6.1%	\$1.71	\$20.85	\$29.83	\$2,018	\$2,636	183,235	90%	
	Tesoro Logistics LP	TLLP	\$32.90	4.3%	\$1.40	\$21.07	\$34.40	\$1,004	\$1,054	50,076	80%	
	Oiltanking Partners LP	OILT	\$27.92	0.0%	\$0.00	\$21.75	\$29.55	\$1,086	\$1,094	39,261	80%	
Small Cap Pipeline MLP Median			8.9%				\$1,014	\$1,379	83,392	80%		
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$18.17	9.1%	\$1.65	\$16.00	\$23.37	\$164	\$194	21,614	80%	
	Crosstex Energy L.P.	XTEX	\$16.22	7.6%	\$1.24	\$13.23	\$19.97	\$1,060	\$1,848	164,532	80%	
	Regency Energy Partners L.P.	RGP	\$24.86	7.3%	\$1.82	\$20.20	\$28.35	\$3,626	\$5,426	623,551	80%	
	Eagle Rock Energy Partners L.P.	EROC	\$11.65	6.9%	\$0.80	\$8.50	\$13.00	\$1,431	\$2,172	354,105	80%	
	Copano Energy L.L.C.	CPNO	\$34.20	6.7%	\$2.30	\$26.08	\$37.40	\$2,266	\$3,170	182,421	80%	
	Targa Resources Partners L.P.	NGLS	\$37.28	6.3%	\$2.33	\$28.83	\$39.47	\$3,160	\$4,674	274,970	80%	
	Crestwood Midstream Partners LP	CMLP	\$31.74	6.0%	\$1.92	\$21.72	\$33.00	\$1,250	\$1,678	66,889	80%	
	Atlas Pipeline Partners L.P.	APL	\$37.15	5.8%	\$2.16	\$23.42	\$37.90	\$2,007	\$2,430	344,554	80%	
	DCP Midstream Partners L.P.	DPM	\$47.47	5.4%	\$2.56	\$34.40	\$47.92	\$2,098	\$2,348	91,933	70%	
	MarkWest Energy Partners L.P.	MWE	\$55.06	5.3%	\$2.92	\$39.00	\$56.82	\$4,337	\$5,814	749,933	80%	
	Chesapeake Midstream Partners L.P.	CHKM	\$29.00	5.2%	\$1.50	\$23.93	\$29.31	\$4,015	\$4,432	355,945	80%	
	Western Gas Partners LP	WES	\$41.27	4.1%	\$1.68	\$29.96	\$41.34	\$3,494	\$4,163	195,057	80%	
	Gathering & Processing MLP Median			6.1%				\$2,182	\$2,800	235,014	80%	
	Upstream MLPs	LRR Energy LP	LRE	\$19.61	9.7%	\$1.90	\$17.03	\$28.55	\$439	\$595	238,990	70%
		QR Energy L.P.	QRE	\$20.16	9.4%	\$1.90	\$15.61	\$23.56	\$723	\$989	85,657	80%
		BreitBurn Energy Partners L.P.	BBEP	\$19.07	9.1%	\$1.74	\$15.00	\$23.14	\$1,183	\$1,694	629,994	65%
Vanguard Natural Resources LLC		VNR	\$27.63	8.4%	\$2.31	\$21.86	\$33.67	\$840	\$1,397	169,885	40%	
Pioneer Southwest Energy Partners LP		PSE	\$26.16	7.8%	\$2.04	\$21.34	\$35.87	\$866	\$963	128,827	70%	
Legacy Reserves L.P.		LGCY	\$28.24	7.7%	\$2.18	\$22.00	\$33.71	\$1,231	\$1,637	173,284	70%	
Linn Energy LLC		LINE	\$37.91	7.3%	\$2.76	\$31.03	\$41.13	\$6,702	\$9,821	795,850	90%	
EV Energy Partners L.P.		EVPE	\$65.90	4.6%	\$3.05	\$39.20	\$77.96	\$2,252	\$2,757	274,543	75%	
Upstream MLP Median			8.1%				\$1,025	\$1,517	206,137	70%		
Propane		Inergy L.P.	NRGY	\$24.42	11.5%	\$2.82	\$22.54	\$42.75	\$3,187	\$5,194	708,703	80%
	Ferrellgas Partners L.P.	FGP	\$18.97	10.5%	\$2.00	\$17.76	\$29.00	\$1,441	\$2,637	183,397	90%	
	Suburban Propane Partners L.P.	SPH	\$47.61	7.2%	\$3.41	\$40.25	\$58.99	\$1,693	\$2,041	73,096	80%	
	NGL Energy Partners LP	NGL	\$20.63	6.5%	\$1.35	\$18.00	\$24.20	\$305	\$356	13,568	90%	
	AmeriGas Partners L.P.	APU	\$45.91	6.4%	\$2.96	\$36.76	\$51.50	\$2,623	\$3,576	76,370	75%	
	Star Gas Partners L.P.	SGU	\$4.87	6.4%	\$0.31	\$4.56	\$6.02	\$316	\$354	68,287	80%	
	Propane MLP Median			6.9%				\$1,567	\$2,339	74,733	80%	
Shipping	Teekay LNG Partners L.P.	TGP	\$33.17	7.6%	\$2.52	\$28.61	\$41.50	\$1,969	\$3,517	287,827	70%	
	Teekay Offshore Partners L.P.	TOO	\$26.60	7.5%	\$2.00	\$22.01	\$31.50	\$1,688	\$3,613	162,913	70%	
	Golar LNG Partners LP	GMLP	\$30.66	5.2%	\$1.60	\$22.41	\$30.91	\$1,198	\$1,616	84,033	30%	
Shipping MLP Median			7.6%				\$1,198	\$1,616	249,320	60%		
Coal	Oxford Resource Partners LP	OXF	\$15.03	11.6%	\$1.75	\$13.50	\$28.80	\$310	\$464	55,908	75%	
	Rhino Resource Partners L.P.	RNO	\$19.30	9.4%	\$1.82	\$15.02	\$28.23	\$535	\$652	60,811	60%	
	Natural Resource Partners L.P.	NRP	\$27.11	8.1%	\$2.20	\$23.36	\$37.80	\$2,874	\$3,690	213,130	65%	
	Penn Virginia Resource L.P.	PVR	\$25.53	7.8%	\$2.00	\$20.85	\$29.10	\$1,818	\$2,753	414,142	80%	
	Alliance Resource Partners L.P.	ARLP	\$75.58	5.1%	\$3.82	\$58.00	\$84.10	\$2,780	\$3,484	58,915	80%	
Coal MLP Median			8.1%				\$1,818	\$2,753	60,811	75%		
GPs	Energy Transfer Equity L.P.	ETE	\$40.58	6.2%	\$2.50	\$30.78	\$47.34	\$9,048	\$10,848	690,136	60%	
	NuSTAR GP Holdings LLC	NSH	\$33.25	6.0%	\$1.98	\$27.94	\$39.98	\$1,415	\$1,426	105,200	80%	
	Alliance Holdings GP L.P.	AHGP	\$51.98	4.7%	\$2.44	\$40.24	\$58.00	\$3,112	\$3,112	47,439	50%	
	Atlas Energy L.P.	ATLS	\$24.30	4.0%	\$0.96	\$13.11	\$27.36	\$1,246	\$1,318	355,787	75%	
	Kinder Morgan Inc.	KMI	\$32.17	3.7%	\$1.20	\$23.51	\$32.25	\$22,744	\$25,904	2,578,167	-	
	Crosstex Energy Inc.	CTXI	\$12.64	3.2%	\$0.40	\$8.29	\$15.30	\$596	\$596	411,322	-	
	Targa Resources Corp.	TRGP	\$40.69	3.0%	\$1.23	\$26.01	\$41.12	\$1,725	\$3,329	210,193	-	
General Partnership MLP Median			4.0%				\$1,725	\$3,112	355,787	68%		
All MLPs Average			7.1%				\$3,935	\$5,503	309,897	76%		
All MLPs Median			6.5%				\$1,812	\$2,636	210,292	80%		
All MLPs Median (Excluding GPs)			7.0%				\$287,260	\$401,711				

Note: Median yields exclude MLPs that have suspended their distributions
Source: Partnership reports and FactSet

Date: 1/03/2012

Ratings & Assumptions

	Ticker	Price 12/30/11	Valuation Range		Total Return Potential	Our Rating	Valuation Assumptions			Current Yield	Target Yield	3-Yr Est. Distri CAGR	
			Low	High			ROR	LT Growth	P/DCF				
Large Cap Pipeline MLPs	Energy Transfer Partners L.P.	ETP	\$45.85	\$48	\$52	17%	Outperform	8.5%	1.3%	13.5x	7.8%	7.3%	2.8%
	El Paso Pipeline Partners L.P.	EPB	\$34.62	\$36	\$39	14%	Outperform	8.5%	1.3%	13.0x	5.7%	5.7%	9.2%
	Buckeye Partners L.P.	BPL	\$63.98	\$67	\$71	14%	Outperform	9.0%	2.5%	16.5x	6.3%	6.3%	5.2%
	NuSTAR Energy L.P.	NS	\$56.66	\$56	\$61	11%	Market Perform	9.0%	1.5%	12.0x	7.7%	7.7%	2.5%
	Enterprise Products Partners L.P.	EPD	\$46.38	\$45	\$48	6%	Outperform	8.5%	2.5%	13.0x	5.3%	5.6%	6.0%
	Plains All American Pipeline L.P.	PAA	\$73.45	\$71	\$75	5%	Outperform	8.5%	1.3%	12.5x	5.4%	6.0%	8.5%
	Spectra Energy Partners L.P.	SEP	\$31.96	\$30	\$33	5%	Market Perform	8.5%	1.3%	13.0x	5.9%	6.3%	5.8%
	Boardwalk Pipeline Partners L.P.	BWP	\$27.67	\$25	\$28	3%	Market Perform	9.0%	1.3%	11.0x	7.6%	8.1%	1.9%
	Enbridge Energy Partners L.P. CI A	EEL	\$33.19	\$31	\$33	3%	Outperform	8.5%	1.3%	12.0x	6.4%	6.9%	3.6%
	Williams Partners L.P.	WPZ	\$59.99	\$57	\$60	3%	Market Perform	8.5%	1.3%	13.0x	5.0%	5.6%	7.9%
	Kinder Morgan Management L.L.C.	KMR	\$78.52	\$71	\$75	(1%)	Outperform	9.0%	1.3%	13.0x	5.9%	6.8%	4.3%
	Enbridge Energy Management L.L.C.	EEQ	\$34.76	\$31	\$33	(2%)	Outperform	8.5%	1.3%	12.0x	6.1%	6.9%	3.6%
	Magellan Midstream Partners L.P.	MMP	\$68.88	\$58	\$63	(7%)	Market Perform	8.5%	2.5%	14.0x	4.6%	5.7%	7.5%
	Kinder Morgan Energy Partners L.P.	KMP	\$84.95	\$71	\$75	(8%)	Market Perform	9.0%	1.3%	13.0x	5.5%	6.8%	4.3%
	Sunoco Logistics Partners L.P.	SXL	\$39.40	\$30	\$33	(16%)	Market Perform	8.5%	1.3%	9.0x	4.2%	5.6%	7.5%
	ONEOK Partners L.P.	OKS	\$57.74	\$44	\$47	(17%)	Market Perform	8.5%	1.3%	14.5x	4.1%	5.8%	9.7%
Large Cap Pipeline MLP Median						3%	8.5%	1.3%	13.0x	5.8%	6.3%	5.5%	
Small & Mid Cap Pipeline	Niska Gas Storage Partners LLC	NKA	\$8.89	\$9	\$13	39%	Market Perform / V	12.0%	1.3%	10.5x	15.7%	12.7%	0.0%
	Exterran Partners L.P.	EXLP	\$20.15	\$23	\$25	29%	Outperform	10.5%	1.3%	9.0x	9.7%	8.5%	4.6%
	Martin Midstream Partners L.P.	MMLP	\$34.45	\$39	\$41	25%	Outperform / V	10.0%	1.3%	10.0x	8.9%	8.1%	4.2%
	Genesis Energy L.P.	GEL	\$28.04	\$31	\$33	21%	Outperform	9.5%	2.5%	13.5x	6.1%	6.1%	10.5%
	Holly Energy Partners L.P.	HEP	\$53.78	\$56	\$58	13%	Market Perform	9.0%	1.3%	13.5x	6.5%	6.6%	6.8%
	Transmontaigne Partners L.P.	TLP	\$33.60	\$32	\$34	6%	Market Perform	9.5%	1.3%	9.5x	7.4%	7.9%	3.3%
	TC PipeLines L.P.	TCP	\$47.43	\$45	\$47	4%	Market Perform	9.5%	1.9%	12.0x	6.5%	7.0%	4.7%
	Tesoro Logistics LP	TLLP	\$32.90	\$31	\$33	2%	Outperform / V	9.0%	1.3%	15.0x	4.3%	5.1%	19.1%
	PAA Natural Gas Storage L.P.	PNG	\$18.75	\$16	\$19	1%	Market Perform / V	9.0%	1.3%	11.5x	7.6%	8.2%	0.6%
	Global Partners LP	GLP	\$21.87	\$19	\$21	1%	Market Perform / V	11.0%	1.3%	8.0x	9.1%	10.4%	0.7%
	Blueknight Energy Partners LP	BKEP	\$6.53	\$5	\$7	(1%)	Market Perform / V	11.0%	1.3%	7.0x	6.7%	8.7%	-
	Small Cap Pipeline MLP Median						6%	9.5%	1.3%	10.5x	7.4%	8.1%	4.4%
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$18.17	\$22	\$24	36%	Outperform / V	10.0%	1.3%	9.0x	9.1%	7.9%	7.7%
	Regency Energy Partners L.P.	RGP	\$24.86	\$26	\$29	18%	Outperform	9.0%	1.3%	13.5x	7.3%	6.8%	5.3%
	MarkWest Energy Partners L.P.	MWE	\$55.06	\$57	\$61	13%	Outperform	10.0%	2.5%	11.0x	5.3%	5.8%	14.6%
	Targa Resources Partners L.P.	NGLS	\$37.28	\$38	\$41	13%	Outperform	9.5%	1.3%	11.5x	6.3%	6.7%	10.4%
	Eagle Rock Energy Partners L.P.	EROC	\$11.65	\$11	\$13	11%	Outperform / V	10.5%	2.5%	10.5x	6.9%	8.0%	14.4%
	Crestwood Midstream Partners LP	CMLP	\$31.74	\$32	\$34	10%	Outperform	9.5%	1.3%	11.0x	6.0%	6.4%	10.6%
	Crosstex Energy L.P.	XTEX	\$16.22	\$15	\$18	10%	Market Perform / V	10.0%	1.3%	9.0x	7.6%	8.2%	5.3%
	Copano Energy L.L.C.	CPNO	\$34.20	\$33	\$36	8%	Market Perform	10.0%	2.5%	10.5x	6.7%	7.1%	7.4%
	Atlas Pipeline Partners L.P.	APL	\$37.15	\$35	\$37	3%	Outperform / V	10.0%	1.3%	12.0x	5.8%	6.8%	10.8%
	Western Gas Partners LP	WES	\$41.27	\$37	\$40	(2%)	Market Perform	9.0%	1.3%	13.0x	4.1%	5.0%	15.1%
	Chesapeake Midstream Partners L.P.	CHKM	\$29.00	\$25	\$28	(3%)	Market Perform / V	9.0%	1.3%	12.5x	5.2%	6.5%	13.8%
	DCP Midstream Partners L.P.	DPM	\$47.47	\$40	\$43	(7%)	Market Perform	9.5%	1.3%	11.0x	5.4%	6.6%	7.7%
Gathering & Processing MLP Median						10%	9.8%	1.3%	11.0x	6.1%	6.7%	10.5%	
Upstream MLPs	EV Energy Partners L.P.	EVEP	\$65.90	\$96	\$101	54%	Outperform / V	10.5%	0.0%	9.0x	4.6%	3.3%	2.2%
	QR Energy L.P.	QRE	\$20.16	\$23	\$25	28%	Outperform / V	10.5%	0.0%	9.0x	9.4%	7.9%	8.2%
	Vanguard Natural Resources LLC	VNR	\$27.63	\$31	\$33	24%	Outperform / V	10.5%	0.0%	10.5x	8.4%	7.6%	4.5%
	Legacy Reserves L.P.	LGCY	\$28.24	\$31	\$33	21%	Outperform	10.5%	0.0%	11.5x	7.7%	7.1%	5.2%
	Linn Energy LLC	LINE	\$37.91	\$41	\$44	20%	Outperform	10.5%	0.0%	10.0x	7.3%	6.9%	7.4%
	BreitBurn Energy Partners L.P.	BBEP	\$19.07	\$20	\$22	20%	Outperform	10.5%	0.0%	8.0x	9.1%	8.7%	3.3%
	LRR Energy LP	LRE	\$19.61	\$20	\$22	17%	Outperform / V	10.5%	0.0%	9.5x	9.7%	9.1%	1.8%
	Pioneer Southwest Energy Partners LP	PSE	\$26.16	\$27	\$30	17%	Market Perform / V	10.5%	0.0%	11.5x	7.8%	7.2%	5.2%
	Upstream MLP Median						20%	10.5%	0.0%	9.8x	8.1%	7.4%	4.9%
	Propane	Inergy L.P.	NRGY	\$24.42	\$34	\$36	55%	Outperform	10.0%	2.5%	12.5x	11.5%	8.1%
NGL Energy Partners LP		NGL	\$20.63	\$24	\$26	29%	Outperform / V	9.5%	1.3%	14.0x	6.5%	6.4%	8.6%
Ferrellgas Partners L.P.		FGP	\$18.97	\$20	\$22	21%	Market Perform	10.0%	1.3%	12.5x	10.5%	9.5%	0.0%
Suburban Propane Partners L.P.		SPH	\$47.61	\$52	\$54	19%	Outperform	9.5%	2.5%	13.5x	7.2%	6.6%	3.8%
AmeriGas Partners L.P.		APU	\$45.91	\$42	\$44	1%	Market Perform	9.5%	1.3%	11.0x	6.4%	7.4%	4.7%
Propane MLP Median						21%	9.5%	1.3%	12.5x	7.2%	7.4%	3.8%	
Shipping	Teekay Offshore Partners L. P.	TOO	\$26.60	\$32	\$34	32%	Outperform	9.5%	1.3%	12.0x	7.5%	6.5%	8.0%
	Teekay LNG Partners L.P.	TGP	\$33.17	\$36	\$38	20%	Outperform	9.5%	1.3%	10.5x	7.6%	7.3%	6.0%
	Golar LNG Partners LP	GMLP	\$30.66	\$26	\$28	(6%)	Market Perform / V	9.5%	1.3%	11.0x	5.2%	6.8%	9.7%
Shipping MLP Median						32%	9.5%	1.3%	11.0x	7.6%	7.3%	6.0%	
Coal	Oxford Resource Partners LP	OXF	\$15.03	\$22	\$24	65%	Outperform / V	10.0%	1.3%	11.5x	11.6%	7.9%	5.2%
	Natural Resource Partners L.P.	NRP	\$27.11	\$33	\$35	34%	Outperform	9.5%	2.5%	12.5x	8.1%	6.9%	5.7%
	Penn Virginia Resource L.P.	PVR	\$25.53	\$26	\$28	14%	Market Perform	10.0%	2.5%	11.5x	7.8%	7.9%	4.2%
	Alliance Resource Partners L.P.	ARLP	\$75.58	\$70	\$74	1%	Market Perform	9.0%	1.3%	8.0x	5.1%	6.0%	12.8%
Coal MLP Median						24%	9.8%	1.9%	11.5x	8.0%	7.4%	5.5%	
GPs	Targa Resources Corp.	TRGP	\$40.69	\$44	\$48	17%	Outperform / V	8.5%	2.5%	28.0x	3.0%	3.5%	24.2%
	Alliance Holdings GP L.P.	AHGP	\$51.98	\$54	\$57	12%	Outperform	9.0%	1.8%	19.0x	4.7%	5.1%	16.1%
	Energy Transfer Equity L.P.	ETE	\$40.58	\$40	\$44	10%	Outperform	9.0%	1.5%	16.0x	6.2%	6.0%	7.4%
	NuSTAR GP Holdings LLC	NSH	\$33.25	\$32	\$35	7%	Market Perform	9.0%	2.5%	15.0x	6.0%	6.3%	5.3%
	Atlas Energy L.P.	ATLS	\$24.30	\$22	\$25	1%	Market Perform / V	10.0%	2.5%	Post Spin	4.0%	4.9%	22.3%
	Kinder Morgan Inc.	KMI	\$32.17	\$29	\$32	(1%)	Market Perform / V	8.0%	3.0%	22.0x	3.7%	4.4%	8.5%
	Crosstex Energy Inc.	XTXI	\$12.64	\$10	\$12	(9%)	Market Perform / V	9.0%	2.5%	21.0x	3.2%	4.4%	10.8%
General Partnership MLP Median						7%	9.0%	2.5%	20.0x	4.0%	4.9%	10.8%	
All MLPs Average						13%	9.5%	1.4%	12.3x	7.0%	7.0%	7.0%	
All MLPs Median						11%	9.5%	1.3%	12.0x	6.5%	6.8%	5.8%	

Note: Median yields exclude MLPs that have suspended their distributions
Source: FactSet and Wells Fargo Securities, LLC estimates

MLP Monthly: January 2012

Valuation Metrics

	Ticker	Price 12/30/11	Current Yield 1	EV / Adj. EBITDA ²		Price / DCF		Estimated Distribution CAGRs			P/DCF To Growth 3		
				2011E	2012E	2011E	2012E	1-Yr ('12E)	3-Yr ('12-14E)	5-Yr ('12-16E)			
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	\$63.98	6.3%	15.8x	14.9x	17.6x	15.8x	5.5%	5.2%	4.8%	3.0x	
	Boardwalk Pipeline Partners L.P.	BWP	\$27.67	7.6%	14.1x	13.4x	13.9x	12.2x	1.9%	1.9%	1.8%	6.5x	
	Enbridge Energy Partners L.P. CI A	EEP	\$33.19	6.4%	14.5x	14.3x	15.2x	13.2x	4.4%	3.6%	3.0%	3.7x	
	El Paso Pipeline Partners L.P.	EPB	\$34.62	5.7%	13.4x	13.3x	13.2x	12.5x	9.3%	9.2%	8.7%	1.4x	
	Enterprise Products Partners L.P.	EPD	\$46.38	5.3%	14.1x	13.3x	14.6x	13.4x	5.8%	6.0%	5.7%	2.2x	
	Energy Transfer Partners L.P.	ETP	\$45.85	7.8%	16.1x	15.3x	13.6x	12.9x	1.8%	2.8%	2.9%	4.7x	
	Kinder Morgan Energy Partners L.P.	KMP	\$84.95	5.5%	19.2x	18.5x	18.0x	15.7x	6.7%	4.3%	3.3%	3.6x	
	Magellan Midstream Partners L.P.	MMP	\$68.88	4.6%	15.0x	14.9x	17.5x	16.9x	7.8%	7.5%	5.9%	2.3x	
	NuSTAR Energy L.P.	NS	\$56.66	7.7%	13.6x	13.2x	12.9x	11.9x	2.5%	2.5%	2.4%	4.8x	
	ONEOK Partners L.P.	OKS	\$57.74	4.1%	15.7x	20.7x	16.2x	19.3x	11.0%	9.7%	8.3%	2.0x	
	Plains All American Pipeline L.P.	PAA	\$73.45	5.4%	12.7x	15.4x	11.7x	12.8x	9.2%	8.5%	7.4%	1.5x	
	Spectra Energy Partners L.P.	SEP	\$31.96	5.9%	18.0x	16.9x	15.0x	14.0x	5.6%	5.8%	5.6%	2.4x	
	Sunoco Logistics Partners L.P.	SXL	\$39.40	4.2%	13.7x	14.1x	12.6x	11.7x	7.4%	7.5%	7.5%	1.6x	
	Williams Partners L.P.	WPZ	\$59.99	5.0%	13.4x	14.3x	13.4x	13.3x	9.0%	7.9%	6.9%	1.7x	
	Large Cap Pipeline MLP Median			5.6%	14.3x	14.6x	14.3x	13.3x	6.3%	5.9%	5.7%	2.3x	
Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	\$6.53	6.7%	5.8x	5.7x	8.8x	9.0x	-	-	-	-	
	Exterran Partners L.P.	EXLP	\$20.15	9.7%	9.1x	8.7x	8.0x	7.6x	4.5%	4.6%	4.7%	1.6x	
	Genesis Energy L.P.	GEL	\$28.04	6.1%	14.2x	12.8x	13.7x	12.3x	13.7%	10.5%	8.9%	1.2x	
	Global Partners LP	GLP	\$21.87	9.1%	10.5x	10.3x	10.9x	8.9x	2.0%	0.7%	0.4%	-	
	Holly Energy Partners L.P.	HEP	\$53.78	6.5%	15.4x	14.1x	15.2x	12.8x	7.5%	6.8%	6.1%	1.9x	
	Martin Midstream Partners L.P.	MMPL	\$34.45	8.9%	10.5x	10.9x	10.8x	8.8x	4.6%	4.2%	3.7%	2.1x	
	Niska Gas Storage Partners LLC	NKA	\$8.89	15.7%	9.3x	11.8x	7.9x	11.9x	0.0%	0.0%	0.0%	-	
	PAA Natural Gas Storage L.P.	PNG	\$18.75	7.6%	15.6x	14.6x	13.7x	12.9x	1.8%	0.6%	1.9%	-	
	TC PipeLines L.P.	TCP	\$47.43	6.5%	13.9x	14.1x	12.9x	12.4x	4.6%	4.7%	4.5%	2.6x	
	Transmontaigne Partners L.P.	TLP	\$33.60	7.4%	12.0x	11.0x	10.2x	10.2x	4.0%	3.3%	2.8%	3.0x	
	Tesoro Logistics LP	TLLP	\$32.90	4.3%	17.3x	15.1x	18.2x	15.7x	15.7%	19.1%	14.1%	0.8x	
	Small Cap Pipeline MLP Median			7.4%	12.0x	11.8x	10.9x	11.9x	4.5%	4.4%	4.1%	1.9x	
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$18.17	9.1%	9.9x	7.8x	11.7x	7.5x	8.5%	7.7%	6.1%	1.0x	
	Atlas Pipeline Partners L.P.	APL	\$37.15	5.8%	12.7x	11.4x	15.7x	13.1x	23.0%	10.8%	11.7%	1.2x	
	Chesapeake Midstream Partners L.P.	CHKM	\$29.00	5.2%	12.9x	11.8x	16.3x	13.4x	15.3%	13.8%	10.4%	1.0x	
	Crestwood Midstream Partners LP	CMLP	\$31.74	6.0%	15.7x	14.2x	13.5x	11.0x	10.8%	10.6%	9.7%	1.0x	
	Copano Energy L.L.C.	CPNO	\$34.20	6.7%	14.3x	12.1x	15.2x	10.9x	5.3%	7.4%	5.8%	1.5x	
	DCP Midstream Partners L.P.	DPM	\$47.47	5.4%	17.4x	15.6x	16.1x	12.8x	6.7%	7.7%	7.9%	1.7x	
	Eagle Rock Energy Partners L.P.	EROC	\$11.65	6.9%	8.8x	8.7x	10.5x	11.3x	25.8%	14.4%	9.3%	0.8x	
	MarkWest Energy Partners L.P.	MWE	\$55.06	5.3%	13.9x	11.2x	13.2x	10.5x	16.8%	14.6%	13.0%	0.7x	
	Targa Resources Partners L.P.	NGLS	\$37.28	6.3%	10.7x	12.0x	11.1x	11.2x	12.9%	10.4%	8.8%	1.1x	
	Regency Energy Partners L.P.	RGP	\$24.86	7.3%	12.7x	12.7x	13.6x	13.0x	3.5%	5.3%	5.2%	2.4x	
	Western Gas Partners LP	WES	\$41.27	4.1%	17.6x	14.4x	16.9x	14.2x	14.5%	15.1%	15.0%	0.9x	
	Crosstex Energy L.P.	XTEX	\$16.22	7.6%	10.0x	10.1x	9.5x	9.6x	10.0%	5.3%	5.7%	1.8x	
	Gathering & Processing MLP Median			6.1%	12.8x	11.9x	13.6x	11.3x	11.8%	10.5%	9.1%	1.1x	
	Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	\$19.07	9.1%	8.6x	6.8x	8.6x	7.7x	5.5%	3.3%	3.1%	2.3x
		EV Energy Partners L.P.	EVEP	\$65.90	4.6%	14.4x	11.8x	19.5x	16.9x	4.3%	2.2%	2.9%	7.6x
Legacy Reserves L.P.		LGCY	\$28.24	7.7%	7.9x	8.1x	11.7x	10.7x	3.8%	5.2%	5.7%	2.0x	
Linn Energy LLC		LINE	\$37.91	7.3%	10.6x	8.0x	11.7x	9.3x	7.5%	7.4%	6.4%	1.3x	
LRR Energy LP		LRE	\$19.61	9.7%	7.6x	7.8x	9.7x	9.0x	0.8%	1.8%	2.3%	5.0x	
Pioneer Southwest Energy Partners LP		PSE	\$26.16	7.8%	7.4x	9.0x	9.4x	11.1x	0.0%	5.2%	6.3%	2.1x	
QR Energy L.P.		QRE	\$20.16	9.4%	8.2x	6.8x	10.4x	8.0x	11.5%	8.2%	5.7%	1.0x	
Vanguard Natural Resources LLC		VNR	\$27.63	8.4%	10.0x	9.2x	8.6x	9.4x	4.2%	4.5%	5.3%	2.1x	
Upstream MLP Median			8.1%	8.4x	8.1x	10.0x	9.4x	4.3%	4.9%	5.5%	2.1x		
Propane		AmeriGas Partners L.P.	APU	\$45.91	6.4%	11.2x	14.6x	11.4x	18.5x	6.1%	4.7%	4.8%	4.0x
	Ferrelgas Partners L.P.	FGP	\$18.97	10.5%	11.2x	11.2x	11.3x	12.1x	0.0%	0.0%	0.0%	-	
	Inergy L.P.	NRGY	\$24.42	11.5%	12.5x	11.8x	9.6x	9.1x	0.0%	1.3%	1.6%	6.9x	
	NGL Energy Partners LP	NGL	\$20.63	6.5%	14.7x	10.7x	11.9x	9.6x	13.2%	8.6%	9.5%	1.1x	
	Suburban Propane Partners L.P.	SPH	\$47.61	7.2%	11.1x	11.7x	12.1x	12.5x	1.3%	3.8%	4.3%	3.3x	
Propane MLP Median			7.2%	11.2x	11.7x	11.4x	12.1x	1.3%	3.8%	4.3%	3.6x		
Shipping	Golar LNG Partners LP	GMLP	\$30.66	5.2%	13.0x	11.8x	21.0x	13.1x	11.3%	9.7%	8.4%	1.3x	
	Teekay LNG Partners L.P.	TGP	\$33.17	7.6%	13.4x	13.9x	12.3x	9.8x	7.1%	6.0%	4.8%	1.6x	
	Teekay Offshore Partners L.P.	TOO	\$26.60	7.5%	10.1x	10.1x	10.2x	9.8x	8.0%	8.0%	8.0%	1.2x	
Shipping MLP Median			7.6%	10.1x	10.2x	10.2x	9.8x	7.1%	6.0%	8.0%	1.3x		
Coal	Alliance Resource Partners L.P.	ARLP	\$75.58	5.1%	9.8x	9.3x	8.7x	8.6x	13.4%	12.8%	11.9%	0.7x	
	Natural Resource Partners L.P.	NRP	\$27.11	8.1%	11.7x	10.9x	10.8x	10.3x	6.2%	5.7%	4.8%	1.8x	
	Oxford Resource Partners LP	OXF	\$15.03	11.6%	6.1x	5.2x	20.9x	7.8x	1.7%	5.2%	4.7%	1.5x	
	Penn Virginia Resource L.P.	PVR	\$25.53	7.8%	12.6x	11.4x	12.4x	11.4x	6.6%	4.2%	3.5%	2.7x	
Coal MLP Median			8.0%	10.7x	10.1x	11.6x	9.4x	6.4%	5.5%	4.8%	1.6x		
GPs	Atlas Energy L.P.	ATLS	\$24.30	4.0%	NM for GP		17.1x	19.1x	36.7%	22.3%	17.6%	0.9x	
	Alliance Holdings GP L.P.	AHGP	\$51.98	4.7%	NM for GP		21.7x	18.3x	16.7%	16.1%	14.0%	1.1x	
	Energy Transfer Equity L.P.	ETE	\$40.58	6.2%	NM for GP		18.0x	16.1x	3.5%	7.4%	7.6%	2.2x	
	Kinder Morgan Inc.	KMI	\$32.17	3.7%	NM for GP		26.8x	24.3x	10.5%	8.5%	6.6%	2.9x	
	NuSTAR GP Holdings LLC	NSH	\$33.25	6.0%	NM for GP		16.8x	15.7x	5.7%	5.3%	4.9%	3.0x	
	Targa Resources Corp.	TRGP	\$40.69	3.0%	NM for GP		31.6x	26.1x	30.3%	24.2%	19.5%	1.1x	
	Crosstex Energy Inc.	XTXI	\$12.64	3.2%	NM for GP		32.4x	26.8x	21.2%	10.8%	13.0%	2.5x	
	General Partnership MLP Median			4.0%	NM	NM	21.7x	19.1x	16.7%	10.8%	13.0%	2.2x	
All MLPs Average			7.0%	12.3x	11.9x	13.9x	12.6x	8.3%	7.1%	6.3%	2.3x		
All MLPs Median			6.5%	12.7x	11.8x	13.0x	12.1x	6.6%	6.0%	5.7%	1.8x		
All MLPs (Excl. GPs) Median			6.9%	12.7x	11.8x	12.4x	11.7x	6.1%	5.5%	5.7%	1.8x		

Note 1: Median yields exclude MLPs that have suspended their distributions

Note 2: EBITDA adjusted downward to reflect GP percentage share of cash flow

Note 3: P/DCF to growth ratio is based on 2011E P/DCF multiple divided by estimated 3-year distribution growth rate

Source: FactSet and Wells Fargo Securities, LLC estimates

Date: 1/03/2012

Master Limited Partnerships

Overview Of Fiscal Estimates

	Ticker	Earnings Per Unit		EBITDA (\$MM)		DCF Per Unit		Distribution Per Unit		Distrib. Coverage			
		FY2011E	FY2012E	FY2011E	FY2012E	FY2011E	FY2012E	FY2011E	FY2012E	FY2011E	FY2012E		
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	\$3.21	\$3.32	\$500	\$571	\$3.63	\$4.06	\$4.08	\$4.30	1.0x	1.0x	
	Boardwalk Pipeline Partners L.P.	BWP	\$1.28	\$1.49	\$677	\$731	\$1.99	\$2.27	\$2.11	\$2.15	1.0x	1.1x	
	Enbridge Energy Partners L.P. CI A	EEP	\$1.37	\$1.79	\$1,178	\$1,362	\$2.18	\$2.52	\$2.11	\$2.21	1.0x	1.1x	
	El Paso Pipeline Partners L.P.	EPB	\$2.10	\$2.41	\$947	\$1,137	\$2.62	\$2.76	\$1.93	\$2.11	1.3x	1.2x	
	Enterprise Products Partners L.P.	EPD	\$2.10	\$2.39	\$3,707	\$4,014	\$3.17	\$3.46	\$2.44	\$2.58	1.3x	1.4x	
	Energy Transfer Partners L.P.	ETP	\$1.37	\$2.00	\$1,757	\$1,869	\$3.37	\$3.56	\$3.58	\$3.65	1.0x	1.0x	
	Kinder Morgan Energy Partners L.P.	KMP	\$1.77	\$2.62	\$3,480	\$3,990	\$4.71	\$5.42	\$4.62	\$4.93	1.0x	1.0x	
	Magellan Midstream Partners L.P.	MMP	\$3.62	\$3.50	\$641	\$648	\$3.94	\$4.06	\$3.17	\$3.42	1.2x	1.2x	
	NuSTAR Energy L.P.	NS	\$2.78	\$3.19	\$486	\$539	\$4.41	\$4.78	\$4.36	\$4.47	1.0x	1.1x	
	ONEOK Partners L.P.	OKS	\$3.01	\$2.44	\$1,175	\$1,163	\$3.56	\$2.99	\$2.36	\$2.62	1.4x	1.1x	
	Plains All American Pipeline L.P.	PAA	\$5.28	\$4.74	\$1,599	\$1,748	\$6.25	\$5.75	\$3.96	\$4.32	1.4x	1.2x	
	Spectra Energy Partners L.P.	SEP	\$1.71	\$1.88	\$255	\$295	\$2.14	\$2.29	\$1.87	\$1.98	1.1x	1.1x	
	Sunoco Logistics Partners L.P.	SXL	\$2.65	\$2.77	\$522	\$576	\$3.12	\$3.37	\$1.64	\$1.76	1.7x	1.7x	
	Williams Partners L.P.	WPZ	\$3.61	\$3.70	\$2,393	\$2,595	\$4.46	\$4.50	\$2.96	\$3.23	1.4x	1.3x	
	Large Cap Pipeline MLP Median											1.2x	1.1x
	Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	(\$0.51)	\$0.44	\$65	\$69	\$0.74	\$0.73	\$0.11	\$0.49	-	1.5x
Exterran Partners L.P.		EXLP	\$0.12	\$0.95	\$140	\$170	\$2.51	\$2.65	\$1.94	\$2.03	1.2x	1.2x	
Genesis Energy L.P.		GEL	\$0.96	\$1.33	\$174	\$210	\$2.05	\$2.28	\$1.70	\$1.93	1.2x	1.2x	
Global Partners LP		GLP	\$0.73	\$1.61	\$82	\$118	\$2.02	\$2.45	\$2.00	\$2.04	1.0x	1.2x	
Holly Energy Partners L.P.		HEP	\$2.43	\$2.79	\$140	\$184	\$3.53	\$4.20	\$3.48	\$3.74	1.0x	1.1x	
Martin Midstream Partners L.P.		MMLP	\$1.38	\$1.78	\$101	\$124	\$3.22	\$4.00	\$3.05	\$3.19	1.1x	1.2x	
Niska Gas Storage Partners LLC		NKA	\$1.47	\$0.00	\$196	\$125	\$0.75	\$0.84	\$1.40	\$1.40	1.1x	0.9x	
PAA Natural Gas Storage L.P.		PNG	\$0.90	\$0.90	\$103	\$117	\$1.37	\$1.45	\$1.41	\$1.43	0.9x	1.0x	
TC Pipelines L.P.		TCP	\$3.20	\$3.21	\$212	\$229	\$3.69	\$3.84	\$3.06	\$3.20	1.2x	1.2x	
Transmontaigne Partners L.P.		TLP	\$2.02	\$1.82	\$65	\$63	\$3.28	\$3.31	\$2.50	\$2.60	1.3x	1.2x	
Tesoro Logistics LP		TLLP	\$1.54	\$1.86	\$59	\$75	\$1.81	\$2.10	\$1.39	\$1.61	1.3x	1.3x	
Small Cap Pipeline MLP Median											1.2x	1.2x	
Gathering & Processing MLPs	American Midstream Partners LP	AMID	(\$1.54)	(\$0.03)	\$22	\$30	\$1.56	\$2.41	\$1.65	\$1.79	0.9x	1.3x	
	Atlas Pipeline Partners L.P.	APL	\$1.02	\$1.72	\$185	\$248	\$2.37	\$2.84	\$1.98	\$2.44	1.2x	1.2x	
	Chesapeake Midstream Partners L.P.	CHKM	\$1.32	\$1.46	\$341	\$486	\$1.79	\$1.89	\$1.48	\$1.70	1.2x	1.3x	
	Crestwood Midstream Partners LP	CMLP	\$1.19	\$1.54	\$111	\$151	\$2.35	\$2.89	\$1.86	\$2.06	1.2x	1.3x	
	Copano Energy L.L.C.	CPNO	\$0.02	\$0.82	\$211	\$285	\$2.24	\$3.14	\$2.30	\$2.42	1.0x	1.3x	
	DCP Midstream Partners L.P.	DPM	\$2.32	\$2.22	\$181	\$248	\$2.95	\$3.71	\$2.55	\$2.72	1.1x	1.3x	
	Eagle Rock Energy Partners L.P.	EROC	\$0.38	\$0.67	\$212	\$288	\$1.11	\$1.03	\$0.75	\$0.94	1.3x	1.1x	
	MarkWest Energy Partners L.P.	MWE	\$2.22	\$2.87	\$442	\$644	\$4.16	\$5.24	\$2.86	\$3.34	1.4x	1.6x	
	Targa Resources Partners L.P.	NGLS	\$1.81	\$2.06	\$479	\$549	\$3.35	\$3.32	\$2.30	\$2.60	1.4x	1.2x	
	Regency Energy Partners L.P.	RGP	\$0.46	\$0.59	\$422	\$492	\$1.83	\$1.92	\$1.81	\$1.87	1.0x	1.0x	
	Western Gas Partners LP	WES	\$1.64	\$2.12	\$253	\$361	\$2.44	\$2.91	\$1.65	\$1.89	1.4x	1.5x	
	Crosstex Energy L.P.	XTEX	(\$0.46)	(\$0.51)	\$209	\$221	\$1.70	\$1.68	\$1.22	\$1.34	1.4x	1.2x	
	Gathering & Processing MLP Median											1.2x	1.3x
	Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	\$0.76	\$1.04	\$219	\$286	\$2.22	\$2.49	\$1.72	\$1.81	1.3x	1.4x
EV Energy Partners L.P.		EVLP	\$2.19	\$2.63	\$216	\$297	\$3.38	\$3.91	\$3.05	\$3.18	1.1x	1.2x	
Legacy Reserves L.P.		LGCY	\$1.92	\$1.90	\$200	\$204	\$2.41	\$2.63	\$2.17	\$2.25	1.1x	1.2x	
Linn Energy LLC		LINE	\$1.80	\$2.35	\$970	\$1,315	\$3.23	\$4.08	\$2.73	\$2.94	1.2x	1.4x	
LRR Energy LP		LRE	\$1.51	\$1.68	\$68	\$74	\$2.02	\$2.18	\$1.90	\$1.92	1.1x	1.1x	
Pioneer Southwest Energy Partners LP		PSE	\$3.14	\$2.57	\$124	\$107	\$2.78	\$2.36	\$2.04	\$2.04	1.4x	1.2x	
QR Energy L.P.		QRE	\$0.95	\$1.72	\$113	\$211	\$1.94	\$2.51	\$1.71	\$1.91	1.1x	1.3x	
Vanguard Natural Resources LLC		VNR	\$2.05	\$1.52	\$155	\$226	\$3.23	\$2.94	\$2.31	\$2.40	1.3x	1.2x	
Upstream MLP Median											1.1x	1.2x	
Propane	AmeriGas Partners L.P.	APU	\$2.97	\$1.61	\$335	\$425	\$2.48	\$3.91	\$2.93	\$3.14	1.3x	0.8x	
	Ferrellgas Partners L.P.	FGP	(\$0.57)	\$0.42	\$227	\$234	\$1.57	\$1.73	\$2.00	\$2.00	0.8x	0.8x	
	Inergy L.P.	NRGY	\$0.54	\$1.03	\$385	\$464	\$2.33	\$2.68	\$2.82	\$2.82	0.8x	1.0x	
	NGL Energy Partners LP	NGL	(\$0.28)	\$1.75	\$11	\$70	\$1.74	\$2.16	\$1.04	\$1.61	0.3x	1.2x	
	Suburban Propane Partners L.P.	SPH	\$3.38	\$3.04	\$184	\$174	\$3.82	\$4.07	\$3.41	\$3.46	1.2x	1.1x	
	Propane MLP Median											0.8x	1.0x
Shipping	Golar LNG Partners LP	GMLP	\$1.50	\$2.31	\$133	\$185	\$1.46	\$2.34	\$1.60	\$1.78	1.2x	1.3x	
	Teekay LNG Partners L.P.	TGP	\$1.79	\$2.25	\$272	\$305	\$2.70	\$3.39	\$2.52	\$2.70	1.0x	1.2x	
	Teekay Offshore Partners L. P.	TOO	\$1.59	\$1.58	\$387	\$434	\$2.61	\$2.72	\$2.00	\$2.16	1.3x	1.2x	
Shipping MLP Median											1.0x	1.2x	
Coal	Alliance Resource Partners L.P.	ARLP	\$8.14	\$8.47	\$589	\$630	\$8.71	\$8.78	\$3.76	\$4.26	1.8x	1.6x	
	Natural Resource Partners L.P.	NRP	\$1.92	\$1.93	\$325	\$341	\$2.50	\$2.64	\$2.19	\$2.32	1.1x	1.1x	
	Oxford Resource Partners LP	OXF	(\$0.16)	\$1.32	\$61	\$86	\$0.72	\$1.93	\$1.75	\$1.78	0.4x	1.1x	
	Penn Virginia Resource L.P.	PVR	\$1.42	\$1.39	\$240	\$251	\$2.06	\$2.24	\$1.97	\$2.10	1.0x	1.1x	
Coal MLP Median											1.1x	1.1x	
GPs	Atlas Energy L.P.	ATLS	-	-	\$80	\$68	\$1.42	\$1.27	\$0.83	\$1.14	1.6x	1.1x	
	Alliance Holdings GP L.P.	AHGP	\$3.54	\$3.89	\$408	\$439	\$2.39	\$2.83	\$2.38	\$2.78	1.0x	1.0x	
	Energy Transfer Equity L.P.	ETE	-	-	\$654	\$720	\$2.26	\$2.52	\$2.44	\$2.52	0.9x	1.0x	
	Kinder Morgan Inc.	KMI	-	-	\$1,366	\$1,510	\$1.20	\$1.32	\$1.19	\$1.32	1.0x	1.0x	
	NuSTAR GP Holdings LLC	NSH	\$1.48	\$1.77	\$85	\$90	\$1.98	\$2.11	\$1.97	\$2.08	1.0x	1.0x	
	Targa Resources Corp.	TRGP	\$0.84	\$1.74	\$516	\$561	\$1.29	\$1.56	\$1.20	\$1.56	1.1x	1.0x	
	Crosstex Energy Inc.	XTXI	-	-	\$21	\$26	\$0.39	\$0.47	\$0.39	\$0.47	1.0x	1.0x	
General Partnership MLP Median											1.0x	1.0x	
All MLPs Average (Excl. GPs)											1.1x	1.2x	
All MLPs Median (Excl. GPs)											1.2x	1.2x	

Source: Partnership reports and Wells Fargo Securities, LLC estimates

Date: 1/03/2012

Master Limited Partnerships

Capex Assumptions

	Ticker	Maintenance Capex Spending				Organic Growth Spending				Acquisition Spending				
		2011E	2012E	2013E	% EBITDA	2011E	2012E	2013E	2014E	2011E	2012E	2013E	2014E	
(SMM, except per unit data)														
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	\$57.0	\$62.0	\$63.0	10%	\$280	\$280	\$200	\$100	\$1,087	\$0	\$0	\$0
	Boardwalk Pipeline Partners L.P.	BWP	\$82.0	\$72.7	\$76.1	11%	\$78	\$100	\$100	\$100	\$70	\$0	\$0	\$0
	Enbridge Energy Partners L.P. Cl A	EEP	\$100.0	\$125.9	\$147.1	7%	\$1,016	\$1,350	\$500	\$500	\$0	\$0	\$0	\$0
	El Paso Pipeline Partners L.P.	EPB	\$100.4	\$112.9	\$120.3	9%	\$136	\$105	\$75	\$75	\$2,112	\$1,500	\$1,500	\$1,500
	Enterprise Products Partners L.P.	EPD	\$258.4	\$272.8	\$280.4	6%	\$3,704	\$2,500	\$1,500	\$1,500	\$0	\$0	\$0	\$0
	Energy Transfer Partners L.P.	ETP	\$120.5	\$120.0	\$130.8	6%	\$1,582	\$1,322	\$844	\$500	\$1,380	\$0	\$0	\$0
	Kinder Morgan Energy Partners L.P.	KMP	\$215.0	\$259.4	\$265.5	5%	\$1,399	\$1,273	\$980	\$1,025	\$996	\$0	\$0	\$0
	Magellan Midstream Partners L.P.	MMP	\$70.0	\$65.8	\$69.3	11%	\$240	\$321	\$141	\$100	\$45	\$0	\$0	\$0
	NuSTAR Energy L.P.	NS	\$60.0	\$61.0	\$63.0	11%	\$310	\$375	\$300	\$300	\$95	\$0	\$0	\$0
	ONEOK Partners L.P.	OKS	\$97.0	\$109.0	\$112.9	8%	\$1,090	\$1,882	\$1,000	\$1,000	\$0	\$0	\$0	\$0
	Plains All American Pipeline L.P.	PAA	\$105.0	\$138.1	\$145.5	6%	\$465	\$714	\$580	\$500	\$620	\$1,670	\$0	\$0
	Spectra Energy Partners L.P.	SEP	\$12.6	\$14.5	\$15.0	4%	\$115	\$100	\$100	\$100	\$390	\$0	\$0	\$0
	Sunoco Logistics Partners L.P.	SXL	\$40.0	\$42.0	\$44.0	7%	\$160	\$150	\$150	\$150	\$460	\$0	\$0	\$0
	Williams Partners L.P.	WPZ	\$449.2	\$480.1	\$394.7	17%	\$670	\$1,665	\$1,479	\$1,000	\$345	\$750	\$0	\$0
Large Cap Pipeline MLP Total			\$1,767	\$1,936	\$1,928	8%	\$11,246	\$12,137	\$7,948	\$6,950	\$7,600	\$3,920	\$1,500	\$1,500
Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	\$11.5	\$17.2	\$17.3	17%	\$7	\$0	\$0	\$0	\$0	\$50	\$100	\$100
	Exterran Partners L.P.	EXLP	\$28.3	\$33.2	\$43.7	17%	\$21	\$52	\$61	\$71	\$62	\$255	\$255	\$255
	Genesis Energy L.P.	GEL	\$4.6	\$6.0	\$6.2	2%	\$46	\$40	\$30	\$31	\$161	\$0	\$0	\$0
	Global Partners LP	GLP	\$3.9	\$11.0	\$12.0	3%	\$5	\$6	\$6	\$6	\$0	\$0	\$0	\$0
	Holly Energy Partners L.P.	HEP	\$5.1	\$6.0	\$6.1	3%	\$38	\$22	\$22	\$22	\$340	\$0	\$0	\$0
	Martin Midstream Partners L.P.	MMLP	\$13.3	\$10.0	\$10.0	11%	\$67	\$60	\$60	\$60	\$96	\$0	\$0	\$0
	Niska Gas Storage Partners LLC	NKA	\$1.6	\$1.6	\$1.2	1%	\$55	\$19	\$8	\$10	\$0	\$0	\$0	\$0
	PAA Natural Gas Storage L.P.	PNG	\$0.8	\$0.6	\$1.0	1%	\$95	\$57	\$6	\$9	\$752	\$0	\$200	\$200
	TC Pipelines L.P.	TCP	\$11.5	\$10.4	\$10.4	5%	\$8	\$13	\$13	\$13	\$605	\$0	\$0	\$0
	Transmontaigne Partners L.P.	TLP	\$6.7	\$8.0	\$8.3	11%	\$38	\$19	\$10	\$10	\$13	\$0	\$0	\$0
	Tesoro Logistics LP	TLLP	\$2.3	\$5.2	\$7.8	3%	\$10	\$64	\$75	\$50	\$0	\$75	\$100	\$150
Small Cap Pipeline MLP Total			\$90	\$109	\$124	3%	\$390	\$351	\$291	\$282	\$2,029	\$380	\$655	\$705
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$4.0	\$3.4	\$4.1	13%	\$1	\$4	\$0	\$0	\$38	\$25	\$25	\$25
	Atlas Pipeline Partners L.P.	APL	\$18.5	\$22.3	\$28.1	7%	\$231	\$262	\$100	\$100	\$83	\$0	\$0	\$0
	Chesapeake Midstream Partners L.P.	CHKM	\$74.0	\$74.0	\$86.0	15%	\$348	\$695	\$500	\$350	\$865	\$500	\$500	\$500
	Crestwood Midstream Partners LP	CMLP	\$2.5	\$8.4	\$8.6	2%	\$42	\$60	\$50	\$50	\$408	\$8	\$0	\$0
	Copano Energy L.L.C.	CPNO	\$14.0	\$15.0	\$17.5	5%	\$425	\$350	\$200	\$150	\$16	\$0	\$0	\$0
	DCP Midstream Partners L.P.	DPM	\$12.0	\$16.8	\$21.6	5%	\$40	\$80	\$0	\$0	\$275	\$765	\$600	\$600
	Eagle Rock Energy Partners L.P.	EROC	\$45.3	\$85.0	\$87.0	16%	\$154	\$260	\$180	\$120	\$564	\$0	\$0	\$0
	MarkWest Energy Partners L.P.	MWE	\$15.0	\$25.0	\$30.0	2%	\$523	\$1,100	\$500	\$500	\$231	\$1,000	\$0	\$0
	Targa Resources Partners L.P.	NGLS	\$72.0	\$78.9	\$86.4	13%	\$244	\$500	\$400	\$250	\$164	\$0	\$0	\$0
	Regency Energy Partners L.P.	RGP	\$17.0	\$17.6	\$20.9	3%	\$379	\$651	\$362	\$300	\$592	\$0	\$0	\$0
	Western Gas Partners LP	WES	\$25.5	\$40.3	\$49.4	7%	\$26	\$40	\$49	\$59	\$433	\$733	\$750	\$750
	Crosstex Energy L.P.	XTEX	\$13.3	\$15.4	\$20.1	6%	\$130	\$266	\$100	\$100	\$0	\$0	\$0	\$0
Gathering & Processing MLP Total			\$313	\$402	\$460	7%	\$2,541	\$4,267	\$2,441	\$1,979	\$3,669	\$3,031	\$1,875	\$1,875
Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	\$45.0	\$68.7	\$63.5	16%	\$37	\$15	\$25	\$25	\$341	\$50	\$50	\$50
	EV Energy Partners L.P.	EVEP	\$51.0	\$80.4	\$88.3	17%	\$22	\$20	\$30	\$35	\$514	\$200	\$200	\$200
	Legacy Reserves L.P.	LGCY	\$72.0	\$61.2	\$69.9	35%	\$0	\$0	\$0	\$0	\$121	\$100	\$100	\$100
	Linn Energy LLC	LINE	\$167.5	\$282.7	\$336.4	13%	\$510	\$542	\$502	\$502	\$1,562	\$500	\$500	\$500
	LRR Energy LP	LRE	\$18.0	\$19.4	\$20.0	24%	\$0	\$0	\$0	\$0	\$0	\$50	\$50	\$50
	Pioneer Southwest Energy Partners LP	PSE	\$29.9	\$25.7	\$33.9	28%	\$37	\$34	\$26	\$18	\$0	\$0	\$150	\$150
	QR Energy L.P.	QRE	\$21.9	\$52.8	\$58.6	10%	\$10	\$20	\$0	\$0	\$577	\$300	\$200	\$200
	Vanguard Natural Resources LLC	VNR	\$19.6	\$38.4	\$47.4	9%	\$0	\$0	\$0	\$0	\$61	\$200	\$200	\$200
	Upstream MLP Total			\$425	\$629	\$718	16%	\$616	\$632	\$583	\$580	\$3,177	\$1,400	\$1,450
Propane	AmeriGas Partners L.P.	APU	\$38.2	\$72.2	\$86.9	9%	\$33	\$20	\$20	\$20	\$0	\$0	\$0	\$0
	Ferrellgas Partners L.P.	FGP	\$15.4	\$21.0	\$21.7	7%	\$34	\$17	\$20	\$21	\$7	\$5	\$0	\$0
	Inergy L.P.	NRGY	\$11.0	\$11.6	\$13.6	2%	\$310	\$210	\$250	\$250	\$65	\$0	\$100	\$100
	NGL Energy Partners LP	NGL	\$2.5	\$4.0	\$4.0	3%	\$2	\$1	\$1	\$1	\$520	\$50	\$50	\$0
	Suburban Propane Partners L.P.	SPH	\$10.2	\$10.5	\$11.0	6%	\$12	\$13	\$13	\$13	\$1	\$0	\$0	\$0
Propane MLP Total			\$77.4	\$119.3	\$137.2	6%	\$391	\$261	\$304	\$305	\$593	\$55	\$150	\$100
Shipping	Golar LNG Partners LP	GMLP	\$18.6	\$33.0	\$34.0	10%	\$0	\$0	\$0	\$0	\$330	\$330	\$0	\$0
	Teekay LNG Partners L.P.	TGP	\$45.6	\$49.6	\$49.9	15%	\$0	\$0	\$0	\$0	\$504	\$729	\$0	\$0
	Teekay Offshore Partners L.P.	TOO	\$104.1	\$108.5	\$109.5	24%	\$100	\$200	\$180	\$0	\$641	\$165	\$0	\$0
Shipping MLP Total			\$199.9	\$225.4	\$227.7	12%	\$220	\$200	\$180	\$0	\$1,501	\$1,224	\$0	\$0
Coal	Alliance Resource Partners L.P.	ARLP	\$145.2	\$165.2	\$168.2	23%	\$292	\$320	\$200	\$160	\$0	\$0	\$0	\$0
	Natural Resource Partners L.P.	NRP	\$32.1	\$30.8	\$30.8	9%	\$0	\$0	\$0	\$0	\$108	\$15	\$20	\$0
	Oxford Resource Partners LP	OXF	\$32.3	\$30.4	\$31.4	38%	\$17	\$22	\$20	\$20	\$0	\$0	\$0	\$0
	Penn Virginia Resource L.P.	PVR	\$13.5	\$16.0	\$17.0	5%	\$178	\$184	\$103	\$42	\$144	\$0	\$0	\$0
Coal MLP Total			\$223.1	\$242.4	\$247.4	16%	\$487	\$526	\$323	\$222	\$252	\$15	\$20	\$0
GPs	Atlas Energy L.P.	ATLS	\$10.1	\$0.0	\$0.0	15%	\$39	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Alliance Holdings GP L.P.	AHGP	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA
	Energy Transfer Equity L.P.	ETE	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA
	Kinder Morgan Inc.	KMI	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA
	NuSTAR GP Holdings LLC	NSH	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA
	Targa Resources Corp.	TRGP	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA
Crosstex Energy Inc.	XTXI	NA	NA	NA	-	NA	NA	NA	NA	NA	NA	NA	NA	
General Partnership MLP Total			\$10.1	\$0.0	\$0.0	15%	\$39	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All MLPs Average			\$51.8	\$61.1	\$64.0	11%	\$265.5	\$306.2	\$201.2	\$172.0	\$313.7	\$167.1	\$94.2	\$93.8
All MLPs Median			\$20.8	\$30.6	\$32.7	9%	\$61.2	\$60.0	\$55.0	\$46.0	\$114.4	\$0.0	\$0.0	\$0.0
All MLPs Sum			\$3,105	\$3,664	\$3,842		\$15,931	\$18,374	\$12,070	\$10,319	\$18,820	\$10,026	\$5,650	\$5,630

Source: Partnership reports and Wells Fargo Securities, LLC estimates

Date: 1/03/2012

Equity Issuance And WACC

	(SMM, except per unit data)	Ticker	Equity Issuances				WACC (50% weight)			Max IDR Splits			
			2011 YTD	2011E	2012E	2013E	Ke	Kd 1	WACC	LP	GP	% To GP	
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	\$1,109	\$1,241	\$250	\$0	10.2%	4.2%	7.2%	100%	0%	0%	
	Boardwalk Pipeline Partners L.P.	BWP	\$176	\$174	\$200	\$0	9.9%	4.0%	6.9%	50%	50%	8%	
	Enbridge Energy Partners L.P. CI A	EEP	\$698	\$452	\$150	\$0	9.7%	3.6%	6.7%	50%	50%	16%	
	El Paso Pipeline Partners L.P.	EPB	\$956	\$1,318	\$750	\$750	11.9%	4.1%	8.0%	50%	50%	16%	
	Enterprise Products Partners L.P.	EPD	\$462	\$500	\$600	\$600	9.5%	3.7%	6.6%	100%	0%	0%	
	Energy Transfer Partners L.P.	ETP	\$1,309	\$1,411	\$0	\$400	14.7%	4.9%	9.8%	50%	50%	37%	
	Kinder Morgan Energy Partners L.P.	KMP	\$479	\$561	\$0	\$0	12.1%	5.4%	8.7%	50%	50%	44%	
	Magellan Midstream Partners L.P.	MMP	\$0	\$0	\$150	\$0	8.8%	3.6%	6.2%	100%	0%	0%	
	NuSTAR Energy L.P.	NS	\$281	\$200	\$150	\$150	11.0%	4.2%	7.6%	75%	25%	13%	
	ONEOK Partners L.P.	OKS	\$0	\$0	\$1,000	\$225	10.0%	4.0%	7.0%	50%	50%	23%	
	Plains All American Pipeline L.P.	PAA	\$898	\$898	\$0	\$0	11.9%	3.6%	7.8%	50%	50%	28%	
	Spectra Energy Partners L.P.	SEP	\$194	\$216	\$0	\$0	10.2%	4.0%	7.1%	50%	50%	11%	
	Sunoco Logistics Partners L.P.	SXL	\$0	\$100	\$0	\$0	10.1%	4.4%	7.2%	50%	50%	25%	
	Williams Partners L.P.	WPZ	\$0	\$88	\$950	\$600	10.8%	3.7%	7.3%	50%	50%	26%	
Large Cap Pipeline MLP Total / Median			\$6,562	\$7,158	\$4,200	\$2,625	10.2%	4.0%	7.2%	50%	50%	16%	
Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	\$0	(\$22)	\$25	\$50	-	6.7%	-	50%	50%	0%	
	Exterran Partners L.P.	EXLP	\$130	\$125	\$164	\$179	13.5%	6.7%	10.1%	50%	50%	6%	
	Genesis Energy L.P.	GEL	\$193	\$193	\$0	\$0	11.7%	6.7%	9.2%	100%	0%	0%	
	Global Partners LP	GLP	\$0	\$73	\$0	\$0	10.1%	6.7%	8.4%	50%	50%	2%	
	Holly Energy Partners L.P.	HEP	\$265	\$190	\$0	\$0	11.7%	5.6%	8.6%	50%	50%	18%	
	Martin Midstream Partners L.P.	MMLP	\$64	\$0	\$0	\$0	12.4%	8.0%	10.2%	50%	50%	9%	
	Niska Gas Storage Partners LLC	NKA	\$0	\$0	\$0	\$0	16.7%	9.4%	13.0%	50%	50%	2%	
	PAA Natural Gas Storage L.P.	PNG	\$600	\$600	\$0	\$150	9.4%	6.7%	8.1%	50%	50%	3%	
	TC PipeLines L.P.	TCP	\$0	\$348	\$0	\$0	10.0%	4.0%	7.0%	75%	25%	2%	
	Transmontaigne Partners L.P.	TLP	\$0	\$0	\$0	\$0	10.6%	6.7%	8.7%	50%	50%	12%	
	Tesoro Logistics LP	TLLP	\$0	\$0	\$0	\$50	11.9%	6.7%	9.3%	50%	50%	2%	
	Small Cap Pipeline MLP Total / Median			\$1,252	\$1,507	\$189	\$429	11.7%	6.7%	8.9%	50%	50%	2%
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$0	\$0	\$0	\$0	13.1%	6.2%	9.7%	50%	50%	2%	
	Atlas Pipeline Partners L.P.	APL	\$0	\$0	\$0	\$0	11.8%	7.4%	9.6%	50%	50%	6%	
	Chesapeake Midstream Partners L.P.	CHKM	\$0	\$265	\$750	\$700	10.8%	5.9%	8.3%	50%	50%	2%	
	Crestwood Midstream Partners LP	CMLP	\$207	\$207	\$0	\$0	12.4%	8.3%	10.3%	50%	50%	12%	
	Copano Energy L.L.C.	CPNO	\$0	\$0	\$175	\$0	11.1%	6.9%	9.0%	100%	0%	0%	
	DCP Midstream Partners L.P.	DPM	\$130	\$145	\$363	\$330	11.5%	3.0%	7.3%	50%	50%	20%	
	Eagle Rock Energy Partners L.P.	EROC	\$0	\$409	\$16	\$0	11.7%	8.4%	10.0%	100%	0%	0%	
	MarkWest Energy Partners L.P.	MWE	\$1,105	\$575	\$325	\$0	12.9%	5.5%	9.2%	100%	0%	0%	
	Targa Resources Partners L.P.	NGLS	\$269	\$298	\$200	\$150	12.5%	6.6%	9.6%	50%	50%	17%	
	Regency Energy Partners L.P.	RGP	\$0	\$435	\$200	\$100	11.2%	5.8%	8.5%	50%	50%	4%	
	Western Gas Partners LP	WES	\$445	\$440	\$349	\$375	12.6%	4.6%	8.6%	50%	50%	6%	
	Crosstex Energy L.P.	XTEX	\$0	\$0	\$100	\$50	11.3%	6.2%	8.8%	50%	50%	5%	
Gathering & Processing Total / Median			\$2,156	\$2,774	\$2,477	\$1,705	11.7%	6.2%	9.1%	50%	50%	5%	
Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	\$91	\$0	\$150	\$25	10.6%	7.7%	9.2%	98%	2%	0%	
	EV Energy Partners L.P.	EVEP	\$153	\$153	\$400	\$100	6.6%	7.2%	6.9%	75%	25%	12%	
	Legacy Reserves L.P.	LGCY	\$98	\$106	\$0	\$0	10.9%	7.2%	9.0%	100%	0%	0%	
	Linn Energy LLC	LINE	\$621	\$621	\$300	\$250	10.5%	6.6%	8.5%	100%	0%	0%	
	LRR Energy LP	LRE	\$0	\$0	\$0	\$25	11.0%	7.2%	9.1%	75%	25%	0%	
	Pioneer Southwest Energy Partners LP	PSE	\$76	\$0	\$0	\$38	11.6%	7.2%	9.4%	100%	0%	0%	
	QR Energy L.P.	QRE	\$0	\$0	\$180	\$120	11.5%	7.2%	9.3%	100%	0%	0%	
	Vanguard Natural Resources LLC	VNR	\$0	\$0	\$300	\$100	11.3%	7.2%	9.2%	100%	0%	0%	
	Upstream MLP Total / Median			\$1,039	\$880	\$1,330	\$658	10.9%	7.2%	9.1%	100%	0%	0%
	Propane	AmeriGas Partners L.P.	APU	\$0	\$0	\$0	\$0	9.9%	6.8%	8.3%	50%	50%	4%
Ferrellgas Partners L.P.		FGP	\$133	\$6	\$0	\$0	11.4%	6.8%	9.1%	50%	50%	2%	
Inergy L.P.		NRGY	\$324	\$324	\$0	\$150	13.8%	6.8%	10.3%	100%	0%	0%	
NGL Energy Partners LP		NGL	\$0	\$292	\$25	\$25	12.3%	6.8%	9.6%	50%	50%	0%	
Suburban Propane Partners L.P.		SPH	\$0	\$0	\$0	\$0	11.0%	6.8%	8.9%	100%	0%	0%	
Propane MLP Total / Median			\$457	\$622	\$25	\$175	11.4%	6.8%	9.1%	50%	50%	0%	
Shipping	Golar LNG Partners LP	GMLP	\$0	\$0	\$165	\$0	10.2%	7.2%	8.7%	50%	50%	3%	
	Teekay LNG Partners L.P.	TGP	\$328	\$349	\$0	\$0	11.4%	7.2%	9.3%	50%	50%	8%	
	Teekay Offshore Partners L. P.	TOO	\$20	\$236	\$170	\$0	13.0%	7.2%	10.1%	50%	50%	7%	
Shipping MLP Total / Median			\$348	\$675	\$335	\$0	11.4%	7.2%	9.3%	50%	50%	3%	
Coal	Alliance Resource Partners L.P.	ARLP	\$0	\$0	\$0	\$0	15.1%	7.2%	11.1%	50%	50%	39%	
	Natural Resource Partners L.P.	NRP	\$0	\$0	\$0	\$0	12.0%	7.2%	9.6%	100%	0%	2%	
	Oxford Resource Partners LP	OXF	\$0	\$0	\$0	\$0	15.3%	7.2%	11.2%	50%	50%	2%	
	Penn Virginia Resource L.P.	PVR	\$172	\$0	\$0	\$0	10.7%	7.2%	9.0%	100%	0%	0%	
Coal MLP Median Total / Median			\$172	\$0	\$0	\$0	13.6%	7.2%	10.4%	75%	25%	2%	
GPs	Atlas Energy L.P.	ATLS	\$0	\$0	\$0	\$0	12.1%	5.9%	9.0%	GP	GP	0.0%	
	Alliance Holdings GP L.P.	AHGP	\$0	\$0	\$0	\$0	12.4%	5.9%	9.1%	GP	GP	NA	
	Energy Transfer Equity L.P.	ETE	\$0	\$0	\$0	\$0	11.1%	6.1%	8.6%	GP	GP	NA	
	Kinder Morgan Inc.	KMI	\$0	\$0	\$0	\$0	8.2%	5.7%	6.9%	GP	GP	NA	
	NuSTAR GP Holdings LLC	NSH	\$0	\$0	\$0	\$0	9.7%	5.9%	7.8%	GP	GP	NA	
	Targa Resources Corp.	TRGP	\$0	\$0	\$0	\$0	12.9%	5.9%	9.4%	GP	GP	NA	
	Crosstex Energy Inc.	XTXI	\$0	\$0	\$0	\$0	10.1%	5.9%	8.0%	GP	GP	NA	
	General Partnership MLP Total / Median			\$0	\$0	\$0	\$0	11.1%	5.9%	8.6%			
All MLPs Average (Excl. GPs)			\$203.2	\$230.8	\$145.0	\$94.8	11.5%	6.1%	8.8%	66%	34%	8%	
All MLPs Median (Excl. GPs)			\$20.0	\$106.1	\$0.0	\$0.0	11.3%	6.7%	8.9%	50%	50%	3%	
All MLPs Sum			\$11,986	\$13,615	\$8,556	\$5,591							

Note 1: For MLPs with publicly-traded debt, Kd = yield to maturity of most recently issued tranche of 10-year senior notes
Source: Partnership reports, FactSet, Standard & Poor's, and Wells Fargo Securities, LLC estimates

Master Limited Partnerships

Credit Metrics

	Ticker	Total Debt (At Q3'11)	Q3'11 Debt / EBITDA (TTM)		Debt To Capital	S&P Debt Rating	Moody's Rating	Investment Grade	
			Pro Forma	GAAP					
(\$MM, except per unit data)									
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	\$2,315	4.5x	4.6x	50%	BBB	Baa3	Yes
	Boardwalk Pipeline Partners L.P.	BWP	\$3,198	4.8x	4.7x	50%	BBB	Baa1	Yes
	Enbridge Energy Partners L.P. CI A	EEP	\$5,389	4.1x	4.6x	58%	BBB	Baa2	Yes
	El Paso Pipeline Partners L.P.	EPB	\$3,774	3.9x	4.0x	65%	None	None	No
	Enterprise Products Partners L.P.	EPD	\$14,349	3.7x	3.9x	56%	BBB-	Baa3	Yes
	Energy Transfer Partners L.P.	ETP	\$8,076	0.0x	4.6x	61%	BBB-	Baa3	Yes
	Kinder Morgan Energy Partners L.P.	KMP	\$12,507	3.8x	3.6x	62%	BBB	Baa2	Yes
	Magellan Midstream Partners L.P.	MMP	\$2,153	3.3x	3.4x	59%	BBB	Baa2	Yes
	NuSTAR Energy L.P.	NS	\$2,411	4.0x	5.0x	49%	BBB-	Baa3	Yes
	ONEOK Partners L.P.	OKS	\$3,752	3.2x	3.2x	53%	BBB	Baa2	Yes
	Plains All American Pipeline L.P.	PAA	\$5,585	3.3x	3.5x	50%	BBB-	Baa3	Yes
	Spectra Energy Partners L.P.	SEP	\$649	2.3x	2.5x	28%	BBB	Baa3	Yes
	Sunoco Logistics Partners L.P.	SXL	\$1,798	3.5x	3.4x	60%	BBB	Baa2	Yes
	Williams Partners L.P.	WPZ	\$7,075	3.1x	3.0x	-	BBB-	Baa3	Yes
Large Cap Pipeline MLP Median			\$3,763	3.6x	3.7x	56%			
Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	\$228	3.7x	3.5x	-	None	None	No
	Exterran Partners L.P.	EXLP	\$544	4.9x	3.9x	56%	None	None	No
	Genesis Energy L.P.	GEL	\$618	4.1x	3.6x	43%	B	None	No
	Global Partners LP	GLP	\$432	2.7x	5.3x	58%	None	None	No
	Holly Energy Partners L.P.	HEP	\$529	3.9x	3.8x	84%	BB-	B1	No
	Martin Midstream Partners L.P.	MMLP	\$440	4.8x	4.4x	59%	B	B3	No
	Niska Gas Storage Partners LLC	NKA	\$858	4.5x	5.4x	49%	BB-	B2	No
	PAA Natural Gas Storage L.P.	PNG	\$435	3.7x	4.2x	25%	None	None	No
	TC PipeLines L.P.	TCP	\$747	3.5x	3.5x	36%	BBB	Baa2	Yes
	Transmontaigne Partners L.P.	TLP	\$120	1.8x	1.9x	25%	None	None	No
	Tesoro Logistics LP	TLLP	\$50	0.0x	0.8x	32%	None	None	No
	Small Cap Pipeline MLP Median			\$440	3.7x	3.8x	46%		
Gathering & Processing MLPs	American Midstream Partners LP	AMID	\$29	-	1.4x	22%	None	None	No
	Atlas Pipeline Partners L.P.	APL	\$424	2.4x	2.3x	25%	B	B3	No
	Chesapeake Midstream Partners L.P.	CHKM	\$417	1.1x	1.2x	13%	BB+	Ba3	No
	Crestwood Midstream Partners LP	CMLP	\$428	4.2x	3.8x	48%	None	B3	No
	Copano Energy L.L.C.	CPNO	\$905	3.6x	4.3x	50%	B+	B1	No
	DCP Midstream Partners L.P.	DPM	\$250	4.0x	1.4x	23%	BBB-	None	Yes
	Eagle Rock Energy Partners L.P.	EROC	\$741	4.1x	3.5x	41%	None	B3	No
	MarkWest Energy Partners L.P.	MWE	\$1,478	3.2x	3.3x	44%	BB	Ba3	No
	Targa Resources Partners L.P.	NGLS	\$1,514	3.0x	3.2x	53%	BB	B1	No
	Regency Energy Partners L.P.	RGP	\$1,800	3.7x	4.3x	34%	BB-	B1	No
	Western Gas Partners LP	WES	\$669	2.5x	2.6x	29%	BB+	None	No
	Crosstex Energy L.P.	XTEX	\$788	3.5x	3.8x	46%	None	None	No
	Gathering & Processing MLP Median			\$705	3.5x	3.3x	38%		
Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	\$511	2.3x	2.3x	27%	B	None	No
	EV Energy Partners L.P.	EVEP	\$505	2.5x	2.3x	35%	B-	None	No
	Legacy Reserves L.P.	LGCY	\$406	2.2x	2.0x	47%	None	None	No
	Linn Energy LLC	LINE	\$3,119	3.3x	3.2x	46%	B	B2	No
	LRR Energy LP	LRE	\$156	-	2.3x	41%	None	None	No
	Pioneer Southwest Energy Partners LP	PSE	\$97	0.8x	0.8x	34%	None	None	No
	QR Energy L.P.	QRE	\$266	-	2.4x	55%	None	None	No
	Vanguard Natural Resources LLC	VNR	\$557	3.8x	3.6x	38%	None	None	No
Upstream MLP Median			\$456	2.4x	2.3x	39%			
Propane	AmeriGas Partners L.P.	APU	\$953	2.8x	2.8x	62%	None	Ba3	No
	Ferrelgas Partners L.P.	FGP	\$1,196	5.4x	5.3x	99%	B+	None	No
	Inergy L.P.	NRGY	\$2,008	5.0x	4.9x	67%	B+	None	No
	NGL Energy Partners LP	NGL	\$51	0.0x	4.6x	33%	None	None	No
	Suburban Propane Partners L.P.	SPH	\$348	2.0x	1.9x	46%	BB-	WR	No
Propane MLP Median			\$953	2.8x	4.6x	62%			
Shipping	Golar LNG Partners LP	GMLP	\$418	3.1x	3.1x	69%	None	None	No
	Teekay LNG Partners L.P.	TGP	\$1,548	5.7x	5.7x	62%	None	None	No
	Teekay Offshore Partners L. P.	TOO	\$1,925	5.0x	5.0x	85%	None	None	No
Shipping MLP Median			\$624	5.0x	5.0x	62%			
Coal	Alliance Resource Partners L.P.	ARLP	\$704	1.2x	1.2x	51%	None	None	No
	Natural Resource Partners L.P.	NRP	\$816	2.6x	2.5x	53%	None	None	No
	Oxford Resource Partners LP	OXF	\$154	2.4x	2.5x	68%	None	None	No
	Penn Virginia Resource L.P.	PVR	\$935	3.7x	3.9x	70%	None	None	No
Coal MLP Median			\$760	2.5x	2.5x	60%			
GPs	Atlas Energy L.P.	ATLS	\$72	0.9x	0.9x	-	None	None	No
	Alliance Holdings GP L.P.	AHGP	None	-	-	-	None	None	No
	Energy Transfer Equity L.P.	ETE	\$1,800	2.8x	2.8x	-	BB-	Ba2	No
	Kinder Morgan Inc.	KMI	\$3,160	2.3x	2.3x	-	BB	Ba1	No
	NuSTAR GP Holdings LLC	NSH	\$11	0.1x	0.1x	-	None	None	No
	Targa Resources Corp.	TRGP	\$1,603	3.1x	3.1x	-	None	None	No
	Crosstex Energy Inc.	XTXI	None	-	-	-	None	None	No
General Partnership MLP Median			\$1,603	-	-	-			
All MLPs Average			\$1,746	3.2x	3.3x	49%			
All MLPs Median			\$722	3.3x	3.4x	50%			

Source: Partnership reports and FactSet

Date: 1/03/2012

MLP Monthly: January 2012

MLP Performance

	Ticker	Price 12/30/11	Price Performance (% Δ)				Total Return Performance (% Δ)				
			WTD	MTD	QTD	YTD	MTD	QTD	YTD	TTM	
Large Cap Pipeline MLPs	ONEOK Partners L.P.	OKS \$57.74	1.7%	14.2%	23.9%	45.3%	14.2%	25.3%	53.2%	53.2%	
	Sunoco Logistics Partners L.P.	SXL \$39.40	5.8%	14.5%	33.6%	41.4%	14.5%	35.2%	49.3%	49.3%	
	Williams Partners L.P.	WPZ \$59.99	0.4%	3.3%	10.6%	28.6%	3.3%	12.0%	35.8%	35.8%	
	Kinder Morgan Management L.L.C.	KMR \$78.52	1.8%	11.0%	36.1%	25.8%	11.0%	36.1%	25.8%	25.8%	
	Magellan Midstream Partners L.P.	MMP \$68.88	2.5%	7.7%	14.0%	21.9%	7.7%	15.5%	28.4%	28.4%	
	Kinder Morgan Energy Partners L.P.	KMP \$84.95	1.4%	8.6%	24.2%	20.9%	8.6%	26.1%	28.6%	28.6%	
	Plains All American Pipeline L.P.	PAA \$73.45	2.2%	13.2%	24.7%	17.0%	13.2%	26.6%	24.3%	24.3%	
	Enbridge Energy Management L.L.C.	EEQ \$34.76	2.4%	9.1%	28.7%	16.4%	9.1%	28.7%	16.4%	16.4%	
	Enterprise Products Partners L.P.	EPD \$46.38	1.9%	2.0%	15.5%	11.5%	2.0%	17.1%	17.8%	17.8%	
	Enbridge Energy Partners L.P. CI A	EET \$33.19	3.7%	7.2%	20.8%	6.4%	7.2%	23.0%	13.9%	13.9%	
	El Paso Pipeline Partners L.P.	EPB \$34.62	1.6%	5.6%	(2.4%)	3.5%	5.6%	(1.0%)	9.1%	9.1%	
	Spectra Energy Partners L.P.	SEP \$31.96	2.3%	5.6%	13.3%	(2.7%)	5.6%	15.1%	3.1%	3.1%	
	Buckeye Partners L.P.	BPL \$63.98	(0.1%)	0.3%	2.4%	(4.3%)	0.3%	4.0%	2.1%	2.1%	
	Boardwalk Pipeline Partners L.P.	BWP \$27.67	0.2%	6.6%	7.9%	(11.1%)	6.6%	10.0%	(4.4%)	(4.4%)	
	Energy Transfer Partners L.P.	ETP \$45.85	(0.3%)	4.8%	11.8%	(11.5%)	4.8%	14.0%	(4.9%)	(4.9%)	
NuSTAR Energy L.P.	NS \$56.66	(0.1%)	3.3%	8.4%	(18.5%)	3.3%	10.5%	(12.5%)	(12.5%)		
Large Cap Pipeline MLP Median			1.7%	6.9%	14.8%	13.9%	6.9%	16.3%	17.1%	17.1%	
Small & Mid Cap Pipeline	CVR Partners LP	UAN \$24.82	8.1%	8.6%	5.5%	41.4%	8.6%	7.9%	47.2%	47.2%	
	Tesoro Logistics LP	TLLP \$32.90	(0.9%)	20.7%	38.1%	40.0%	20.7%	40.0%	43.3%	43.3%	
	Oiltanking Partners LP	OILT \$27.92	(0.1%)	(3.1%)	16.9%	17.8%	(3.1%)	18.1%	19.0%	19.0%	
	Genesis Energy L.P.	GEL \$28.04	0.5%	7.5%	15.8%	6.2%	7.5%	17.8%	13.0%	13.0%	
	Holly Energy Partners L.P.	HEP \$53.78	1.0%	(3.5%)	9.3%	5.6%	(3.5%)	11.0%	12.4%	12.4%	
	Calumet Specialty Products Partners L.F	CLMT \$20.16	3.3%	4.2%	19.0%	(5.4%)	4.2%	22.2%	3.5%	3.5%	
	Transmontaigne Partners L.P.	TLP \$33.60	1.6%	9.3%	2.0%	(7.7%)	9.3%	3.8%	(1.3%)	(1.3%)	
	TC PipeLines L.P.	TCP \$47.43	0.4%	(0.3%)	8.2%	(8.8%)	(0.3%)	10.0%	(2.9%)	(2.9%)	
	Marin Midstream Partners L.P.	MMLP \$34.45	(0.6%)	6.7%	6.0%	(12.5%)	6.7%	8.4%	(5.1%)	(5.1%)	
	Cheniere Energy Partners L.P.	CQP \$18.02	(1.8%)	11.0%	33.0%	(15.4%)	11.0%	36.2%	(7.6%)	(7.6%)	
	Blueknight Energy Partners LP	BKEP \$6.53	13.6%	4.3%	4.5%	(15.7%)	4.3%	4.5%	(15.7%)	(15.7%)	
	Global Partners LP	GLP \$21.87	0.4%	5.7%	24.4%	(20.2%)	5.7%	27.5%	(13.2%)	(13.2%)	
	Comproco Partners L.P.	GSJK \$15.00	(2.0%)	3.7%	(2.7%)	(2.1%)	3.7%	(0.3%)	(18.9%)	(18.9%)	
	PAA Natural Gas Storage L.P.	PNG \$18.75	3.6%	7.2%	15.0%	(24.8%)	7.2%	17.3%	(19.9%)	(19.9%)	
	Exterran Partners L.P.	EXLP \$20.15	(2.2%)	(7.2%)	(8.1%)	(25.0%)	(7.2%)	(6.2%)	(18.8%)	(18.8%)	
Niska Gas Storage Partners LLC	NKA \$8.89	(2.1%)	(8.2%)	(23.6%)	(55.4%)	(8.2%)	(21.0%)	(51.3%)	(51.3%)		
Small Cap Pipeline MLP Median			0.4%	5.0%	8.8%	(10.6%)	5.0%	10.5%	(4.0%)	(4.0%)	
Gathering & Processing MLPs	Atlas Pipeline Partners L.P.	APL \$37.15	4.6%	6.8%	24.4%	50.6%	6.8%	26.3%	59.2%	59.2%	
	Western Gas Partners LP	WES \$41.27	1.8%	9.5%	22.2%	36.2%	9.5%	23.7%	42.6%	42.6%	
	Eagle Rock Energy Partners L.P.	EROC \$11.65	1.6%	11.0%	20.0%	32.1%	11.0%	22.4%	41.2%	41.2%	
	MarkWest Energy Partners L.P.	MWE \$55.06	1.5%	2.6%	19.8%	27.1%	2.6%	21.6%	34.7%	34.7%	
	DCP Midstream Partners L.P.	DPM \$47.47	3.8%	10.6%	18.6%	26.9%	10.6%	20.4%	34.7%	34.7%	
	Crestwood Midstream Partners LP	CMLP \$31.74	(0.5%)	6.3%	23.4%	16.7%	6.3%	25.4%	24.4%	24.4%	
	Crosstex Energy L.P.	XTX \$16.22	(0.4%)	4.4%	0.0%	12.6%	4.4%	1.9%	20.8%	20.8%	
	Targa Resources Partners L.P.	NGLS \$37.28	0.6%	(0.7%)	13.4%	9.8%	(0.7%)	15.3%	17.2%	17.2%	
	Copano Energy L.L.C.	CPNO \$34.20	2.4%	3.3%	14.7%	1.3%	3.3%	16.8%	8.5%	8.5%	
	Chesapeake Midstream Partners L.P.	CHKM \$29.00	6.7%	10.6%	8.0%	0.8%	10.6%	9.6%	6.4%	6.4%	
	Regency Energy Partners L.P.	RGP \$24.86	1.5%	8.0%	11.0%	(8.8%)	8.0%	13.2%	(2.1%)	(2.1%)	
	American Midstream Partners LP	AMID \$18.17	(3.2%)	(4.2%)	(5.1%)	(13.3%)	(4.2%)	(3.7%)	(12.0%)	(12.0%)	
	Gathering & Processing MLP Median			1.5%	6.5%	16.7%	14.7%	6.5%	18.6%	22.6%	22.6%
	Upstream MLPs	EV Energy Partners L.P.	EVEP \$65.90	(0.4%)	(3.4%)	(8.1%)	67.9%	(3.4%)	(7.1%)	77.1%	77.1%
		LRR Energy LP	LRE \$19.61	1.9%	3.8%	2.9%	2.9%	3.8%	2.9%	2.9%	2.9%
Linn Energy LLC		LINE \$37.91	(0.3%)	4.1%	6.3%	1.1%	4.1%	8.3%	8.5%	8.5%	
QR Energy L.P.		QRE \$20.16	2.3%	0.9%	3.1%	0.2%	0.9%	5.2%	6.7%	6.7%	
Legacy Reserves L.P.		LGYS \$28.24	(1.7%)	5.3%	8.8%	(1.7%)	5.3%	10.8%	5.6%	5.6%	
BreitBurn Energy Partners L.P.		BBEP \$19.07	0.5%	3.1%	9.6%	(5.3%)	3.1%	12.3%	3.4%	3.4%	
Vanguard Natural Resources LLC		VNR \$27.63	(0.3%)	4.4%	5.9%	(6.8%)	4.4%	8.0%	0.5%	0.5%	
Pioneer Southwest Energy Partners LP		PSE \$26.16	(0.9%)	(14.0%)	8.2%	(12.9%)	(14.0%)	10.2%	(7.1%)	(7.1%)	
Upstream MLP Median			(0.3%)	3.4%	6.1%	(0.7%)	3.4%	8.2%	4.5%	4.5%	
Propane		NGL Energy Partners LP	NGL \$20.63	0.5%	(4.6%)	(4.0%)	(1.7%)	(4.6%)	(2.6%)	0.7%	0.7%
		AmeriGas Partners L.P.	APU \$45.91	3.5%	4.6%	4.4%	(5.9%)	4.6%	6.1%	0.4%	0.4%
		Star Gas Partners L.P.	SGU \$4.87	0.6%	(2.2%)	(0.6%)	(8.5%)	(2.2%)	1.0%	(3.0%)	(3.0%)
		Suburban Propane Partners L.P.	SPH \$47.61	1.0%	2.4%	2.6%	(15.1%)	2.4%	4.4%	(9.3%)	(9.3%)
		Ferrellgas Partners L.P.	FGP \$18.97	(2.1%)	(15.9%)	(4.4%)	(25.9%)	(14.0%)	(2.3%)	(19.5%)	(19.5%)
		Inergy L.P.	NRGY \$24.42	0.5%	1.0%	(2.4%)	(37.8%)	1.0%	0.1%	(32.4%)	(32.4%)
Propane MLP Median			0.6%	(0.6%)	(1.5%)	(11.8%)	(0.6%)	0.5%	(6.1%)	(6.1%)	
Shipping	Golar LNG Partners LP	GMLP \$30.66	1.2%	5.2%	19.9%	23.4%	5.2%	21.6%	26.6%	26.6%	
	Teekay Offshore Partners L. P.	TOO \$26.60	1.3%	(4.6%)	8.2%	(4.1%)	(4.6%)	10.3%	2.8%	2.8%	
	Teekay LNG Partners L.P.	TGP \$33.17	(1.9%)	3.0%	6.6%	(12.7%)	3.0%	8.5%	(6.4%)	(6.4%)	
Shipping MLP Median			(0.4%)	3.0%	8.2%	(4.1%)	3.0%	10.3%	2.8%	2.8%	
Coal	Alliance Resource Partners L.P.	ARLP \$75.58	(1.0%)	5.8%	15.3%	14.9%	5.8%	16.8%	20.7%	20.7%	
	Penn Virginia Resource L.P.	PVR \$25.53	(0.4%)	4.9%	9.1%	(9.9%)	4.9%	11.3%	(3.0%)	(3.0%)	
	Rhino Resource Partners L.P.	RNO \$19.30	(1.1%)	2.9%	9.3%	(17.3%)	2.9%	11.9%	(10.8%)	(10.8%)	
	Natural Resource Partners L.P.	NRP \$27.11	(0.6%)	(1.5%)	6.9%	(18.3%)	(1.5%)	8.9%	(12.7%)	(12.7%)	
	Oxford Resource Partners LP	OXF \$15.03	(1.6%)	(14.7%)	(0.1%)	(38.3%)	(14.7%)	2.4%	(33.1%)	(33.1%)	
Coal MLP Median			(1.0%)	2.9%	9.1%	(17.3%)	2.9%	11.3%	(10.8%)	(10.8%)	
GPs	Atlas Energy L.P.	ATLS \$24.30	2.4%	0.1%	30.9%	62.0%	0.1%	32.2%	66.9%	66.9%	
	Targa Resources Corp.	TRGP \$40.69	1.5%	17.7%	36.8%	51.8%	17.7%	38.0%	56.1%	56.1%	
	Crosstex Energy Inc.	XTXI \$12.64	(3.2%)	5.6%	(6.2%)	42.7%	5.6%	(5.6%)	47.3%	47.3%	
	Alliance Holdings GP L.P.	AHGP \$51.98	(0.2%)	2.6%	18.2%	8.0%	2.6%	19.6%	13.1%	13.1%	
	Energy Transfer Equity L.P.	ETE \$40.58	2.0%	15.0%	16.7%	3.9%	15.0%	18.7%	10.1%	10.1%	
	Kinder Morgan Inc.	KMI \$32.17	2.6%	9.1%	24.3%	3.6%	9.1%	25.5%	6.3%	6.3%	
	NuSTAR GP Holdings LLC	NSH \$33.25	3.8%	12.0%	8.4%	(8.5%)	12.0%	10.1%	(3.2%)	(3.2%)	
General Partnership MLP Median			2.0%	9.1%	18.2%	8.0%	9.1%	19.6%	13.1%	13.1%	
All MLPs Average			1.0%	4.2%	11.6%	4.6%	4.2%	13.4%	10.4%	10.4%	
All MLPs Median			0.6%	4.6%	9.3%	0.8%	4.6%	11.9%	6.3%	6.3%	
Indices	WELLS FARGO SECURITIES MLP IND	WMLP 504	2.4%	5.6%	14.6%	7.9%	5.6%	16.3%	14.5%	14.5%	
	S&P 500 STOCK INDEX	SP50 1258	(0.6%)	0.9%	11.2%	(0.0%)	1.0%	11.8%	2.1%	2.1%	
	S&P 500 UTILITIES IND G	SP825 183	0.3%	3.0%	7.2%	14.8%	3.4%	7.2%	14.8%	14.8%	
	MSCI US REIT INDEX PRICE-ONLY	RMZK 797	(0.6%)	4.1%	14.1%	4.7%	NA	NA	NA	NA	

Source: FactSet, Standard & Poor's, and Wells Fargo Securities, LLC

Date: 1/3/2012

Master Limited Partnerships

MLP Trading Activity

	Ticker	Average Volume		Ann'l Unit Turnover	Short Interest Volume & Ratios					
		3-Mos	1-Mos		Last Month	Current	% Of Float	Days To Cover		
Large Cap Pipeline MLPs	Buckeye Partners L.P.	BPL	249,371	290,915	0.7x	1,019,579	921,635	1.1%	3.5	
	Boardwalk Pipeline Partners L.P.	BWP	362,564	345,439	0.5x	1,161,446	979,569	0.6%	2.7	
	Enbridge Energy Partners L.P. CI A	EEP	781,239	1,012,138	0.7x	1,238,710	1,038,927	0.6%	0.8	
	Enbridge Energy Management L.L.C.	EEQ	69,296	62,940	0.5x	401,469	366,336	1.2%	5.3	
	EI Paso Pipeline Partners L.P.	EPB	700,105	462,391	0.9x	1,041,453	824,889	0.7%	1.8	
	Enterprise Products Partners L.P.	EPD	1,434,826	1,802,987	0.4x	5,324,588	3,587,805	0.7%	1.6	
	Energy Transfer Partners L.P.	ETP	1,212,593	859,806	1.5x	1,654,482	1,354,819	0.8%	1.7	
	Kinder Morgan Energy Partners L.P.	KMP	696,867	622,508	0.5x	5,559,979	5,361,110	2.5%	10.1	
	Kinder Morgan Management L.L.C.	KMR	309,247	299,135	0.8x	2,132,127	2,003,679	2.4%	7.1	
	Magellan Midstream Partners L.P.	MMP	249,707	219,861	0.6x	1,077,760	936,487	0.8%	4.6	
	NuSTAR Energy L.P.	NS	326,722	615,970	1.3x	713,722	384,664	0.7%	0.4	
	ONEOK Partners L.P.	OKS	285,952	341,945	0.4x	2,199,647	2,237,627	1.9%	8.2	
	Plains All American Pipeline L.P.	PAA	653,397	549,776	1.1x	1,219,657	1,377,313	0.9%	2.2	
	Spectra Energy Partners L.P.	SEP	150,343	147,061	0.4x	327,344	326,732	0.9%	2.2	
	Sunoco Logistics Partners L.P.	SXL	260,570	248,465	0.6x	1,883,343	1,710,575	2.5%	6.2	
	Williams Partners L.P.	WPZ	269,740	283,793	0.2x	2,771,334	2,949,509	4.0%	12.6	
	Large Cap Pipeline MLP Median		317,984	343,692	0.6x	1,229,184	1,196,873	0.9%	3.1	
Small & Mid Cap Pipeline	Blueknight Energy Partners LP	BKEP	47,476	97,536	0.4x	-	-	0.3%	2.3	
	Cheniere Energy Partners L.P.	CQP	256,699	168,264	0.4x	209,524	170,513	0.9%	1.0	
	Calumet Specialty Products Partners L.P	CLMT	328,819	173,277	1.6x	-	-	0.9%	1.5	
	Exterran Partners L.P.	EXLP	104,280	137,228	0.7x	-	-	1.2%	2.4	
	Genesis Energy L.P.	GEL	183,235	181,706	0.6x	-	-	0.9%	3.0	
	Global Partners LP	GLP	72,733	64,197	0.8x	-	-	1.0%	2.4	
	Compressco Partners L.P.	GSJK	13,279	21,715	0.2x	-	-	0.1%	0.1	
	Holly Energy Partners L.P.	HEP	52,423	97,201	0.6x	50,649	63,848	0.6%	0.4	
	Martin Midstream Partners L.P.	MMLP	57,126	48,276	0.8x	-	-	0.4%	1.1	
	Niska Gas Storage Partners LLC	NKA	210,292	219,793	0.8x	-	-	0.9%	1.0	
	Oiltanking Partners LP	OILT	39,261	35,623	0.3x	-	-	0.5%	1.9	
	PAA Natural Gas Storage L.P.	PNG	132,149	114,214	0.5x	-	-	0.6%	2.0	
	TC PipeLines L.P.	TCP	94,050	85,089	0.4x	-	-	0.6%	2.5	
	Transmontaigne Partners L.P.	TLP	33,893	25,591	0.6x	-	-	0.5%	1.9	
	Tesoro Logistics LP	TLLP	50,076	56,598	0.4x	54,930	58,775	0.5%	0.9	
	CVR Partners LP	UAN	244,453	163,528	0.8x	1,064,909	1,220,641	1.7%	10.0	
	Small Cap Pipeline MLP Median		83,392	97,369	0.6x	132,227	117,181	0.6%	1.9	
Gathering & Processing MLPs	American Midstream Partners LP	AMID	21,614	20,532	0.6x	1,163	765	0.0%	0.0	
	Atlas Pipeline Partners L.P.	APL	344,554	302,313	1.6x	364,380	483,688	1.0%	1.6	
	Crestwood Midstream Partners LP	CMLP	66,889	52,356	0.4x	-	-	2.6%	8.1	
	Chesapeake Midstream Partners L.P.	CHKM	355,945	263,658	0.6x	-	-	0.7%	1.2	
	Copano Energy L.L.C.	CPNO	182,421	151,916	0.7x	-	-	1.3%	5.3	
	DCP Midstream Partners L.P.	DPM	91,933	100,536	0.5x	-	-	1.2%	4.2	
	Eagle Rock Energy Partners L.P.	EROC	354,105	319,607	0.7x	-	-	0.9%	1.7	
	MarkWest Energy Partners L.P.	MWE	749,933	1,016,768	2.4x	907,990	1,191,763	1.5%	0.8	
	Targa Resources Partners L.P.	NGLS	274,970	298,836	0.8x	-	-	1.2%	3.0	
	Regency Energy Partners L.P.	RGP	623,551	390,885	1.1x	-	-	0.5%	1.5	
	Western Gas Partners LP	WES	195,057	193,423	0.6x	781,270	785,787	1.6%	4.5	
	Crosstex Energy L.P.	XTEX	164,532	139,049	0.6x	-	-	1.4%	3.0	
	Gathering & Processing MLP Median		235,014	228,541	0.7x	572,825	634,738	1.2%	2.3	
	Upstream MLPs	BreitBurn Energy Partners L.P.	BBEP	629,994	643,998	2.6x	-	-	0.9%	0.7
		EV Energy Partners L.P.	EVEP	274,543	185,766	2.0x	-	-	1.3%	1.8
		Legacy Reserves L.P.	LGCY	173,284	155,806	1.0x	-	-	0.4%	1.0
		Linn Energy LLC	LINE	795,850	764,215	1.1x	-	-	1.1%	2.5
LRR Energy LP		LRE	238,990	195,871	2.7x	-	-	0.3%	0.2	
Pioneer Southwest Energy Partners LP		PSE	128,827	285,673	1.0x	217,763	215,630	1.5%	0.6	
QR Energy L.P.		QRE	85,657	86,519	0.6x	189,273	191,276	1.1%	2.4	
Vanguard Natural Resources LLC		VNR	169,885	228,554	1.4x	1,236,813	378,594	1.5%	1.4	
Upstream MLP Median			206,137	212,213	1.3x	217,763	215,630	1.1%	1.2	
Propane		AmeriGas Partners L.P.	APU	76,370	75,345	0.3x	517,788	507,536	1.6%	7.8
	Ferrellgas Partners L.P.	FGP	183,397	237,464	0.6x	1,225,754	1,233,029	2.4%	4.5	
	Inergy L.P.	NRGY	708,703	740,510	1.4x	-	-	1.1%	1.4	
	NGL Energy Partners LP	NGL	13,568	11,423	0.2x	-	-	0.0%	0.2	
	Star Gas Partners L.P.	SGU	68,287	95,465	0.3x	48,817	40,879	0.1%	0.4	
	Suburban Propane Partners L.P.	SPH	73,096	63,751	0.5x	348,167	304,416	0.9%	5.6	
Propane MLP Median		74,733	85,405	0.4x	432,978	405,976	1.0%	3.0		
Shipping	Golar LNG Partners LP	GMLP	84,033	63,276	0.5x	-	-	0.6%	1.0	
	Teekay LNG Partners L.P.	TGP	287,827	230,956	1.2x	366,833	348,042	-	1.5	
	Teekay Offshore Partners L.P.	TOO	162,913	146,639	0.6x	890,749	838,715	-	7.1	
	Shipping MLP Median		249,320	171,252	1.2x	890,749	649,076	0.6%	1.5	
Coal	Alliance Resource Partners L.P.	ARLP	58,915	54,412	0.4x	-	-	3.2%	13.9	
	Natural Resource Partners L.P.	NRP	213,130	272,269	0.5x	394,259	242,682	0.4%	1.0	
	Rhino Resource Partners L.P.	RNO	60,811	84,212	0.6x	49,596	64,287	0.4%	0.7	
	Oxford Resource Partners LP	OXF	55,908	66,234	0.7x	103,210	86,450	0.9%	2.1	
	Penn Virginia Resource L.P.	PVR	414,142	403,649	1.5x	222,369	283,102	0.4%	0.5	
	Coal MLP Median		60,811	84,212	0.6x	162,790	164,566	0.4%	1.0	
GPs	Atlas Energy L.P.	ATLS	355,787	338,697	1.7x	1,278,377	1,569,749	3.4%	3.3	
	Alliance Holdings GP L.P.	AHGP	47,439	35,667	0.2x	-	-	0.7%	3.1	
	Energy Transfer Equity L.P.	ETE	690,136	630,453	0.8x	6,504,924	6,968,646	4.8%	11.1	
	Kinder Morgan Inc.	KMI	2,578,167	2,081,434	0.9x	25,131,388	24,617,936	30.7%	10.0	
	NuSTAR GP Holdings LLC	NSH	105,200	112,925	0.6x	218,082	157,178	0.5%	1.3	
	Targa Resources Corp.	TRGP	210,193	278,248	1.2x	1,334,670	1,402,172	4.9%	4.1	
	Crosstex Energy Inc.	XTXI	411,322	277,616	2.2x	-	-	6.7%	8.0	
	General Partnership MLP Median		355,787	278,248	0.9x	1,334,670	1,569,749	4.8%	4.1	
All MLPs Average		309,897	298,297	0.9x	1,730,811	1,638,066	1.7%	3.2		
All MLPs Median		210,292	193,423	0.6x	907,990	785,787	0.9%	2.1		

Source: FactSet

Date: 1/3/2012

Valuation Range Information:

AHGP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.75%, and (2) a price-to-DCF multiple of about 19.0x our 2012 estimate. Risks to AHGP trading below the valuation range include: (1) disappointing economic activity, (2) a decline in coal prices, (3) operational and regulatory risk related to development projects, (4) fuel switching based on low natural gas prices and (5) rising interest rates.

AMID Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 9x our 2012 estimate. Risks to AMID trading below our valuation range include hurricane risk, re-contracting risk, and a decline in commodity prices.

APL Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 12x our 2012 estimate. Risks to the stock trading in our range include a decline in commodity prices, a slowdown in drilling activity within APL's operation regions, and/or rising interest rates.

APU Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 10.8x our 2013 estimate. Risks to APU trading in the valuation range include: (1) failure to identify and/or effectively integrate acquisitions; (2) unseasonably warm weather; (3) rising interest rates; and (4) profit margin erosion in response to higher energy prices.

ARLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 8.0x our 2012 estimate. Risks to ARLP trading below our valuation range include: disappointing economic activity, a decline in coal prices, operational risk, regulatory risk, delays in adding production, low natural gas prices and higher interest rates.

ATLS Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model (DDM), which assumes a required rate of return of 10.0% and a long-term growth rate of 2.5%, and (2) our DDM valuation minus the implied value of the proposed distribution of Atlas Resource Partners units. Risks to the stock trading in our range include a decline in commodity prices, a slowdown in drilling activity within APL's operation regions, and/or difficulty in raising drilling partnership funds.

BBEP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free-cash flow model, which assumes a 10.5% required rate of return and a long-term growth rate of 0% and (2) a price-to-distributable cash flow multiple of about 8.5x our 2012 estimate. Risks to the units trading below our valuation range include a decline in commodity prices, technical selling pressure from secondary offerings, and the inability to hedge at favorable prices in future periods.

BKEP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 11% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 7x our 2012 estimate. Risks to our valuation range include counterparty credit risk, lower crude oil and asphalt volumes, and rising interest rates.

BPL Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 16.5x our 2012E. Risks to the stock trading below our range include a weak economy, the inability to complete third-party acquisitions to support growth, a potential for Buckeye to venture into higher-risk businesses, and rising interest rates.

BWP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 11x our 2012 estimate. Risks to the units trading in our valuation range include recontracting pipeline capacity, execution of identified organic growth projects, and regulatory risk.

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CHKM Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a 9% required rate of return and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13x our 2012 estimate. Risks to the units trading below our range include slower-than-forecast rate of acquisitions, dependence on CHK, and geographic concentration.

CMLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 11.0x our 2012 estimate. Risks to CMLP not achieving our valuation range include the supply and demand fundamentals for natural gas and natural gas liquids, the availability of new sources of natural gas, accretive organic and acquired growth opportunities, and potential environmental liabilities.

CPNO Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 10.5x our 2012 estimate. Risks to the units trading below our valuation range include declining production, a decline in commodity prices, and rising interest rates.

DPM Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-DCF multiple of about 11x our 2012 estimate. Risks to the units trading in our range include the inability to find suitable investments, dependence on DCP Midstream for growth, supply risk, liquidity, and rising interest rates.

EEP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-DCF multiple of about 12x our 2012 estimate. Risks to units trading in our valuation range include stagnant Canadian and U.S. drilling activity, execution risk on acquisitions and expansion projects, and offloading of volumes to competing pipelines.

EEQ Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 12x our 2012 estimate. Risks to units trading in our valuation range include stagnant Canadian and U.S. drilling activity, execution risk on acquisitions and expansion projects.

EPB Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13x our 2012 estimate. Risks to the units trading below our valuation range include a slower-than-forecast rate of dropdown acquisitions, re-contracting, and rising interest rates.

EPD Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 2.5%, and (2) a price-to-DCF multiple of about 13x our 2012 estimate. Risks to EPD trading in our range include weakness in the petro-chem industry, low or negative frac spreads, and a decline or delay in deepwater GoM production.

EROG Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 10.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of 10.5x our 2012 estimate. Risks to the units trading below our valuation range include: growth dependent upon future acquisitions/investments, competitive Texas/Louisiana natural gas market and commodity price trends.

ETE Basis and Risks: Our range is based on a blend of (1) our distribution discount model, which assumes a long-term growth rate of 1.5%, and a 9.0% discount rate and (2) a price to distributable cash flow multiple of about 16x our 2012 estimate. Risks to ETE trading in the range include (1) execution risk related to completing organic growth projects; (2) weak fundamentals in the natural gas market; and (3) abnormally warm weather.

ETP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13.5x our 2012 estimate. Risks to ETP achieving our valuation range include: (1) execution risk related to organic growth projects; (2) competition in the Texas-Louisiana natural gas market; and (3) abnormally warm weather.

EVEP Basis and Risks: Our valuation range is based on a combination of (1) \$58/unit of assumed value for EVEP's Utica Shale acreage plus our DDM valuation of the partnership's base reserves, and (2) a yield-based valuation predicated on future distribution accretion from a hypothetical swap of EVEP's Utica Shale acreage into mature reserves. Risks to the units trading below our valuation range include uncertainty around drilling results in the Utica Shale, a sustained decline in gas prices, and the dependence upon acquisitions to fuel growth.

EXLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 9x our 2012 estimate. Risks to the units trading below our valuation range include dependence on acquisitions to fuel growth, further weakening of domestic demand for compression services, and continuity of partnership's management team.

FGP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 10.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 12.5x our 2012 estimate. Risks to FGP trading in our valuation range include: (1) abnormally warm weather; (2) profit margin erosion in response to volatility of energy prices; (3) lower volumes due to customer conservation and (4) rising interest rates.

GEL Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of 13.5x our 2012 estimate. Risks to GEL trading in the valuation range include the integration of acquisitions, the fact that a part of GEL's operations is dependent on DNR's ability to supply oil and CO₂ volumes, competition for volumes of oil and CO₂ and environmental (spill) risk inherent in gathering and transporting operations.

GLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 11.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 7.8x our 2012 estimate. Risks to GLP trading below the valuation range include reduced demand for petroleum products, volatile commodity price movements and ineffective hedges, shortage of bank funding for working capital needs, geographic concentration, warm winter weather, the spot market nature of transactions, and environmental/regulatory issues.

GMLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 11.0x our 2012 estimate. Risks to GMLP trading below the valuation range include the partnership's relatively small fleet (four vessels), options for Petrobras to acquire the two FSRUs, competition in the FSRU market is expected to increase, customer concentration, growth dependent on the successful completion and integration of acquisitions, changes in the long-term outlook for LNG demand and environmental/governmental regulations.

HEP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 13.3x our 2012 estimate. Risks to HEP units falling below our valuation range include: a material downturn in volumes flowing through HEP pipelines; increased competition in Southwestern markets; and the overall interest rate environment. Also, HOC and third party obligations under shipping agreements may be reduced or suspended under certain conditions such as the shutdown of one of its refineries.

KMI Basis and Risks: Our valuation range is based on a blend of (1) our three-stage dividend discount model, which assumes a required rate of return of 8.0% and a long-term growth rate of 3.0%, and (2) a price-to-distributable cash flow multiple of about 22x our 2012 estimate. Risks to KMI trading below our valuation range include successful completion of the proposed EP acquisition, execution risk related to integrating acquisitions and completing organic growth projects (at KMP), potential IDR waivers, a decline in crude oil prices, and rising interest rates.

KMP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13x our 2012 estimate. Risks to the units trading in our valuation range include (1) successful completion of the proposed EP acquisition, (2) lower crude oil prices, (3) rising interest rates, and (4) narrower basis differentials between gas trading hubs in Texas.

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KMR Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13x our 2012 estimate. Risks to the units trading in our valuation range include (1) successful completion of the proposed EP acquisition, (2) lower crude oil prices, (3) rising interest rates, and (4) narrower basis differentials between gas trading hubs in Texas.

LGCY Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free cash flow model, which assumes a required rate of return of 10.5% and a long-term growth rate of 0%, and (2) a price-to-distributable cash flow multiple of about 11.5x our 2012 estimate. Risks to the units trading below our range include a sustained decline in crude oil prices and dependence upon acquisitions to fuel growth.

LINE Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free-cash flow model, which assumes an 10.5% required rate of return and a long-term growth rate of 0%, and (2) a price-to-DCF multiple of about 10.0x our 2012 estimate. Risks to the units trading below our range include a dependence on acquisitions for growth, decreasing commodity prices, and the inability to hedge at favorable prices.

LRE Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free-cash flow model, which assumes an 10.5% required rate of return and a long-term growth rate of 0%, and (2) a price-to-distributable cash flow multiple of about 9.5x our 2012 estimate. Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, and the inability to hedge at favorable prices.

MMLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 10.0% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 12.3x our 2012 estimate. Risks to MMLP achieving our valuation range include: weather influencing ocean and river conditions which could delay barge movements and interrupt terminal operations; volatility and lack of visibility for several of MMLP's business segments; the ability to integrate acquisitions; and interest rate sensitivity.

MMP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a ROR of return of 8.5% and a long-term growth rate of 2.5%, and (2) a price-to-DCF multiple of about 14x our 2012 estimate. Risks to the units trading below our valuation range include the ability to identify and execute on organic projects, rising interest rates, and a slowing economy.

MWE Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 11x our 2012 estimate. Risks to the units trading in our range include lower than anticipated Marcellus volume growth, a decline in commodity prices, execution risk related to acquisitions, and rising interest rates.

NGL Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 14.0x our 2012 estimate. Risks to NGL trading below the valuation range include exposure to propane industry dynamics including weather conditions and customer conservation, growth almost completely dependent on the successful integration of acquisitions, potential margin pressure during times of rising propane prices and competition from a fragmented industry.

NGLS Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 11.5x our 2012 estimate. Risks to the units trading below our valuation range include execution risk related to integrating acquisitions and completing organic growth projects, a decline in commodity prices, and rising interest rates.

NKA Basis and Risks: The high end of our valuation range is based on our three-stage distribution discount model, which reflects a 12% required rate of return and a long-term growth rate of 1.25% (and also assumes NKA continues to pay the MQD to common unitholders). The low end of our valuation range is based on a liquidation value for the partnership assuming storage fundamentals remain challenging. Risks to the units trading below our range include (1) delays/cost overruns on expansion projects, (2) an overbuild of natural gas storage, and (3) reduced gas price volatility.

NRGY Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 10.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of 12.3x our 2012 estimate. Risks to NRGY trading below the valuation range include (1) failure to identify and/or integrate attractive acquisitions; (2) unseasonably warm weather; (3) profit margin erosion in response to higher energy prices; (4) stagnate new home construction; and (5) rising interest rates.

NRP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 12.5x our 2012 estimate. Risks to NRP trading below the valuation range include (1) a decline in coal prices, (2) delays in developing Cline reserves, and (3) a slowdown in acquisitions.

NS Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 1.5%, and (2) a price-to-distributable cash flow multiple of about 12x our 2012 estimate. Risks to the units trading in our valuation range include unplanned refinery turnarounds, regulatory, and rising interest rates.

NSH Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 15x our 2012 estimate. Risks to the units trading in our valuation range include unplanned refinery turnarounds and rising interest rates.

OKS Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-DCF multiple of about 14.5x our 2012 estimate. Risks to OKS units trading in our valuation range include (1) execution risk related to completing organic growth projects on time and within budget, (2) NGL product pricing differentials, and (3) commodity prices.

OXF Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 11.5x our 2012 estimate. Risks to OXF trading below the valuation range include coal price volatility which could lead to unit price volatility and future re-contracting risk, economic uncertainty which could result in a decrease in demand for coal, the inherent operational risks that characterize mining coal and changes in coal industry regulations.

PAA Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 12.5x our 2012 estimate. Risks to PAA trading in our valuation range include potential losses from hedging activities, narrower lease gathering margins, and crude oil supply shortfalls.

PNG Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a 9.0% required rate of return and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 11.5x our 2012 estimate. Risks to the units trading below our range include (1) delays and/or cost overruns on expansion projects, (2) lower storage rates due to competition and/or an overbuild of natural gas storage capacity, and (3) reduced gas price volatility.

PSE Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free-cash flow model, which assumes a 10.5% required rate of return and a long-term growth rate of 0%, and (2) a price-to-distributable cash flow multiple of about 11.5x our 2012 estimate. Risks to the units trading below our range include a dependence on acquisitions to fuel growth, decreasing commodity prices, and rising interest rates.

PVR Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 10.0% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of 11.5x our 2012 estimate. Risks to PVR trading in our valuation range include (1) a decline in commodity prices, (2) adverse political climate towards coal, (3) a slowdown in acquisitions or growth projects, and (4) rising interest rates.

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QRE Basis and Risks: Our valuation range is based on a blend of (1) our three-stage discounted free-cash flow model, which assumes an 10.5% required rate of return and a long-term growth rate of 0%, and (2) a price-to-distributable cash flow multiple of about 9x our 2012 estimate. Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, access to capital markets, and the inability to hedge at favorable prices.

RGP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13.5x our 2012 estimate. Risks to the units trading below our valuation range include a slower-than-forecasted rate of investments, a decline in commodity prices, and rising interest rates.

SEP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 13x our 2012 estimate. Risks to the units trading below our valuation range include recontracting at lower pipeline rates, reduced demand for natural gas, and rising interest rates.

SPH Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of 13.5x our 2012 estimate. Risks to SPH trading below our valuation range include: (1) abnormally warm weather; (2) economic weakness could negatively impact industrial/commercial demand; (3) profit margin erosion in response to energy prices; and (4) rising interest rates.

SXL Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of about 9x our 2012 estimate. Risks to the units trading below our valuation range include customer concentration, refinery turnarounds, and rising interest rates.

TCP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.875%, and (2) a price-to-distributable cash flow multiple of 11.8x our 2012 estimate. Risks to TCP trading in the valuation range include excess capacity on its pipeline systems, competitive industry conditions, economic trends, and environmental or regulatory risk.

TGP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 10.5x our 2012 estimate. Risks include a delay in the delivery of newbuilds, concentration of customers, lower-than-expected LNG demand, unforeseen drydocking cost and financial leverage.

TLLP Basis and Risks: Our valuation range is based on (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 1.25%, and (2) a price-to-DCF multiple of 15x our 2012 estimate. Risks to the units trading below our valuation range include a slower-than-forecasted rate of acquisitions, dependence on TSO, and geographic concentration.

TLP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 10.3x our 2012 estimate. Risks to the stock trading in our valuation range include a weakening economy's impact on petroleum product demand and rising interest rates.

TOO Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required ROR of 9.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 12.0x our 2012 estimate. Primary risk to TOO achieving our valuation range include a decline in the rate of growth of demand for offshore vessels, dependence on Teekay Corporation to provide future financing, growth through acquisitions, regulatory issues, marine transportation risks and international risks.

TRGP Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 2.5%, and (2) a price-to-distributable cash flow multiple of about 28x our 2012 estimate. Risks to TRGP trading below our valuation range include execution risk related to integrating acquisitions and completing organic growth projects (at NGLS), a decline in commodity prices, and rising interest rates.

VNR Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a 10.5% required rate of return and a long-term 0% growth rate, and (2) a price-to-distributable cash flow multiple of about 10.5x our 2012 estimate. Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, and the inability to hedge at favorable prices.

WES Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 13x our 2012 estimate. Risks to the units trading below our valuation range include a slower than forecast rate of dropdowns, customer concentration, and rising interest rates.

WPZ Basis and Risks: Our valuation range is based on: (1) a three-stage distribution discount model assuming a 8.5% required rate of return and a 1.25% long-term growth rate and (2) a price-to-DCF multiple of about 13x our 2012 DCF per unit estimate. Risks to WPZ trading below our valuation range include sensitivity to commodity prices, an adverse regulatory environment, and rising interest rates.

XTEX Basis and Risks: Our valuation range is based on: (1) a three-stage distribution discount model assuming a 10.0% required rate of return and a 1.25% long-term growth rate and (2) a price-to-distributable cash flow multiple of about 9x our 2012 estimate. Risks to XTEX trading in our valuation range include: (1) competition in the Texas-Louisiana natural gas market; (2) rising interest rates; and (3) lower processing margins.

XTXI Basis and Risks: Our valuation range is based on a blend of (1) our three-stage distribution discount model, which assumes a required rate of return of 9.0% and a long-term growth rate of 2.50%, and (2) a price-to-distributable cash flow multiple of about 21x our 2012 estimate. Risks to XTXI trading in our valuation range include (1) potential conflicts of interest; (2) competition in the Texas-Louisiana natural gas market; and (3) lower processing margins.

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- 1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and
- 2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

- Wells Fargo Securities, LLC maintains a market in the common stock of Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC, Inergy, L.P., Sunoco Logistics Partners L.P., Magellan Midstream Partners, L.P., Penn Virginia Resource Partners, L.P., Enbridge Energy Partners, L.P., AmeriGas Partners, L.P., Suburban Propane Partners, L.P., Enbridge Energy Management, L.L.C., Ferrellgas Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Atlas Pipeline Partners, L.P., Alliance Resource Partners, L.P., Teekay LNG Partners, L.P., Boardwalk Pipeline Partners, L.P., TransMontaigne Partners L.P., DCP Midstream Partners, L.P., Williams Partners L.P., Crosstex Energy, Inc., Crosstex Energy, L.P., Regency Energy Partners, L.P., Energy Transfer Equity, L.P., Alliance Holdings GP, L.P., Atlas Energy, L.P., NuStar Energy, L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P., Legacy Reserves, L.P., Copano Energy L.L.C., Spectra Energy Partners, L.P., Targa Resources Partners, L.P., NuStar GP Holdings, LLC, Holly Energy Partners, L.P., Teekay Offshore Partners, L.P., Genesis Energy, L.P., Martin Midstream Partners, L.P., Global Partners, L.P., Vanguard Natural Resources, LLC, El Paso Pipeline Partners, L.P., Western Gas Partners, L.P., TC Pipelines, L.P., LINN Energy, LLC, Crestwood Midstream Partners, L.P., Niska Gas Storage Partners, LLC, Oxford Resource Partners, L.P., Chesapeake Midstream Partners, L.P., QR Energy, L.P., Targa Resources Corp., Golar LNG Partners, LP, Tesoro Logistics L.P., NGL Energy Partners LP, American Midstream Partners, L.P., LRR Energy, L.P.
- Wells Fargo Securities, LLC or its affiliates managed or comanaged a public offering of securities for LRR Energy, L.P., American Midstream Partners, L.P., NGL Energy Partners LP, Tesoro Logistics L.P., Golar LNG Partners, LP, Targa Resources Corp., Chesapeake Midstream Partners, L.P., LINN Energy, LLC, TC Pipelines, L.P., Western Gas Partners, L.P., Pioneer Southwest Energy Partners, L.P., El Paso Pipeline Partners, L.P., Martin Midstream Partners, L.P., Genesis Energy, L.P., Holly Energy Partners, L.P., Targa Resources Partners, L.P., Spectra Energy Partners, L.P., Copano Energy L.L.C., EV Energy Partners, L.P., Eagle Rock Energy Partners, L.P., BreitBurn Energy Partners L.P., Exterran Partners, L.P., NuStar Energy, L.P., Regency Energy Partners, L.P., DCP Midstream Partners, L.P., Boardwalk Pipeline Partners, L.P., Atlas Pipeline Partners, L.P., MarkWest Energy Partners, L.P., Buckeye Partners, L.P., Ferrellgas Partners, L.P., AmeriGas Partners, L.P., Enbridge Energy Partners, L.P., Penn Virginia Resource Partners, L.P., Magellan Midstream Partners, L.P., Inergy, L.P., Plains All American Pipeline, L.P., Kinder Morgan Energy Partners, L.P. within the past 12 months.
- Wells Fargo Securities, LLC or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., Plains All American Pipeline, L.P., Inergy, L.P., Sunoco Logistics Partners L.P., Energy Transfer Partners, L.P., Magellan Midstream Partners, L.P., Penn Virginia Resource Partners, L.P., Enbridge Energy Partners, L.P., AmeriGas Partners, L.P., Ferrellgas Partners, L.P., Suburban Propane Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Atlas Pipeline Partners, L.P., Teekay LNG Partners, L.P., Boardwalk Pipeline Partners, L.P., DCP Midstream Partners, L.P., TransMontaigne Partners L.P., Regency Energy Partners, L.P., Crosstex Energy, L.P., Crosstex Energy, Inc., Williams Partners L.P., NuStar Energy, L.P., Atlas Energy, L.P., Energy Transfer Equity, L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P., Legacy Reserves, L.P., Copano Energy L.L.C., Spectra Energy Partners, L.P., Targa Resources Partners, L.P., NuStar GP Holdings, LLC, Holly Energy Partners, L.P., Genesis Energy, L.P., Teekay Offshore Partners, L.P., Martin Midstream Partners, L.P., Global Partners, L.P., El Paso Pipeline Partners, L.P., Vanguard Natural Resources, LLC, Pioneer Southwest Energy Partners, L.P., Western Gas Partners, L.P., TC Pipelines, L.P., LINN Energy, LLC, Niska Gas Storage Partners, LLC, Crestwood Midstream Partners, L.P., PAA Natural Gas Storage, L.P., Chesapeake Midstream Partners, L.P., Oxford Resource Partners, L.P., QR Energy, L.P., Targa Resources Corp., Golar LNG Partners, LP, Tesoro Logistics L.P., NGL Energy Partners LP, American Midstream Partners, L.P., LRR Energy, L.P.
- Wells Fargo Securities, LLC or its affiliates received compensation for investment banking services from LRR Energy, L.P., American Midstream Partners, L.P., NGL Energy Partners LP, Tesoro Logistics L.P., Golar LNG Partners, LP, Targa Resources Corp., QR Energy, L.P., Oxford Resource Partners, L.P., Chesapeake Midstream Partners, L.P., LINN Energy, LLC, TC Pipelines, L.P., Western Gas Partners, L.P., Pioneer Southwest Energy Partners, L.P., Vanguard Natural Resources, LLC, El Paso Pipeline Partners, L.P., Global Partners, L.P., Martin Midstream Partners, L.P., Teekay Offshore Partners, L.P., Genesis Energy, L.P., Holly Energy Partners, L.P., Targa Resources Partners, L.P., Spectra Energy Partners, L.P., Copano Energy L.L.C., Legacy Reserves, L.P., EV Energy Partners, L.P., Eagle Rock Energy Partners, L.P., BreitBurn Energy Partners L.P., Exterran Partners, L.P., NuStar Energy, L.P., Williams Partners L.P., Regency Energy Partners, L.P., DCP Midstream Partners, L.P., Boardwalk Pipeline Partners,

- L.P., Alliance Resource Partners, L.P., Atlas Pipeline Partners, L.P., MarkWest Energy Partners, L.P., Buckeye Partners, L.P., Ferrellgas Partners, L.P., AmeriGas Partners, L.P., Enbridge Energy Partners, L.P., Penn Virginia Resource Partners, L.P., Magellan Midstream Partners, L.P., Energy Transfer Partners, L.P., Sunoco Logistics Partners L.P., Inergy, L.P., Plains All American Pipeline, L.P., Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P. in the past 12 months.
- Wells Fargo Securities, LLC and/or its affiliates, have beneficial ownership of 1% or more of any class of the common stock of Vanguard Natural Resources, LLC, Oxford Resource Partners, L.P.
 - Oxford Resource Partners, L.P., Chesapeake Midstream Partners, L.P., QR Energy, L.P., TC Pipelines, L.P., LINN Energy, LLC, Vanguard Natural Resources, LLC, El Paso Pipeline Partners, L.P., Pioneer Southwest Energy Partners, L.P., Western Gas Partners, L.P., Targa Resources Corp., Golar LNG Partners, LP, Tesoro Logistics L.P., NGL Energy Partners LP, American Midstream Partners, L.P., LRR Energy, L.P., Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., Plains All American Pipeline, L.P., Inergy, L.P., Sunoco Logistics Partners L.P., Energy Transfer Partners, L.P., Magellan Midstream Partners, L.P., Penn Virginia Resource Partners, L.P., Enbridge Energy Partners, L.P., AmeriGas Partners, L.P., Ferrellgas Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Atlas Pipeline Partners, L.P., Alliance Resource Partners, L.P., Boardwalk Pipeline Partners, L.P., DCP Midstream Partners, L.P., Regency Energy Partners, L.P., Williams Partners L.P., NuStar Energy, L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P., Legacy Reserves, L.P., Copano Energy L.L.C., Spectra Energy Partners, L.P., Targa Resources Partners, L.P., Holly Energy Partners, L.P., Genesis Energy, L.P., Teekay Offshore Partners, L.P., Martin Midstream Partners, L.P., Global Partners, L.P. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided investment banking services to Oxford Resource Partners, L.P., Chesapeake Midstream Partners, L.P., QR Energy, L.P., TC Pipelines, L.P., LINN Energy, LLC, Vanguard Natural Resources, LLC, El Paso Pipeline Partners, L.P., Pioneer Southwest Energy Partners, L.P., Western Gas Partners, L.P., Targa Resources Corp., Golar LNG Partners, LP, Tesoro Logistics L.P., NGL Energy Partners LP, American Midstream Partners, L.P., LRR Energy, L.P., Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., Plains All American Pipeline, L.P., Inergy, L.P., Sunoco Logistics Partners L.P., Energy Transfer Partners, L.P., Magellan Midstream Partners, L.P., Penn Virginia Resource Partners, L.P., Enbridge Energy Partners, L.P., AmeriGas Partners, L.P., Ferrellgas Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Atlas Pipeline Partners, L.P., Alliance Resource Partners, L.P., Boardwalk Pipeline Partners, L.P., DCP Midstream Partners, L.P., Regency Energy Partners, L.P., Williams Partners L.P., NuStar Energy, L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., Eagle Rock Energy Partners, L.P., EV Energy Partners, L.P., Legacy Reserves, L.P., Copano Energy L.L.C., Spectra Energy Partners, L.P., Targa Resources Partners, L.P., Holly Energy Partners, L.P., Genesis Energy, L.P., Teekay Offshore Partners, L.P., Martin Midstream Partners, L.P., Global Partners, L.P.
 - Energy Transfer Equity, L.P., MarkWest Energy Partners, L.P., AmeriGas Partners, L.P., Magellan Midstream Partners, L.P., Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., LRR Energy, L.P., QR Energy, L.P. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided noninvestment banking securities-related services to Energy Transfer Equity, L.P., MarkWest Energy Partners, L.P., AmeriGas Partners, L.P., Magellan Midstream Partners, L.P., Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., LRR Energy, L.P., QR Energy, L.P.
 - QR Energy, L.P., PAA Natural Gas Storage, L.P., Western Gas Partners, L.P., Kinder Morgan Energy Partners, L.P., Plains All American Pipeline, L.P., Energy Transfer Partners, L.P., Inergy, L.P., Magellan Midstream Partners, L.P., MarkWest Energy Partners, L.P., Buckeye Partners, L.P., Atlas Pipeline Partners, L.P., Natural Resource Partners L.P., Atlas Energy, L.P., Holly Energy Partners, L.P., Spectra Energy Partners, L.P., Copano Energy L.L.C., Eagle Rock Energy Partners, L.P. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided nonsecurities services to QR Energy, L.P., PAA Natural Gas Storage, L.P., Western Gas Partners, L.P., Kinder Morgan Energy Partners, L.P., Plains All American Pipeline, L.P., Energy Transfer Partners, L.P., Inergy, L.P., Magellan Midstream Partners, L.P., MarkWest Energy Partners, L.P., Buckeye Partners, L.P., Atlas Pipeline Partners, L.P., Natural Resource Partners L.P., Atlas Energy, L.P., Holly Energy Partners, L.P., Spectra Energy Partners, L.P., Copano Energy L.L.C., Eagle Rock Energy Partners, L.P.
 - An affiliate of Wells Fargo Securities, LLC has received compensation for products and services other than investment banking services from Blueknight Energy Partners, L.P., Global Partners, L.P., AmeriGas Partners, L.P., Inergy, L.P., Vanguard Natural Resources, LLC, NGL Energy Partners LP in the past 12 months.
 - Wells Fargo Securities, LLC received compensation for products or services other than investment banking services from LRR Energy, L.P., Western Gas Partners, L.P., PAA Natural Gas Storage, L.P., QR Energy, L.P., Inergy, L.P., Energy Transfer Partners, L.P., Plains All American Pipeline, L.P., Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., AmeriGas Partners, L.P., Magellan Midstream Partners, L.P., Atlas Pipeline Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Holly Energy Partners, L.P., Eagle Rock Energy Partners, L.P., Copano Energy L.L.C., Spectra Energy Partners, L.P., Atlas Energy, L.P., Natural Resource Partners L.P., Energy Transfer Equity, L.P. in the past 12 months.
 - Wells Fargo Securities, LLC or its affiliates may have a significant financial interest in Energy Transfer Equity, L.P., Natural Resource Partners L.P., Alliance Holdings GP, L.P., Atlas Energy, L.P., NuStar Energy, L.P., BreitBurn Energy Partners L.P., Exterran Partners, L.P., Williams Partners L.P., Crosstex Energy, Inc., Regency Energy Partners, L.P., Crosstex Energy, L.P., DCP Midstream Partners, L.P., TransMontaigne Partners L.P., Boardwalk Pipeline Partners, L.P., Spectra Energy Partners, L.P., Copano Energy L.L.C., Eagle Rock Energy Partners, L.P., Legacy Reserves, L.P., EV Energy Partners, L.P., Holly Energy Partners, L.P., Blueknight Energy Partners, L.P., NuStar GP Holdings, LLC, Targa Resources Partners, L.P., Global Partners, L.P., Martin Midstream Partners, L.P., Teekay Offshore Partners, L.P., Genesis Energy, L.P., MarkWest Energy Partners, L.P., Buckeye Partners, L.P., Atlas Pipeline Partners, L.P., Alliance Resource Partners, L.P., Teekay LNG Partners, L.P., Magellan Midstream

Master Limited Partnerships

- Partners, L.P., Enbridge Energy Partners, L.P., Penn Virginia Resource Partners, L.P., AmeriGas Partners, L.P., Ferrellgas Partners, L.P., Suburban Propane Partners, L.P., Enbridge Energy Management, L.L.C., Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., Plains All American Pipeline, L.P., Energy Transfer Partners, L.P., Kinder Morgan Management, LLC, Kinder Morgan, Inc., Inergy, L.P., Sunoco Logistics Partners L.P., QR Energy, L.P., Chesapeake Midstream Partners, L.P., Oxford Resource Partners, L.P., PAA Natural Gas Storage, L.P., Crestwood Midstream Partners, L.P., Niska Gas Storage Partners, LLC, LINN Energy, LLC, TC Pipelines, L.P., Western Gas Partners, L.P., Pioneer Southwest Energy Partners, L.P., Vanguard Natural Resources, LLC, El Paso Pipeline Partners, L.P., LRR Energy, L.P., NGL Energy Partners LP, American Midstream Partners, L.P., Tesoro Logistics L.P., Golar LNG Partners, LP, Targa Resources Corp.
- Wells Fargo Securities, LLC or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from an affiliate of Targa Resources Corp., Tesoro Logistics L.P., LRR Energy, L.P., El Paso Pipeline Partners, L.P., Vanguard Natural Resources, LLC, Pioneer Southwest Energy Partners, L.P., Western Gas Partners, L.P., PAA Natural Gas Storage, L.P., Sunoco Logistics Partners L.P., Inergy, L.P., Kinder Morgan, Inc., Kinder Morgan Management, LLC, Energy Transfer Partners, L.P., Plains All American Pipeline, L.P., Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., Ferrellgas Partners, L.P., AmeriGas Partners, L.P., Penn Virginia Resource Partners, L.P., Enbridge Energy Partners, L.P., Magellan Midstream Partners, L.P., Teekay LNG Partners, L.P., Atlas Pipeline Partners, L.P., Buckeye Partners, L.P., MarkWest Energy Partners, L.P., Genesis Energy, L.P., Teekay Offshore Partners, L.P., Targa Resources Partners, L.P., EV Energy Partners, L.P., Spectra Energy Partners, L.P., Boardwalk Pipeline Partners, L.P., TransMontaigne Partners L.P., DCP Midstream Partners, L.P., Crosstex Energy, L.P., Regency Energy Partners, L.P., Crosstex Energy, Inc., Williams Partners L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., NuStar Energy, L.P., Energy Transfer Equity, L.P.
 - Wells Fargo Securities, LLC or its affiliates managed or co-managed a public offering of securities for an affiliate of Exterran Partners, L.P., Boardwalk Pipeline Partners, L.P., Spectra Energy Partners, L.P., Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., Kinder Morgan Management, LLC, Kinder Morgan, Inc., Inergy, L.P., Sunoco Logistics Partners L.P., PAA Natural Gas Storage, L.P., Pioneer Southwest Energy Partners, L.P., El Paso Pipeline Partners, L.P., Targa Resources Corp. within the past 12 months.
 - Wells Fargo Securities, LLC or its affiliates received compensation for investment banking services from an affiliate of Targa Resources Corp., El Paso Pipeline Partners, L.P., Pioneer Southwest Energy Partners, L.P., PAA Natural Gas Storage, L.P., Sunoco Logistics Partners L.P., Inergy, L.P., Kinder Morgan, Inc., Kinder Morgan Management, LLC, Energy Transfer Partners, L.P., Kinder Morgan Energy Partners, L.P., Enterprise Products Partners L.P., Teekay LNG Partners, L.P., Spectra Energy Partners, L.P., Boardwalk Pipeline Partners, L.P., Williams Partners L.P., Exterran Partners, L.P., BreitBurn Energy Partners L.P., Energy Transfer Equity, L.P. in the past 12 months.
 - Wells Fargo Securities, LLC is acting as financial advisor to Enterprise Products Partners L.P. in the announced sale of the partnership's Mississippi natural gas storage facilities to Boardwalk HP Storage Company, LLC.

AHGP: Risks to AHGP trading below the valuation range include: (1) disappointing economic activity, (2) a decline in coal prices, (3) operational and regulatory risk related to development projects, (4) fuel switching based on low natural gas prices and (5) rising interest rates.

AMID: Risks to AMID trading below our valuation range include hurricane risk, re-contracting risk, and a decline in commodity prices.

APL: Risks to the stock trading in our range include a decline in commodity prices, a slowdown in drilling activity within APL's operation regions, and/or rising interest rates.

APU: Risks to APU trading in the valuation range include: (1) failure to identify and/or effectively integrate acquisitions; (2) unseasonably warm weather; (3) rising interest rates; and (4) profit margin erosion in response to higher energy prices.

ARLP: Risks to ARLP trading below our valuation range include: disappointing economic activity, a decline in coal prices, operational risk, regulatory risk, delays in adding production, low natural gas prices and higher interest rates.

ATLS: Risks to the stock trading in our range include a decline in commodity prices, a slowdown in drilling activity within APL's operation regions, and/or difficulty in raising drilling partnership funds.

BBEP: Risks to the units trading below our valuation range include a decline in commodity prices, technical selling pressure from secondary offerings, and the inability to hedge at favorable prices in future periods.

BKEP: Risks to our valuation range include counterparty credit risk, lower crude oil and asphalt volumes, and rising interest rates.

BPL: Risks to the stock trading below our range include a weak economy, the inability to complete third-party acquisitions to support growth, a potential for Buckeye to venture into higher-risk businesses, and rising interest rates.

BWP: Risks to the units trading in our valuation range include recontracting pipeline capacity, execution of identified organic growth projects, and regulatory risk.

CHKM: Risks to the units trading below our range include slower-than-forecast rate of acquisitions, dependence on CHK, and geographic concentration.

CMLP: Risks to CMLP not achieving our valuation range include the supply and demand fundamentals for natural gas and natural gas liquids, the availability of new sources of natural gas, accretive organic and acquired growth opportunities, and potential environmental liabilities.

CPNO: Risks to the units trading below our valuation range include declining production, a decline in commodity prices, and rising interest rates.

DPM: Risks to the units trading in our range include the inability to find suitable investments, dependence on DCP Midstream for growth, supply risk, liquidity, and rising interest rates.

EPP: Risks to units trading in our valuation range include stagnant Canadian and U.S. drilling activity, execution risk on acquisitions and expansion projects, and offloading of volumes to competing pipelines.

EEQ: Risks to units trading in our valuation range include stagnant Canadian and U.S. drilling activity, execution risk on acquisitions and expansion projects.

EPB: Risks to the units trading below our valuation range include a slower-than-forecasted rate of dropdown acquisitions, re-contracting, and rising interest rates.

EPD: Risks to EPD trading in our range include weakness in the petro-chem industry, low or negative frac spreads, and a decline or delay in deepwater GoM production.

EROC: Risks to the units trading below our valuation range include: growth dependent upon future acquisitions/investments, competitive Texas/Louisiana natural gas market and commodity price trends.

ETE: Risks to ETE trading in the range include (1) execution risk related to completing organic growth projects; (2) weak fundamentals in the natural gas market; and (3) abnormally warm weather.

ETP: Risks to ETP achieving our valuation range include: (1) execution risk related to organic growth projects; (2) competition in the Texas-Louisiana natural gas market; and (3) abnormally warm weather.

EVEP: Risks to the units trading below our valuation range include uncertainty around drilling results in the Utica Shale, a sustained decline in gas prices, and the dependence upon acquisitions to fuel growth.

EXLP: Risks to the units trading below our valuation range include dependence on acquisitions to fuel growth, further weakening of domestic demand for compression services, and continuity of partnership's management team.

FGP: Risks to FGP trading in our valuation range include: (1) abnormally warm weather; (2) profit margin erosion in response to volatility of energy prices; (3) lower volumes due to customer conservation and (4) rising interest rates.

GEL: Risks to GEL trading in the valuation range include the integration of acquisitions, the fact that a part of GEL's operations is dependent on DNR's ability to supply oil and CO₂ volumes, competition for volumes of oil and CO₂ and environmental (spill) risk inherent in gathering and transporting operations.

GLP: Risks to GLP trading below the valuation range include reduced demand for petroleum products, volatile commodity price movements and ineffective hedges, shortage of bank funding for working capital needs, geographic concentration, warm winter weather, the spot market nature of transactions, and environmental/regulatory issues.

GMLP: Risks to GMLP trading below the valuation range include the partnership's relatively small fleet (four vessels), options for Petrobras to acquire the two FSRUs, competition in the FSRU market is expected to increase, customer concentration, growth dependent on the successful completion and integration of acquisitions, changes in the long-term outlook for LNG demand and environmental/governmental regulations.

HEP: Risks to HEP units falling below our valuation range include: a material downturn in volumes flowing through HEP pipelines; increased competition in Southwestern markets; and the overall interest rate environment. Also, HOC and third party obligations under shipping agreements may be reduced or suspended under certain conditions such as the shutdown of one of its refineries.

KMI: Risks to KMI trading below our valuation range include successful completion of the proposed EP acquisition, execution risk related to integrating acquisitions and completing organic growth projects (at KMP), potential IDR waivers, a decline in crude oil prices, and rising interest rates.

KMP: Risks to the units trading in our valuation range include (1) successful completion of the proposed EP acquisition, (2) lower crude oil prices, (3) rising interest rates, and (4) narrower basis differentials between gas trading hubs in Texas.

KMR: Risks to the units trading in our valuation range include (1) successful completion of the proposed EP acquisition, (2) lower crude oil prices, (3) rising interest rates, and (4) narrower basis differentials between gas trading hubs in Texas.

LGCY: Risks to the units trading below our range include a sustained decline in crude oil prices and dependence upon acquisitions to fuel growth.

LINE: Risks to the units trading below our range include a dependence on acquisitions for growth, decreasing commodity prices, and the inability to hedge at favorable prices.

LRE: Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, and the inability to hedge at favorable prices.

MMLP: Risks to MMLP achieving our valuation range include: weather influencing ocean and river conditions which could delay barge movements and interrupt terminal operations; volatility and lack of visibility for several of MMLP's business segments; the ability to integrate acquisitions; and interest rate sensitivity.

MMP: Risks to the units trading below our valuation range include the ability to identify and execute on organic projects, rising interest rates, and a slowing economy.

MWE: Risks to the units trading in our range include lower than anticipated Marcellus volume growth, a decline in commodity prices, execution risk related to acquisitions, and rising interest rates.

NGL: Risks to NGL trading below the valuation range include exposure to propane industry dynamics including weather conditions and customer conservation, growth almost completely dependent on the successful integration of acquisitions, potential margin pressure during times of rising propane prices and competition from a fragmented industry.

NGLS: Risks to the units trading below our valuation range include execution risk related to integrating acquisitions and completing organic growth projects, a decline in commodity prices, and rising interest rates.

NKA: Risks to the units trading below our range include (1) delays/cost overruns on expansion projects, (2) an overbuild of natural gas storage, and (3) reduced gas price volatility.

NRGY: Risks to NRGY trading below the valuation range include (1) failure to identify and/or integrate attractive acquisitions; (2) unseasonably warm weather; (3) profit margin erosion in response to higher energy prices; (4) stagnate new home construction; and (5) rising interest rates.

NRP: Risks to NRP trading below the valuation range include (1) a decline in coal prices, (2) delays in developing Cline reserves, and (3) a slowdown in acquisitions.

Master Limited Partnerships

- NS:** Risks to the units trading in our valuation range include unplanned refinery turnarounds, regulatory, and rising interest rates.
- NSH:** Risks to the units trading in our valuation range include unplanned refinery turnarounds and rising interest rates.
- OKS:** Risks to OKS units trading in our valuation range include (1) execution risk related to completing organic growth projects on time and within budget, (2) NGL product pricing differentials, and (3) commodity prices.
- OXF:** Risks to OXF trading below the valuation range include coal price volatility which could lead to unit price volatility and future re-contracting risk, economic uncertainty which could result in a decrease in demand for coal, the inherent operational risks that characterize mining coal and changes in coal industry regulations.
- PAA:** Risks to PAA trading in our valuation range include potential losses from hedging activities, narrower lease gathering margins, and crude oil supply shortfalls.
- PNG:** Risks to the units trading below our range include (1) delays and/or cost overruns on expansion projects, (2) lower storage rates due to competition and/or an overbuild of natural gas storage capacity, and (3) reduced gas price volatility.
- PSE:** Risks to the units trading below our range include a dependence on acquisitions to fuel growth, decreasing commodity prices, and rising interest rates.
- PVR:** Risks to PVR trading in our valuation range include (1) a decline in commodity prices, (2) adverse political climate towards coal, (3) a slowdown in acquisitions or growth projects, and (4) rising interest rates.
- QRE:** Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, access to capital markets, and the inability to hedge at favorable prices.
- RGP:** Risks to the units trading below our valuation range include a slower-than-forecasted rate of investments, a decline in commodity prices, and rising interest rates.
- SEP:** Risks to the units trading below our valuation range include recontracting at lower pipeline rates, reduced demand for natural gas, and rising interest rates.
- SPH:** Risks to SPH trading below our valuation range include: (1) abnormally warm weather; (2) economic weakness could negatively impact industrial/commercial demand; (3) profit margin erosion in response to energy prices; and (4) rising interest rates.
- SXL:** Risks to the units trading below our valuation range include customer concentration, refinery turnarounds, and rising interest rates.
- TCP:** Risks to TCP trading in the valuation range include excess capacity on its pipeline systems, competitive industry conditions, economic trends, and environmental or regulatory risk.
- TGP:** Risks include a delay in the delivery of newbuilds, concentration of customers, lower-than-expected LNG demand, unforeseen drydocking cost and financial leverage.
- TLLP:** Risks to the units trading below our valuation range include a slower-than-forecasted rate of acquisitions, dependence on TSO, and geographic concentration.
- TLP:** Risks to the stock trading in our valuation range include a weakening economy's impact on petroleum product demand and rising interest rates.
- TOO:** Primary risk to TOO achieving our valuation range include a decline in the rate of growth of demand for offshore vessels, dependence on Teekay Corporation to provide future financing, growth through acquisitions, regulatory issues, marine transportation risks and international risks.
- TRGP:** Risks to TRGP trading below our valuation range include execution risk related to integrating acquisitions and completing organic growth projects (at NGLS), a decline in commodity prices, and rising interest rates.
- VNR:** Risks to the units trading below our range include a decline in commodity prices, dependence upon acquisitions to fuel growth, and the inability to hedge at favorable prices.
- WES:** Risks to the units trading below our valuation range include a slower than forecast rate of dropdowns, customer concentration, and rising interest rates.
- WPZ:** Risks to WPZ trading below our valuation range include sensitivity to commodity prices, an adverse regulatory environment, and rising interest rates.
- XTEX:** Risks to XTEX trading in our valuation range include: (1) competition in the Texas-Louisiana natural gas market; (2) rising interest rates; and (3) lower processing margins.
- XTXI:** Risks to XTXI trading in our valuation range include (1) potential conflicts of interest; (2) competition in the Texas-Louisiana natural gas market; and (3) lower processing margins.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

STOCK RATING

- 1=Outperform:** The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY
- 2=Market Perform:** The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD
- 3=Underperform:** The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING

O=Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

M=Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U=Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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V = A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

As of: January 6, 2012

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