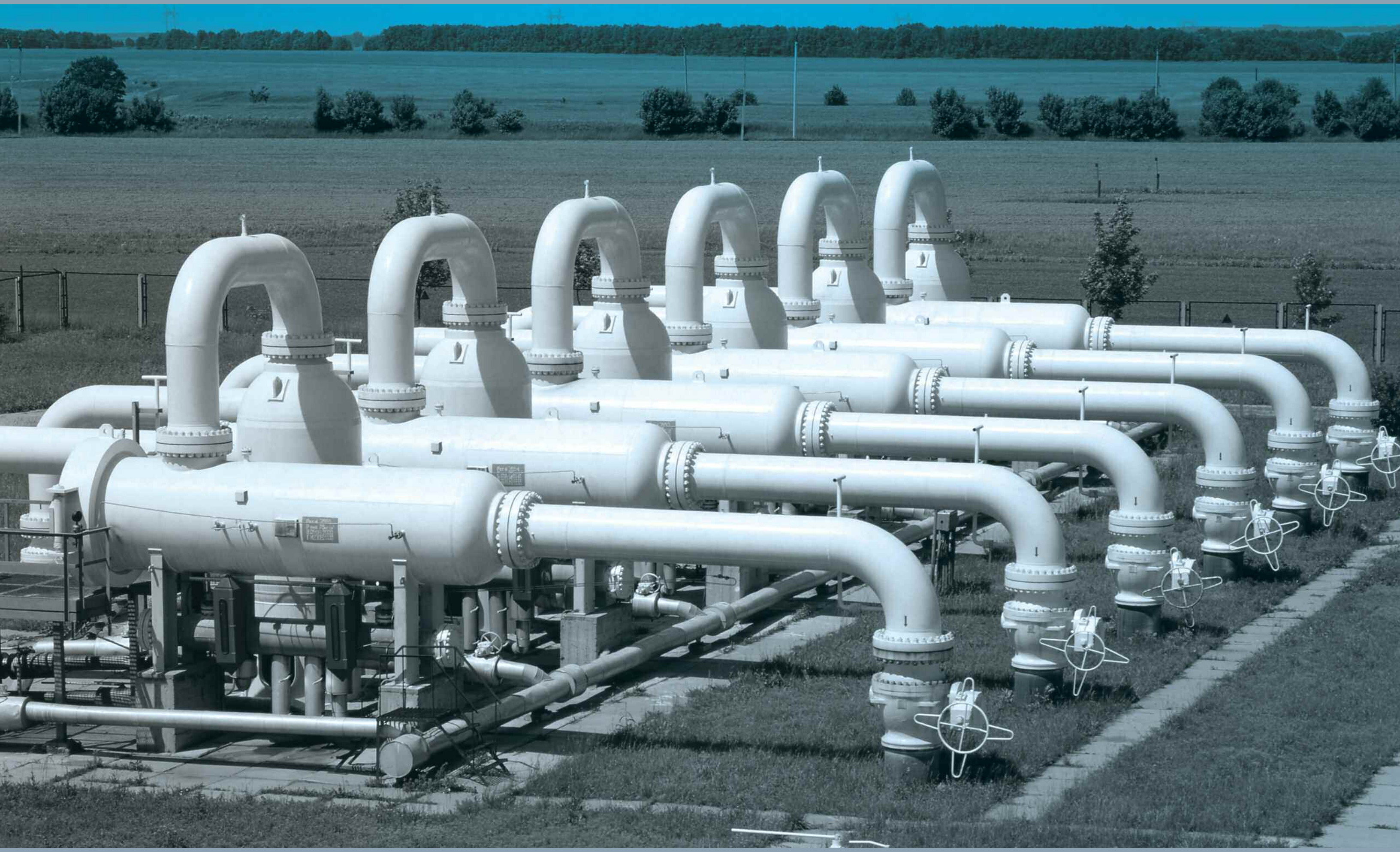
MLP QUARTERLY MONITOR

AN NGL SPEED BUMP ON THE MLP AUTOBAHN

EQUITY RESEARCH
July 2012



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An NGL Speed Bump on the MLP Autobahn

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Principally fee-based, organic capex for the MLP sector is forecast to increase 59% year over year, to more than $23 billion in 2012, and M&A projections top $32 billion, up 40% from 2011. Both figures are records by wide margins. Capital markets, especially low debt costs, have set the conditions for very low capital costs. Spending drives growth in cash flow. Shippers are signing long-term contracts to underpin large capital projects, reducing the risks associated with construction. This robust backdrop has had a singular Achilles heel. Crude prices have weakened and natural gas liquids (NGL) prices have fallen sharply. NGL-related stocks have held back the performance of the AMZ. In our opinion, NGL prices have crimped the growth rates of select MLPs but are a long way from spoiling the favorable fundamental conditions set up by robust drilling from liquids-oriented reservoirs.

- Critically, we have cut our NGL price outlook to accommodate ethane being structurally long until 2017, with corresponding weakness in propane. In revising our forecast for the gathering & processing (G&P) segment, which is most exposed to this reduction, we found it only modestly reduced our projected growth rate from 7.8% to 7.0% for the 15 companies we cover given rapidly expanding capital programs. Quarter over quarter, this segment's spending plans grew by 22% for 2012.

- Given an uneven domestic economy, wobbly global outlook and intimation of another round of Fed easing, Barclays' economics team recently reduced the outlook for the 10-year Treasury benchmark by 50 basis points, from 2.00% to 1.50% for the 12-month period ending July 2013. While tempted to retain our spread assumptions, we have bumped them a corresponding amount (50 bp), as we believe financial repression (i.e., the Fed pegging rates below market levels to stimulate the economy) implies heightened risk in the economic, energy price and capital market environment.

- The IPO backlog is reminiscent of 2006/2007: It is very large, with three deals completed to date, another 12 filed, and at least as many waiting in the wings, and it is filled with non-traditional asset categories. More cyclical, variable distribution pieces of the energy value chain appear poised to follow fertilizer in adopting the MLP structure. While holding a spot in income-oriented portfolios, we view this class of MLPs as separate and distinct from the traditional "tubes and tanks" given different risk profiles.

- Stock selection continues to emphasize growth. We are comfortable paying for this exposure as relative fundamentals across the subsectors have changed markedly (positive – crude, NGL infrastructure; negative – propane, gas storage, FERC interstate pipelines, and coal), justifying the bulk of the shift in relative valuation. For long-duration portfolios, we continue to view growth as the antidote to the eventual rise in interest rates. We continue to overweight the large-cap component of the industry but believe the sell-off in NGL margin-related names is overdone, as prices for ethane and propane should be bottoming.

- We highlight the following partnerships. Our conservative list comprises Enterprise Products Partners (EPD), ONEOK Partners (OKS), Magellan Midstream Partners (MMP), Plains All American Pipeline (PAA) and Williams Partners (WPZ). Our more aggressive selections are Access Midstream Partners (ACMP), DCP Midstream Partners (DPM), EQT Midstream Partners (EQM), Markwest Energy Partners (MWE), Rose Rock Midstream (RRMS), Tesoro Logistics (TLLP) and Western Gas Partners (WES).

CONTENTS

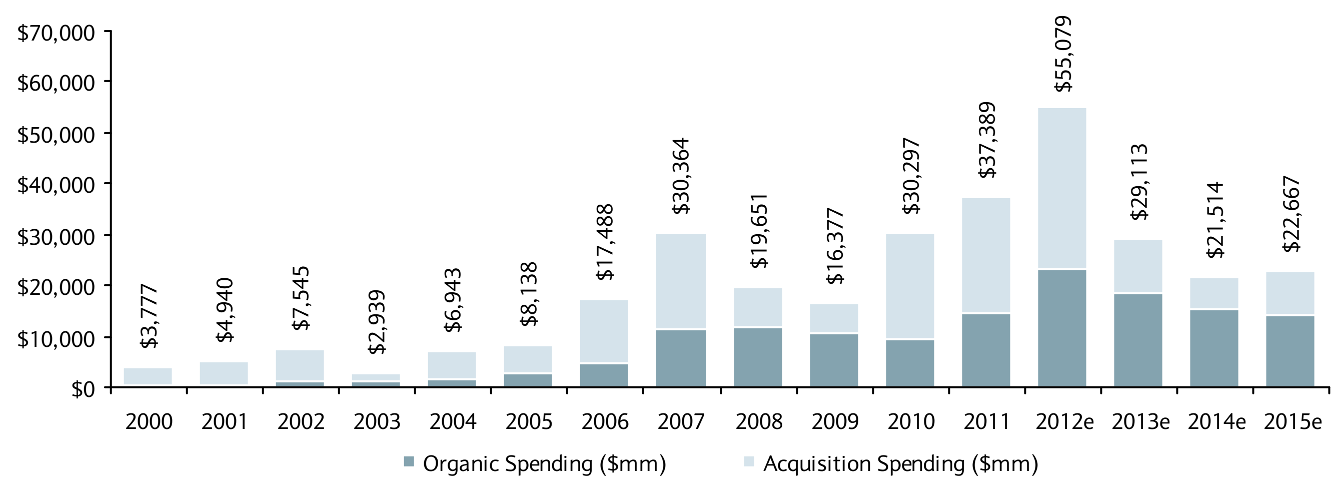
Outlook

Spending Plans Accelerate: Year/Year Capex Forecast to Increase 42%

The MLP mantra is spending drives cash flow growth. This is an asset-based business with a simple, transparent business model: Cash is king, not GAAP earnings. Distribute cash to partners and fund growth at a cost of capital below earned returns. Sounds like business school, but the audit trail in the sector is straightforward. Miss on your math and the balance sheet falls apart.

Q/Q capex projections have jumped $14.1 billion, or 34%. Including M&A announced to date, we now estimate that capex will increase 47% year/year in 2012 to more than $55 billion. This ramp up in spending is a dramatic synopsis of the present need for energy infrastructure in the US. In the title of this quarter's Monitor we refer to the path forward as the Autobahn for a reason. Fueled by capital spending and accompanied by historically low capital costs, we believe Germany's notorious high-speed highway system is an apt analogy for the present conditions underpinning the MLP industry's outlook.

Figure 1: MLP Growth Spending



Source: Company data, Barclays Research

Benchmark Treasury Forecast: Reduced Yield Extends Period of Low Rates

Given an uneven domestic economy, wobbling global outlook and intimation of another round of Fed easing, Barclays' economics team recently reduced the outlook for the 10-Year Treasury benchmark by 50 basis points, from 2.00% to 1.50% for the 12-month period ending July 2013. We have tacked on a modest 25 basis points for our 24-month projection ending July 2014. While tempted to retain our spread assumptions, we have bumped them a corresponding amount (50 bp), as we have accepted the theory that significant financial repression (i.e., the Fed pegging rates below market levels to stimulate the economy) is indicative of heightened risks in the economic, energy price and capital market environment. We don't see the risk premium in this case beginning to contract until we enter a period of rate increases. At that juncture, we expect the normal spread contraction that would preserve MLP valuations.

We have left our growth rate assumptions for 2012 and 2013 intact despite growing evidence that we may be short of the mark. With capital spending continuing to accelerate, the bias to our estimates is upward. Furthermore, the unweighted average of distribution increases in Q1 2012 was +6.3% with the growth rate trajectory accelerating each quarter. While we would expect the unweighted average to exceed the AMZ in this environment, the big caps that dominate the AMZ have also stepped up spending and have some first-mover advantages in capturing the early build-out in key area infrastructure (Bakken, Marcellus, Eagle Ford) and have been able to readily exploit the outsized margins we've seen in crude and NGL markets. As a result, we don't think the differential between average and benchmark will be as noticeable as in the past.

Figure 2: Price Target Assumptions

		Oct '10	Jan '11	Apr' 11	Jul '11	Oct' 11	Jan' 12	Apr' 12	Jul' 12
Distribution growth									
	2011	5%	5%	5%	5%	5%	5%	5%	5%
	2012		6%	6%	6%	6%	6%	6%	6%
	2013						7%	7%	7%
10Yr Yield Exit Rate									
	2011	3.20%	3.50%	3.75%	3.50%	2.75%			
	2012		4.00%	4.25%	4.00%	2.75%	2.00%	2.00%	1.50%
	2013						2.25%	2.25%	1.50%
Spread Assumptions									
	12 months	305bp	275bp	225bp	250 bp	375bp	375bp	400bp	450bp
	24 months		225bp	200bp	225 bp	350bp	350bp	375bp	425bp
AMZ Target Yield									
	12 months	6.25%	6.25%	6.00%	6.00%	6.50%	5.75%	6.00%	6.00%
	24 months		6.25%	6.25%	6.25%	6.25%	5.75%	6.00%	6.00%

Source: Barclays Economics Team, Barclays Research

Basic Forecast Implies 14% Return for Next 12 Months

Our target for the AMZ for the next 12 months is 429 predicated on the benchmark attaining a 6.00% yield and 6.00% growth rate in distributions. Hitting this target would result in a 12-month total return of 13.6%. Implied returns are positive for this period even if the AMZ were to yield 6.75% at the end of the next 12 months. If our Treasury call is correct, this would imply a very high 525-basis-point spread.

Our target for the AMZ for the next 24 months is 459, which implies a second 12-month return of 12.8%. With the assumption of two years of distribution growth totaling 13%, the risk reward is even more skewed toward favorable outcomes especially in light of a continued subdued interest rate environment. Breakeven under these circumstances would require an AMZ yield of around 8.00%

Changes in valuation target assumptions always have a much greater impact on implied returns than changes in our growth rate estimates. While the growth rate assumptions seem to be circumscribed in a fairly narrow range, underlying cash flow variability for the weighted AMZ is fairly modest and managements dampen this volatility even more through the application of coverage to smooth any variations in operating results.

Figure 3: Hypothetical Rolling 12-Month Alerian MLP Index Values

AMZ: 400.11	Assumed Distribution Growth								
Target Yield	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%
5.00%	505.0	507.4	509.9	512.3	514.7	517.2	519.6	522.0	524.4
5.25%	481.0	483.3	485.6	487.9	490.2	492.5	494.8	497.1	499.5
5.50%	459.1	461.3	463.5	465.7	467.9	470.1	472.3	474.6	476.8
5.75%	439.1	441.3	443.4	**445.5**	**447.6**	**449.7**	451.8	453.9	456.0
6.00%	420.8	422.9	424.9	**426.9**	**428.9**	**431.0**	433.0	435.0	437.0
6.25%	404.0	406.0	407.9	**409.8**	**411.8**	**413.7**	415.7	417.6	419.5
6.50%	388.5	390.3	392.2	394.1	395.9	397.8	399.7	401.5	403.4
6.75%	374.1	375.9	377.7	379.5	381.3	383.1	384.9	386.7	388.5
7.00%	360.7	362.5	364.2	365.9	367.7	369.4	371.1	372.9	374.6

*Base Value: AMZK =400.11, Yield 6.07%, Implied Distribution= $24.28 - as of July 20th, 2012

	Assumed Distribution Growth								
Target Yield	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%
5.00%	32.5%	33.2%	33.8%	34.4%	35.1%	35.7%	36.4%	37.0%	37.6%
5.25%	26.5%	27.1%	27.7%	28.3%	29.0%	29.6%	30.2%	30.8%	31.4%
5.50%	21.1%	21.6%	22.2%	22.8%	23.4%	24.0%	24.5%	25.1%	25.7%
5.75%	16.1%	16.6%	17.2%	**17.7%**	**18.3%**	**18.9%**	19.4%	20.0%	20.5%
6.00%	11.5%	12.0%	12.6%	**13.1%**	**13.6%**	**14.2%**	14.7%	15.2%	15.8%
6.25%	7.3%	7.8%	8.3%	**8.8%**	**9.3%**	**9.9%**	10.4%	10.9%	11.4%
6.50%	3.4%	3.9%	4.4%	4.9%	5.4%	5.9%	6.4%	6.9%	7.4%
6.75%	-0.2%	0.3%	0.8%	1.2%	1.7%	2.2%	2.7%	3.2%	3.6%
7.00%	-3.5%	-3.1%	-2.6%	-2.1%	-1.7%	-1.2%	-0.8%	-0.3%	0.2%

Source: Alerian Capital Management, Barclays Research

Figure 4: Hypothetical Rolling 24-Month Alerian MLP Index Values

AMZ: 400.11	Assumed Distribution Growth								
Target Yield	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
5.00%	540.5	543.0	545.6	548.2	550.8	553.3	555.9	558.5	561.0
5.25%	514.7	517.2	519.6	522.1	524.5	527.0	529.4	531.9	534.3
5.50%	491.3	493.7	496.0	498.3	500.7	503.0	505.4	507.7	510.0
5.75%	470.0	472.2	474.4	**476.7**	**478.9**	**481.2**	483.4	485.6	487.9
6.00%	450.4	452.5	454.7	**456.8**	**459.0**	**461.1**	463.3	465.4	467.5
6.25%	432.4	434.4	436.5	**438.5**	**440.6**	**442.7**	444.7	446.8	448.8
6.50%	415.7	417.7	419.7	421.7	423.7	425.6	427.6	429.6	431.6
6.75%	400.3	402.2	404.2	406.1	408.0	409.9	411.8	413.7	415.6
7.00%	386.0	387.9	389.7	391.6	393.4	395.2	397.1	398.9	400.7

*Base Value: AMZK =400.11, Yield 6.07%, Implied Distribution= $24.28 - as of July 20th, 2012

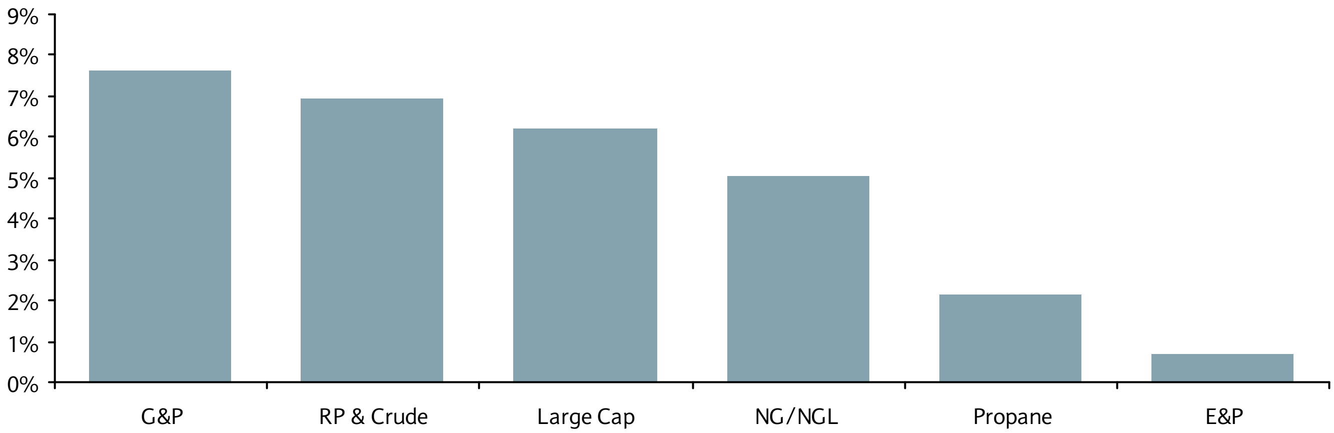
	Assumed Distribution Growth								
Target Yield	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
5.00%	48.1%	48.8%	49.6%	50.3%	51.0%	51.7%	52.4%	53.1%	53.8%
5.25%	41.7%	42.4%	43.1%	43.7%	44.4%	45.1%	45.8%	46.4%	47.1%
5.50%	35.9%	36.5%	37.2%	37.8%	38.5%	39.1%	39.7%	40.4%	41.0%
5.75%	30.5%	31.1%	31.8%	**32.4%**	**33.0%**	**33.6%**	34.3%	34.9%	35.5%
6.00%	25.6%	26.2%	26.8%	**27.4%**	**28.0%**	**28.6%**	29.2%	29.8%	30.4%
6.25%	21.1%	21.7%	22.3%	**22.9%**	**23.4%**	**24.0%**	24.6%	25.2%	25.7%
6.50%	17.0%	17.5%	18.1%	18.6%	19.2%	19.8%	20.3%	20.9%	21.4%
6.75%	13.1%	13.7%	14.2%	14.7%	15.3%	15.8%	16.4%	16.9%	17.4%
7.00%	9.5%	10.1%	10.6%	11.1%	11.6%	12.2%	12.7%	13.2%	13.7%

Source: Alerian Capital Management, Barclays Research

Portfolio Implications of Disparate Segment Growth Rates

High oil prices, the skew in drilling toward liquids, the attendant pressure on NGL prices and the dry gas glut have sharply divided the fundamental outlook across the MLP space. The crude and NGL infrastructure parts of the energy value chain (large incremental need for capacity) have superior intermediate outlooks than propane distribution (conservation/high prices), gas storage (gas glut no spread/volatility), coal (gas impact on volumes/prices) and interstate/interstate pipelines (compressed basis). This readily shows up in the bottom-up aggregated relative growth rates exhibited by the subsectors. Notably large caps compete very well within this array of projected results.

Figure 5: Subsector Three-Year Growth Rates

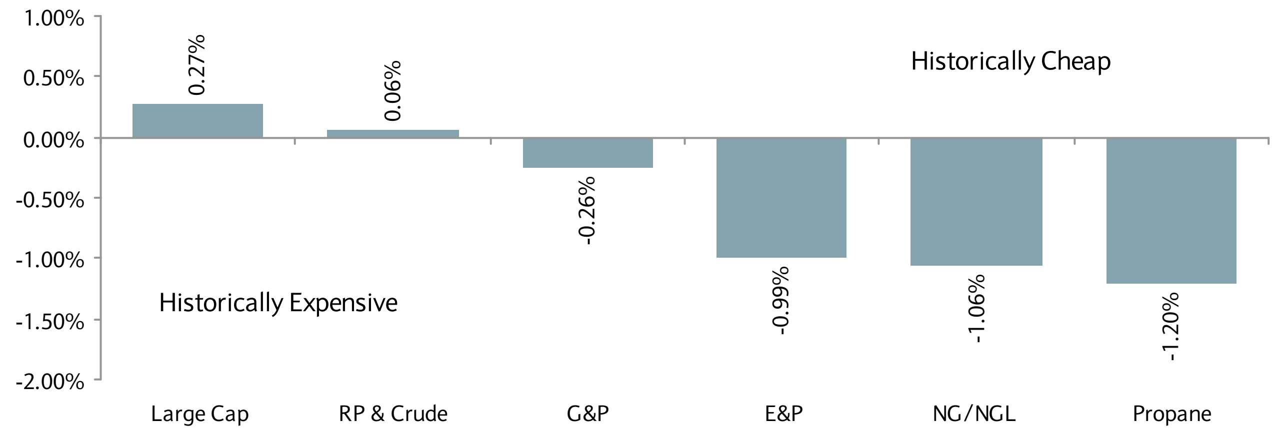


Source: Barclays Research

Disparate outlooks typically mean disparate valuations, so it's no surprise that large-caps with more competitive growth rates (and flight to safety – quality/liquidity) are trading higher than the historical norm. In this environment, we view this as wholly justified and would continue to skew weightings in this direction. Crude infrastructure hasn't seen this type of fundamental backdrop in decades, so the natural growth rates and valuations of the companies in the space have crept northward. The NG/NGL pipeline segment has a disproportionate number of dry gas exposures as the group includes interstate pipes, intrastate pipes, gas storage and compression. G&P, NG/NGL pipelines and E&P all have heightened exposure to energy price fluctuations given the unsettled economic picture (and for oil, the global political outlook). Risk-averse investors would naturally depress valuations in this context.

From our vantage point, NGL margin-oriented names such as MWE, APL, CPNO, and WPZ may have the best reversion to the mean opportunity, as we think the decline in ethane/propane prices – both in an absolute sense and relative to crude – are bottoming. Propane is suffering from a secular decline in consumption, which has just triggered large-scale consolidation among the biggest players in the segment.

Figure 6: Yield Spread to AMZ vs. History (Sector)

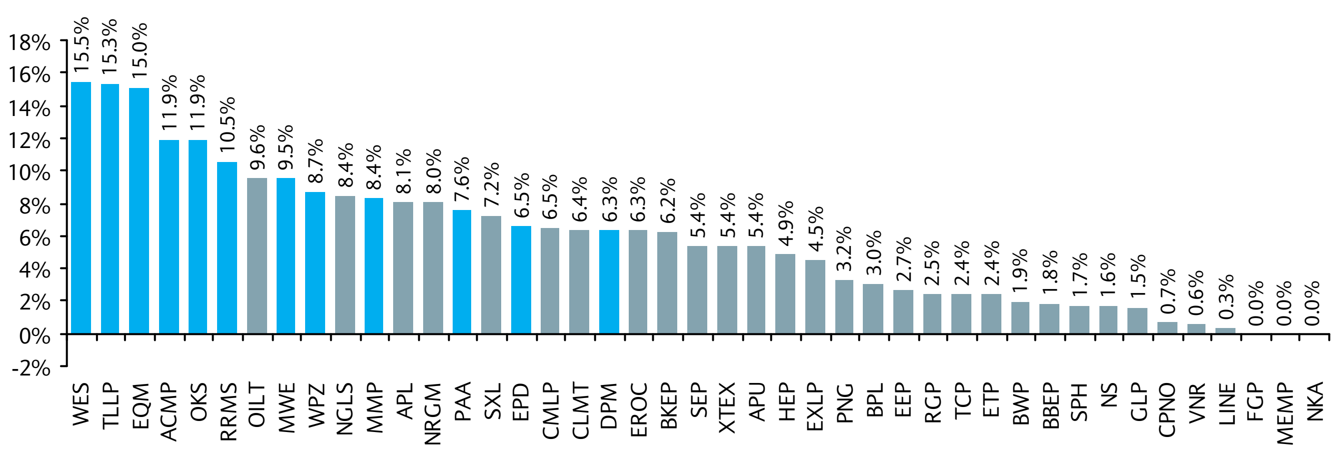


Source: Alerian Capital Management, FactSet

We continue to believe that relative growth will translate into relative performance. Of the 12 names highlighted in this quarter's portfolio, 8 are in the list of top 10 expected growth rates. The entire list of large-cap, conservative selections are at the top of this subsector's growth rankings. Importantly, this growth is being generated from a variety sources. The conservative list leans toward crude oil (PAA, MMP) and NGL (EPD, OKS) infrastructure build-out with drivers set across several major shale or unconventional drilling areas such as the Bakken (OKS), Mid-Continent (OKS, EPD, PAA), Permian (PAA, MMP), Eagle Ford (EPD) and Marcellus (WPZ).

The more aggressive list has crude oil leverage (RRMS, TLLP), NGL exposure (MWE, DPM) dropdown, fee-based partnerships (ACMP, EQM, WES) with exposures that encompass the Marcellus (ACMP, EQM, MWE), the Bakken (TLLP), the Permian (DPM), Mid-Continent (RRMS, ACMP, DPM), Eagle Ford (DPM) and DJ basin (WES, RRMS).

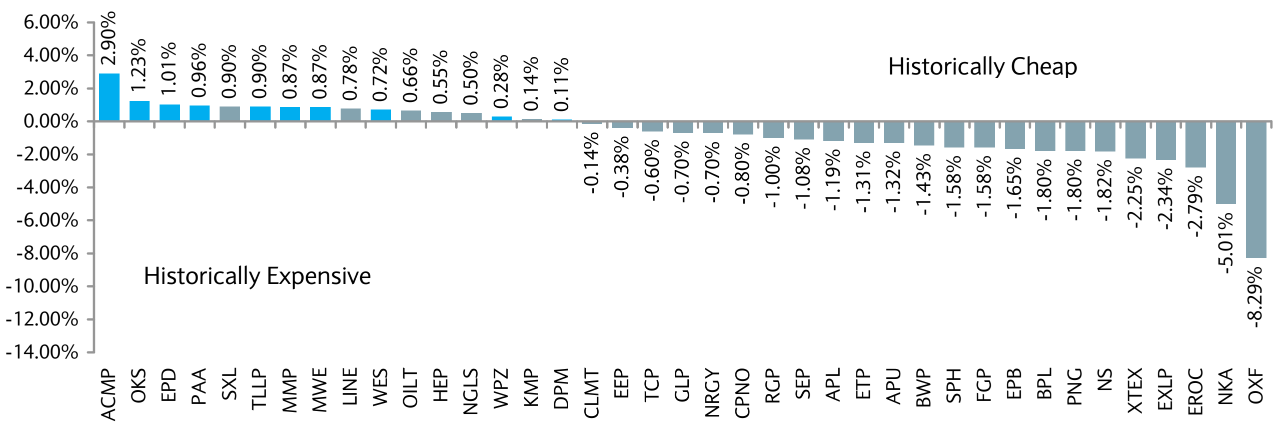
Figure 7: Three-Year Distribution Growth Rate



Source: Barclays Research

Yield spreads are a fairly blunt instrument for measuring the relative attractiveness of the individual partnerships. We typically use it as a quick screen or cautionary flag in evaluating investments. A key issue is that the metric is only valid if the past is prologue. Part of the positive/negative skewing we see in the array summarized in Figure 8 is the fact that individual and subsector fundamentals have changed. For instance, two-thirds of the names selling wider than history are involved in the crude/NGL infrastructure business. Both pieces of the value chain have gone from shrinking volume, games of attrition, and consolidation focused markets to being at the forefront of the need for new capacity. Propane, interstate gas, gas storage and coal dominate the ranks of historically "cheap" partnerships as the fortunes of these subsectors, with the exception of propane (secular decline in usage) have changed with the shift from dry gas to wet gas or liquids drilling. As a result of these changes in operating environment, we are less hesitant to pursue a strategy that predominantly selects historically expensive names in our highlighted group of names.

Figure 8: Yield Spread to AMZ vs. History



Source: Alerian Capital Management, FactSet

Portfolio Construction – Embrace a Little More Risk

Last quarter we recommended skewing portfolios to the large-cap, liquid MLPs. We still think the macro backdrop warrants caution as the fat tail risks across the array of potential outcomes associated with the European debt situation have not receded, which could impact capital markets as well as economic growth rates. Furthermore, as can be seen from Figure 9, the implied return from the conservative portion of our highlighted group of names is very competitive with the implied value proposition of the AMZ. Having said that, we believe the sharp underperformance of the NGL margin related names in Q1 coupled with the prospect that the price of ethane/propane is bottoming leads us to advocate migrating some incremental weight in that direction (candidates MWE, WPZ). The major change in this quarter's portfolio is the substitution of EQM for NS. NS continues to struggle with its asphalt exposure. Thin coverage has become thinner. While taking a major step down in yield, we like the characteristics of EQM (see "Initiating Coverage with 1-OW Rating as Dropdowns and Organic Opportunities Drive Double-Digit Distribution Growth," July 23, 2012). EQM's implied return is almost 11% higher than NS (20.5% vs. 9.8%) based on current estimates. Operating characteristics would classify EQM as a conservative investment, although we have placed the name in the aggressive section as it is an unseasoned, smaller-cap IPO.

Relative to last quarter, this quarter's highlighted group of names has had the yield fall 20 bp, the growth rate increase 60 bp with the resultant implied return improve 40 bp to 15.7%. This represents a 280 bp improvement in the total return implied by our AMZ forecast and is achieved by paying a slight premium (3.3%) based on 2013 EV/Adjusted EBITDA and just under 1.00% above the historical spread to the index. The spread differential is primarily generated by names in the crude and NGL infrastructure segments, which are undergoing unprecedented opportunities to build out new capacity.

Figure 9: Highlighted Partnerships Characteristics Vs. AMZ

Metrics	Highlight	AMZ
Yield	5.1%	6.2%
Growth	10.6%	6.7%
Total Return	15.7%	12.9%
Coverage	121%	118%
EV/Adj EBIDTA	12.6x	12.2x
Avg Spread History	0.99%	
Conservative		
Yield	4.8%	
Growth	8.5%	
Total Return	13.3%	
Coverage	121%	
EV/Adj EBIDTA	15.0x	
Avg Spread History	0.86%	
Aggressive		
Yield	5.3%	
Growth	12.1%	
Total Return	17.4%	
Coverage	121%	
EV/Adj EBIDTA	10.9	
Avg Spread History	1.08%	

Source: Alerian Capital Management, Barclays Research estimates

Conservative /Aggressive Lists Cater to Wide Diversity of Investors

Our MLP research reaches two distinct categories of investors: The first is conservative, income-oriented retail investors attracted to the value proposition, risk profile and portfolio diversification aspects of owning MLPs. For many, if not most, of these investors, aggressively trading MLPs is highly tax inefficient. As a result, this portion of the investor base tends to buy and hold, treating MLPs as a long-duration asset. The second group, at the other extreme, are institutional investors, more likely than not, holding the names in a dedicated portfolio and running their fund against an index or aggressive total return funds that have bypassed the tax implications of trading (basis management) through the use of total return swaps. In this context, ratings/recommendations for one constituency might be wholly inappropriate for the other group of investors.

Given this dichotomy, we have migrated to the practice of providing conservative and more aggressive lists of investments, highlighting names that have more current appeal than the other core names we would use in assembling portfolios with their respective risk profiles or aggressive characteristics. Our formal ratings are designed with an eye toward longer-term holding periods. With the exclusion of FERC-regulated interstate gas pipeline partnerships, the conservative list is principally comprised of large-cap diversified, highly liquid (trading perspective), investment grade names. This component of our universe is frequently referred to as the core “tubes and tanks” portion of the energy value chain, where cash flow is primarily generated from fee-based rental of capacity or if throughput based have relatively stable volume profiles. Our aggressive list is more typically comprised of smaller-cap, non-investment-grade partnerships with higher degrees of economic or energy price sensitivity. Within this latter subset, we are generally looking for evidence of superior volume growth, hedged cash flows, or tangible evidence of GP support in the event energy prices, capital markets or the economy weaken, putting pressure on distribution coverage.

Figure 10: Relatively Defensive MLPs

Partnerships	Ticker	07/23/12 Yield	General Partner	S&P Credit Rating	2012e Growth Capex ($mm)	2012e Distribution Coverage	2013e EV/ Adjusted EBITDA (1)	07/23/12 Institutional Ownership
Interstate Gas Pipelines								
Boardwalk Pipelines	BWP	7.4%	Loews Corp.	BBB	531	91%	15.1x	21%
Spectra Energy *	SEP	6.0%	Spectra Energy	BBB	263	104%	13.8x	28%
TC Pipelines	TCP	6.9%	Transcanada	BBB	0	117%	12.2x	39%
Refined Products Pipelines								
Buckeye Pipeline	BPL	7.7%	None	BBB	511	89%	13.4x	50%
Magellan Midstream	MMP	4.4%	None	BBB	495	125%	15.6x	52%
NuStar Energy	NS	8.2%	Management	BBB-	413	87%	14.0x	30%
Sunoco Logistics	SXL	4.5%	Sunoco Inc	BBB	304	178%	11.2x	40%
Large Cap Diversified								
Enbridge Energy	EEP	7.1%	Enbridge Inc.	BBB	1938	75%	11.7x	39%
Energy Transfer	ETP	7.9%	Energy Transfer Equity	BBB-	9216	97%	10.8x	22%
Enterprise Products	EPD	4.6%	None	BBB	3713	124%	14.7x	24%
ONEOK Partners	OKS	4.4%	ONEOK Inc.	BBB	1915	131%	15.5x	34%
Plains All American	PAA	4.8%	Mgt, Private Equity	BBB-	2588	120%	15.0x	48%
Williams Partners	WPZ	5.7%	Williams Cos.	BBB	5419	105%	14.0x	16%

* all underlying pipes are investment grade
(1) Adjusted EBITDA = EBITDA - Maintenance Capital - GP Cut of DCF
Source: Company reports, FactSet and Barclays Research

Figure 11: Higher-Risk MLPs

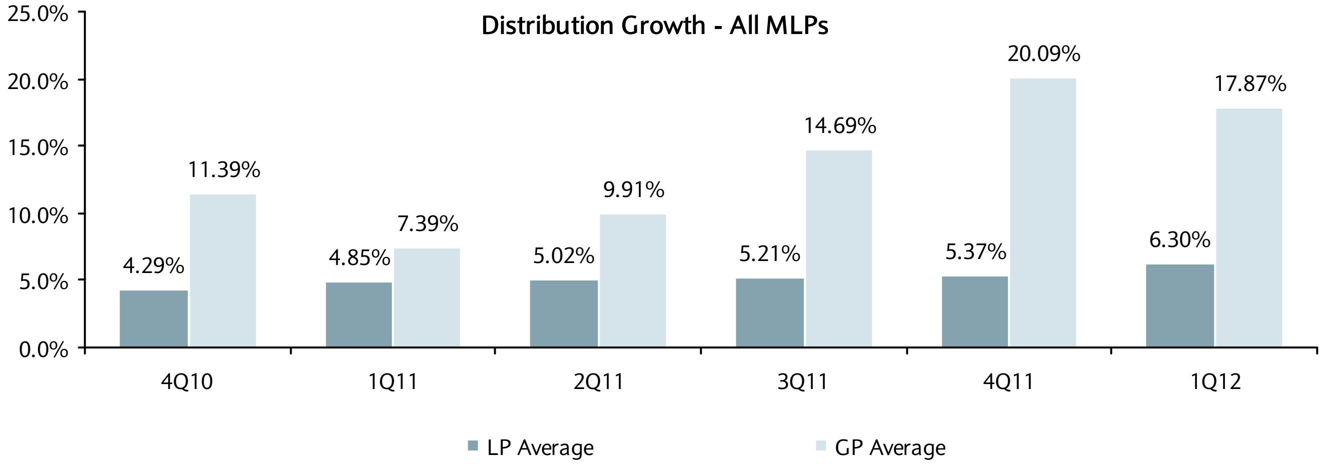
Partnerships	Ticker	07/23/12 Yield	General Partner	S&P Credit Rating	2012e Growth Capex ($mm)	2012e Distribution Coverage	2013e EV/ Adjusted EBITDA (1)	07/23/12 Institutional Ownership
Refined Products & Crude								
Holly Energy Partners	HEP	5.8%	HollyFrontier Corp	BB	360	110%	12.6x	40%
Oiltanking	OILT	4.3%	Oiltanking Group	NR	136	120%	14.0x	56%
Rose Rock Midstream	RRMS	5.6%	Semgroup Corp.	NR	208	142%	9.0x	64%
Tesoro Logistics	TLLP	4.1%	Tesoro Corp.	NR	111	112%	11.9x	77%
NG/NGL Pipelines & Storage								
EQT Midstream	EQM	5.3%	EQT Corp	NR	25	110%	9.4x	na
Inergy Midstream	NRGM	6.7%	Inergy	NR	340	101%	9.7x	22%
Niska Gas Storage	NKA	11.0%	Private Equity	BB-	51	70%	11.4x	20%
Plains Natural Gas	PNG	7.8%	Plains All-American	NR	52	106%	13.0x	35%
Regency	RGP	7.7%	Energy Transfer Equity	BB	729	104%	10.7x	55%
Gathering & Processing								
Atlas Pipeline	APL	6.7%	Atlas Energy	B+	267	116%	11.0x	37%
Access Midstream	ACMP	5.7%	Access Energy	BB+	662	129%	10.2x	44%
Copano Energy	CPNO	7.7%	None	BB-	375	92%	10.8x	51%
Crestwood Midstream	CMLP	6.9%	Crestwood Holdings	B	169	117%	8.5x	42%
Crosstex Energy	XTEX	7.8%	Crosstex Energy Inc	B+	552	103%	7.9x	26%
DCP Midstream	DPM	6.2%	Spectra/ COP	BBB-	822	96%	10.0x	53%
Eagle Rock	EROC	10.0%	None	B	260	86%	11.3x	16%
MarkWest	MWE	5.9%	None	BB	1810	115%	11.3x	51%
Penn Virginia	PVR	8.1%	None	BB-	1749	116%	8.9x	47%
Targa Resources	NGLS	6.8%	Targa Resources Corp	BB	515	113%	10.5x	50%
Western Gas Partners	WES	4.1%	Anadarko	BB+	969	145%	14.0x	37%
Propane								
Amerigas	APU	7.7%	UGI Corp.	NR	2870	43%	9.1x	6%
Ferrellgas	FGP	10.0%	Management	B+	47	53%	12.3x	6%
Inergy	NRGY	7.8%	None	NR	230	95%	18.1x	40%
Suburban Propane	SPH	7.8%	None	BB	1810	58%	5.7x	17%
Other								
Calumet Specialty Prod.	CLMT	8.9%	Calumet GP LLC	B	398	131%	8.4x	16%
Exterran	EXLP	9.4%	Exterran Holdings	NR	262	117%	10.9x	46%
Linn Energy	LINE	7.3%	None	B+	2800	116%	10.8x	24%

(1) Adjusted EBITDA = EBITDA - Maintenance Capital - GP Cut of DCF
Source: Company reports, FactSet and Barclays Research

Distribution Growth Accelerating: 6% to 7% Forecast May Be Understated

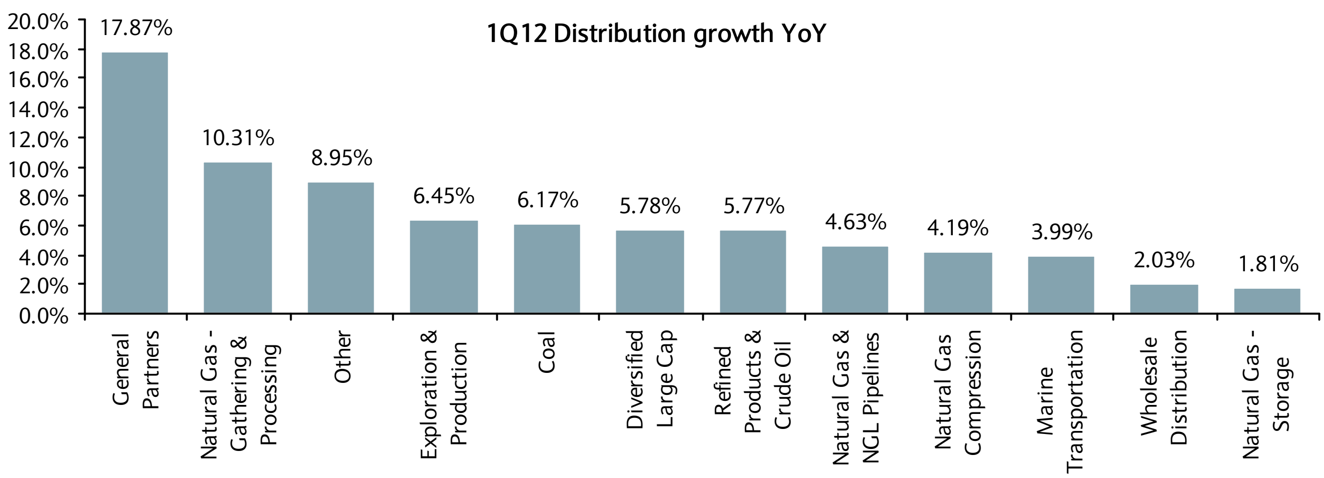
As capital programs have accelerated, the pace of distribution growth has been sequentially rising as assets get placed into service. The unweighted average growth rate of our coverage universe has increased sequentially from 4.29% in Q4 2010 to 6.30% in Q1 2012. Currently we are projecting the sector to generate 6% and 7% distribution growth in 2012 and 2013, respectively. Our weighted AMZ growth projection is 6.7% for the five years ended 2016. With the unweighted figure up 6.30% in Q1 and capex surging by 20% Q/Q, we think our estimates are progressively looking conservative.

Figure 12: Sector Distribution Growth Accelerating



Source: Company filings, Barclays Research

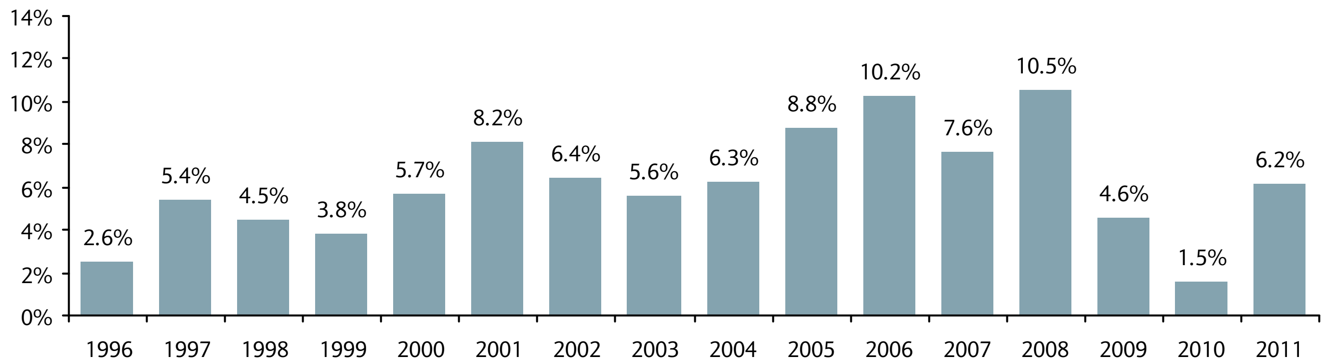
Figure 13: Sub-sector Distribution Growth



Source: Company filings, Barclays Research

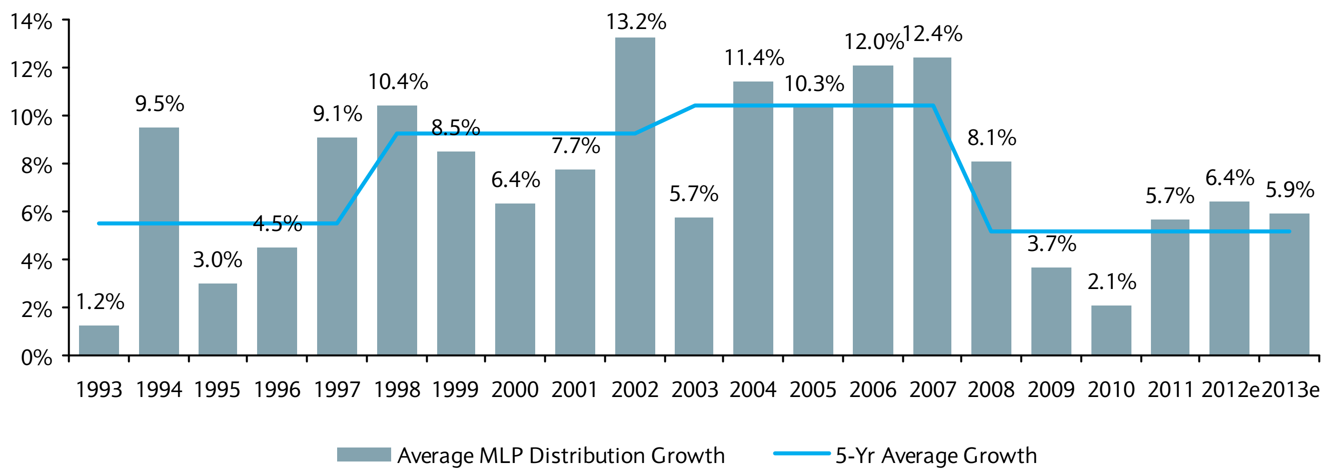
Figure 14 and Figure 15 highlight the consistent historical growth and delta between the unweighted (more impacted by smaller cap, non core categories such as G&P) and the cap weighted AMZ. For perspective, the AMZ is also impacted by the shift in weights and addition and subtraction of names within the index while the unweighted data has consistently been expanded by the consummation of so many IPOs which enter the ranks at modest levels of cash flow and low split levels.

Figure 14: Alerian MLP Index Distribution Growth



Source: Alerian Capital Management, Barclays Research

Figure 15: MLP Coverage Universe Cash Distribution Growth



Source: Barclays Research

Performance Review

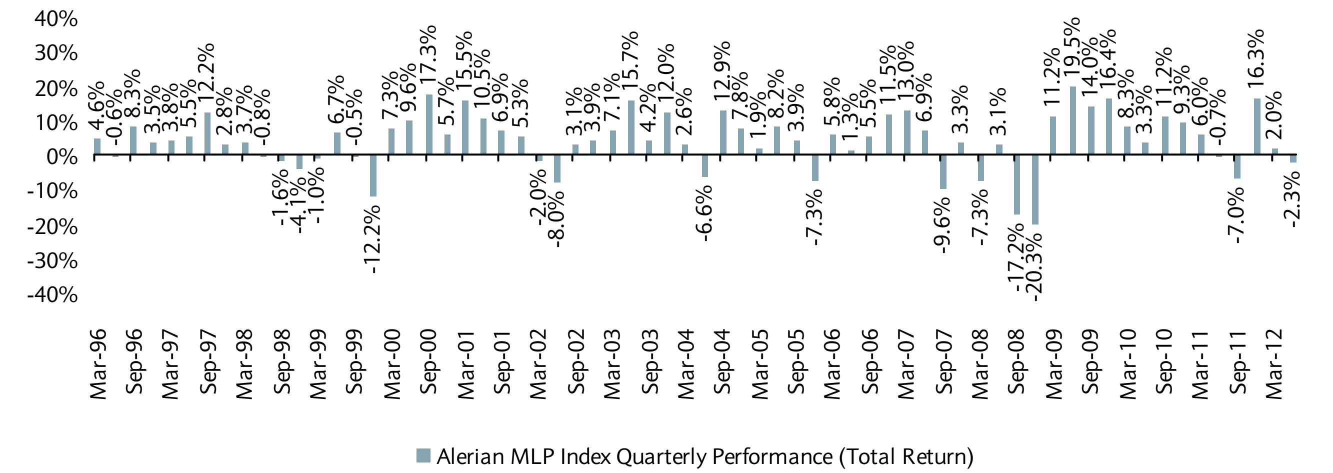
AMZ Registers Smaller Loss Than S&P Benchmark

After significantly outperforming the S&P 500 from a trough in the fall of 2008, the AMZ has been roughly breakeven with the S&P benchmark since 2Q 2010. Given that MLPs have an inherent positive return bias of roughly 4% per year tied to the indices' yield differentials, the implication is that on a principal-only basis the sector has underperformed the S&P 500 by about 10% over the last two years. For 2Q the AMZ declined less than the S&P 500, registering a total return of -2.3% as the equity index delivered -2.8%. In 5 of the 8 quarters since 2Q 2010, the differences have been modest, ranging from -1.5% to +0.5%. As equity markets dipped sharply in 3Q 2011, the AMZ generated a positive 6.9% differential by dropping only half as much as the equity benchmark. Large-cap MLPs surged almost 22% in 4Q 2011, driving the AMZ to a strong 16.3% return amid a strong equity market. In Q1 2012 MLPs gave back the relative gains claimed in the second half of 2011.

Credit markets have rallied markedly since June 2010. The 10 Year Treasury yield has fallen 131 bp from 2.95% to 1.64%. IG debt yield as measured by Moody's Baa index has shed 107 bp from 6.13% to 5.06%. The Barclays HY benchmark yield has dropped 140 bp while the yield on the AMZ has fallen just 61 bp. Notably, while the S&P 500 has appreciated 33.2% since the end of 2Q, the XLU is up 31.4% and the XLE is up 34.3%. Against this performance for the last 24 months the AMZ is up only 23.3%. Distribution growth recovered to more than 6% in 2011 and is forecast to grow at a similar rate in 2012 and the foreseeable future. While yield differentials between the AMZ and these other indices pick up some if not all of the differences on a total return basis, we have been a little puzzled why the AMZ has not kept pace on a principal-only basis given relatively strong fundamentals in the sector.

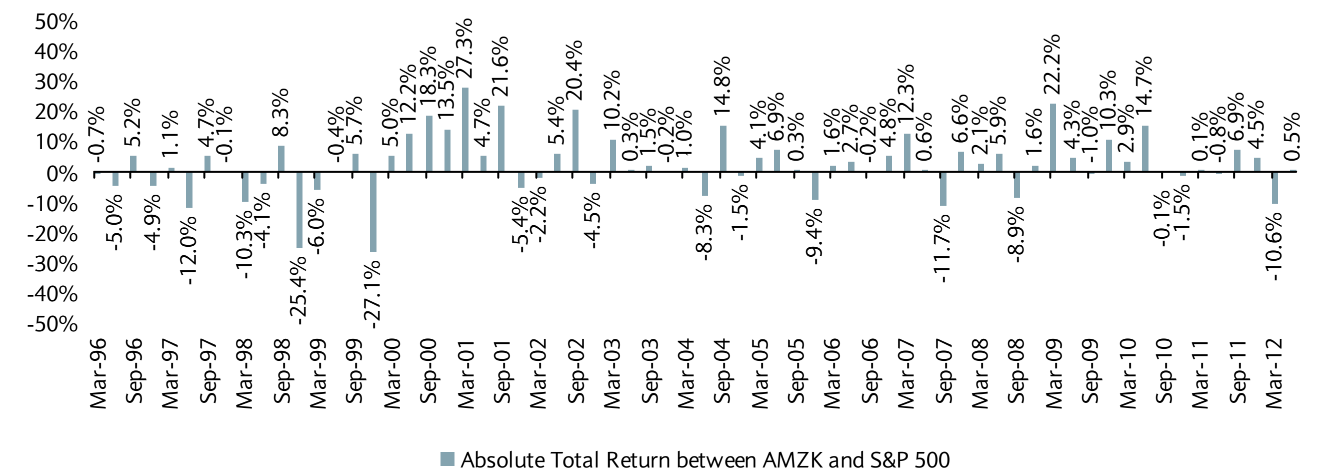
Part of the equity answer probably lies in the dramatic outperformance registered in 2009 and the first half of 2010. Part lies in the retail nature of MLP ownership, which based on mutual fund flows would indicate this critical component of demand has preferred the relative safety of bonds. However, we have progressively sensed the leading culprit is the level of equity issuance being absorbed by the retail market. While issuance as a percent of float has formerly run higher than in the last couple of years, heavy use of private placements and higher levels of hedge fund participation in 2005-2007 removed the placement burden from retail investors. We estimate retail absorption in aggregate dollars has nearly tripled over the last couple of years. Given the equity aversion exhibited by retail investors over this period, this level of buying testifies to the solid value proposition offered by the sector. Nonetheless, we think it's created a stiff performance headwind for the sector on a relative basis. Intuitively this issuance ebbs and flows, with the tenor of equity markets dampening performance in stronger periods.

Figure 16: Alerian MLP Index Quarterly Performance (Total Return)



Source: Alerian Capital Management, FactSet

Figure 17: Absolute Total Return Between Alerian and S&P 500 (Quarterly)

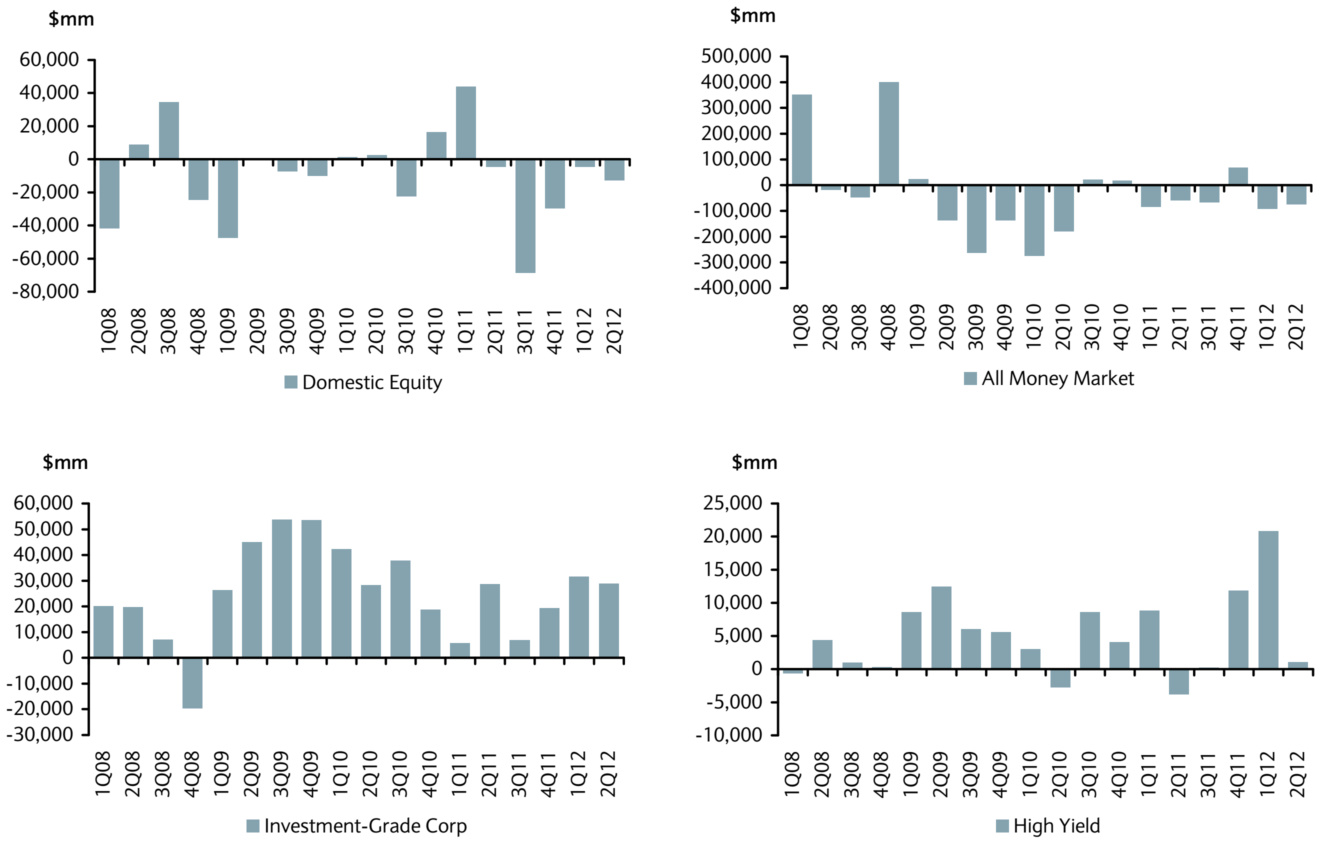


Source: Alerian Capital Management, FactSet

Domestic Equity Funds Experience Fifth Consecutive Quarter of Outflows

Retail investors, using mutual fund flows as a proxy, continue to deploy money into the credit markets, notably quality credit securities, and pull money out of the equity market. As noted in our opening comments in the performance section, retail apprehension surrounding equity ownership is likely spilling over into the MLP market as it is a predominantly retail owned product. While “institutions” can own as much as 50% of the float in various partnerships, the most prevalent type of this participation is in the form of aggregated retail (i.e., closed end funds, managed separate accounts, etc.). The last big influx of money into equity funds was almost immediately rewarded with a big sell-off in the S&P, which in turn triggered significant outflows in the latter half of 2011. Paired with the 2008/2009 sell-off and daily reminders of unsettled macroeconomic and political conditions around the world and the US, it has been very difficult for individuals to embrace the even modest relative risks associated with equity ownership in the form of MLPs.

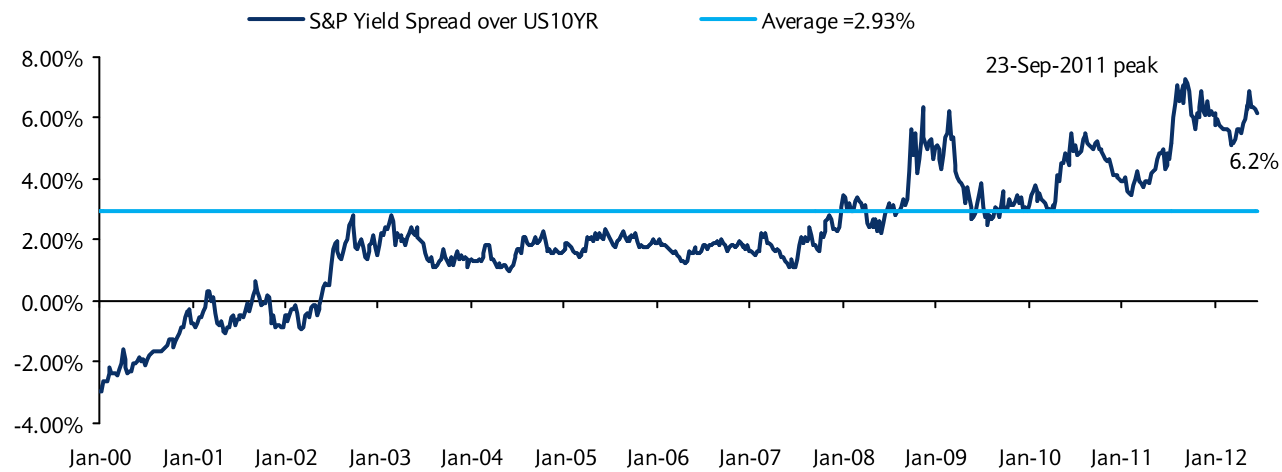
Figure 18: Mutual Fund Flows



Source: Thomson Reuters, Barclays Economics Research

The S&P equity risk premium increased over the last quarter and as such could result in domestic equities becoming a more competitive draw for investor funds. Coupled with the dramatic dichotomy in fund flows between quality credit and equities, one might assume that when this flight to safety runs its course, equity valuations (and MLP valuations) have some room to run. The key caveat to this thinking is that there is ample evidence that the Fed's string pushing has resulted in a condition economists label "financial repression" (see the US Portfolio Strategy Weekly: "Happy days: The unintended consequences of financial repression in the 1940s and 1950s," dated October 21, 2011). The punch line is that as long as the Fed suppresses rates below equilibrium levels, risk premiums in general will remain above normal levels (i.e., MLPs will trade wider vs. credit).

Figure 19: S&P 500 Earnings Yield Spread

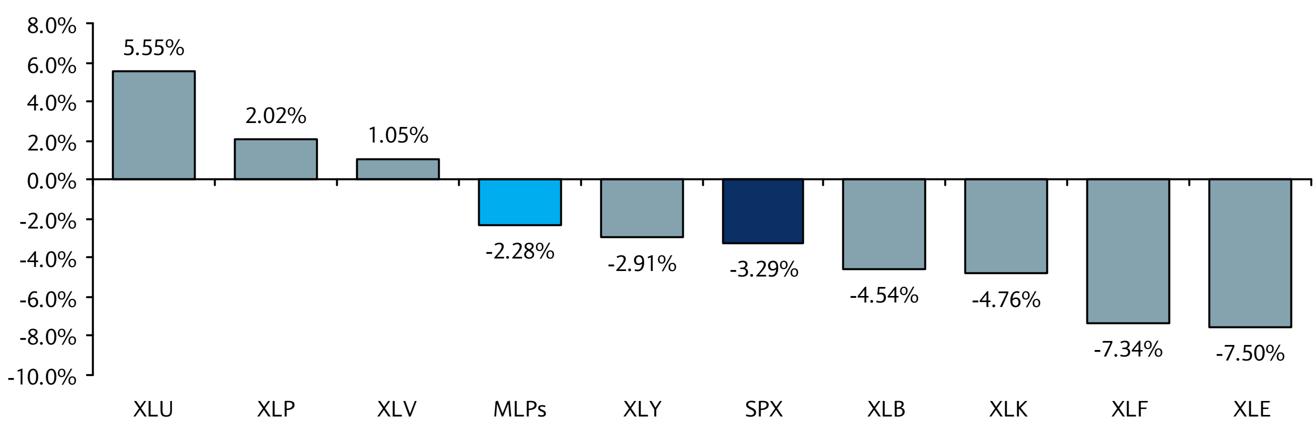


Source: Reuters Estimates, FactSet, Barclays Research

Defense Proves to Be the Best Offense

Investors shed risk in the second quarter, gravitating toward defensive sectors such as Utilities (XLU), Consumer Staples (XLP) and Healthcare (XLV). Stable yield was a major theme across equity markets for 2Q 2012. MLPs fit nicely on that side of the performance ledger for the quarter, although they lagged these C-Corp categories by a wide margin.

Figure 20: S&P 500 Sectors 2Q12 Performance



Source: Bloomberg

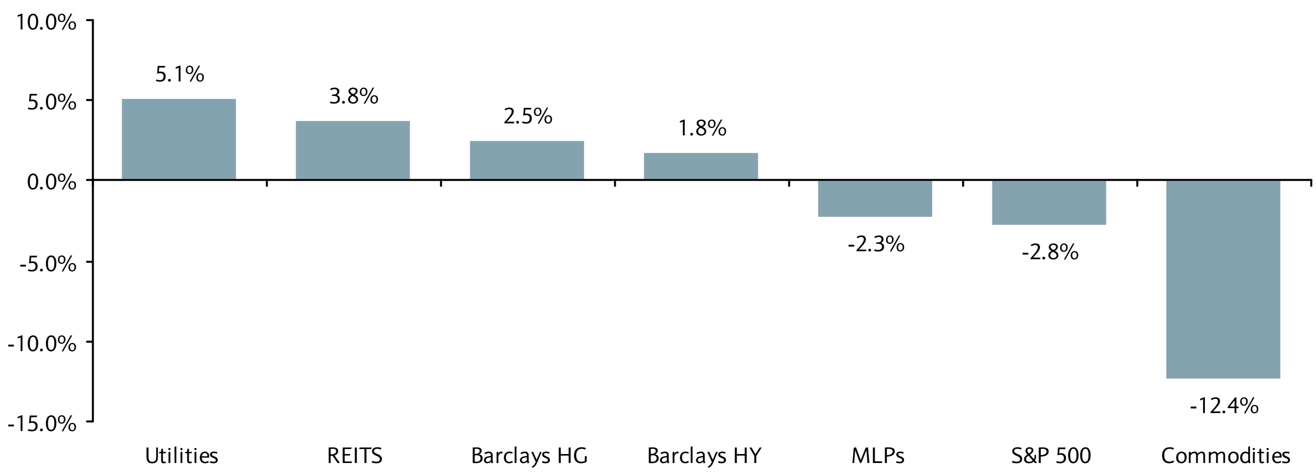
Have MLPs Become Energy Rather Than Defensive Stocks?

We think this has become an important question. Historically, the MLP space has not exhibited an overly strong correlation to energy prices. However, since the advent of new non fee based categories beginning in 2006 and the current exposure to organic projects driven by high crude oil prices and the gap between oil and gas, there has been a much stronger tie between energy prices/energy stocks and MLPs.

Early in the shift, the non fee based G&P and E&P subsectors didn't carry enough weight in the AMZ to seriously impact the indices' performance. But as the larger weights (EPD, OKS, WPZ, PAA, KMP, etc.) have developed more direct NGL or oil price ties, the decoupling we have seen between MLPs and more traditional defensive groups (utilities, consumer staples, health care) has become more pronounced. While not as extreme as the movements exhibited by the XLE or other more leveraged indices such as the EPX, the MLPs are certainly taking their directional cues from these energy benchmarks.

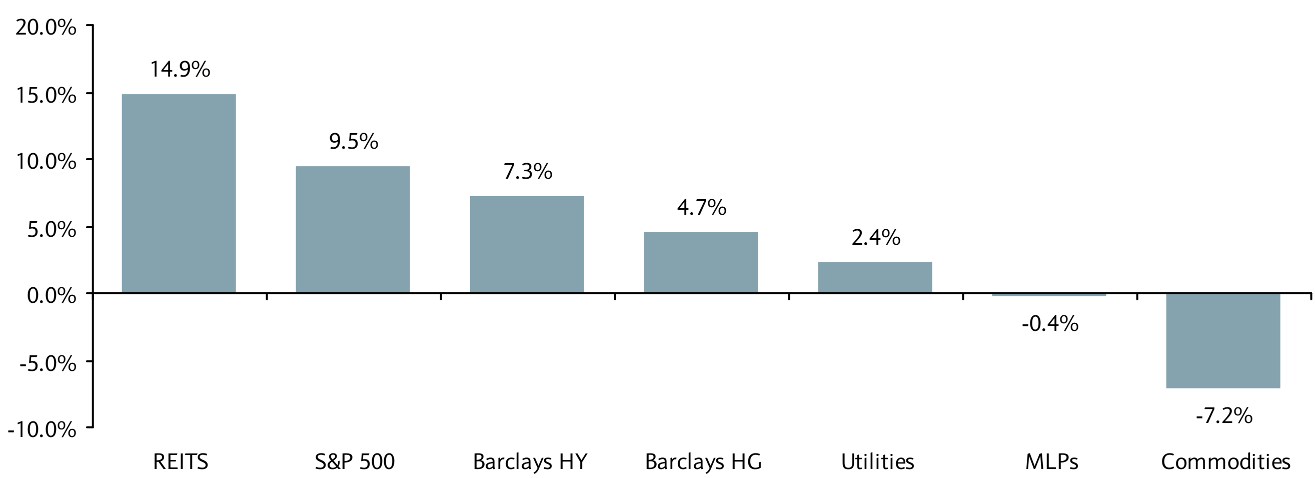
In line with risk aversion, credit outperformed equities with the exception of high-yielding equities as represented by the REIT and Utility indices. Quality credit outperformed junk. Quality yield equities outpaced more economically sensitive categories of high yield equities, uniformly aligning the risk buckets as investors de-risked portfolios.

Figure 21: 2Q12 Performance



Source: Bloomberg, Barclays Fixed Income

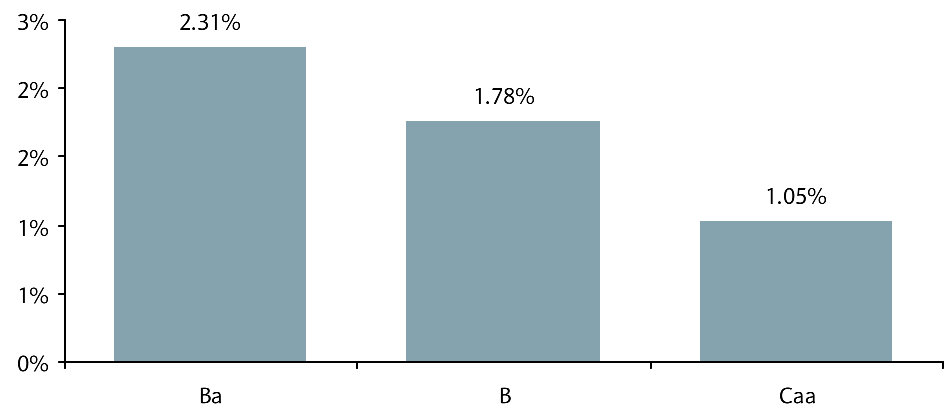
Figure 22: YTD Performance



Source: Bloomberg, Barclays Fixed Income

Further highlighting this alignment of performance by risk profile, the high yield (HY) market split neatly into this configuration as well. In a reversal of the "risk on" environment during Q1, the "risk off" backdrop exhibited in Q2 resulted in higher quality credits outperforming lower quality credits in this component of credit markets.

Figure 23: High Yield Total Return by Component

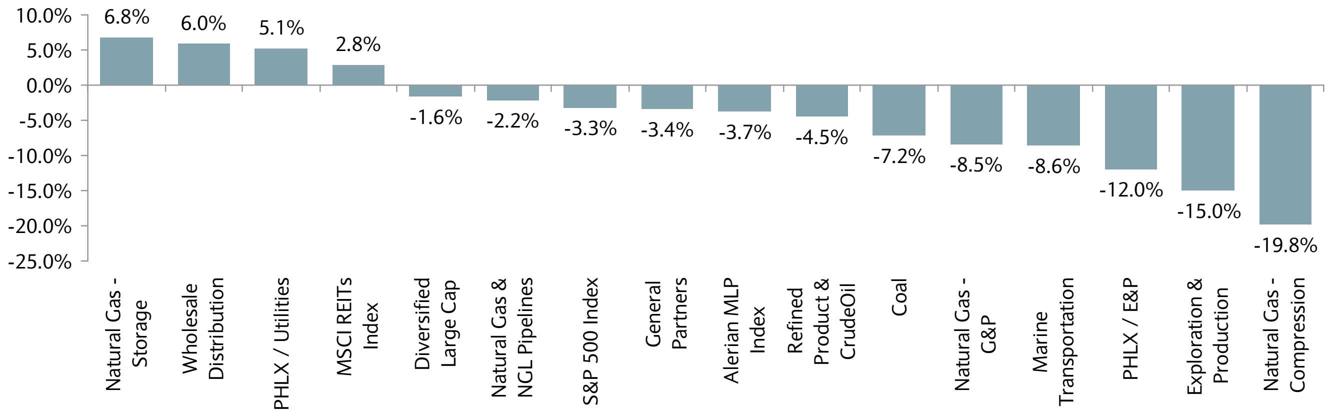


Source: Barclays Fixed Income

Large-Caps Dampen Drop in AMZ During 2Q

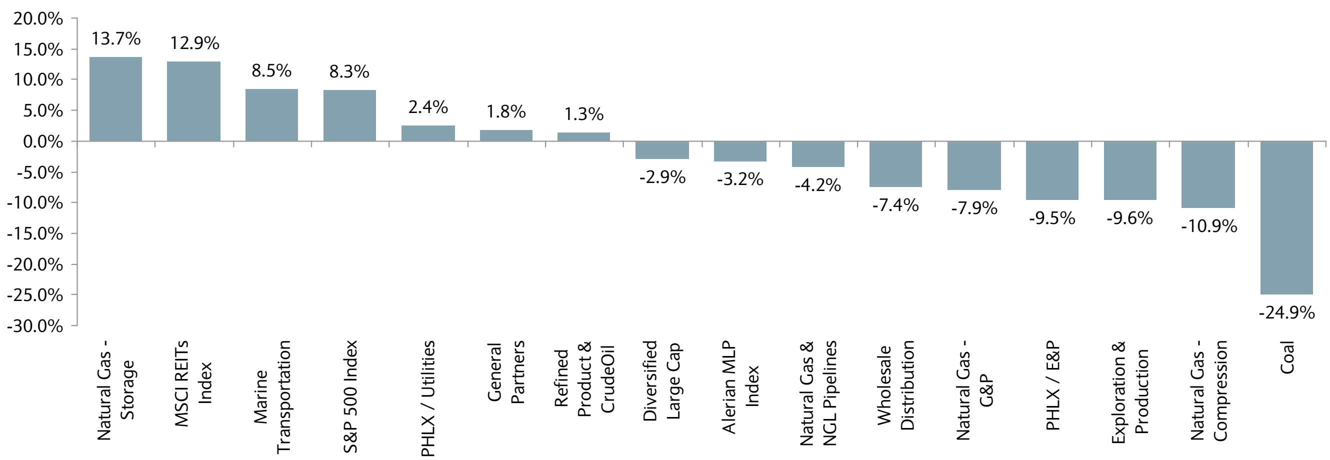
Large-caps outperformed the average MLP by a wide margin during the second quarter. As will be highlighted in the individual partnership section of our performance commentary, the unweighted average for the MLP sector was -6.1%. Other than the large-caps, the only weighted segment to beat the index was the wholesale distribution group comprised principally of propane partnerships, which recovered from the dismal performance tied to the lack of winter weather and the valuation comps set by the Heritage and Inergy purchases. In general, the traditional pipe and terminal businesses markedly outperformed the more energy price-sensitive segments. Among the core categories, crude components held up better than most other subsectors. Among the energy price-sensitive subsectors coal, G&P and E&P were all severe laggards. As poorly as the G&P segment performed, results were buoyed by the addition of PVR (+12.2%), as the Chief acquisition moved this partnership from the coal to the G&P group during the quarter. Without PVR, the segment registered a double-digit loss (-10.8%). The E&P group actually had a positive influence on the index for the quarter. LINE (-0.1%), one of the larger weights in the AMZ, did better than the benchmark, while the remainder of the E&P segment was off 17.5%.

Figure 24: 2Q12 Subsector and Index Performance



Source: FactSet

Figure 25: YTD Subsector and Index Performance



Source: FactSet

Macro Conditions Appear to Deteriorate, Investors Discount Concerns Over Recanting of Guidance

In the more buoyant backdrop of the first quarter, performance aligned almost uniformly into expected growth quintiles. Second-quarter macro conditions became more disconcerting and investors reacted to the possibility that growth rates (or possibly some of the more lofty valuations attributable to the highest growth rates) would deteriorate and that we could see a considerable level of recanting of guidance during second-quarter calls coming up in late July through late August. This was especially prevalent for partnerships exposed to NGL margins despite near-term hedge levels. The following set of graphs illustrates this phenomenon. The only quintile to register positive performance for the quarter was the one with the lowest expected level of future growth.

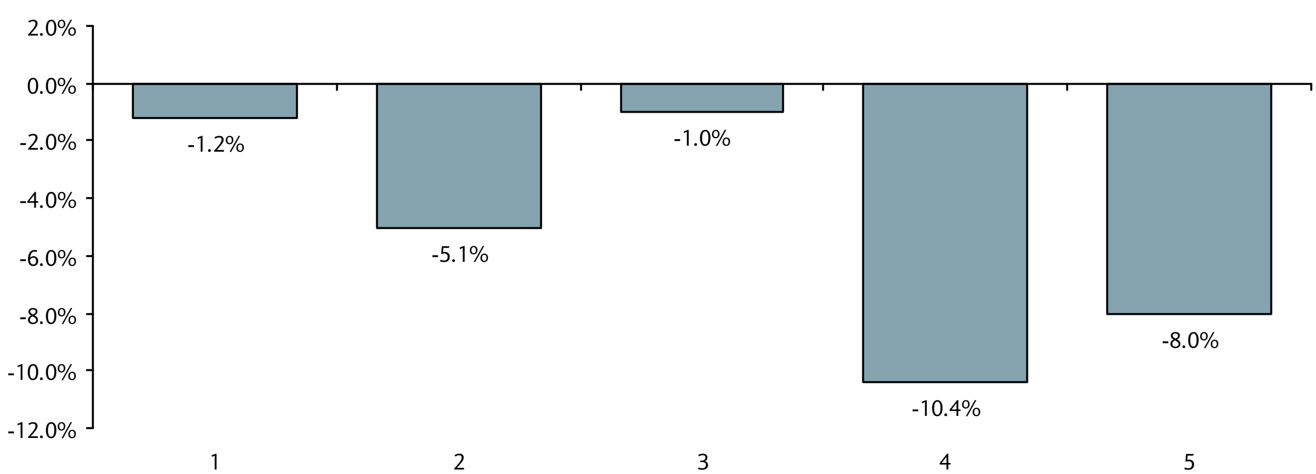
Figure 26: 2Q Performance Rankings by Growth Bucket

Highest to Lowest Growth: 1 to 5
Source: FactSet, Barclays Research

Positive Large-Cap Bias in Second-Quarter Results

As usual in market downdrafts, the large diversified more liquid MLPs hold up better than the smaller partnerships. Q2 proved to be no exception. The second quintile holds a larger than average percentage of NGL related partnerships which resulted in the dip in this component of the MLP universe exhibiting much more weakness than the first and third quintiles. Small cap E&P and Marine Transport names littered the ranks of the last two quintiles, sharply dragging down relative results.

Figure 27: 2Q12 Performance by Market Cap Bucket

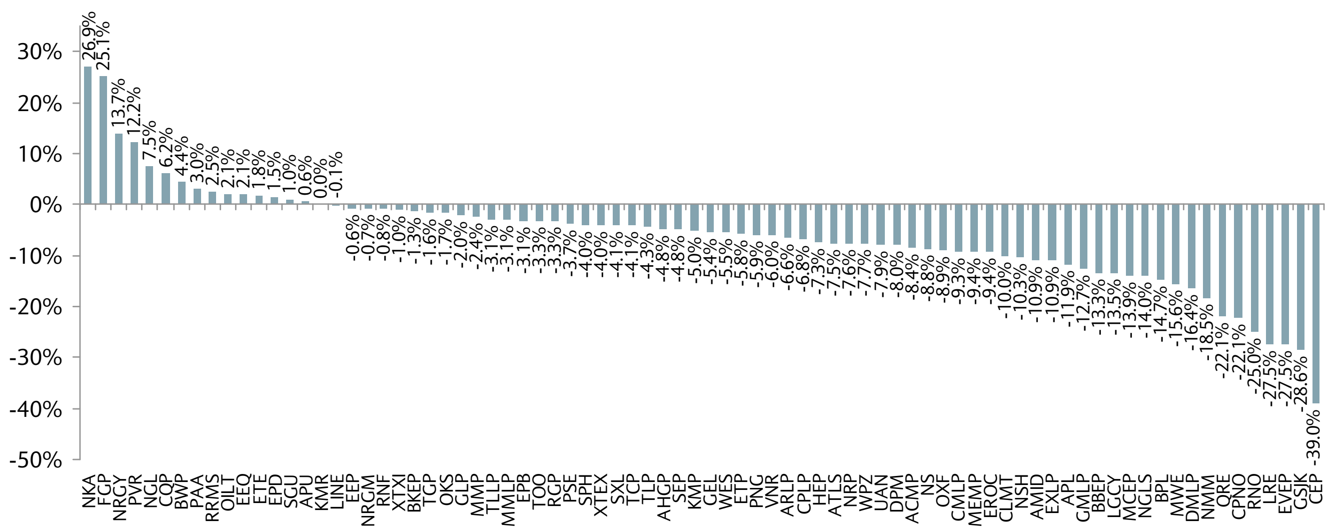


Largest to Smallest Market Cap: 1 to 5
Source: FactSet, Barclays Research

Propane Dominates Top Performance Ranks in 2Q With E&P/G&P Severe Laggards

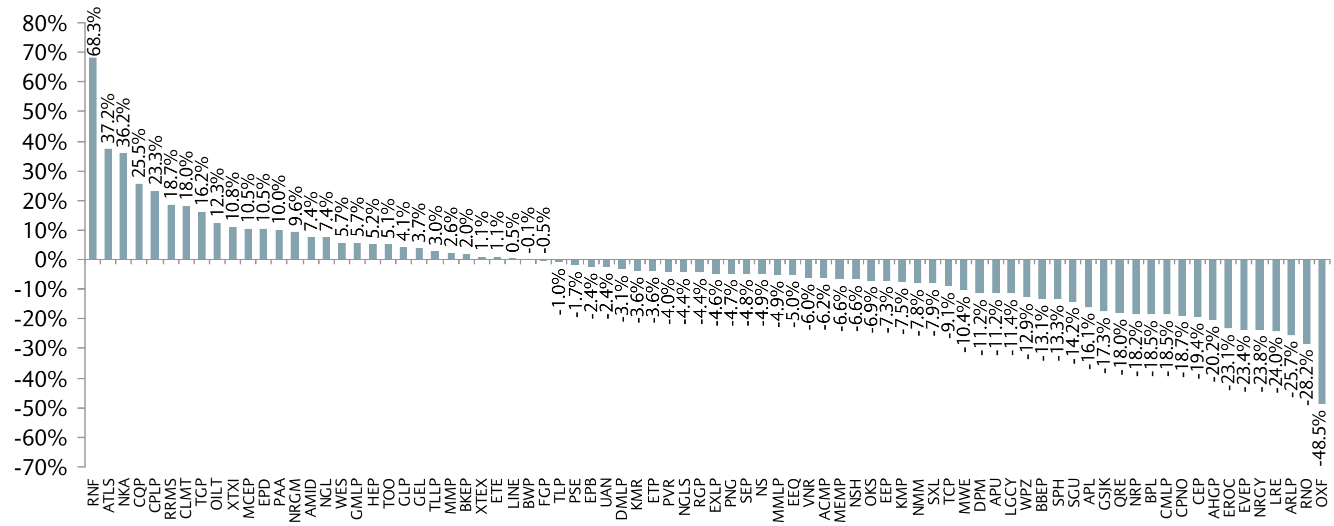
Propane partnerships occupied 5 of the top 15 (first quintile) positions in this quarter's performance ranking. Four crude-oriented names were in this group as were two large caps. The bottom quintile was filled with E&P (8) and G&P (3) partnerships. The worst performing G&P names were those with the most exposure to NGL prices. Excluding XTEX (-4.0%), the G&P names with the most NGL price leverage (APL, CPNO, MWE, NGLS) were off an average -15.7% for the period. Among the large–caps, WPZ (-7.7%) trailed all the other diversified names by a wide margin as investors made the distinction between NGL margin exposure and NGL infrastructure exposure (EPD +1.8%, OKS -1.7%). In line with crude outperformance, PAA (+3.0%) turned in the best results among the large diversified partnerships. Gas infrastructure large-caps (KMP -5.0%, ETP -5.9% and WPZ -7.7%) lagged crude and NGL infrastructure names (PAA +3.0%, EPD +1.8%, EEP -0.6%, OKS -1.7%, MMP -2.4%). Smaller-cap oil names RRMS (+2.5%) and OILT (+2.1%) were among the 20% of the MLPs that registered positive returns for the quarter. More than 27% of the partnerships delivered more than double-digit losses for the quarter, resulting in most MLP portfolios generating losses in excess of the index for the period.

Figure 28: 2Q12 Performance



Source: FactSet

Figure 29: YTD Performance

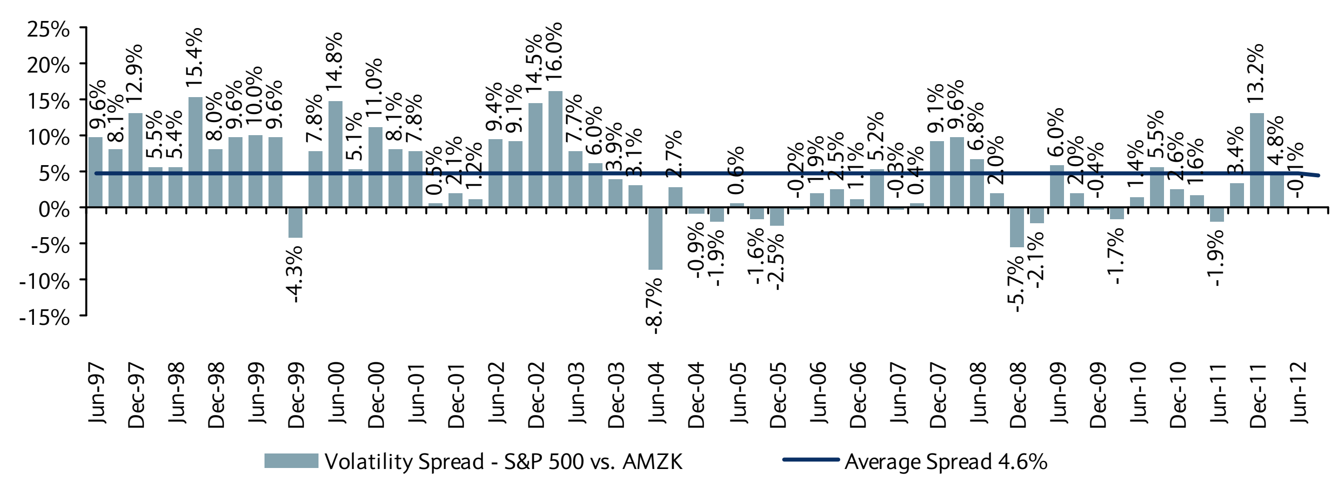


Source: FactSet

MLP Volatility Matches S&P for the Quarter

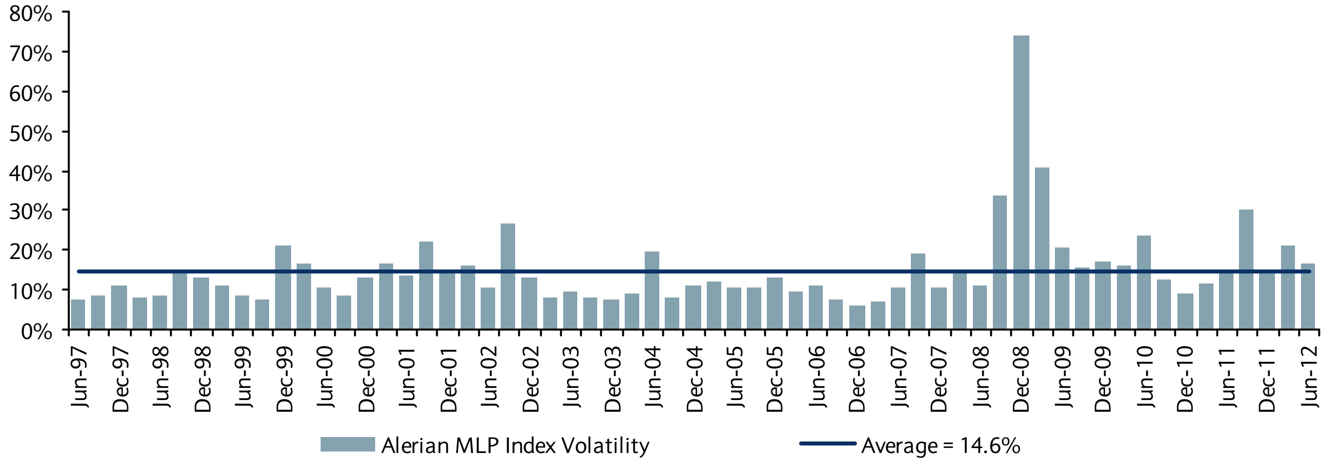
After registering volatility characteristics more in line with low beta, defensive names over the last two quarters the AMZ matched the relatively low level of volatility of the S&P benchmark in Q2. We continue to subscribe to the theory that the dichotomy between the periods pre and post 2004 is due to the increasing entry of more energy price and economically sensitive categories and the increasing involvement of professionally managed portfolios (closed end funds, etc.) that we suspect have higher turnover than most individual accounts. Despite the growth in market cap, the sector still struggles to generate enough liquidity for active trading as a significant amount of MLP ownership sits on low basis stock.

Figure 30: Volatility Spread – S&P 500 Versus Alerian MLP Index



Source: FactSet

Figure 31: Alerian MLP Index Volatility

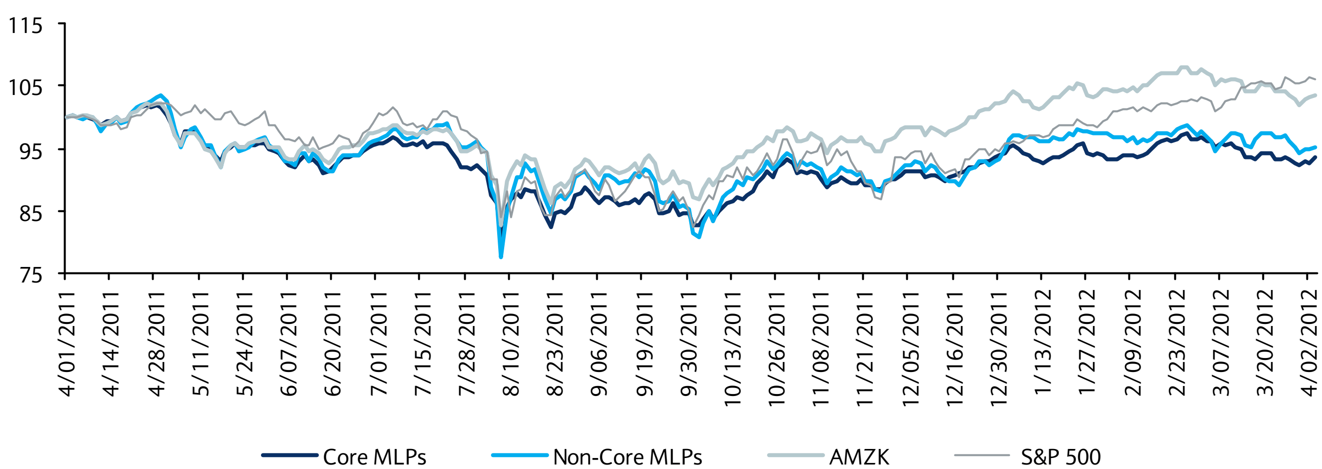


Source: FactSet

In Difficult Market, Core Categories Outpace Non-Core MLP Groups

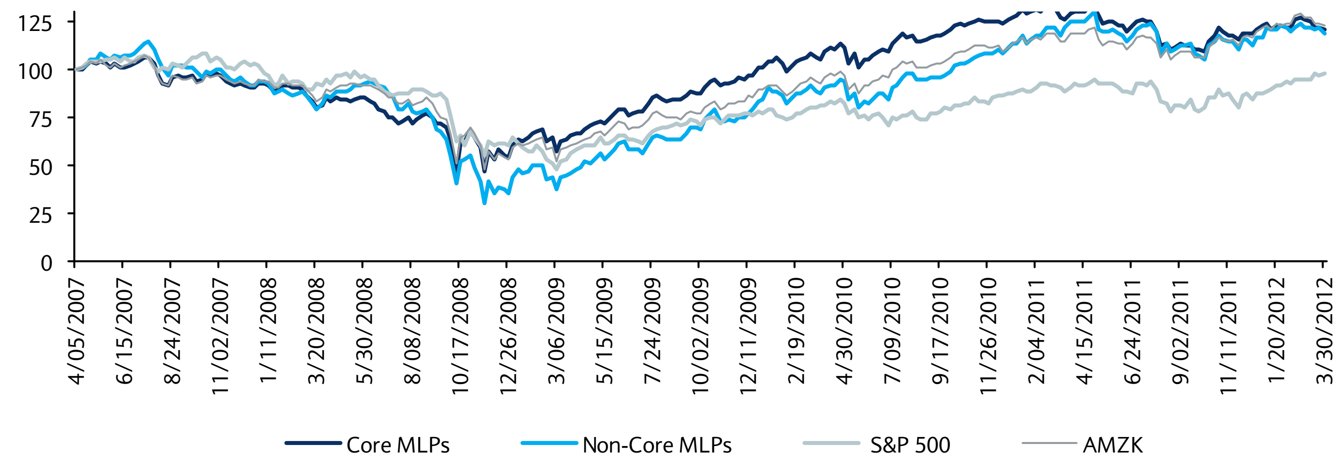
Our Core MLP category index fell 2.2% for the quarter while the non-core index decreased 8.9%. Over the last year, both unweighted indices trail the AMZ given that 60% of the AMZ is comprised of the big seven large-cap partnerships. These seven exhibited unusual strength in the fourth quarter of 2011 (+22%) as growth rates escalated just as investors were looking for safe large-cap, yield-oriented havens in reaction to the sharp sell-off of equity markets in August/September and they have held the gap in performance over the roller coaster environment in 2012. For the foreseeable future, we see the relative performance of the core non-core segments as very thematic and bundled into the risk on, risk off mentality tied to big picture themes tied to the economic and capital markets outlook.

Figure 32: Core Versus Non-Core Group One-Year Indexed Performance



*Core MLP Group: Refined Products, Propane, and NGL Pipeline MLPs
*Non-Core MLP Group: Gathering & Processing, Exploration & Production, Marine Transportation, Coal and Crude Oil MLPs
Source: FactSet

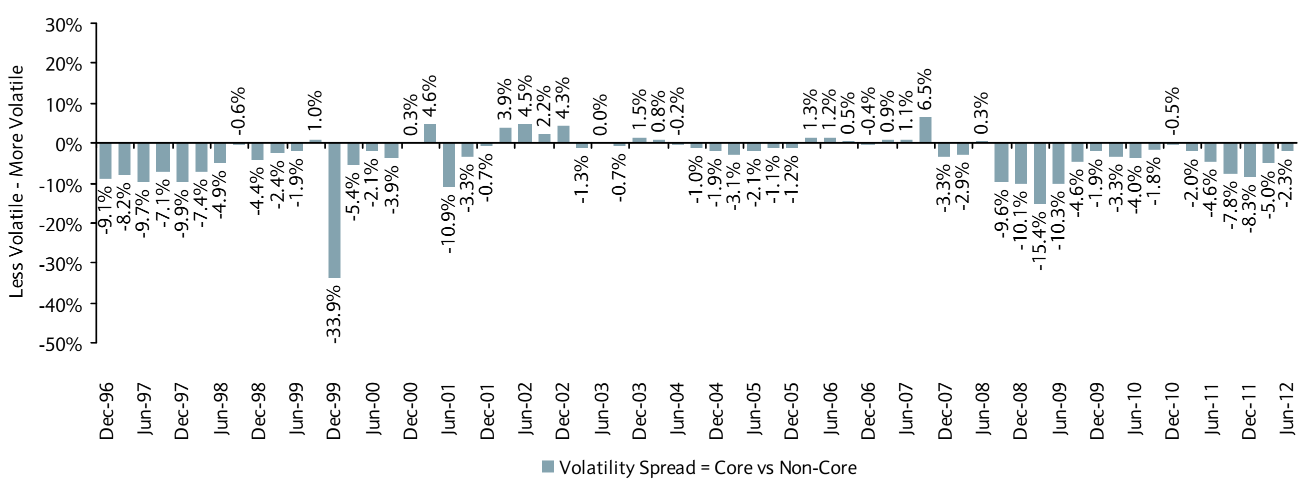
Figure 33: Core Versus Non-Core Group Five Year Indexed Performance



*Core MLP Group: Refined Products, Propane, and NGL Pipeline MLPs
*Non-Core MLP Group: Gathering & Processing, Exploration & Production, Marine Transportation, Coal and Crude Oil MLPs
Source: FactSet

Non-core volatility continues to exceed that of the core group MLPs. This is logically consistent as non-core categories have much higher exposure to changes in energy prices or economic activity. Interestingly, however, this performance trait has been much more prevalent in periods of economic or capital market turmoil than periods when investors' risk radar has dissipated (2002-2007).

Figure 34: Core Versus Non-Core Group Volatility Spread

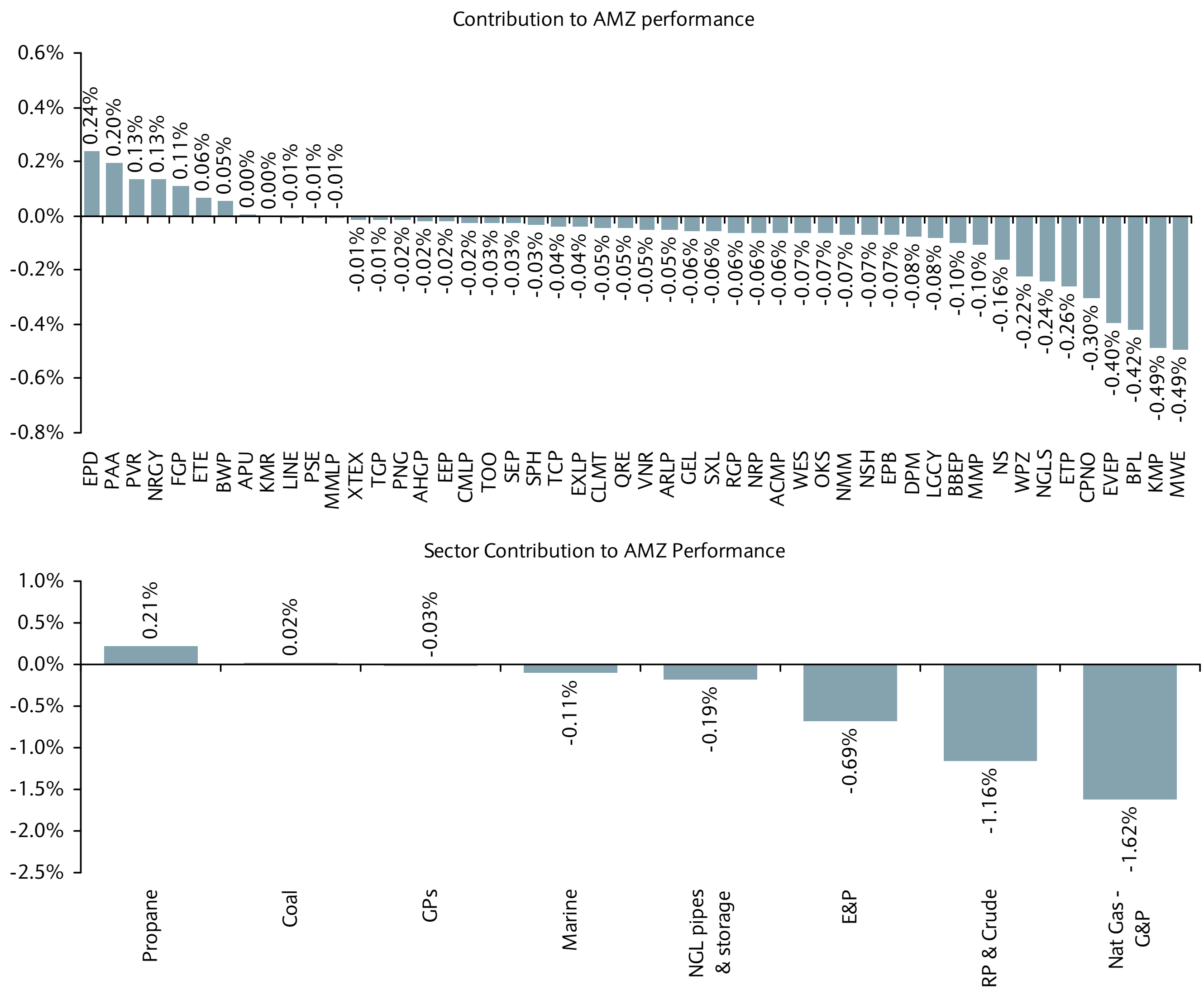


*Core MLP Group: Refined Products, Propane, and NGL Pipeline MLPs
*Non-Core MLP Group: Gathering & Processing, Exploration & Production, Marine Transportation, Coal and Crude Oil MLPs
Source: FactSet

Propane Surfaces as a Prime Component of Outperformance

Owning propane MLPs was key to beating the AMZ this quarter. In case that didn't register, it bears repeating: If you didn't own propane partnerships for the quarter, you had an uphill battle to beat the index. For longstanding investors in the MLP space, this hasn't happened since the mid-1990s, when propane secular trends were positive and the group was a significant component of the total market cap of the sector. Despite the modest market caps, the almost uniform positive performance during a down quarter carried the day. Ownership of larger caps EPD, PAA, ETE and LINE boosted performance as well. NGL price exposure generated the biggest drag on portfolios as MWE, CPNO, NGLS and WPZ hurt relative performance for the period. KMP, BPL, ETP, NS and MMP held back results as well.

Figure 35: Alerian MLP Index Attribution Analysis

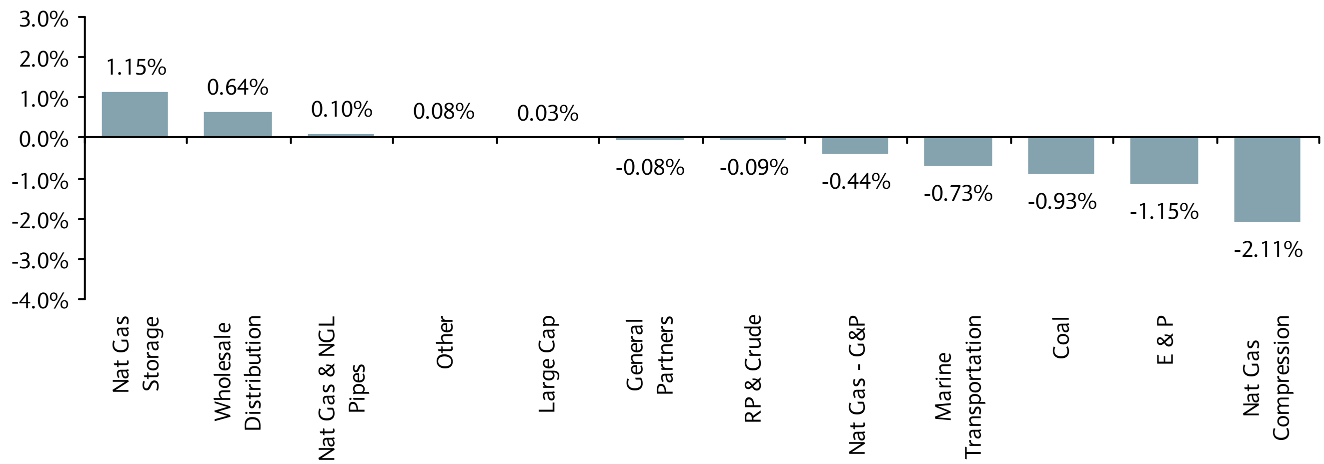


Source: Alerian Capital Management, FactSet, Barclays Research

Sizeable Valuation Shifts Occur During 2Q

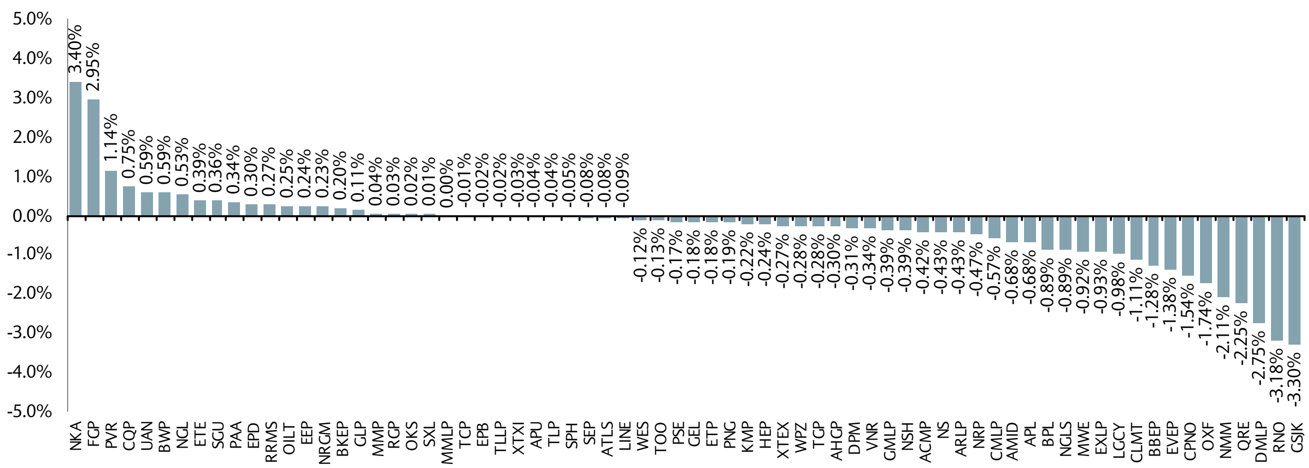
The flight from energy price-sensitive names resulted in a more than usual shift in valuation during the second quarter. Setting "normalized" relationships to the AMZ or between each segment is difficult due to lack of history or number of pricing cycles. Propane names reacted to the valuations APU and SPH paid for Heritage and Inergy retail, respectively. The gas storage figure is somewhat distorted by the performance of NKA, which is being influenced by restructuring considerations. Oil infrastructure-related names (PAA, RRMS, EEP, MMP, and SXL) all ticked up in valuation. Large-caps nudged slightly wider while small-caps in general suffered valuation hits. Among the large–caps, however, direct exposure to oil (NGL) prices (KMP, WPZ) resulted in valuation deterioration as spreads widened to the AMZ.

Figure 36: Change in Sector Spread to AMZ in 2Q12



Source: FactSet, Alerian Capital Management

Figure 37: Change in Spread to AMZ in 2Q12



Source: FactSet, Alerian Capital Management

MLPs Middle of Pack LTM Allows REITs to Claim Three-Year Performance Title

The consistency of MLP performance and the durability of the value proposition have kept the MLP sector firmly ensconced at the head of the multi-year performance rankings for a while. With middle-of-the-pack performance over the last 12 months and a sharp revaluation of REITs given the impact of lower interest rates on cap rates, REITs have now assumed the three-year title. Nonetheless, despite the LTM results (which at 7.9% really aren't that shabby), MLPs' consistency remains a hallmark of the asset class – notably the cumulative consistency (since 2001, the sector has never been in the bottom tier of performance, which is something that cannot be said for any other category).

Figure 38: Comparative Returns Across Asset Types (Averages Through June 29 2012)

											Period Ending 6/30/12			
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 LTM	10-Year CAGR	5-Year CAGR	3-Year CAGR
MLPs 43.7%	Commodities 32.1%	Small Cap 47.3%	REIT 31.5%	Commodities 25.6%	REIT 35.9%	Commodities 32.7%	Barclays HG -4.9%	MLPs 76.4%	MLPs 35.9%	Utilities 14.1%	REIT 13.2%	MLPs 16.7%	MLPs 9.9%	REIT 33.1%
REIT 12.8%	Barclays HG 10.1%	MLPs 44.5%	Utilities 21.3%	Non US Equity 14.0%	Non US Equity 26.9%	Utilities 15.3%	Barclays HY -26.2%	Barclays HY 58.2%	REIT 28.5%	MLPs 13.9%	Utilities 10.1%	REIT 10.3%	Barclays HY 8.4%	MLPs 27.0%
Barclays HG 10.3%	REIT 3.6%	Non US Equity 39.2%	Non US Equity 20.7%	Utilities 14.0%	MLPs 26.1%	MLPs 12.7%	Utilities -29.9%	Non US Equity 32.5%	Small Cap 26.9%	REIT 8.7%	Barclays HG 9.7%	Barclays HY 10.2%	Barclays HG 7.6%	Small Cap 17.8%
Barclays HY 5.3%	Barclays HY -1.4%	REIT 36.7%	Small Cap 18.3%	REIT 12.1%	Small Cap 18.4%	Non US Equity 11.6%	Small Cap -33.8%	REIT 28.6%	Barclays HY 15.1%	Barclays HG 8.1%	MLPs 7.9%	Small Cap 7.0%	REIT 2.6%	S&P 500 16.4%
Small Cap 2.5%	MLPs -3.4%	Barclays HY 29.0%	Commodities 17.3%	MLPs 6.3%	Utilities 15.8%	S&P 500 5.5%	MLPs -36.9%	Small Cap 27.2%	S&P 500 15.1%	Barclays HY 5.0%	Barclays HY 7.3%	Barclays HG 6.6%	Small Cap 0.5%	Barclays HY 16.3%
S&P 500 -11.9%	Non US Equity -15.7%	S&P 500 28.7%	MLPs 16.7%	S&P 500 4.9%	S&P 500 15.8%	Barclays HG 4.6%	S&P 500 -37.0%	S&P 500 26.5%	Commodities 9.0%	S&P 500 2.1%	S&P 500 5.4%	Non US Equity 5.6%	S&P 500 0.2%	Barclays HG 10.6%
Utilities -16.1%	Small Cap -20.5%	Commodities 20.7%	Barclays HY 11.1%	Small Cap 4.6%	Barclays HY 11.8%	Barclays HY 1.9%	REIT -38.0%	Barclays HG 18.7%	Barclays HG 9%	Commodities -1.2%	Small Cap -2.1%	S&P 500 5.3%	Utilities -1.2%	Utilities 9.1%
Non US Equity -21.2%	Utilities -21.9%	Utilities 19.5%	S&P 500 10.9%	Barclays HY 2.7%	Barclays HG 4.3%	Small Cap -1.6%	Non US Equity -43.1%	Commodities 13.5%	Non US Equity 8.2%	Small Cap -4.2%	Commodities -10.7%	Utilities 4.6%	Commodities -5.5%	Non US Equity 6.5%
Commodities -31.9%	S&P 500 -22.1%	Barclays HG 8.2%	Barclays HG 5.4%	Barclays HG 1.7%	Commodities -15.1%	REIT -16.8%	Commodities -46.5%	Utilities 4.9%	Utilities 0.9%	Non US Equity -11.7%	Non US Equity -13.4%	Commodities 3.4%	Non US Equity -5.6%	Commodities 2.1%

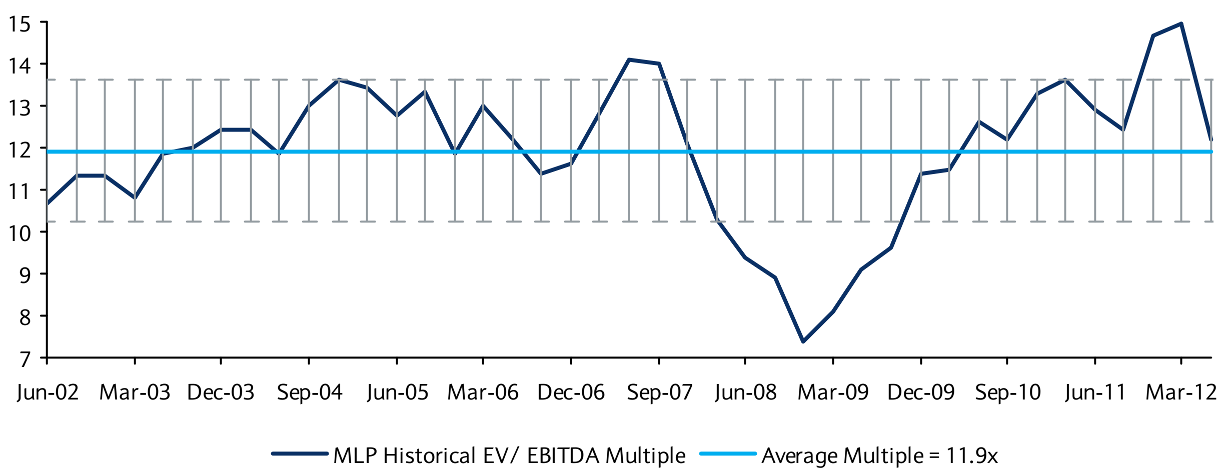
Source: Bloomberg, Barclays Fixed Income

Valuation Review

Cash Flow Multiple Retreats to Historical Norm

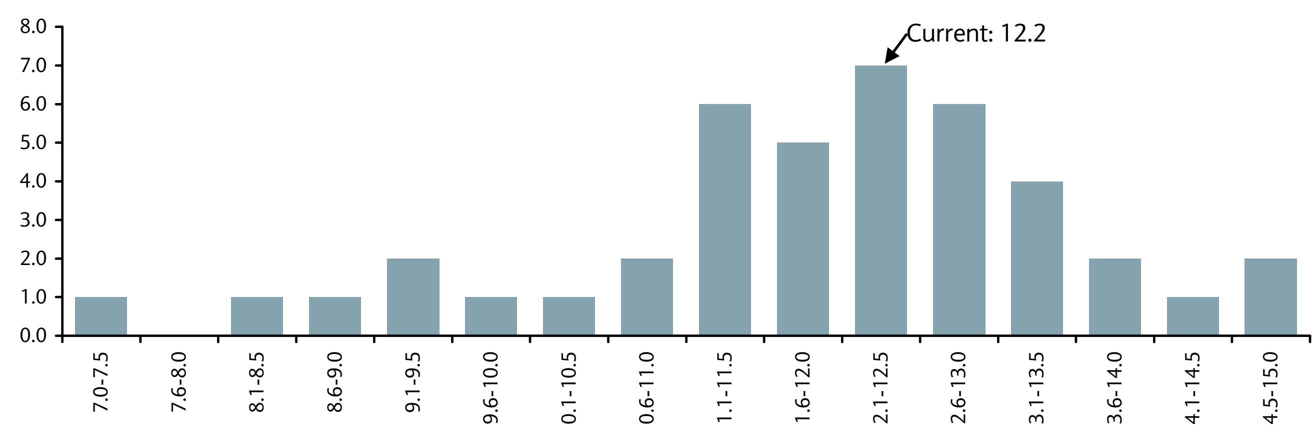
After hitting record levels, our adjusted cash flow metric has quickly retreated to historical norms. Part of the 2.8x multiple decline is attributable to the annual rollover in the denominator from current to forward year numbers (2012 to 2013) we undertake with each midyear publication of the quarterly. This accounts for about 60% of the drop. However, we believe two other factors are at work. First, as companies continue to increase their capital programs, our estimates have risen. Second, G&P segment cash flows are in question for 2013 if you believe the current pricing environment will persist into 2013, so the subsector now commands an aggregate multiple of just over 9x which is near the trough in this segment's non capital market collapse valuation. This would seem to imply investors don't believe crude/NGL markets will recover in 2013.

Figure 39: MLP Historical EV/Adjusted EBITDA Multiple (Market cap weighted)



Source: Company filings, Barclays Research

Figure 40: EV/ Adjusted EBITDA Multiples Histogram

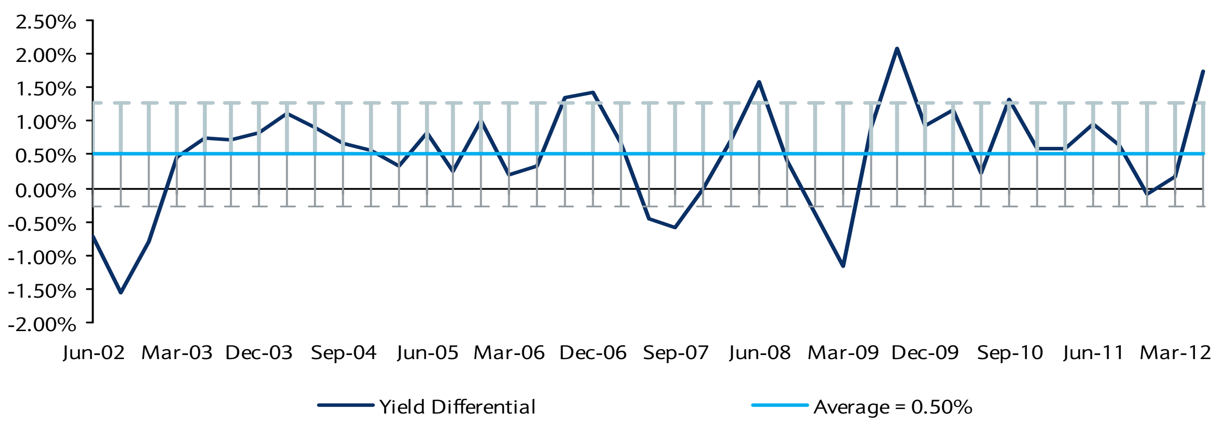


Source: Company filings, Barclays Research

WACC Adjusted Multiples Are Nearing Financial Collapse Valuations

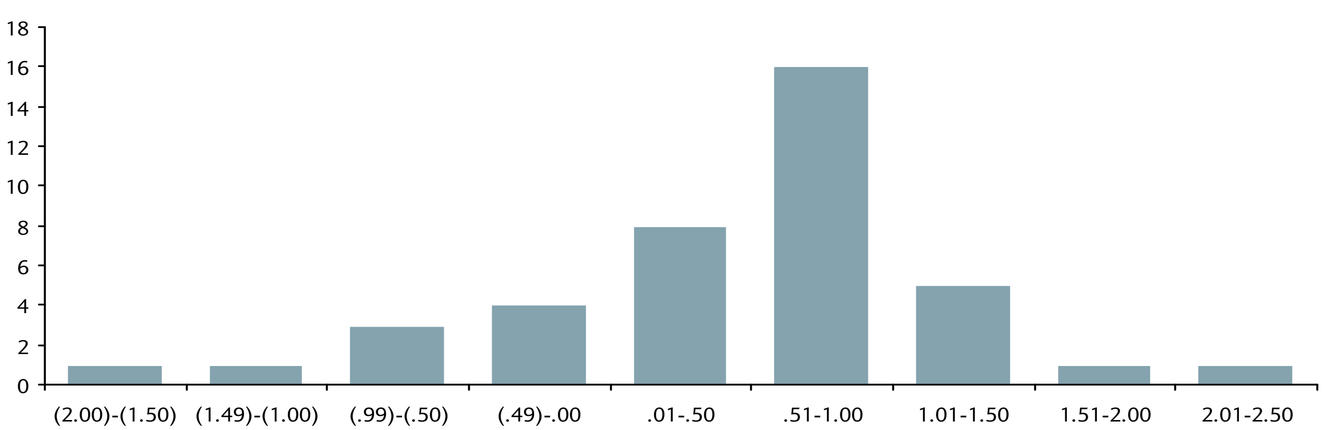
Absolute multiples reflect not only the fundamentals culminating in the current level of cash generation and expected growth rates but the discount rate assigned to these projected cash flows. In order to adjust for capital market conditions, we invert the cash flow multiple converting it to a yield and then subtract an interest rate comprised of 50% Moody's BAA debt and 50% the Barclays High Yield index. At present this WACC proxy is 6.47% or 162 bp below the historical norm of 8.09%. All things being equal, this would naturally dictate higher absolute multiples than the historical average. However at 12.2x (equates to 8.20%) the current market cap weighted EV/Adj EBITDA multiple for the sector is only 0.3x higher than the historical average inclusive of the valuation swoon in late 2008/early 2009. The latter multiple of 11.9x equates to a cash flow yield of 8.59%. The current spread of cash flow yield less proxy WACC is 1.73%. This is more than over one standard deviation from the historical norm of 50 bp. As summarized by the yield spread histogram, this level of spread has existed well under 5% of the time, implying the sector is very attractive based on this metric. Alternatively, if the current credit market is abnormal and reverts to higher yields, the implication would be that cash flow multiples do not have to collapse as a result of this normalization, as plenty of valuation cushion exists at current levels.

Figure 41: 50/50 Yield Differential



Source: Company filings, Barclays Research

Figure 42: 50/50 Yield Differential Histogram

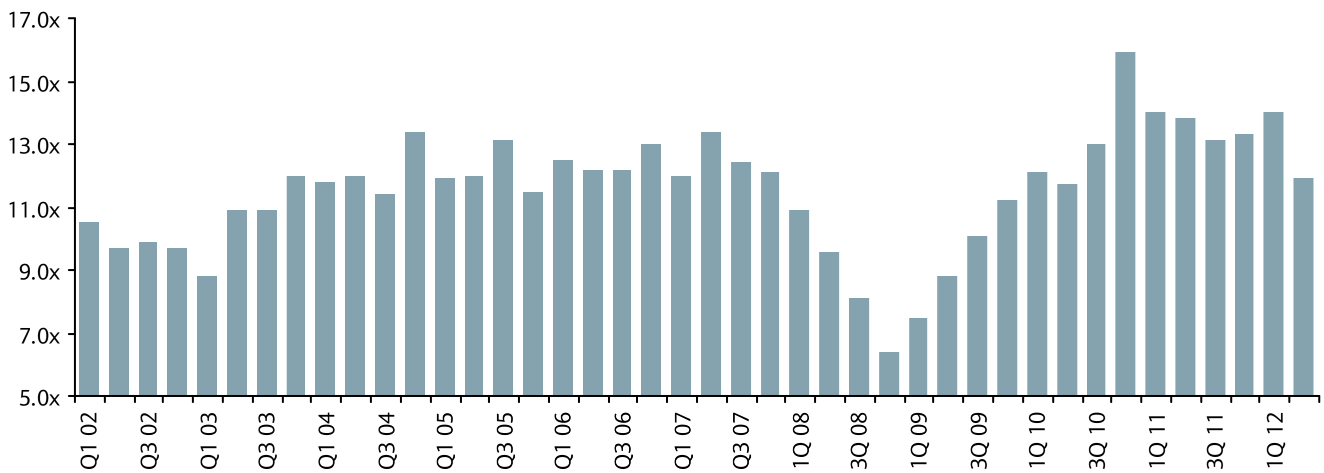


Source: Company filings, Barclays Research

DCF Multiple Also Retreats to Historical Norm

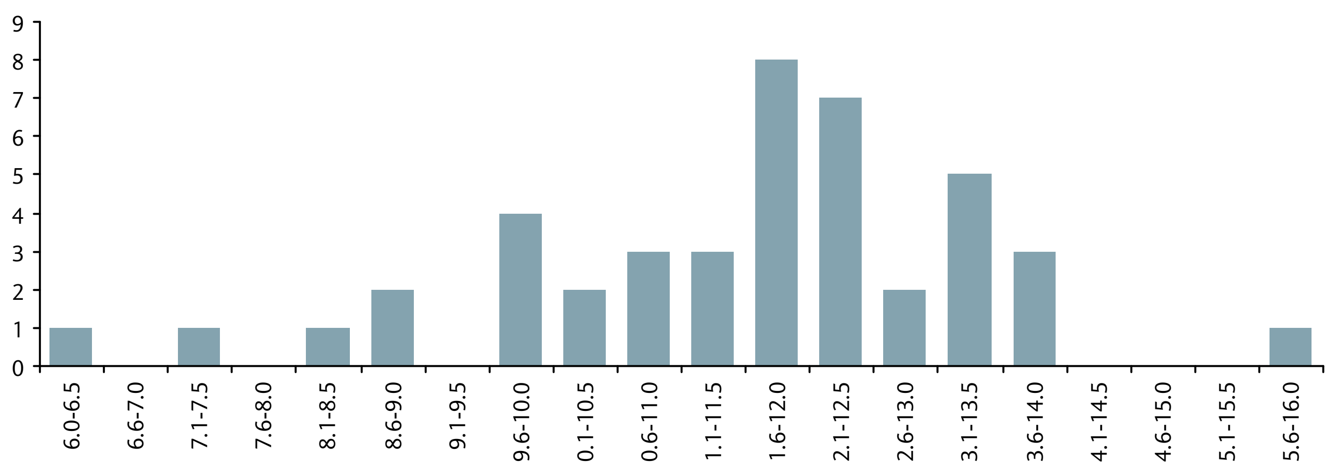
We are periodically asked whether we have a historical time series of DCF multiples. The following chart is our answer. While the DCF history (unweighted) that follows tends to trace the general direction of our more favored metric (EV/Adjusted EBITDA), there can be sharp departures in these figures as the GP cut is rapidly moving through the splits as our adjusted EBITDA removes the GP cut from the calculation while the DCF covers the cash available to both GPs and LPs. From a historical frequency distribution perspective, the current multiple of 11.9x sits right in the center of the bell curve of outcomes and is only marginally higher than the historical average of 11.4x (11.9x excluding 2H 2008-1H 2009). Importantly it sits 25% below the 15.9x peak registered in 4Q 2010. As was the case with the EBITDA metric, a sizeable portion of the drop in multiple Q/Q was the midyear roll forward in the denominator from 2012 to 2013 estimates.

Figure 43: Historical DCF Multiples



Source: Company filings, Barclays Research

Figure 44: Historical DCF Multiples Frequency Distribution

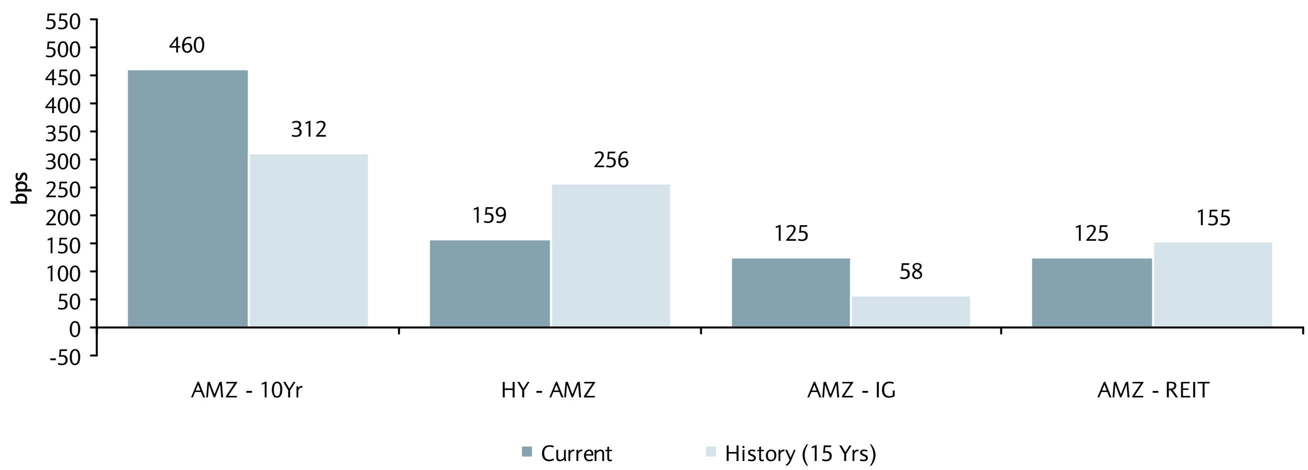


Source: Company filings, Barclays Research

Histograms Imply AMZ Cheap Vs Credit but More in Line With Periods of Flight to Safety

Yield spreads uniformly infer MLPs are very cheap vs. credit and the REIT sector based on the historical norm over the last 15 years. However, comparing only the periods where there has been a flight to safety (10 Year Treasuries yielding <4.0%), the histograms imply the MLP space is cheap but valuation spreads are well within historical precedents, providing no clear relative buying signal. These differentials send the clearest relative valuation signal versus the HY benchmark and least clear signal versus 10 Year Treasuries.

Figure 45: Current Spread Versus Historical Levels



Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 46: Yield Compression Trade

	Yield				Spread Basis Points				
	10 Yr Treasury	Barclays High Yield	Alerian	Moody's Baa	HY - 10Yr	IG - 10 Yr	AMZ - 10Yr	HY - AMZ	IG - AMZ
09/30/08	3.83%	13.92%	9.31%	7.74%	1,010	392	549	461	-157
12/31/08	2.25%	19.43%	12.14%	8.28%	1,718	603	989	729	-386
03/31/09	2.69%	18.13%	10.90%	8.88%	1,544	619	821	723	-202
06/30/09	3.52%	12.79%	9.16%	7.39%	927	387	564	363	-177
09/30/09	3.31%	10.40%	8.42%	6.29%	709	298	511	198	-213
12/31/09	3.84%	9.20%	7.38%	6.48%	536	264	354	182	-90
03/31/10	3.83%	8.66%	7.00%	6.41%	483	258	317	166	-59
06/30/10	2.95%	9.28%	7.02%	6.13%	633	318	407	226	-89
09/30/10	2.52%	8.18%	6.52%	5.58%	566	306	400	166	-94
12/31/10	3.29%	7.90%	6.20%	5.98%	460	269	291	169	-22
03/31/11	3.47%	7.49%	5.97%	6.05%	402	258	250	152	8
06/30/11	3.16%	7.67%	6.19%	5.90%	451	274	303	147	-29
09/30/11	1.92%	9.63%	6.88%	5.22%	771	330	496	275	-166
12/30/11	1.88%	8.66%	6.09%	5.16%	679	328	421	257	-93
03/30/12	2.21%	7.73%	6.13%	5.30%	552	309	392	160	-83
06/29/12	1.64%	7.88%	6.41%	5.06%	623	342	477	147	-135
07/18/12	1.49%	7.68%	6.10%	4.85%	619	336	460	159	-125
Historical Averages (10 Yrs)					**594**	**276**	**319**	**275**	**-43**
Historical Average 10 Year Treasury < 4.0%					**754**	**357**	**439**	**300**	**-95**
1 Std. Deviation from midpoint					**369**	**112**	**176**	**227**	**93**
Historical Average 10 Year Treasury > 4.0%					**524**	**231**	**258**	**254**	**-41**
1 Std. Deviation from midpoint					**182**	**47**	**90**	**149**	**86**

Source: Alerian Capital Management, FactSet, Barclays Fixed Income

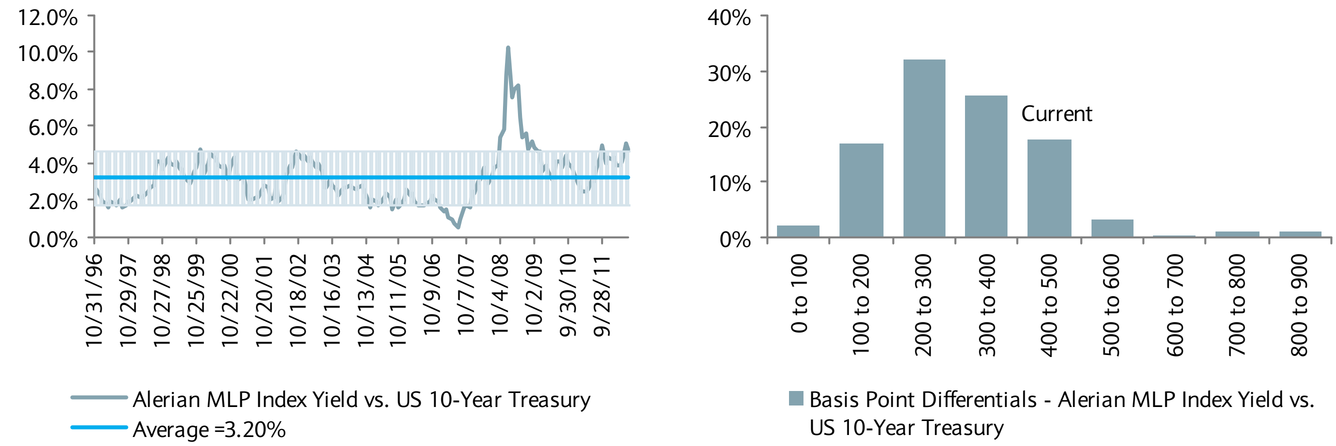
Second-quarter yield spreads traced out a flight to safety. Low risk assets rallied as the 10 Year Treasury yield fell 57 bp followed by the IG Moody's benchmark yield decreasing 24 bp. Correspondingly by capital structure exposure the Barclays HY benchmark yield rose 15 bp followed by the AMZ yield backing up 28 bp. This wholesale retreat into relatively safe assets marked a sharp departure from the hierarchy of results registered in Q1 as the momentum generated in January had not dissipated by the end of the period.

Figure 47: Quarter to Quarter Change in Spreads (basis points)

	10 Yr Treasury	Barclays High Yield	Alerian	Moody's Baa	HY - 10Yr	IG - 10 Yr	AMZ - 10Yr	HY - AMZ	IG - AMZ
12/31/08	2.25%	19.43%	12.14%	8.28%	708	212	441	268	-229
03/31/09	2.69%	18.13%	10.90%	8.88%	-174	16	-168	-6	184
06/30/09	3.52%	12.79%	9.16%	7.39%	-617	-232	-257	-360	24
09/30/09	3.31%	10.40%	8.42%	6.29%	-218	-89	-53	-165	-35
12/31/09	3.84%	9.20%	7.38%	6.48%	-173	-34	-157	-15	123
03/31/10	3.83%	8.66%	7.00%	6.41%	-53	-6	-37	-16	31
06/30/10	2.95%	9.28%	7.02%	6.13%	150	60	90	60	-30
09/30/10	2.52%	8.18%	6.52%	5.58%	-67	-12	-7	-60	-5
12/31/10	3.29%	7.90%	6.20%	5.98%	-106	-37	-109	3	72
03/31/11	3.47%	7.49%	5.97%	6.05%	-58	-11	-41	-18	30
06/30/11	3.16%	7.67%	6.19%	5.90%	49	16	53	-4	-37
09/30/11	1.92%	9.63%	6.88%	5.22%	320	56	193	128	-136
12/30/11	1.88%	8.66%	6.09%	5.16%	-93	-2	-75	-18	73
03/30/12	2.21%	7.73%	6.13%	5.30%	-127	-19	-29	-97	10
06/29/12	1.64%	7.88%	6.41%	5.06%	72	32	85	-13	-53
YTD	1.49%	7.68%	6.10%	4.85%	-60	7	39	-99	-32
YTD (BP)	-38	-98	1	-31					

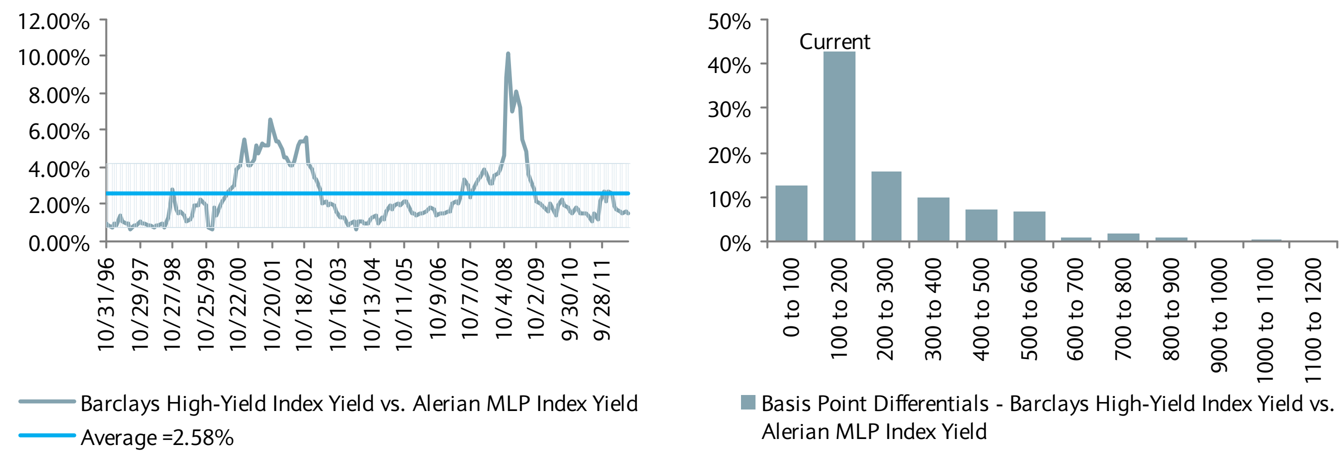
Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 48: Alerian MLP Index Yield Versus 10-Year Treasury



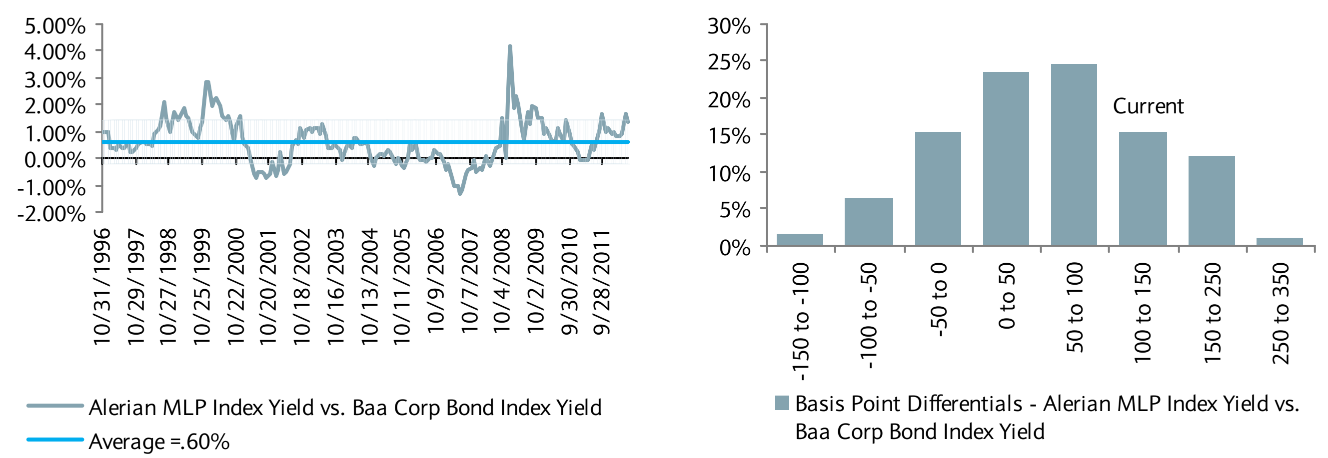
Source: Alerian Capital Management, FactSet

Figure 49: Barclays High-Yield Index Yield Versus Alerian MLP Index Yield



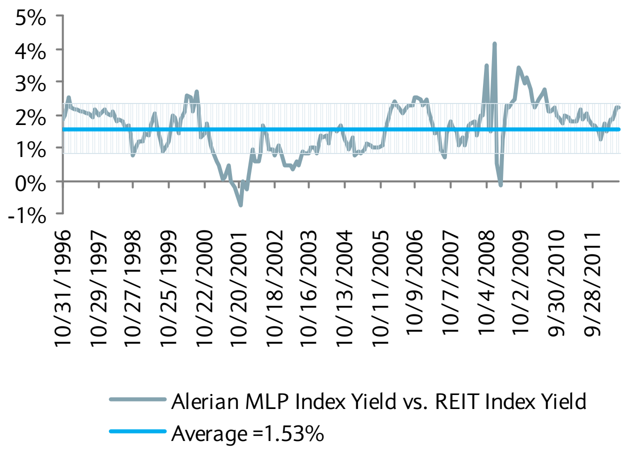
Source: Alerian Capital Management, Barclays Fixed Income

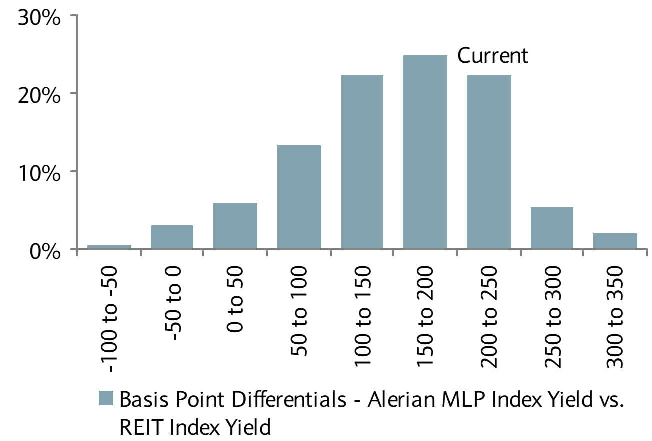
Figure 50: Alerian MLP Index Versus Moody's Baa Corporate Bond Index Yield



Source: Alerian Capital Management, Bloomberg

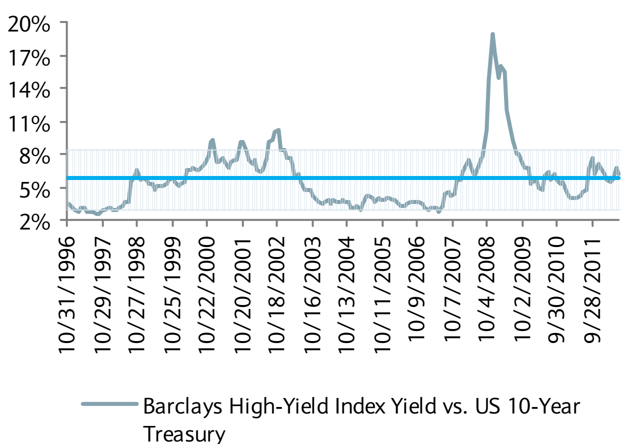
Figure 51: Alerian MLP Index Versus NAREIT REIT Index Yield

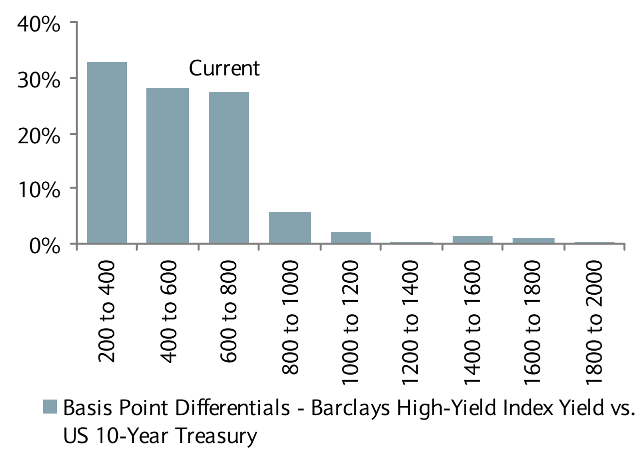




Source: Alerian Capital Management, NAREIT

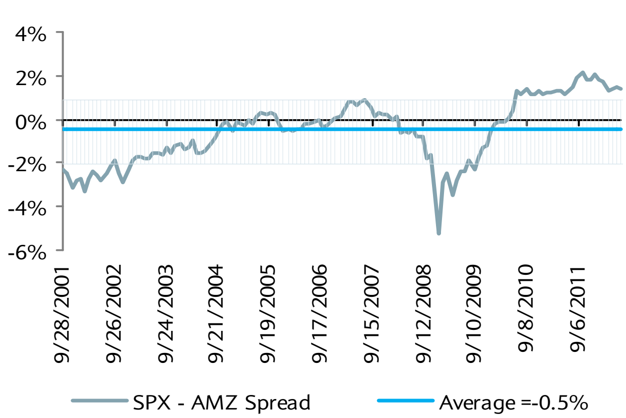
Figure 52: Barclays High-Yield Index Yield Versus 10-Year Treasury

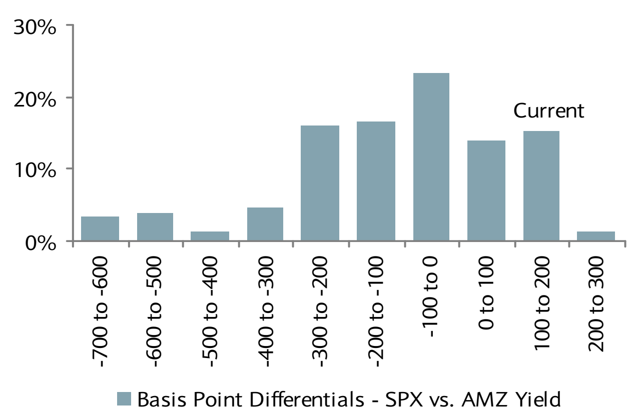




Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 53: S&P 500 Earnings Yield Versus Alerian MLP Index Yield





Source: Alerian Capital Management, FactSet, Reuters Estimates

Capital Markets Review

Capex Plans for 2012 Jump 34% from Q1

Sector spending plans have escalated 34% or $14.1 billion from the level we had estimated at the end of Q1. This represents a 47% or $17.7 billion increase from 2011. More than 59% of the Q/Q increase was attributable to four major acquisitions (ETP/SUN $4.58 billion, PVR/Chief $1.0 billion, LINE/BP $1.025 billion, SPH/NRGY $1.8 billion). Led by these four deals, the biggest subsector percentage additions were Wholesale Distribution +51%, Other (90% E&P spending) +48%, NG/NGL Pipelines & Storage +32% and G&P +22%. Without these big transactions the G&P, E&P, NG/NGL Pipelines & Storage and Wholesale Distribution subsectors would have registered Q/Q increases of 10%, 12%, 6% and 0% respectively. The Refined Products & Crude group +3% experienced minimal changes in projections.

Figure 54: MLP Capex Spending

		Organic Capex					Acquisitions					Total Growth Capex				
	Units in $mm	2011	2012e	2013e	2014e	2015e	2011	2012e	2013e	2014e	2015e	2011	2012e	2013e	2014e	2015e
	Refined Products & Crude Oil															
BPL	Buckeye Partners L.P.	247	251	170	200	200	1,800	260	0	0	0	2,047	511	170	200	200
CLMT	Calumet Specialty Products Partners L.P.	26	16	20	20	20	475	381	0	0	0	501	398	20	20	20
HEP	Holly Energy Partners L.P.	34	45	30	50	100	340	315	0	0	0	374	360	30	50	100
MMP	Magellan Midstream Partners L.P.	270	495	190	150	175	18	0	0	100	125	288	495	190	250	300
SXL	Sunoco Logistics Partners L.P.	171	304	300	150	200	494	0	75	75	50	665	304	375	225	250
NS	NuStar Energy L.P.	285	413	270	275	325	101	0	0	0	0	386	413	270	275	325
OILT	Oiltanking Partners LP	34	136	90	55	60	0	0	20	35	45	34	136	110	90	105
RRMS	Rose Rock Midstream L.P.	28	33	25	25	30	0	175	200	100	100	28	208	225	125	130
TLLP	Tesoro Logistics LP	6	36	50	25	35	0	75	50	70	75	6	111	100	95	110
EEP	Enbridge Energy Partners L.P.	998	1,938	2,000	1,100	1,000	47	0	0	0	0	1,044	1,938	2,000	1,100	1,000
PAA	Plains All American Pipeline L.P.	515	988	700	650	600	1,390	1,600	250	300	400	1,905	2,588	950	950	1,000
BKEP	Blueknight Energy Partners, L.P.	8	21	15	20	0	0	0	25	0	20	8	21	40	20	20
	Total Sub Sector	3,609	6,060	5,416	4,620	4,595	5,843	8,136	3,920	680	3,815	9,452	14,197	9,336	5,300	8,410
	Gathering, Processing & Compression															
APL	Atlas Pipeline Partners L.P.	215	267	177	150	125	85	0	0	0	0	300	267	177	150	125
ACMP	Access Midstream Partners L.P.	345	662	400	300	200	1,365	0	500	500	500	1,710	662	900	800	700
CMLP	Crestwood Midstream Partners LP	47	30	100	100	100	408	139	300	300	200	455	169	400	400	300
CPNO	Copano Energy L.L.C.	375	375	250	200	200	16	0	0	0	0	391	375	250	200	200
XTEX	Crosstex Energy L.P.	120	290	155	150	150	0	262	0	0	100	120	552	155	150	250
DPM	DCP Midstream Partners L.P.	95	150	150	100	200	175	671	1,000	1,000	500	270	822	1,150	1,100	700
EROC	Eagle Rock Energy Partners L.P.	112	260	200	200	200	564	0	0	0	0	676	260	200	200	200
EXLP	Exterran Partners L.P.	21	78	10	10	10	228	184	200	200	200	249	262	210	210	210
MWE	MarkWest Energy Partners L.P.	537	1,298	700	700	700	2,231	512	0	0	0	2,767	1,810	700	700	700
NGLS	Targa Resources Partners L.P.	245	515	410	300	250	157	0	150	200	250	402	515	560	500	500
PVR	Penn Virginia Resource L.P.	219	749	249	276	106	97	1,000	0	65	65	316	1,749	249	341	171
WES	Western Gas Partners L.P.	110	355	125	75	50	331	613	500	500	500	441	969	625	575	550
	Total Sub Sector	2,441	5,030	2,926	2,561	2,291	5,656	3,382	2,650	2,765	2,315	8,096	8,412	5,576	5,326	4,606
	Natural Gas - NGL Pipelines and Storage															
BWP	Boardwalk Pipeline Partners L.P.	47	246	64	115	100	71	285	0	0	0	118	531	64	115	100
ETP	Energy Transfer Partners L.P.	1,482	1,916	1,280	1,300	900	1,374	7,300	1,797	0	0	2,857	9,216	3,077	1,300	900
EPD	Enterprise Products Partners L.P.	3,550	3,713	3,500	2,500	2,400	0	0	0	0	0	3,550	3,713	3,500	2,500	2,400
NKA	Niska Gas Storage Partners	34	51	18	0	0	0	0	0	0	0	34	51	18	0	0
NRGM	Inergy Midstream LP	98	147	150	150	250	67	193	175	250	250	165	340	325	400	500
OKS	ONEOK Partners L.P.	969	1,915	1,495	1,450	850	0	0	0	0	0	969	1,915	1,495	1,450	850
PNG	PAA Natural Gas Storage L.P.	81	52	35	25	35	744	0	0	330	0	825	52	35	355	35
RGP	Regency Energy Partners L.P.	386	729	337	350	350	594	0	300	300	300	980	729	637	650	650
SEP	Spectra Energy Partners L.P.	85	13	200	200	200	390	250	250	250	250	475	263	450	450	450
TCP	TC PipeLines L.P.	0	0	0	0	0	605	0	0	0	0	605	0	0	0	0
WPZ	Williams Partners L.P.	610	2,169	2,065	1,265	1,400	345	3,250	0	0	0	955	5,419	2,065	1,265	1,400
	Total Sub Sector	7,506	11,043	9,294	7,505	6,635	7,090	11,913	2,522	1,130	800	14,596	22,955	11,816	8,635	7,435
	Wholesale Distribution															
APU	Amerigas Partners L.P.	39	20	68	20	20	34	2,850	0	0	0	73	2,870	68	20	20
FGP	Ferrellgas Partners L.P.	34	33	25	25	25	7	14	20	20	20	42	47	45	45	45
GLP	Global Partners LP	12	11	7	8	8	0	312	0	50	50	12	323	7	58	58
NRGY	Inergy L.P.	167	210	0	0	10	825	20	0	0	0	992	230	0	0	10
SPH	Suburban Propane Partners L.P.	12	10	13	14	14	3	1,800	0	0	0	16	1,810	13	14	14
	Total Sub Sector	264	284	113	67	77	870	4,996	20	70	70	1,134	5,281	133	137	147
	Other MLPs	659	646	707	573	633	3,451	3,588	1,545	1,543	1,436	4,110	4,234	2,252	2,116	2,069
	Total	**14,479**	**23,064**	**18,456**	**15,326**	**14,231**	**22,909**	**32,015**	**10,657**	**6,188**	**8,436**	**37,389**	**55,079**	**29,113**	**21,514**	**22,667**

Source: Company filings, Barclays Research

Equity Funding Needs to Hit Record Level By Wide Margin

The implication of $55 billion in spending from a capital markets perspective is daunting, especially when viewed in conjunction with the level of pending IPO activity. While we started the year with a little credit on the equity side of the balance sheet ledger and undrawn bank lines, the 50/50 funding model implies the need to raise more than $27 billion in follow-on equity to fund this level of expenditure. This equates to $6.875 billion per quarter.

In Q1 the industry was slightly ahead of this heady pace, raising $7.44 billion. In 2Q as equity markets stumbled a bit, making issuance less hospitable, the sector raised only $5.23 billion (public follow on market fell Q/Q 50% from $4.6 billion to $2.3 billion). Direct issuance (principally to sponsors) contributed a meaningful $3.4 billion to the equity raise in the first half. While the timing can move around given flexibility on the credit side with M&A and bank revolvers, the back half of the year math would imply the need to raise $15 billion or $7.5 billion per quarter. This represents record levels of issuance by a wide margin. More importantly, it represents a near-record level (11.6%) of follow on activity as a percent of the market cap of the sector. If the market remains choppy with issuers jockeying for advantageous windows, the calendar could get very crowded, as IPOs will likely seek out those same sweet spots.

Figure 55: MLP 50/50 Funding Model

(in $mm)	Partnership	2012e Total Capex	Equity Issued YTD	2011 Retained CF	Equity Needed	Equity Required	Debt Issued YTD	Debt Needed	Debt Required	Total Capital Raised YTD	Other Funding	Net Funding Required	Revolver Availability
	Refined Products & Crude Oil												
BPL	Buckeye Partners L.P.	511	250	0	6	256	0	256	256	250	0	261	919
CLMT	Calumet Specialty Products Partners L.P.	398	153	46	0	199	275	-76	199	428	0	-76	343
HEP	Holly Energy Partners L.P.	360	55	17	108	180	300	-120	180	355	0	-12	395
KMP	Kinder Morgan Energy Partners L.P.	6,713	283	21	2003	2,307	1,000	1307	2,307	1,283	2,100	3,309	1,616
MMP	Magellan Midstream Partners L.P.	495	0	110	138	248	0	248	248	0	0	385	795
SXL	Sunoco Logistics Partners L.P.	304	0	178	-26	152	0	152	152	0	0	126	415
NS	NuStar Energy L.P.	413	0	29	178	207	250	-43	207	250	0	134	1,037
OILT	Oiltanking Partners LP	136	0	6	62	68	0	68	68	0	0	130	50
RRMS	Rose Rock Midstream L.P.	208	0	0	104	104	0	104	104	0	0	208	150
TLLP	Tesoro Logistics LP	111	0	10	45	55	0	55	55	0	0	101	250
EEP	Enbridge Energy Partners L.P.	1,938	0	0	969	969	0	969	969	0	0	1,938	1,526
PAA	Plains All American Pipeline L.P.	2,588	460	365	469	1,294	1,250	44	1,294	1,710	0	513	2,744
BKEP	Blueknight Energy Partners, L.P.	21	0	0	10	10	0	10	10	0	0	21	88
	Subtotal	14,197	1,201	782	4,065	6,048	3,075	2,973	6,048	4,276	2,100	7,039	10,329
	Gathering, Processing & Compression												
APL	Atlas Pipeline Partners L.P.	267	0	30	103	133	0	133	133	0	0	237	220
ACMP	Access Midstream Partners L.P.	662	0	61	270	331	750	-419	331	750	0	-149	912
CMLP	Crestwood Midstream Partners LP	169	108	24	-47	85	0	85	85	108	0	38	147
CPNO	Copano Energy L.L.C.	375	196	0	-8	187	150	37	187	346	0	29	565
XTEX	Crosstex Energy L.P.	552	165	41	70	276	250	26	276	415	0	97	436
DPM	DCP Midstream Partners L.P.	822	574	18	-181	411	350	61	411	924	0	-120	732
EROC	Eagle Rock Energy Partners L.P.	260	0	43	78	121	250	-130	121	250	19	-52	157
EXLP	Exterran Partners L.P.	262	119	20	-8	131	0	131	131	119	0	123	265
MWE	MarkWest Energy Partners L.P.	1,810	846	114	-55	905	0	905	905	846	0	850	900
NGLS	Targa Resources Partners L.P.	515	169	117	-28	258	400	-142	258	569	0	-171	1,022
PVR	Penn Virginia Resource L.P.	1,749	780	6	57	843	600	243	843	1,380	63	300	381
WES	Western Gas Partners L.P.	969	219	74	191	484	520	-36	484	739	0	155	521
	Subtotal	8,412	3,175	548	442	4,165	3,270	895	4,165	6,445	82	1,337	6,257
	Natural Gas - NGL Pipelines and Storage												
BWP	Boardwalk Pipeline Partners L.P.	531	254	0	12	266	300	-35	266	554	0	-23	502
EPB	El Paso Pipeline Partners L.P.	727	0	152	212	364	0	364	364	0	0	575	1,000
ETP	Energy Transfer Partners L.P. (1)	9,216	3,453	0	-497	2,956	2,000	956	2,956	5,453	3,305	458	2,282
EPD	Enterprise Products Partners L.P.	3,713	33	728	607	1,368	750	618	1,368	783	976	1,226	3,500
NKA	Niska Gas Storage Partners	51	0	0	26	26	0	26	26	0	0	51	225
NRGM	Inergy Midstream LP	340	10	0	160	170	0	170	170	10	0	330	501
OKS	ONEOK Partners L.P.	1,915	934	336	-313	957	0	957	957	934	0	645	1,200
PNG	PAA Natural Gas Storage L.P.	52	0	8	18	26	0	26	26	0	0	44	231
RGP	Regency Energy Partners L.P.	729	310	0	55	364	0	364	364	310	0	419	650
SEP	Spectra Energy Partners L.P.	263	0	23	109	132	0	132	132	0	0	240	660
TCP	TC PipeLines L.P.	0	0	71	-71	0	0	0	0	0	0	-71	172
WPZ	Williams Partners L.P.	5,419	2,104	526	79	2,710	400	2310	2,710	2,504	0	2,389	2,000
	Subtotal	22,955	7,098	1,844	396	9,337	3,450	5,887	9,337	10,548	4,281	6,283	12,922
	Wholesale Distribution												
APU	Amerigas Partners L.P.	2,870	1,421	62	-48	1,435	1,550	-115	1,435	2,971	0	-163	486
FGP	Ferrellgas Partners L.P.	47	0	0	24	24	0	24	24	0	0	47	223
GLP	Global Partners LP	323	131	4	27	162	0	162	162	131	0	189	182
NRGY	Inergy L.P.	230	0	0	19	19	0	19	19	0	193	38	151
SPH	Suburban Propane Partners L.P.	1,810	0	19	86	105	0	105	105	0	1,600	191	103
	Subtotal	5,281	1,552	85	107	1,744	1,550	194	1,744	3,102	1,793	301	1,145
Total		**50,845**	**13,026**	**3,259**	**5,010**	**21,295**	**11,345**	**9,950**	**21,295**	**24,371**	**8,255**	**14,960**	**30,652**

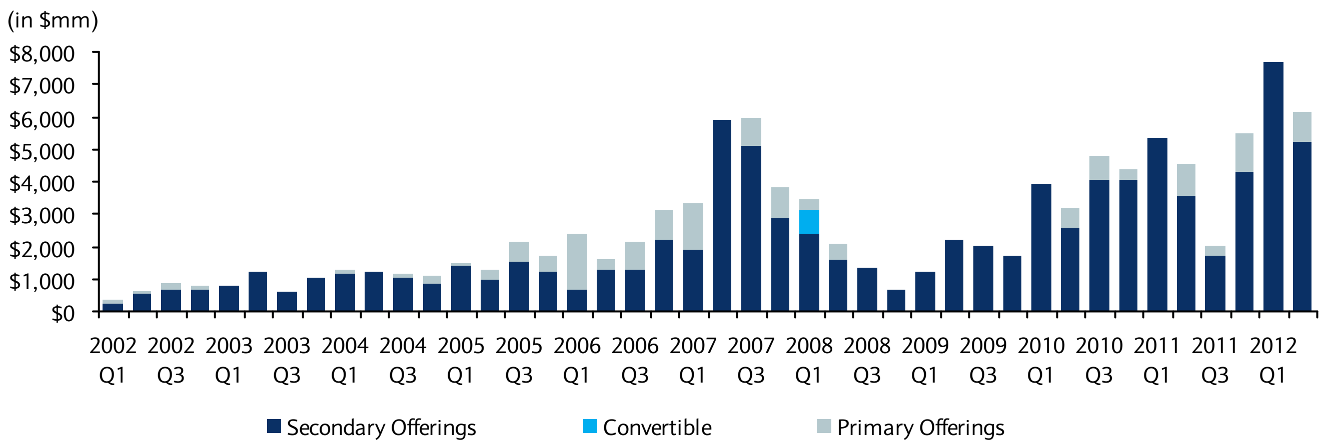
Source: Company filings, Barclays Research

To Date, Little Pressure on Equity Absorption but Issuance as a Percent Market Cap Begins to Creep Out of Comfort Zone

From a historical perspective, one can see the sharply rising level of equity issuance if you exclude the bulge in 2006-2007, which was distorted by a doubling of the MLP universe as new categories proliferated (notably the G&P and E&P segments in late 2005-2007) which was followed by an initial round of M&A (2007). Notably the bulk of the money raised in

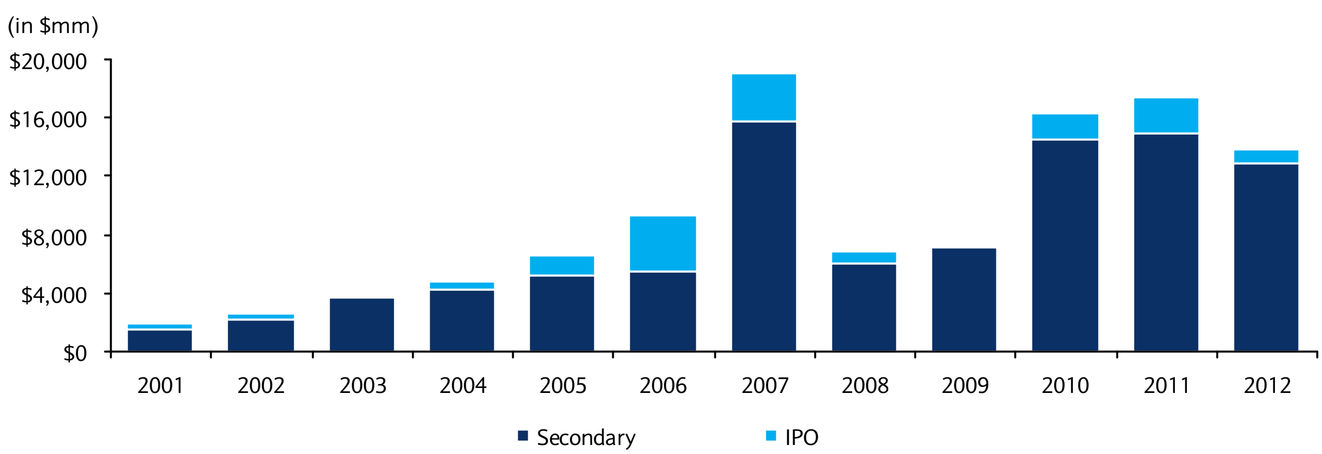
2005-2007 (~75%) was institutional money where the current funding source has shifted markedly back toward retail (80% to 90%) investors. We'd also highlight that the nature of the institutional buyer has changed significantly between those two periods as well. Today's buyer is more likely to be an aggregator of retail demand (closed end funds, long only managed separate accounts) that has a dedicated product in the space rather than opportunistic hedge fund or long-only mutual funds.

Figure 56: MLP Quarterly Equity Offerings



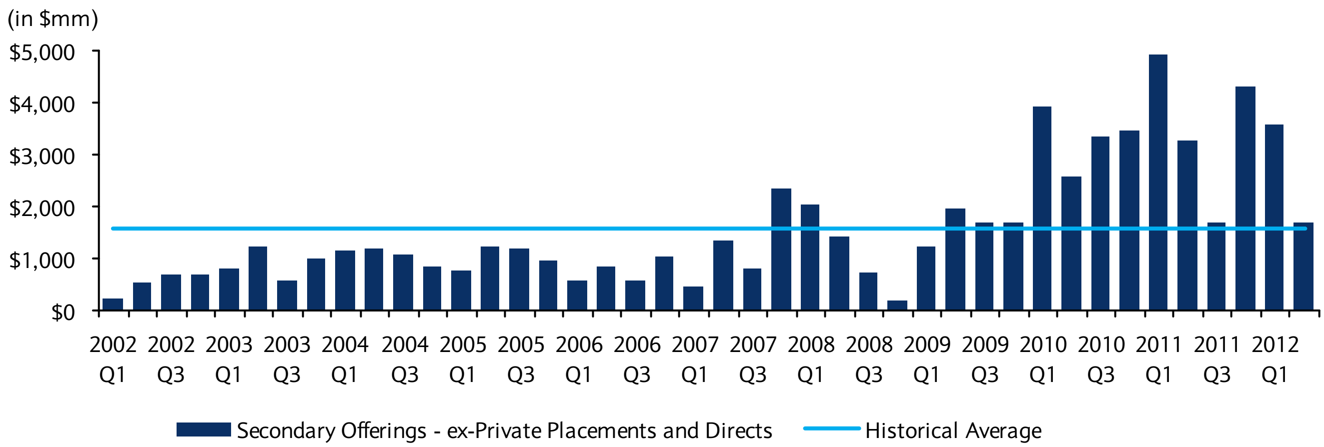
Source: Company filings, Barclays Research

Figure 57: MLP IPOs and Secondary Offerings



Source: Company filings, Barclays Research

Figure 58: Secondary Offerings (ex Private Placements and Directs)



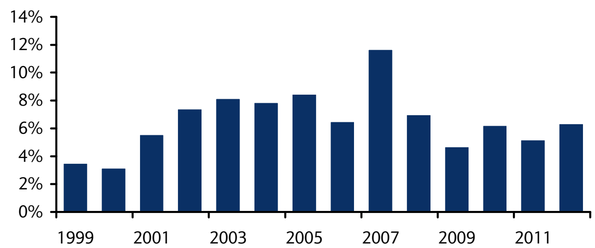
Source: Company filings, Barclays Research

Current issuance as a percent of market cap has remained fairly in check post the bulge registered in 2005-2007. However, given the requirements coming from current spending levels we have begun to creep north of this comfort zone. Direct issuance (generally sponsors taking back stock on drops) has escalated markedly in 2012. Frequently this can ebb and flow with sponsors' desire to keep LP unit ownership at desired levels. To date the jump has been third party sellers taking back units to bridge the bid/ask on rapidly growing assets that require further capex and the two big propane transactions that utilized units to bridge the bid/ask as well as transfer basis to new unit holders for tax timing. We have also seen a number of block trades as issuers attempt to reduce transaction costs. Three large-cap issuers (EPD, ETP and KMP) have put in place ATM (at the market) programs which dispense stock every day as a percent of ADTV at very low fees. Cumulatively these programs could raise more than $1 billion in equity capital in 2012.

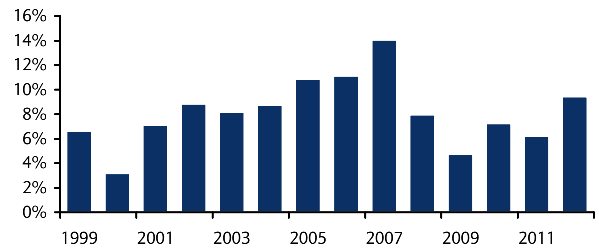
Figure 59: Capital Market Activity Summary

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Equity Offerings	$436	$528	$1,525	$2,573	$3,644	$6,338	$7,172	$9,314	$19,014	$6,891	$7,157	$16,284	$17,453	$13,809
Market Cap	12,314	16,531	27,214	29,041	44,498	54,393	60,834	83,211	135,074	86,258	151,474	224,217	280,644	292,441
Direct Issuance												$577	$346	$3,590
Private Placement							$1,425	$2,348	$8,893	$359	$467	$737	$465	$757
Secondary (inc Blocks)	$436	$528	$1,525	$2,158	$3,644	$4,298	$3,739	$3,078	$6,904	$5,693	$6,690	$13,270	$14,181	$8,565
Total Public Secondary	**$436**	**$528**	**$1,525**	**$2,158**	**$3,644**	**$4,298**	**$5,164**	**$5,427**	**$15,798**	**$6,053**	**$7,157**	**$14,584**	**$14,991**	**$12,912**
IPOs	$383	$0	$418	$415	$0	$471	$1,432	$3,837	$3,217	$838	$0	$1,700	$2,462	$897
Total Equity Offerings	**$819**	**$528**	**$1,943**	**$2,573**	**$3,644**	**$4,769**	**$6,597**	**$9,264**	**$19,014**	**$6,891**	**$7,157**	**$16,284**	**$17,453**	**$13,809**
"I-Units"/CE Funds/ETN/ETF	$0	$0	$1,047	$351	$0	$2,352	$1,343	$352	$771	$141	$1,818	$4,445	$1,882	$936
Total Equity Offerings incl. I-Units	**$819**	**$528**	**$2,990**	**$2,924**	**$3,644**	**$7,121**	**$7,940**	**$9,616**	**$19,785**	**$7,032**	**$8,975**	**$20,729**	**$19,335**	**$14,745**
Total Secondary/Market Cap	3.5%	3.2%	5.6%	7.4%	8.2%	7.9%	8.5%	6.5%	11.7%	7.0%	4.7%	6.2%	5.2%	6.4%
Public Secondary/Market Cap	3.5%	3.2%	5.6%	7.4%	8.2%	7.9%	6.1%	3.7%	5.1%	6.6%	4.4%	5.9%	5.1%	5.9%
Total/Market Cap	6.7%	3.2%	7.1%	8.9%	8.2%	8.8%	10.8%	11.1%	14.1%	8.0%	4.7%	7.3%	6.2%	9.4%

Total Secondary Offerings as % MLP Mkt Cap



Equity Offerings as % MLP Mkt Cap



*2012 Offerings as % Mkt Cap Annualized
Source: Company filings, Barclays Research

Size of Equity Offerings Continues to Creep Higher

The average deal size has trended upward as funding needs and trading liquidity have improved. YTD the average follow-on transaction is approaching $300mm. In 2Q the figure was ~$350mm. Virtually all of these follow-ons have been one day book builds with underwriters setting the re-offer discounts. Issuers have gotten very aggressive regarding the discounts they are willing to tolerate and we have seen increased selectivity on the part of institutional buyers. In Q2 as the re-offer discounts decreased from 3.84% to 3.51% the institutional participation in dropped from 19% to only 8%. Institutional participation will be needed to raise the implied requirements for funding 2012 capex.

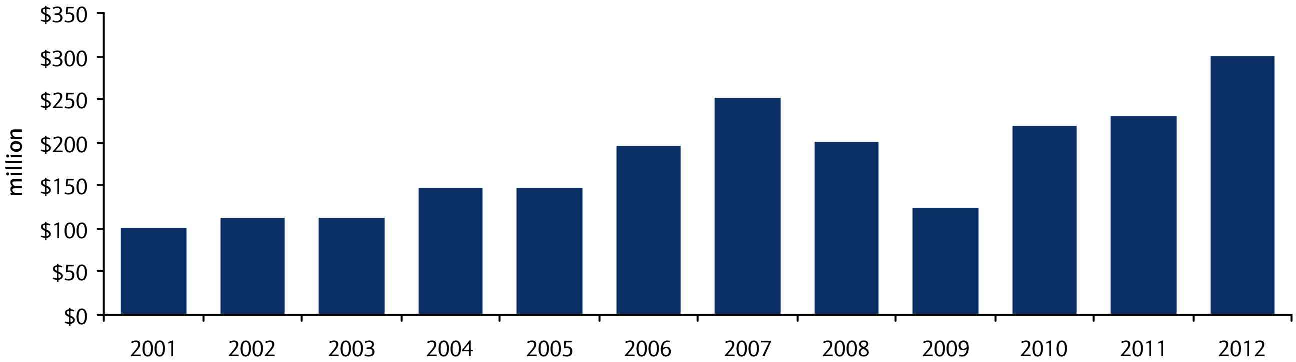
Figure 60: Follow-On Equity Offerings Trend In Re-Offer Discounts (*)

	Offer %	Offer %	Re-Offer %
Year	**ADTV**	**Float**	**Discount**
2009	22.0x	13.2%	-4.54%
2010	25.5x	14.9%	-3.88%
2011	24.8x	10.7%	-3.40%
2012YTD	22.2x	14.0%	-3.76%
Average	23.6x	13.2%	-3.90%

* median values

Source: Barclays Research

Figure 61: Average Size of Equity Offerings



Source: Company filings

Aftermarket Performance Sags a Bit in Q2

In Q1 day after performance was roughly flat (-.05%) with the re-offer price while trading marginally better than the AMZ (+0.02%). Day after trading volume was in line with historical precedents at 21.3x ADTV and 74% of offering amount. Q2 results deteriorated slightly as post deal trading activity rose to 24.5x ADTV and 89% of offering volume. Absolute performance was -1.47% vs. reoffer price and -1.58% vs. the AMZ benchmark in day after trading.

Figure 62: MLP Secondary Offerings Trading Statistics

Date	MLP	Size of Deal Units (M)	Type of Deal	Price At Deal	Size of Deal $mm	Discount to Prev Close	% of Units Trading Day After	Performance Day After	AMZ Performance Day After
Secondary									
10-Jan	CMLP	3.50	Secondary	$30.73	$107.6	-3.6%	49.6%	-1.1%	-0.3%
12-Jan	LINE	17.00	Block	$35.95	$702.8	-4.6%	78.2%	0.0%	-0.3%
12-Jan	APU	29.57	Direct	$38.31	$1,132.6	nm	nm	nm	nm
13-Jan	CPNO	5.00	Secondary	$34.03	$195.7	-3.8%	80.7%	-0.7%	0.2%
18-Jan	NGLS	4.00	Secondary	$38.30	$168.7	-3.2%	68.9%	1.8%	0.4%
19-Jan	VNR	7.14	Secondary	$27.71	$227.4	-4.0%	59.3%	-0.4%	0.1%
20-Jan	BWP	8.00	Secondary	$27.55	$253.5	-3.4%	72.8%	-0.2%	0.6%
20-Jan	MMLP	2.30	Secondary	$36.15	$95.6	-4.2%	32.0%	0.0%	0.6%
24-Jan	GEL	2.25	Secondary	$27.79	$71.9	-3.5%	84.6%	3.0%	-0.2%
25-Jan	WPZ	7.00	Secondary	$62.81	$505.6	-3.1%	88.1%	-0.3%	0.8%
2-Feb	ACMP	9.25	Secondary	$28.70	$301.3	-3.6%	74.9%	0.0%	-0.1%
3-Feb	BBEP	8.00	Secondary	$18.80	$173.0	-4.2%	79.6%	1.4%	-0.3%
10-Feb	BPL	4.26	Direct	$58.65	$250.0	nm	nm	nm	nm
10-Feb	EVEP	3.50	Secondary	$67.95	$273.5	-3.9%	82.3%	1.7%	-0.3%
27-Feb	DPM	0.99	Direct	$48.25	$48.0	nm	nm	nm	nm
28-Feb	OKS	8.00	Secondary	$59.27	$474.2	-3.2%	79.8%	-1.3%	-0.7%
28-Feb	OKS	8.00	Direct	$57.48	$459.8	nm	nm	nm	nm
29-Feb	EXLP	4.50	Secondary	$24.05	$119.4	-3.8%	59.5%	-1.7%	0.0%
1-Mar	GLP	5.85	Direct	$22.31	$130.5	nm	nm	nm	nm
2-Mar	DPM	4.75	Secondary	$47.42	$244.1	-3.6%	83.4%	-1.4%	-0.6%
6-Mar	PAA	5.00	Secondary	$80.03	$460.2	-2.8%	82.0%	-0.6%	-1.4%
13-Mar	MWE	5.90	Secondary	$59.54	$404.0	-3.2%	90.9%	0.4%	-0.4%
15-Mar	APU	7.00	Block	$41.25	$288.8	-8.1%	87.5%	-3.0%	-0.2%
20-Mar	RGP	11.00	Secondary	$24.47	$309.5	-3.5%	90.2%	-0.4%	-0.2%
23-Mar	GEL	5.00	Secondary	$30.80	$177.1	-3.6%	69.9%	1.8%	-0.2%
26-Mar	ETP	2.22	Direct	$47.19	$105.0	nm	nm	nm	nm
4-Apr	WPZ	10.00	Secondary	$54.56	$598.7	-3.1%	97.0%	-1.0%	-1.1%
4-Apr	WPZ	18.32	Direct	$54.56	$1,000.0	nm	nm	nm	nm
4-Apr	DPM	1.00	Direct	$44.00	$44.0	nm	nm	nm	nm
9-Apr	PVR	21.20	Private	$18.87	$400.0	-17.0%	nm	nm	nm
9-Apr	PVR	8.80	Private	$20.45	$180.0	-10.1%	33.5%	11.6%	-0.8%
9-Apr	PVR	na	Direct	na	$200.0	nm	nm	nm	nm
11-Apr	QRE	17.50	Block	$19.18	$386.0	0.4%	62.5%	0.0%	0.5%
3-May	NMM	4.00	Secondary	$15.68	$72.1	-4.5%	69.2%	0.1%	-1.2%
8-May	ETP	2.25	Direct	$46.69	$105.0	nm	nm	nm	nm
8-May	CLMT	6.00	Secondary	$25.50	$153.0	-4.6%	90.1%	-5.7%	-1.2%
9-May	MWE	8.00	Secondary	$55.28	$442.2	-3.5%	74.5%	-0.1%	-0.9%
10-May	XTEX	8.80	Secondary	$16.28	$164.8	-3.8%	69.8%	0.0%	0.8%
4-Jun	KMP	3.79	Block	$74.60	$282.9	-2.1%	70.5%	1.0%	-1.5%
19-Jun	WES	5.00	Secondary	$43.88	$219.4	-3.4%	105.2%	-1.7%	1.9%
25-Jun	DPM	5.00	Private	$35.55	$177.4	-3.3%	2.3%	4.5%	-1.3%
25-Jun	DPM	1.54	Direct	$39.06	$60.0	nm	nm	nm	nm
28-Jun	ETP	13.50	Secondary	$44.57	$691.9	-3.1%	121.7%	-2.2%	0.5%
28-Jun	HEP	1.00	Direct	$55.00	$55.0	nm	nm	nm	nm

Source: FactSet, Company filings

Deal Performance Vs. S&P Has Been Poor But Beat AMZ Vs S&P 500 Relative Results

Deal performance vs. the S&P has been poor but it is better than the sector relative performance YTD, which has lagged the S&P 500 benchmark by 11.5% on a principal only basis. Q1 transactions are down 2.9% vs. the equity benchmark while 2Q deals have underperformed by 4.9%.

Figure 63: MLP Year-To-Date Equity Offerings' After Market Performance

Date	MLP	Size of Deal Units (M)	Type of Deal	Price At Deal	Size of Deal $mm	Price 6/29/2012	Price Change Since Deal	SPX Price At Deal	Change SPX Since Deal	Performance Relative SPX
Secondary										
10-Jan	CMLP	3.50	Secondary	$30.73	$107.6	$28.51	-7.2%	1292	5.4%	-12.6%
12-Jan	LINE	17.00	Block	$35.95	$702.8	$38.15	6.1%	1296	5.1%	1.0%
12-Jan	APU	29.57	Direct	$38.31	$1,132.6	$40.52	5.8%	1296	5.1%	0.6%
13-Jan	CPNO	5.00	Secondary	$34.03	$195.7	$35.70	4.9%	1289	5.7%	-0.8%
18-Jan	NGLS	4.00	Secondary	$38.30	$168.7	$41.47	8.3%	1308	4.1%	4.1%
19-Jan	VNR	7.14	Secondary	$27.71	$227.4	$27.62	-0.3%	1315	3.6%	-3.9%
20-Jan	BWP	8.00	Secondary	$27.55	$253.5	$26.46	-4.0%	1315	3.6%	-7.5%
20-Jan	MMLP	2.30	Secondary	$36.15	$95.6	$33.78	-6.6%	1315	3.6%	-10.1%
24-Jan	GEL	2.25	Secondary	$27.79	$71.9	$30.74	10.6%	1315	3.6%	7.0%
25-Jan	WPZ	7.00	Secondary	$62.81	$505.6	$56.59	-9.9%	1326	2.7%	-12.6%
2-Feb	ACMP	9.25	Secondary	$28.70	$301.3	$29.72	3.6%	1326	2.8%	0.8%
3-Feb	BBEP	8.00	Secondary	$18.80	$173.0	$19.12	1.7%	1345	1.3%	0.4%
10-Feb	BPL	4.26	Direct	$58.65	$250.0	$61.18	nm	1343	1.5%	nm
10-Feb	EVEP	3.50	Secondary	$67.95	$273.5	$69.59	2.4%	1343	1.5%	1.0%
27-Feb	DPM	0.99	Direct	$48.25	$48.0	$45.84	nm	1368	-0.4%	nm
28-Feb	OKS	8.00	Secondary	$59.27	$474.2	$54.67	-7.8%	1372	-0.7%	-7.0%
28-Feb	OKS	8.00	Direct	$57.48	$459.8	$54.67	nm	1372	-0.7%	nm
29-Feb	EXLP	4.50	Secondary	$24.05	$119.4	$21.58	-10.3%	1366	-0.3%	-10.0%
1-Mar	GLP	5.85	Direct	$22.31	$130.5	$22.76	2.0%	1374	-0.9%	2.9%
2-Mar	DPM	4.75	Secondary	$47.42	$244.1	$45.84	-3.3%	1370	-0.5%	-2.8%
6-Mar	PAA	5.00	Secondary	$80.03	$460.2	$78.45	-2.0%	1343	1.4%	-3.4%
13-Mar	MWE	5.90	Secondary	$59.54	$404.0	$58.45	-1.8%	1396	-2.4%	0.6%
15-Mar	APU	7.00	Block	$41.25	$288.8	$40.52	-1.8%	1403	-2.9%	1.1%
20-Mar	RGP	11.00	Secondary	$24.47	$309.5	$24.59	0.5%	1406	-3.1%	3.6%
23-Mar	GEL	5.00	Secondary	$30.80	$177.1	$30.74	-0.2%	1397	-2.5%	2.3%
26-Mar	ETP	2.22	Direct	$47.19	$105.0	$44.19	-6.4%	1417	-3.8%	-2.5%
4-Apr	WPZ	10.00	Secondary	$54.56	$598.7	$52.24	-4.3%	1399	-2.6%	-1.6%
4-Apr	WPZ	18.32	Direct	$54.56	$1,000.0	$52.24	-4.3%	1399	-2.6%	-1.6%
4-Apr	DPM	1.00	Direct	$44.00	$44.0	$42.15	-4.2%	1399	-2.6%	-1.6%
9-Apr	PVR	21.20	Private	$18.87	$400.0	$24.50	29.9%	1382	-1.5%	31.3%
9-Apr	PVR	8.80	Private	$20.45	$180.0	$24.50	19.8%	1382	-1.5%	21.2%
9-Apr	PVR	na	Direct	na	$200.0	$24.50	na	1382	-1.5%	na
11-Apr	QRE	17.50	Block	$19.18	$386.0	$16.54	-13.8%	1369	-0.5%	-13.3%
3-May	NMM	4.00	Secondary	$15.68	$72.1	$13.59	-13.3%	1392	-2.1%	-11.2%
8-May	ETP	2.25	Direct	$46.69	$105.0	$44.19	na	1364	-0.1%	na
8-May	CLMT	6.00	Secondary	$25.50	$153.0	$23.78	-6.7%	1364	-0.1%	-6.6%
9-May	MWE	8.00	Secondary	$55.28	$442.2	$49.31	-10.8%	1355	0.6%	-11.4%
10-May	XTEX	8.80	Secondary	$16.28	$164.8	$16.40	0.7%	1358	0.3%	0.4%
4-Jun	KMP	3.79	Block	$74.60	$282.9	$78.58	5.3%	1278	6.6%	-1.2%
19-Jun	WES	5.00	Secondary	$43.88	$219.4	$43.63	-0.6%	1358	0.3%	-0.9%
25-Jun	DPM	5.00	Private	$35.55	$177.4	$42.15	18.6%	1314	3.7%	14.9%
25-Jun	DPM	1.54	Direct	$39.06	$60.0	$42.15	7.9%	1314	3.7%	4.2%
28-Jun	ETP	13.50	Secondary	$44.57	$691.9	$44.19	-0.9%	1329	2.5%	-3.3%
28-Jun	HEP	1.00	Direct	$55.00	$55.0	$56.60	2.9%	1329	2.5%	0.4%
IPO										
3-May	PDH	35.00	IPO	$17.00	$595.0	$10.76	-36.7%	1392	-2.1%	-34.6%
26-Jun	EQM	12.50	IPO	$21.00	$301.9	$24.07	14.6%	1320	3.2%	11.4%

$ in mm	Public Secondary	IPO	Private	Block	Direct	Total
1Q12	$4,562	$0	$0	$992	$2,126	$7,680
2Q12	$2,342	$897	$757	$669	$1,464	$6,129
3Q12						$0
4Q12						$0
Total	**$6,904**	**$897**	**$757**	**$1,661**	**$3,590**	**$13,809**

$ in mm	
January	$3,461
February	$2,099
March	$2,119
April	$2,809
May	$1,532
June	$1,789
Total	**$13,809**

Source: FactSet, Company filings

IPO Market Remains a Tale of Two Cities

It was the best of times, it was the worst of times – or so it has seemed in the MLP IPO market over the last 18 months. First half of 2011, against the backdrop of a buoyant equity market, deals were consistently priced above or at the high end of the filed range. During the second half of 2011, the tables turned as the equity market swooned during the third quarter. Deal pricing progressively deteriorated with the last two transactions falling out of the bottom of the filed range. Given this backdrop, the sector has been reluctant around executing the significant number of filings that occurred in 2011 and early 2012.

Figure 64: 2011 1H MLP IPO Comparisons

	UAN	GMLP	TLLP	NGL	GSJK	OILT	AMID
Pricing Date	4/7/2011	4/7/2011	4/19/2011	5/11/2011	6/14/2011	7/13/2011	7/26/2011
Size of Base Deal	$307,200,000	$270,000,000	$273,000,000	$73,500,000	$53,400,000	$215,000,000	$78,750,000
Units Offered	19,200,000	12,000,000	13,000,000	3,500,000	2,670,000	10,000,000	3,750,000
Offering Price	$16.00	$22.50	$21.00	$21.00	$20.00	$21.50	$21.00
Relative To Filed Range	Above	Above	High End	High End	Mid Point	Above	High-end
Annual Distribution at IPO	$1.92	$1.54	$1.35	$1.35	$1.55	$1.35	$1.65
Yield at Offering	12.00%	6.84%	6.43%	6.43%	7.75%	6.28%	7.86%
Revised Units filed	19,200,000	12,000,000	12,500,000	3,500,000	2,500,000	10,000,000	3,750,000
Revised Filing Range	$12.00 - $14.00	$20.00 - $22.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00
Revised Yield Range	13.71% - 16.00%	7.00% - 7.70%	6.43% - 7.11%	6.43% - 7.11%	7.38% - 8.16%	6.43% - 7.11%	7.86% - 8.68%
Initial Units Filed	19,200,000	12,000,000	12,500,000	3,500,000	2,500,000	10,000,000	3,750,000
Initial Filing Range	$12.00 - $14.00	$20.00 - $22.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00
Initial Yield Range	13.71% - 16.00%	7.00% - 7.70%	6.43% - 7.11%	6.43% - 7.11%	7.38% - 8.16%	6.43% - 7.11%	7.86% - 8.68%
10 Yr Treasury Yield at IPO	3.55%	3.55%	3.36%	3.16%	3.10%	2.91%	2.95%
Spread to 10 Yr	845 bps	329 bps	307 bps	327 bps	465 bps	337 bps	491 bps
1 Day Volume % Offering	69.30%	82.70%	76.50%	55.40%	45.50%	70.10%	64.60%
1 Day % Change	9.70%	10.40%	11.90%	-0.10%	-5.00%	10.20%	-0.20%
7 Day % Change	6.30%	8.90%	13.10%	1.40%	-10.10%	12.80%	-2.10%
30 Day % Change	22.00%	6.70%	12.00%	-4.00%	-7.30%	10.10%	-20.00%

Source: Company filings, Bloomberg, Dealogic

Figure 65: 2011 2H MLP IPO Comparisons

	RNF	LRE	MEMP	RRMS	MCEP	NRGM
Pricing Date	11/3/2011	11/10/2011	12/8/2011	12/8/2011	12/14/2011	12/15/2011
Size of Base Deal	$300,000,000	$178,752,000	$171,000,000	$140,000,000	$97,200,000	$272,000,000
Units Offered	15,000,000	9,408,000	9,000,000	7,000,000	5,400,000	16,000,000
Offering Price	$20.00	$19.00	$19.00	$20.00	$18.00	$17.00
Relative To Filed Range	Mid-point	Low-end	Low-end	Midpoint	Below	Below
Annual Distribution at IPO	$2.34	$1.90	$1.90	$1.45	$1.90	$1.48
Yield at Offering	11.70%	10.00%	10.00%	7.25%	10.56%	8.71%
Revised Units filed	15,000,000	9,408,000	10,000,000	7,000,000	5,400,000	16,000,000
Revised Filing Range	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00
Revised Yield Range	11.14% - 12.32%	9.05% - 10.00%	9.05% - 10.00%	6.90% - 7.63%	9.05% - 10.00%	7.05% - 7.79%
Initial Units Filed	15,000,000	9,408,000	10,000,000	7,000,000	5,400,000	16,000,000
Initial Filing Range	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00
Initial Yield Range	11.14% - 12.32%	9.05% - 10.00%	9.05% - 10.00%	6.90% - 7.63%	9.05% - 10.00%	7.05% - 7.79%
10 Yr Treasury Yield at IPO	2.07%	2.06%	1.97%	1.97%	1.90%	1.91%
Spread to 10 Yr	963 bps	795 bps	803 bps	528 bps	865 bps	679 bps
1 Day Volume % Offering	62.30%	25.10%	33.50%	86.60%	12.60%	50.00%
1 Day % Change	-0.70%	0.30%	-1.10%	0.00%	0.30%	3.80%
7 Day % Change	0.70%	0.30%	-1.10%	-4.50%	1.50%	7.60%
30 Day % Change	-6.00%	0.00%	-1.90%	1.50%	7.30%	12.70%

Source: Company filings, Bloomberg, Dealogic

The ice was broken midway through the second quarter with a variable payout transaction (PDH) that priced below the filed range only to be followed by a traditional structure deal (EQM) that priced at the high end.

Figure 66: 2012 MLP IPO Comparisons

	PDH	EQM
Pricing Date	5/3/2012	6/27/2012
Size of Base Deal	$595,000,000	$262,500,000
Units Offered	35,000,000	12,500,000
Offering Price	$17.00	$21.00
Relative To Filed Range	Below	High End
Annual Distribution at IPO	$2.03	$1.40
Yield at Offering	11.94%	6.67%
Revised Units filed	35,000,000	12,500,000
Revised Filing Range	$17.00-$19.00	$19.00 - $21.00
Revised Yield Range	10.68% - 11.94%	6.67% - 7.37%
Initial Units Filed	35,000,000	12,500,000
Initial Filing Range	$19.00 - $21.00	$19.00 - $21.00
Initial Yield Range	9.67% - 10.68%	6.67% - 7.37%
10 Yr Treasury Yield at IPO	1.92%	1.62%
Spread to 10 Yr	1002 BP	505 BP
1 Day Volume % Offering	37%	68%
1 Day % Change	-2.9%	13.1%
7 Day % Change	0.0%	14.6%
30 Day % Change	-20.0%	na

Source: Company filings, Bloomberg, Dealogic

IPO Backlog Building Despite Drawdown of Inventory

Last quarter we had $1.6 billion in IPOs filed. Despite executing three transactions raising ~$1.2 billion, this filed backlog now stands at 12 deals totaling more than $2.4 billion. Notably this does not include a number of variable distribution offerings we foresee coming to market in the refinery, oil service and other more volatile components of the energy value chain. With the success of the fertilizer deals, C-Corps in cyclical businesses, selling at very low EBITDA multiples with aspirations of consolidating fragmented industries, are eyeing the idea of restructuring into variable payout MLPs. The premise is that while these new vehicles would sell at lower multiples than traditionally structured MLPs (6x vs 12x EBITDA), they would sell at major premiums to these same assets housed in C-Corp structures (6x vs. 3x). As such, the uplift would serve as a very attractive currency. If the early entrants are successful, it is likely to trigger a whole new wave of MLP entrants and non-traditional variable distribution categories (similar to the wave of G&P and E&P names that came public in 2006-2007).

Figure 67: Filed MLP IPOs

	Ticker	Date Filed	Type	Amount ($mm)
USA Compression	USAC	6/9/2011	Nat Gas Compression	200
Sprague Resources LP	SRLP	7/27/2011	Refined Products	165
Armstrong Resource Partners	ARPS	10/12/2011	Coal	22
Foresight Energy Partners LP	FELP	12/2/2011	Coal	300
Quicksilver Production Partners LP	QPP	2/10/2012	E&P	250
Southcross Energy Partners	SXE	4/20/2012	G&P	230
Maxum Energy Logistics Partners	MXLP	5/4/2012	Refined Products	230
Lehigh Gas Partners	LGP	5/11/2012	Wholesale Distribution	120
Susser Petroleum Partners	SUSP	6/22/2012	Wholesale Distribution	200
MPLX LP (Marathon)	MPLX	7/2/2012	Crude/ Refined Products	365
Hi-Crush Partners LP	HCLP	7/9/2012	Frac Sand	200
Delek Logistics	DKL	7/12/2012	Crude/ Refined Products	135
Total				2,417

Source: SEC

Variable Payout MLPs Offer a Distinct, Separate Value Proposition From Traditional Structure

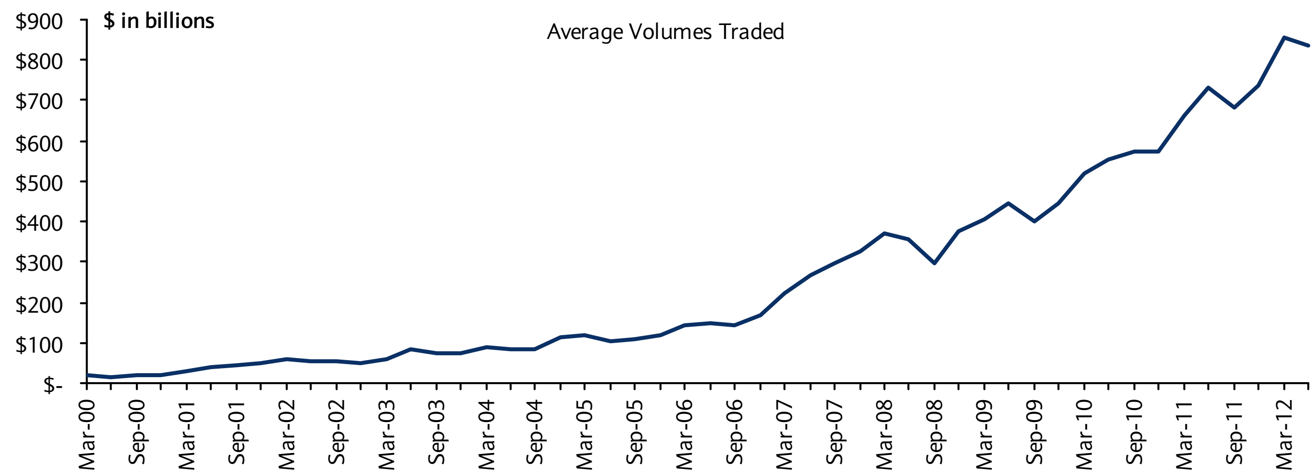
In our view, variable distribution MLPs offer a distinct and separate value proposition from the traditional Minimum Quarterly Distribution (MQD), subordinated, IDR structure with distribution coverage and balance sheet cushion to handle modest variability in cash flow. The deeply cyclical variable payout partnerships offer much higher yields in compensation for the higher variability in distributions. At present this subset of offerings is so small and immature (also principally tied to one area – fertilizer) that it is hard to ascertain how the vehicle will trade (based on current yield rapidly adjusting principal, normalized yield concept, etc.).

Despite our view that investors should draw a line between the traditional and variable payout entities, we suspect the generic labeling (MLP) will have some implications for the existing sector. The first issue is whether these new vehicles will compete directly with the traditional structure from a capital raising perspective or whether they can complement an income-oriented portfolio. Alternatively, like fertilizer, is the question of whether they will attract institutions looking to play the cycle while enjoying a much fatter yield than they receive on traditional C-Corp players in the space. The second issue is whether MLPs encounter reputational risk with variable payouts creating headlines (periodic cuts in distributions) that confuse retail investors regarding the basic stability and value proposition of traditionally structured MLPs. Finally, coverage and sponsorship will be a key issue for investors as well. As the sector fragments into smaller, more specialized and riskier categories, will the Street's MLP teams take on the responsibility for coverage (like the slow but gradual adoption of the G&P space) or will the new names reside in a mixture of MLP, specialist or non coverage (E&P, Fertilizer, Coal, Marine Transport). This will be a key decision for most firms if refinery and oil service categories proliferate. Divided or non-coverage will lead to inconsistencies in valuation and fundamental viewpoints.

Trading Volume and Turnover Slip With Pullback in Market

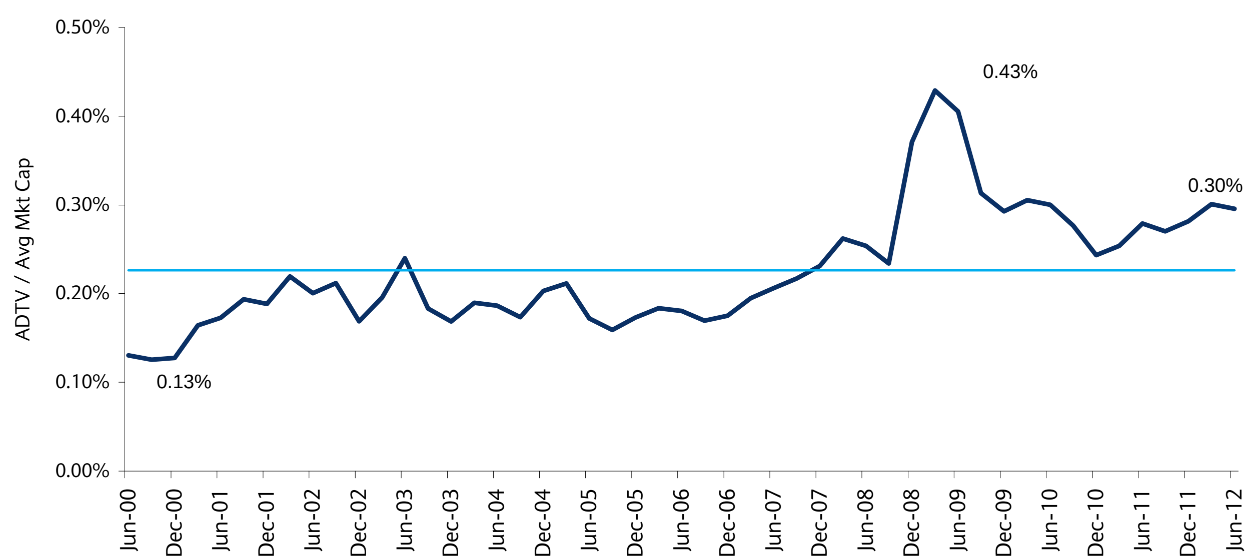
Trading volume and turnover dipped a little with the pullback in the AMZ during 2Q but this type of behavior is commonplace in market corrections. We would be more concerned if we had incurred a sell off at higher but below what appeared to be cathartic levels. Turnover looks to be settling in around a central tendency of 30% which is twice the level exhibited before 2007. We estimate that to some degree liquidity begets more liquidity but also believe the elevation in turnover is tied to the rise of institutional ownership, the introduction of more cyclical components of the energy value chain into the MLP structure and more thematic, higher correlation trading post the collapse of markets in late 2008.

Figure 68: Average Volumes Traded ($ in billions)



Source: Bloomberg, Barclays Research

Figure 69: Average Daily Trading Volume ($mm) / Average Market Cap ($mm)



Source: Bloomberg, Barclays Research

Debt Issuance Takes a Breather

After record issuance in Q1with the sector getting a big jump on 2012 expected debt funding requirements the market took a breather in Q2. The HY market also experienced some volatility which discouraged issuance for the entire non investment grade market. Altogether the MLP sector raised a relatively modest $1.945 billion over five transactions. For comparison perspective in the HY segment CLMT issued $265mm at 9.625% (+872 bp) due 8/1/20 on 6/21/12. This compares to issuing $200mm at 9.375% (+920 bp) due 8/1/19 on 9/8/11. On the IG ledger WES issued $520mm at 4.00% (+250 bp) due 7/1/22 on 6/21/12 vs. issuing $500mm at 5.375% (+238 bp) due 6/1/21 on 5/9/11.

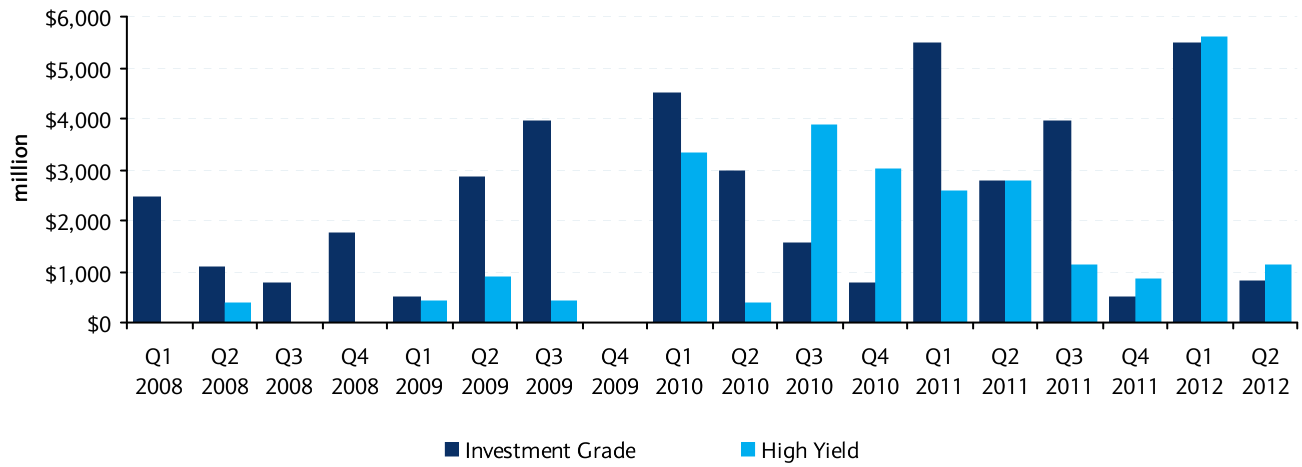
Figure 70: Quarterly Debt Issuance $millions

	Investment Grade	High Yield	Total
Q1 2008	2,475	0	2,475
Q2 2008	1,100	400	1,500
Q3 2008	800	0	800
Q4 2008	1,750	0	1,750
2008	6,125	400	6,525
Q1 2009	500	425	925
Q2 2009	2,850	900	3,750
Q3 2009	3,975	450	4,425
Q4 2009	0	0	0
2009	7,325	1,775	9,100
Q1 2010	4,500	3,330	7,830
Q2 2010	3,000	410	3,410
Q3 2010	1,550	3,900	5,450
Q4 2010	800	3,030	3,830
2010	9,850	10,670	20,520
Q1 2011	5,475	2,605	8,080
Q2 2011	2,765	2,800	5,565
Q3 2011	3,975	1,150	5,125
Q4 2011	500	850	1,350
2011	12,715	7,405	20,120
Q1 2012	5,850	5,600	11,450
Q2 2012	820	1,125	1,945
YTD	6,670	6,725	13,395

Source: Company filings

Looking at the timeline of debt issuance illustrates three things: First, the overall increase in issuance; second, the sizeable increases in high yield transactions, which we think is attributable to the current spread environment but is also a function of the financial maturation of many of the partnerships that came public in the 2004-2007 period; and third, the seasonal aspect of the capital raise for the investment grade component of the sector.

Figure 71: Investment Grade vs. High Yield Issuances

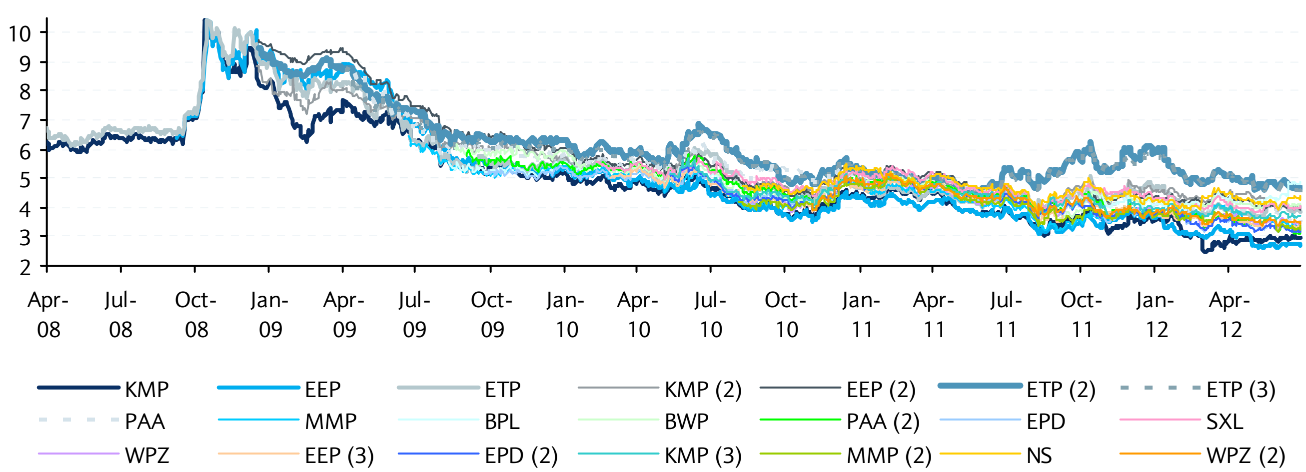


Source: Company filings

Investment Grade MLP Credit Stages Strong Rally

IG MLP debt yields across our sample dropped 24 bp vs. the 12 bp decrease in the Barclays IG Index. While exact ratings comparisons and duration differences make this delta a little less than precise we think there's ample evidence to conclude the sector's high grade credit had a strong rally during the period. With the exclusion of BPL (+59 bp) which has had estimates coming down and a single KMP bond (10 Year bond trading well below similarly rated peers +13BP) 80% of the sample sharply outperformed the index. EEP, PAA and MMP debt in the survey rallied an average -31 bp, -50 bp and -49 bp, respectively. Barclays has once again cut the outlook for Treasury yields with the implication that this part of the WACC equation will remain very attractively priced for the next 24 months as the bulge in capital spending is pressuring balance sheets.

Figure 72: Investment-Grade Bond Yields



Source: Barclays Fixed Income

Figure 73: Basis Point Change in MLP Investment Grade Debt

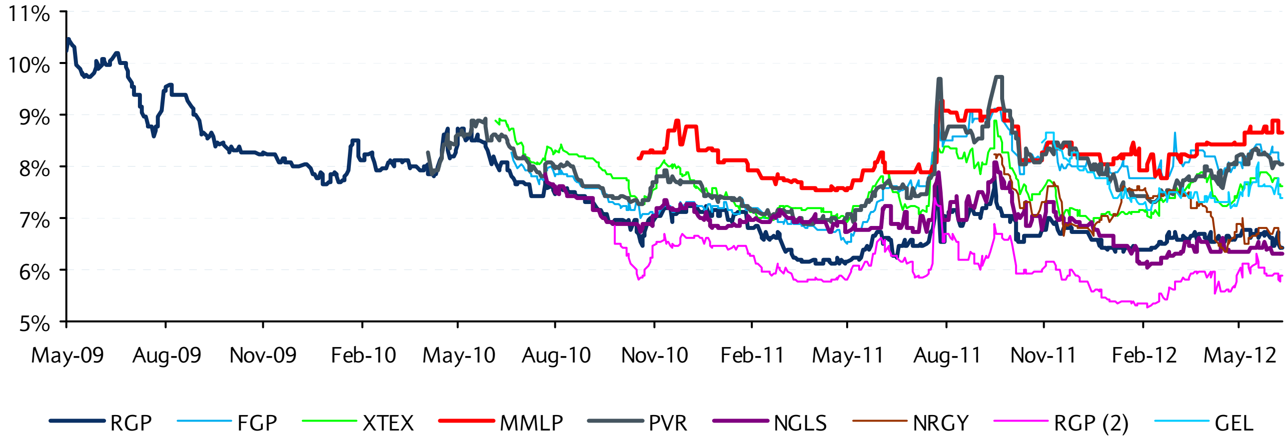
Investment Grade	3/30/2012	6/29/2012	bp Change
KMP 5.95 02/15/2018	2.84	2.98	13
EEP 6.5 04/15/2018	3.19	2.77	-42
ETP 6.7 07/01/2018	3.94	3.88	-7
KMP 9.0 02/01/2019	4.46	4.06	-41
EEP 9.875 03/01/2019	4.36	4.05	-31
ETP 9.7 03/15/2019	5.11	4.71	-41
ETP 9.0 04/15/2019	5.12	4.71	-41
PAA 8.75 05/01/2019	4.11	3.55	-56
MMP 6.55 07/15/2019	3.97	3.46	-51
BPL 5.5 08/15/2019	4.32	4.91	59
BWP 5.75 09/15/2019	4.22	4.16	-6
PAA 5.75 01/15/2020	3.67	3.21	-46
EPD 5.25 01/31/2020	3.57	3.31	-26
SXL 5.5 02/15/2020	4.12	4.06	-6
WPZ 5.25 03/15/2020	3.77	3.51	-26
EEP 5.2 03/15/2020	3.62	3.41	-21
EPD 5.2 09/01/2020	3.57	3.31	-26
KMP 5.3 09/15/2020	3.97	3.71	-26
MMP 4.25 02/01/2021	3.82	3.36	-46
NSUS 4.8 09/01/2020	4.47	4.41	-6
WPZ 4.125 11/15/2020	3.78	3.53	-25
IG MLPs Average	4.00	3.76	-24
Barclays IG	3.41	3.29	-12

Source: Barclays Fixed Income

HY MLP Credit Delivers Mixed Bag Performance Vs HY Index

Ostensibly our survey of 9 MLP HY issues (average change -8BP) outperformed the Barclays High Yield Index (comprised of lesser credits which underperformed better quality tiers of the HY universe) where the yield rose 15 bp for the quarter. However, the individual issues monitored had vastly different and somewhat volatile results when compared to the fairly benign movement in the average. The NRGY 6.875% note set the pace for the group as the NRGM dropdown and sale of retail propane has significantly de-levered the balance sheet. PVR spent $1 billion on the Chief acquisition unsettling bondholders. In general, liquidity played a big part of 2Q HY performance as the abrupt shift in economic and capital market sentiment from Q1 to Q2 caused some recalibration of credit risks across the sector.

Figure 74: High Yield Bond Yields



Source: Barclays Fixed Income

Figure 75: Basis Point Change in MLP High Yield Debt

High Yield	3/30/2012	6/29/2012	bp Change
RGP 9.375 06/01/2016	6.62	6.44	-18
FGP 9.125 10/01/2017	8.09	8.05	-4
XTEX 8.875 02/15/2018	7.53	7.62	9
MMLP 8.875 04/01/2018	8.23	8.65	41
PVR 8.25 04/15/2018	7.72	8.03	30
NGLS 7.875 10/15/2018	6.54	6.31	-23
NRGY 6.875 08/01/2021	7.44	6.41	-103
RGNC 6.875 12/01/2018	5.82	5.88	6
GEL 7.875 12/15/2018	7.49	7.38	-11
HY MLPs Average	7.28	7.19	-8
Barclays HY	7.73	7.88	15

Source: Barclays Fixed Income

The gap between MLP IG and HY debt in our monitored group of names widened 15 bp during the period from 328 bp to 343 bp. This gap coupled with greater, more continuous, access to the debt markets represents a marked advantage for the large cap partnerships in the current environment.

Figure 76: Recent MLP Debt Offerings

Issuer	Coupon Rate	US 30 Yr	Spread	Issue Date	Maturity Date	Term	Current Amount ($mm)	Moody's Rating	Notes
PAA	5.150	3.268	1.882	03/13/12	06/01/42	30	$500	Baa2	
EPD	4.850	3.154	1.696	02/08/12	08/15/42	30	$750	Baa2	
ETP	6.500	3.032	3.468	01/09/12	02/01/42	30	$1,000	Baa3	
EEP	5.500	3.27	2.230	09/06/11	09/15/40	30	$150	Baa2	
WPZ	5.400	3.52	1.880	08/10/11	08/15/41	30	$375	Baa2	
EPD	5.700	3.52	2.180	08/10/11	02/15/42	30	$600	Baa3	
KMP	5.625	3.9	1.725	08/03/11	09/01/41	30	$375	Baa2	
SXL	6.100	4.26	1.840	07/28/11	02/15/42	30	$300	Baa2	
ETP	6.050	4.32	1.730	05/09/11	06/01/41	30	$700	Baa3	
KMP	6.375	4.53	1.845	02/23/11	03/01/41	30	$600	Baa2	
OKS	6.125	4.5	1.625	01/21/11	02/01/41	30	$650	Baa2	
EPD	5.950	4.36	1.590	01/04/11	02/01/41	30	$750	Baa3	

Issuer	Coupon Rate	US 10 Yr	Spread	Issue Date	Maturity Date	Term	Amount ($mm)	Rating	Notes
WES	4.000	1.624	2.376	06/21/12	07/01/22	10	$520	Baa3	
BWP	4.000	1.641	2.359	06/07/12	08/01/20	10	$300	B3	144a
XTEX	7.125	1.873	5.252	05/10/12	06/15/22	10	$250	Baa1	144a
PAA	3.650	2.133	1.517	03/13/12	06/01/22	10	$750	Baa2	
DPM	4.950	2.017	2.933	03/08/12	04/01/22	10	$350	Baa3	
KMP	3.950	1.982	1.968	03/07/12	09/01/22	10	$1,000	Baa2	
CPNO	7.125	1.829	5.296	02/02/12	04/01/21	9	$150	B1	
NS	4.750	1.850	2.901	01/30/12	02/01/22	10	$250	Baa3	
NGLS	6.375	1.939	4.436	01/26/12	08/01/22	10	$400	B1	
BBEP	7.875	1.968	5.907	01/10/12	04/15/22	10	$250	B3	144a
ETP	5.200	1.966	3.234	01/09/12	02/01/22	10	$1,000	Baa3	
ACMP	6.125	2.003	4.122	01/06/12	07/15/22	10	$750	Ba3	144a
APU	7.000	2.001	4.999	01/05/12	05/20/22	10	$1,000	Ba3	
WPZ	4.000	2.060	1.940	11/14/11	11/15/21	10	$500	Baa3	
MWE	6.250	2.120	4.130	10/25/11	06/15/22	11	$700	Ba3	
EPB	5.000	2.090	2.910	09/15/11	10/01/21	10	$500	Ba1	
EEP	4.200	1.990	2.210	09/06/11	09/15/21	10	$600	Baa2	
MMP	4.250	2.170	2.080	08/17/11	02/01/21	10	$250	Baa2	
EPD	4.050	2.150	1.900	08/10/11	02/15/22	10	$650	Baa3	
KMP	4.150	2.630	1.520	08/03/11	03/01/22	10	$375	Baa2	
SXL	4.650	2.950	1.700	07/28/11	02/15/22	10	$300	Baa2	
TCLP	4.650	3.100	1.550	06/14/11	06/15/21	10	$350	Baa2	
BWP	4.500	3.000	1.500	06/09/11	02/01/21	10	$115	Baa1	144a
SEP	4.600	3.000	1.600	06/06/11	06/15/21	10	$250	Baa3	
EPB	4.400	3.030	1.370	06/02/11	06/15/21	10	$300	Baa3	144a
RGP	6.500	3.130	3.370	05/23/11	07/15/21	10	$500	B1	
WES	5.375	3.170	2.205	05/09/11	06/01/21	10	$500	NR	
ETP	4.650	3.170	1.480	05/09/11	06/01/21	10	$800	Baa3	
ACMP	5.875	3.510	2.365	04/14/11	04/15/21	10	$350	Ba3	144a
CPNO	7.125	3.330	3.795	03/22/11	04/01/21	10	$360	B1	
MWE	6.500	3.460	3.040	03/02/11	08/15/21	10	$200	B1	
MWE	6.500	3.640	2.860	02/09/11	08/15/21	10	$300	B1	
NRGY	6.875	3.330	3.545	01/19/11	08/01/21	10	$750	Ba3	144a
NGLS	6.875	3.330	3.545	01/19/11	02/01/21	10	$325	B1	144a
BWP	4.500	3.300	1.200	01/13/11	02/01/21	10	$325	Baa1	144a
PAA	5.000	3.480	1.520	01/05/11	02/01/21	10	$600	Baa3	
APU	6.500	3.480	3.020	01/05/11	05/20/21	10	$470	Ba3	
BPL	4.875	3.350	1.525	01/04/11	02/21/21	10	$650	Baa2	

Issuer	Coupon Rate	US 5 Yr	Spread	Issue Date	Maturity Date	Term	Amount ($mm)	Rating	Notes
CLMT	**9.625**	**0.725**	8.900	06/21/12	08/01/20	8	$275	**B3**	**144a**
PVR	**8.375**	**0.753**	7.622	05/11/12	06/01/20	8	$600	**B2**	
VNR	**7.875**	**1.042**	6.833	03/30/12	04/01/20	8	$350	**Caa1**	
EVEP	**8.000**	**0.901**	7.099	03/09/12	04/15/19	7	$200	**B3**	**144a**
LINE	**6.250**	**0.843**	5.407	03/02/12	11/01/19	8	$1,800	**B2**	**144a**
HEP	**6.500**	**0.850**	5.650	02/28/12	03/01/20	8	$300	**B1**	**144a**
GEL	**7.875**	**0.753**	7.122	01/27/12	12/15/18	8	$100	**B2**	
APU	**6.750**	**0.885**	5.865	01/05/12	05/20/20	8	$550	**Ba3**	
APL	**8.750**	**0.880**	7.870	11/16/11	06/15/18	7	$150	**B3**	**144a**
CLMT	**9.375**	**0.870**	8.505	09/08/11	05/01/19	8	$200	**B3**	**144a**
APU	**6.250**	**1.560**	4.690	07/27/11	08/20/19	8	$450	**Ba3**	
EROC	**8.375**	**1.780**	6.595	05/24/11	06/01/19	8	$300	**B3**	**144a**
LINE	**6.500**	**1.920**	4.580	05/10/11	05/15/19	8	$750	**B2**	**144a**
CLMT	**9.375**	**2.130**	7.245	04/15/11	05/01/19	8	$400	**B3**	**144a**
CMLP	**7.750**	**2.160**	5.590	03/25/11	04/01/19	8	$200	**B3**	**144a**

Issuer	Coupon Rate	US 5 Yr	Spread	Issue Date	Maturity Date	Term	Amount ($mm)	Rating	Notes
SEP	**2.950**	**1.590**	1.360	06/06/11	06/15/16	5	$250	**Baa3**	
KMP	**3.500**	**2.210**	1.290	02/23/11	03/01/16	5	$500	**Baa2**	
OKS	**3.250**	**2.010**	1.240	01/21/11	02/01/16	5	$650	**Baa2**	
EPD	**3.200**	**1.900**	1.300	01/14/11	02/01/16	5	$750	**Baa3**	

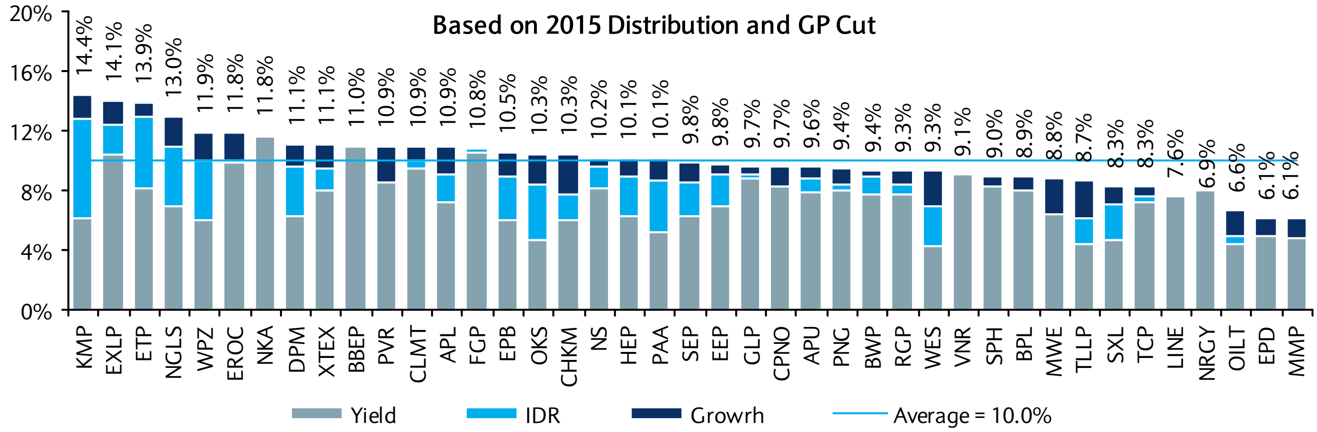
Source: FactSet, Company Filings

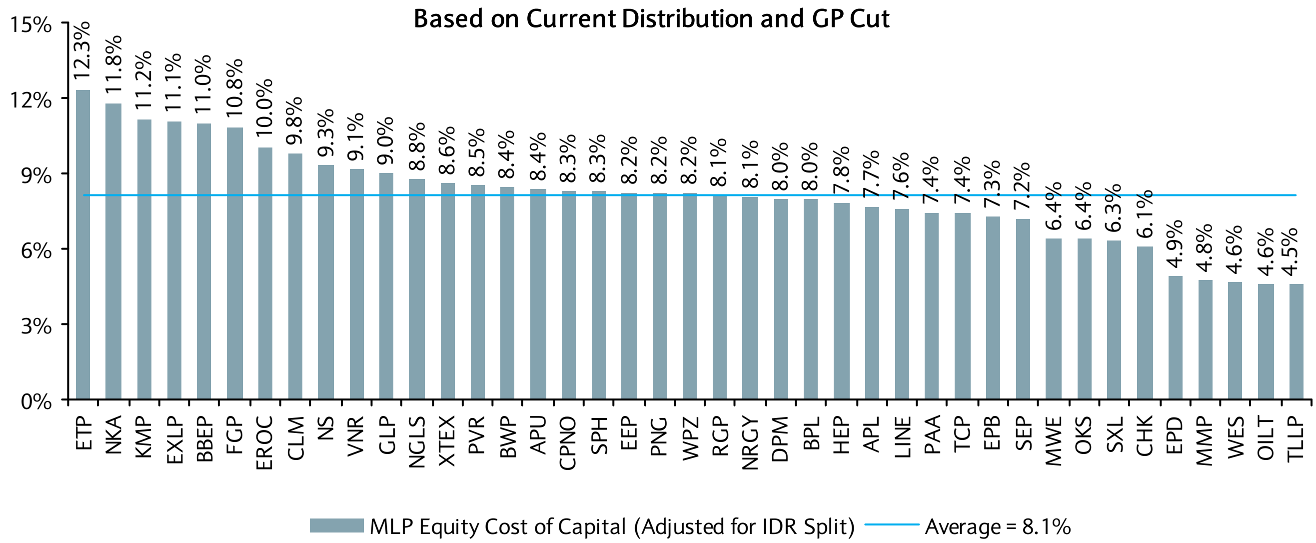
Equity Cost of Capital Disparity Important Competitive Advantage

We estimate that returns targeted and eventually achieved are fairly consistent across the risk profiles of the assets (i.e., regulated or fully contracted fee-based projects command lower returns than energy price or economically sensitive projects). Earning in excess of one's WACC is the basic mantra of capital spending especially when you operate with such a transparent business model as the MLPs (free cash not GAAP income is the basic metric of success and all cash is paid out with growth funded externally). We've just seen the wide disparity between IG and HY debt costs for the sector. The disparity on the equity cost of capital side of the equation is even larger. Both small and large caps have wide differences and neither group can claim an advantage.

We have shown two common methods of approximating the equity cost of capital for the MLP sector. We prefer the first method which includes current yield adjusted for GP splits and expected growth in the distribution. The three color bars reflect the contribution of each factor. Notably one can readily see the relative impact of IDRs. The large-cap, investment grade names that have high equity costs typically have very low debt costs that significantly offset this potential disadvantage which bring in total WACC well below targeted returns. At issue is where they may compete with other large-cap, investment grade partnerships with lower equity costs as the debt costs are much closer together for this subset of the MLP universe. Many times investors screen for capex per market cap or some other levered spending metric to look at a "pound for pound" growth driver equivalent. Just as important is the "bang for your spending buck," as measured by the return earned over the companies' WACC.

Figure 77: MLP Equity Cost of Capital





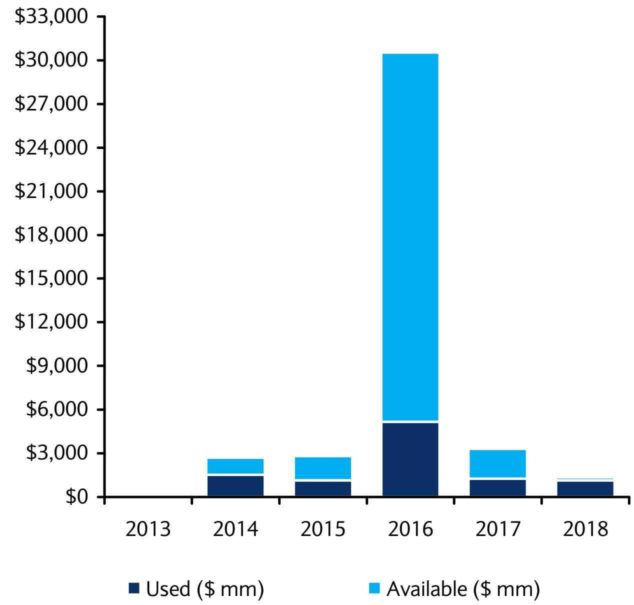
Source: FactSet, Barclays Research

Bank Line Utilization Drops Despite Aggressive Spending

The industry continues to push bank line maturities out and the sector reduced utilization from 31% to 25% despite robust capital spending and strong M&A activity. In aggregate the latest round of bank line extensions has resulted in expanding capacity and a reduction or simplification in covenants. Of the handful of lines maturing between now and the end of 2014 only GLP has much drawn (87% utilization) on their capacity. Only 9 partnerships (21%) have drawn down >50% of capacity while 19 (45%) have drawn less than 25%. 2016 is shaping up to be a big roll over year as 75% of the sectors bank lines are currently set to expire during that year.

Figure 78: MLP Revolver Borrowing

Ticker	Capacity ($ mm)	Used ($ mm)	Available ($ mm)	% Drawn	Maturity
OILT	$50	$0	$50	0%	2013
BKEP	$95	$7	$88	7%	2014
GLP	$1,400	$1,218	$182	87%	2014
RGP	$900	$250	$650	28%	2014
TLLP	$300	$50	$250	17%	2014
APL	$450	$230	$220	51%	2015
CMLP	$500	$353	$147	71%	2015
EXLP	$750	$486	$265	65%	2015
NGLS	$1,100	$78	$1,022	7%	2015
NKA	$400	$175	$225	44%	2016
APU	$525	$39	$486	7%	2016
BPL	$1,250	$331	$919	26%	2016
ACMP	$1,000	$88	$912	9%	2016
CLMT	$641	$298	$343	46%	2016
CPNO	$700	$135	$565	19%	2016
DPM	$1,000	$268	$732	27%	2016
EEP	$2,000	$474	$1,526	24%	2016
EPB	$1,000	$0	$1,000	0%	2016
EPD	$3,500	$0	$3,500	0%	2016
EROC	$675	$519	$157	77%	2016
ETP	$2,500	$218	$2,282	9%	2016
FGP	$400	$177	$223	44%	2016
KMP	$2,200	$584	$1,616	27%	2016
MMP	$800	$5	$795	1%	2016
MWE	$900	$0	$900	0%	2016
NRGM	$600	$99	$501	16%	2016
NRGY	$550	$399	$151	73%	2016
OKS	$1,200	$0	$1,200	0%	2016
PAA	$3,000	$256	$2,744	9%	2016
PNG	$350	$119	$231	34%	2016
RRMS	$150	$0	$150	0%	2016
SEP	$700	$40	$660	6%	2016
SXL	$550	$135	$415	25%	2016
TCP	$500	$328	$172	66%	2016
WES	$800	$279	$521	35%	2016
WPZ	$2,000	$0	$2,000	0%	2016
XTEX	$635	$199	$436	31%	2016
BWP	$1,000	$499	$502	50%	2017
NS	$1,500	$463	$1,037	31%	2017
HEP	$550	$155	$395	28%	2017
SPH	$250	$147	$103	59%	2017
TOO	$1,343	$1,141	$202	85%	2018



	Capacity ($ mm)	Used ($ mm)	Available ($ mm)
2013	$50	$0	$50
2014	$2,695	$1,525	$1,170
2015	$2,800	$1,147	$1,654
2016	$30,526	$5,165	$25,362
2017	$3,300	$1,263	$2,037
2018	$1,343	$1,141	$202
Total	**$40,714**	**$10,241**	**$30,474**

Source: Company filings, Barclays Research

Figure 79: Revolver Maturity Schedule

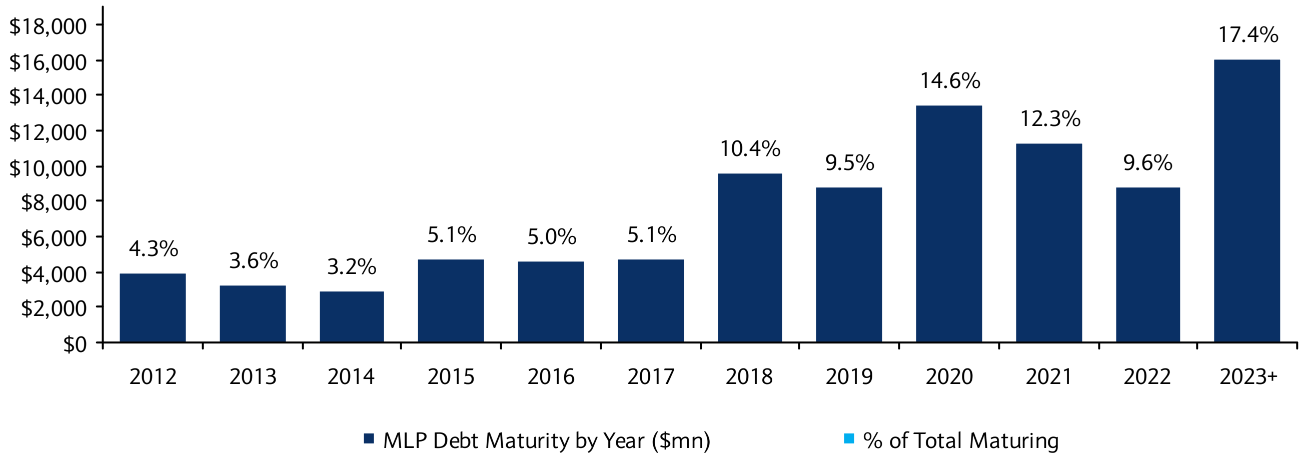
	2Q13	4Q13	2Q14	4Q14	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	4Q18
APL						X							
APU									X				
BKEP				X									
BPL									X				
BWP											X		
ACMP								X					
CLMT								X					
CMLP					X								
CPNO								X					
DEP		X											
DPM									X				
EEP									X				
EPB								X					
EPD									X				
EROC								X					
ETP									X				
EXLP						X							
FGP									X				
GLP			X										
HEP												X	
KMP									X				
MMP										X			
MWE									X				
NGLS					X								
NKA								X					
NRGY									X				
NS												X	
OILT	X												
OKS									X				
PAA									X				
PNG									X				
RGP			X										
SEP										X			
SPH											X		
SXL									X				
TCP									X				
TLLP			X										
TOO													X
WES							X						
WPZ								X					
XTEX								X					

Source: Company filings, Barclays Research

Near Term Debt Maturities Are Minimal

Just over 26% of term debt for the sector is maturing through 2017 with no individual year representing more than 5.1% of the total. While dominated by the large cap investment names, around 18% of maturities exceed 11 years with the bulk of this debt being in the 30 year category. In general the MLP sector has term debt scheduled in a very conservative fashion.

Figure 80: MLP Debt Maturity By Year



Source: Company filings, Barclays Research

M&A Review

On Pace for Another Big Year

YTD the sector has announced just under $20 billion in transactions. 2Q activity exceeded $11 billion. Strategic transactions continue to dominate the agenda and have kept the overall multiple paid at historically high levels. The G&P subsector continues to see considerable deal flow with Marcellus positioning serving as the major catalyst underpinning activity. Three such deals: WPZ (Caiman - $2.5 billion), PVR (Chief - $1.0 billon) and MWE (Keystone - $512mm) comprise 70% of this group's activity to date in 2012. On the heels of the APU/ETP Heritage merger, propane consolidation took another big step with SPH acquiring NRGY's retail operations. Altogether the backdrop for M&A remains conducive. Supply from big oil, private equity firms and cash-stretched E&P firms has propelled activity. Strategic repositioning from dry to wet gas, desires to broaden exposure from gas and refined products infrastructure into crude oil and NGLs has propped up demand. Capital access, while a bit spotty, has been sufficient to support this spending and the cost of capital remains at near historical lows, especially for the big large cap diversified partnerships. With capital market support, we estimate this pace of activity will persist despite almost universal management belief that current organic programs (with superior returns) are sufficient to generate competitive growth.

Led by LINE (63% total YTD), E&P M&A has picked up materially. Restructuring of E&P company portfolios has enhanced the backdrop for large transactions such as this partnership's two purchases from BP ($1.025 billion Jonah Field, $1.2 billion Hugoton Field). While coal M&A has been relatively modest over the years, we expect that the current gas price induced stress on the market could result in an uptick in activity.

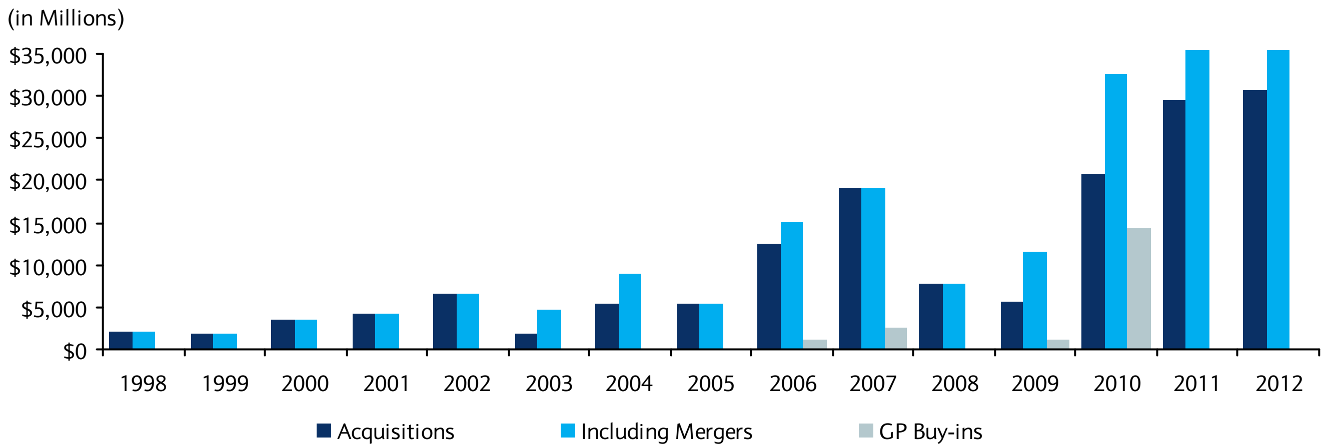
Figure 81: Acquisition Activity By Subsector ($millions)

Subsector	2007	2008	2009	2010	2011	2012 YTD	Cum 5Yr	Percent 5 Yr
Gathering, Processing	6,188	1,092	996	6,941	5,468	5,790	20,685	25%
NGL/NG Pipeline & Storage	1,331	2,090	1,999	6,341	9421	1535	21,182	26%
Compression	0	902	143	399	0	184	1,444	2%
Crude Pipelines & Storage	730	1,090	132	1,028	2333	903	5,313	6%
Refined Products Pipeline & Storage	459	315	502	2,085	1660	1060	5,021	6%
Marine Transportation	388	1,488	440	996	2859	0	6,171	7%
Coal	367	25	522	243	423	179	1,580	2%
Propane	273	193	21	425	3438	1867	4,350	5%
Exploration & Production	9,313	578	938	2,380	3928	3838	17,137	21%
Subtotal	19,049	7,773	5,693	20,838	29,530	15,356	82,883	100%
Major Acquisitions								
WPZ / WMB				11,728				
EPD / TPP			5,894					
PAA / PPX								
ETE / SUG					10,815			
ETP / SUN						4,580		
Subtotal	19,049	7,773	11,587	32,566	40,345	4,580	111,320	
GP Acquisitions	2,660	0	1,200	14,458	0	0	18,318	
Total Acquisitions	21,709	7,773	12,787	47,024	40,345	19,936	129,638	

Source: Company reports, Barclays Research

The accompanying graphics illustrate the persistent high level of activity we've seen coming out of the collapse in capital markets in late 2008 and early 2009. Notably, other than the marine transport segment, which has been dormant YTD and the natural gas pipeline segment, which has seen a rollover in activity given a reduction in drop activity, the remaining subsectors have been relatively steady in the pace of transactions.

Figure 82: M&A Activity ($ millions)

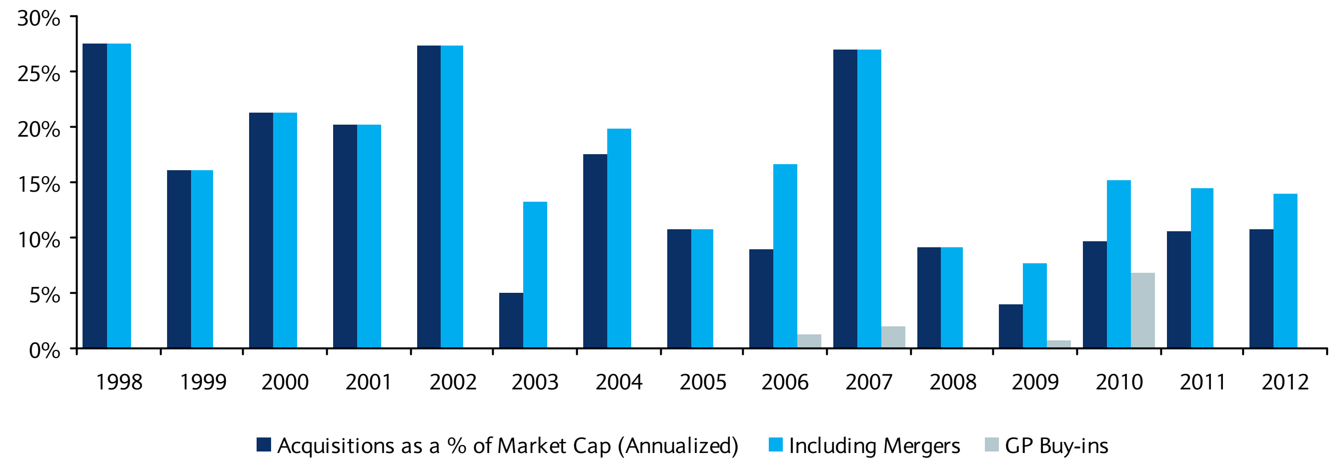


2012 Numbers are annualized
Source: Company reports, Barclays Research

Overall activity as a percent of market cap has remained in the +/- 15% range for the last three years. This aggregate level serves as a modest boost to distribution growth but obviously is nowhere near the driver it was in the early years of the sector's expansion notably the late 1990s and early 2000s. The spike in 2007 was attributable to the development of the E&P and G&P categories in the 2005 through 2007 period. Since then the emphasis on organic growth has diminished the relative impact of M&A but hasn't resulted in a drop in activity. Three segments depend more than others (as measured by M&A capex as a percent of market cap) on M&A to support growth. These remain the G&P, E&P and Marine Transport subsectors. The first two upstream or field level segments of the energy value chain have had to contend with a rapidly shifting drilling landscape. A much higher percentage of PE money focuses on these pieces of the value chain as well creating a steady flow of assets into the market place. We don't see these conditions changing so we'd expect robust activity levels to persist for the foreseeable future.

Similar to the situation which led to the 2007 run-up in activity, we see a plethora of new categories (see comments Capital Markets Review section of this publication page 38). Lowly valued refining, oil service, and other cyclical assets (following successful fertilizer offerings) have begun to file variable distribution MLPs on the idea that while multiples won't compare to the more traditional "tubes and tanks" segments of the MLP space (12x-13x) at 5x-7x they will dramatically outstrip the valuations (2x-4x) these assets command structured as C-Corps. Further downstream categories notably wholesale gasoline sales (qualifying activity) and C-Store/retail gasoline sales (rental payments on units will serve as qualifying assets) entering the market could also serve as consolidation catalysts. The IRS has issued more private letter rulings in the last 18 months regarding non-traditional asset categories than during the entire history of MLPs setting the stage for a large jump in roll up/consolidation strategies stepping up into the M&A game moving forward over the next several years.

Figure 83: M&A Activity Percentage of Market Cap ($ millions)



2012 Numbers are annualized
Source: Company reports, Barclays Research

Drops have continued to recede as a major driver of activity although we could argue that sponsors, notably KMI, have reloaded their coffers and this specific deal flow could become a more prevalent contributor moving forward. Currently, however, activity has fallen from over 50% of total M&A in 2010 to a fairly steady state 10% to 15% over the last several quarters. Average deal size has marginally dropped over the last 24 months principally due to the fact that the average size of dropdowns has fallen from over $900mm in 2010 to just $255mm in the first half of 2012. Natural gas and NGL pipes have been the primary category of drop activity and given KMI's temporary warehousing of Tennessee Gas Pipeline and El Paso Natural Gas we anticipate this category will remain the primary source of assets from this component of M&A activity.

Figure 84: 2012 MLP M&A Transactions

		Total Deals			Drop Downs		
2012 1Q MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap (1)**
Gathering & Processing	3299	4	825	424	2	212	45%
Nat Gas & NGL Pipes & Storage	458	1	458	458	1	458	2%
Refined Prod Pipes & Terminals	335	2	168	0	0	0	2%
Crude Pipes & Terminals	0	5	0	0	0	0	0%
Marine Transportation	0	0	0	0	0	0	0%
Coal	59	1	59	0	0	0	3%
Distribution - Propane, Heating Oil, Gasoline	67	1	67	0	0	0	3%
E&P	1866	6	311	18	1	18	44%
Total	**6084**	**20**	**304**	**900**	**4**	**225**	**9%**
Drop Downs % Total	15%						

		Total Deals			Drop Downs		
2012 2Q MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap (1)**
Gathering & Processing	2675	11	243	0	0	nm	40%
Nat Gas & NGL Pipes, Storage & Fractionation	1077	2	539	1077	2	539	4%
Refined Prod Pipes & Terminals	725	3	242	0	0	0	6%
Crude Pipes & Terminals	903	2	452	0	0	0	13%
Marine Transportation	0	0	0	0	0	0	0%
Coal	120	1	120	0	0	0	7%
Distribution - Propane, Heating Oil, Gasoline	1800	1	1800	0	0	0	67%
E&P	1972	9	219	65	2	33	46%
Total	**9272**	**29**	**320**	**1142**	**4**	**286**	**15%**
Drop Downs % Total	12%						

(1) annualized
Source: Company filings, Barclays Research

As noted, E&P and G&P segments have dominated 1H M&A tables, representing 39% and 25% of the transaction value to date and 31% each of the number of transactions completed YTD. Rapid expansion of production in all of the major shale plays coupled with major independent producer desires to initially control the build out of their systems and the entrepreneurial willingness of PE firms to accept utilization risk will inevitably lead to considerable consolidation of assets in these regions. As a result, G&P activity, in our opinion, should have a persistent underpinning. Gathering and processing is a scale business which is especially prevalent as basins or plays mature. A typical wells production profile lends itself to a different type of owner. MLPs are particularly well suited to own the tail end of a wells life (shallow decline phase). The cyclicality of energy prices also creates a backdrop of asset trading that is conducive for regular activity in this component of the energy value chain.

Figure 85: 2010 – 1H 2012 MLP M&A Transactions

		Total Deals			Drop Downs		
2012 1H MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap (1)**
Gathering & Processing	5974	15	398	424	2	212	45%
Nat Gas & NGL Pipes & Storage	1535	3	512	1535	3	512	3%
Refined Prod Pipes & Terminals	1060	5	212	0	0	0	4%
Crude Pipes & Terminals	903	7	129	0	0	0	6%
Marine Transportation	0	0	0	0	0	0	0%
Coal	179	2	90	0	0	0	5%
Distribution - Propane, Heating Oil, Gasoline	1867	2	934	0	0	0	35%
E&P	3838	15	256	83	3	28	45%
Total	**15356**	**49**	**313**	**2042**	**8**	**255**	**12%**
Drop Downs % Total	13%						
		Total Deals			Drop Downs		
2011 MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap**
Gathering & Processing	5468	13	421	1706	4	427	21%
Nat Gas & NGL Pipes & Storage	9421	11	856	3220	5	644	9%
Refined Prod Pipes & Terminals (3)	1660	8	208	440	2	220	3%
Crude Pipes & Terminals	2333	10	233	0	0	0	9%
Marine Transportation	2859	8	357	720	2	360	49%
Coal	423	9	47	0	0	0	5%
Distribution - Propane, Heating Oil, Gasoline (2)	3438	4	860	296	1	296	34%
E&P	3928	14	281	0	0	0	25%
Total	**29530**	**77**	**384**	**6382**	**14**	**456**	11%
Drop Downs % Total	22%						
		Total Deals			Drop Downs		
2010 MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap**
Gathering & Processing	7,340	19	386	3,206	9	356	35%
Nat Gas & NGL Pipes & Storage	18,069	14	1,291	14,922	5	2,984	21%
Refined Prod Pipes & Terminals	2,085	11	190	93	1	93	4%
Crude Pipes & Terminals	1,028	7	147	0	0	0	5%
Marine Transportation	996	8	124	635	5	127	22%
Coal	243	5	49	0	0	0	3%
Distribution - Propane, Heating Oil, Gasoline	425	3	142	0	0	0	4%
E&P	2,380	15	159	0	0	0	19%
Total	**32,566**	**82**	**397**	**18,856**	**20**	**943**	**15%**
ex WMB restructure drop	**20,838**	**81**	**257**	**7,128**	**19**	**375**	**10%**
Drop Downs % Total (ex WMB 38%)	58%						

(1) annualized
(2) includes GLP acquisition gas stations $296mm
(3) includes CLMT $475mm purchase of Murphy refinery and related assets
(4) WMB $11.728 billion drop of midstream & interstate pipes into WPZ
Source: Company filings, Barclays Research

2Q Transaction Prices Trail Q1 Multiples but More Mix Shift Than Change in Market Tenor

In the Q1 2012 MLP Quarterly Monitor, the average multiple paid to date was a heady 12.1x. With completion of the first half, the average multiple has receded to a still high, but much more in line with historical levels, 10.7x. As is usual, transaction mix colors any reporting period's results. 2Q had two very high multiple deals (Keystone 28.4x and Chief 14.3x) with valuations very much in line with similar purchases of skeletal back bone gathering systems where the buyers anticipate significant ramps in volumes tied to minimal cost well connects. These transaction values were countered by the completion of several more mature dry gas gathering systems done in the 6x-7x range. There were no interstate pipe transactions done in Q1. During Q2 KMI dropped two systems into EPB at ~8x. We estimate the disaggregated values as >9x and <7x. The lower valued system (Cheyenne Plains) will face capacity renewal challenges as shippers are predominantly producers and the basis across the system (Rockies to Mid Continent) has shrunk materially from the time the last tariffs were established.

We have calibrated the SPH purchase of NRGY's retail propane assets at 9.7x, which was very much in line with the Heritage sale to APU and the level being reported by NGL in several of its larger gallon acquisitions. This +/- 10x level is sharply higher than the traditional 6x-7x experienced earlier in the last decade. Buyers will depend on consolidation savings to drive the economics of these purchases as WACC isn't notably different given the yields on LP units and the fact that the industry is basically a non investment grade credit. In both cases, sellers received units to bridge the bid/ask, preserve basis and participate in upside if consolidation cost savings are achieved. The UNEV purchase HEP made from sponsor HFC was done at an elevated level (required GP carve out) as the buyer anticipates volume growth with minimal capital requirements. In all, we detect little change in the robust prices sellers are receiving from buyers given that shale volume growth or changing consumption patterns is leading buyers to pay up for assets given sharply lower WACCs.

Figure 86: Trends in Acquisition Multiples

Asset Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	YTD 2012	5 Yr Avg	10Yr Avg
Refined Products	8.1x	9.9x	9.6x	9.0x	NA	11.5x	6.8x	6.4x	11.1	11.6	9.0x	9.0x
Interstate	8.3x	8.5x	10.2x	9.7x	11.4x	9.5x	7.6x	9.2x	10.4x	8.0x	9.6x	9.2x
Intrastate (3)	NA	9.4x	8.1x	NA	NA	6.8x	9.4x	8.1x	9.0x	NA	8.3x	8.4x
Gathering & Processing	6.6x	8.0x	7.8x	9.1x	11.2x	10.3x	6.6x	11.1x	10.5x	12.6x	9.9x	8.8x
Compression	NA	NA	NA	NA	NA	10.6x	5.8x	8.0x	NA	10.6x	8.1x	8.1x
NGL Transport, Fractionation, Storage	NA	NA	10.3x	8.9x	10.4x	NA	6.4x	18.2x	11.3x	10.5x	11.6x	10.4x
Natural Gas Storage	NA	NA	13.5x	15.8x	10.1x	18.9x	9.9x	12.8x	12.0x	12.1x	12.7x	13.3x
Crude	8.0x	8.5x	NA	10.3x	8.7x	8.2x	7.1x	8.4x	NA	9.0x	8.5x	8.5x
Terminals	8.3x	4.2x	7.0x	8.6x	11.2x	8.1x	7.5x	11.2x	10.2x	11.4x	9.6x	8.3x
Shipping	NA	6.9x	6.0x	9.1x	8.9x	9.6x	6.0x	8.0x	8.6x	NA	8.2x	7.9x
Average (unweighted)	7.8x	7.9x	9.1x	10.1x	10.3x	10.4x	7.3x	10.1x	10.4x	10.7x	9.7x	9.1x
Propane (per retail gallon) (1) (4)	$2.68	$2.10	$2.46	$2.42	$2.36	$1.63	$2.15	$4.38	$4.44 9.8x	$4.63 9.7x	$2.99	$2.56
Coal - includes ORRI and operations (2)	$0.35	$0.49	$0.84	$0.82	$0.80	$1.18	$1.28 4.9x	$1.77 6.3x	$0.86 5.6x	NA 7.4x	$1.18	$0.92

(1) Weighted average per retail gallon (2008 single transaction includes high % heating oil)
(2) Weighted average per ton (2008 single transaction includes some timber)
(3) (2008 single transaction - dropdown)
(4) 2012 single purchase includes significant wholesale, distillate sales and 1.2mm gal propane storage
NA - no transactions available with multiple
Source: Company reports, Barclays Research

Commodity Review

NGL Questions Abound

The dramatic weakness in NGL prices has sent investors scurrying for the exits. We look to be structurally long ethane until the next wave of steam cracker expansions hit the market in the 2016 to 2018 time frame. Plants typically take 6-12 months to get to operational capacity so relief for the market could be as far away as 2H 2017. The question becomes what does this mean for ethane prices? Simple tables with gas prices aligned on one axis and ethane btu equivalent prices on the other axis won't suffice to determine the answer. Rejection will be required to balance the market but the regional economics of extraction and availability of pipeline takeaway or regional fractionation capacity will dictate the actual hierarchy of blending and withholding of supply from the market. Nearby regions closer to market centers – Mid Continent, Permian, Eagle Ford will have as much as 15 cents per gallon transportation and fractionation advantages relative to more remote regions – Bakken or Marcellus. Our view is that ethane prices will settle around 10 cents per gallon higher than the simplistic Gulf Coast btu breakeven price with methane.

Propane prices collapsed aided by a minimal heating season. Is this collapse principally attributable to the lack of winter or are more subtle issues responsible for the decline implying more permanence to the current situation. Residential space heating demand for propane is in secular decline. At issue is whether or not the poor economic backdrop in the US has created a cyclical component in the steady erosion in overall retail volumes. The answer to this latter question could translate into a reduction in the annual erosion of demand by 10,000 to 20,000 b/d. Will suppressed propane prices put a ceiling on ethane prices (as they are likely to do as demand for ethane improves in the second half of 2012) for the foreseeable future. Due to the high value of propane cracked co-products propane has been running neck and neck with ethane as the feedstock of choice for petchem operators. Heavy use of ethane as a feedstock has reduced propylene output putting pressure on the industry to build higher cost propane dehydration units. Will these units create enough demand to rebalance the market? Should domestic markets go long propane supply will the export market be available to offset this potential depressant? While we don't have definitive answers for each of these questions we are much more sanguine regarding the outlook for propane than ethane.

Will Slide In Crude Prices Arrest Wet Gas Drilling?

With crude coming in and NGL prices sliding in relationship to crude we've fielded a lot of questions about how this could impact wet gas drilling. Looking at the schedule of processing plants scheduled to come on stream in 2012 through 2014 the average gallons per Mcf (GPM) expected is about 4.5. Less than 15% have GPMs under 3.0. Assuming NGL prices stay at their recent trough (wtd bbl around 84 cents per gallon) and gas prices in the $2.50/mmbtu to $3.00/mmbtu range we foresee the following btu equivalent realizations based on Mt Belvieu realizations.

At $2.50/mmbtu the NGL uplift received at these low prices is about 60% of the base level methane price or between $5.14/mmbtu at 4 GPM to $5.80/mmbtu at 5 GPM gas. At $3.00/mmbtu the uplift is around 55%. At 4 GPM realizations equate to $5.58/mmbtu and at 5 GPM they translate into $6.22/mmbtu. At 3GPM the economics get thinner at $2.50/mmbtu methane at the uplift comes to $4.48/mmbtu. At $3.00/mmbtu methane the uplift reaches a much healthier $4.93/mmbtu. Given these metrics we don't see a wholesale pullback in wet gas drilling. More likely we will see a skewing from lesser GPM to higher GPM targets.

Figure 87: Value Uplift From NGL Content In Natural Gas Stream

Derivation $/mmbtu	Sensitivity of GPM					
GPM (gallon per mcf)	**1.0**	**2.0**	**3.0**	**4.0**	**5.0**	**6.0**
mbtu of Dry Gas(a)	995	962	928	895	862	829
mbtu of NGL	89	177	266	354	443	531
Total mbtu per mcf	1,083	1,139	1,194	1,249	1,304	1,360
Natural Gas @ $2.50 per mmbtu	$2.42	$2.34	$2.26	$2.18	$2.10	$2.02
Liquid Content @ $0.84 per gallon	$0.74	$1.48	$2.22	$2.97	$3.71	$4.45
Total $/mmbtu	$3.16	$3.82	$4.48	$5.14	$5.80	$6.47
Value						
Natural Gas @ $2.50 per mmbtu	76.5%	61.2%	50.4%	42.3%	36.1%	31.2%
Liquid Content @ $0.84 per gallon	23.5%	38.8%	49.6%	57.7%	63.9%	68.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Natural Gas @ $3.00 per mmbtu	$2.90	$2.81	$2.71	$2.61	$2.52	$2.42
Liquid Content @ $0.84 per gallon	$0.74	$1.48	$2.22	$2.97	$3.71	$4.45
Total $/mmbtu	$3.64	$4.29	$4.93	$5.58	$6.22	$6.87
Value						
Natural Gas @ $3.00 per mmbtu	79.7%	65.4%	54.9%	46.8%	40.4%	35.2%
Liquid Content @ $0.84 per gallon	20.3%	34.6%	45.1%	53.2%	59.6%	64.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Assumes shrink based on average 7.3% shrink at 2.26 GPM as reported by EIA. Assumed linear relationship between GPM and shrink %.
Source: EIA, Barclays Research estimates

Another misdirection applied to the drilling equation is to equate ethane economics with the whole barrel. Ethane is the largest component of the NGL barrel but typically reflects less than 20% of the value. Furthermore ethane prices aren't much higher than rejection (methane price) levels for many markets. As a result, we don't see weak (or weaker) ethane prices as a drilling deterrent.

Figure 88: Product Volume Vs. Value In Weighted Average BBL

	Value Uplift From NGLs		
Liquids Content	BTU/mcf	Shrink %	Value Liquids (a)
2 GPM	1,139	10.8%	34.6%
3 GPM	1,194	16.1%	45.1%
4 GPM	1,249	21.5%	53.2%
5 GPM	1,304	26.9%	59.6%
6 GPM	1,360	32.3%	64.8%

Product	% of BBL Volume Weighted	% of Barrel Price Weighted	mbtu/bbl
Ethane	40%	14%	3,082
Propane	29%	26%	3,800
N-Butane	7%	11%	4,326
I-Butane	10%	18%	4,326
Nat Gasoline	14%	31%	4,620
	100%	100%	3,717
Dry Gas	100%	100%	1,028

(a) Assumes dry gas at $3.00 per mmbtu and NGL at $0.84 per gallon
Source: EIA, Barclays Research estimates

Marcellus Impacts Looming, but Just at Periphery of Our Gas Pipeline Radar Screen

As Marcellus production grows, it will increasingly impact gas flows into the region. From October 2011 through June 2012, Marcellus (regionally number includes other static or declining volumes) production has grown from 5.7 bcf/d to 8.2 bcf/d. Bullish projections have this figure reaching 16 bcf/d by 2016 as infrastructure bottlenecks clear away. Figure 89 summarizes last winter's components of supply. Order of magnitude the warm weather resulted in around 2.0 bcf/d to 3.0 bcf/d of reduced weather demand although some was offset by coal switching based on gas price and availability. Demand peaks at around 32 bcf/d to 33 bcf/d on a daily basis assuming normal weather. Summer demand averages about 11 bcf/d with daily troughs in the 8 bcf/d to 9 bcf/d range. To meet winter storage draws of roughly 4.0 bcf/d to 4.5 bcf/d summer injections need to average 2.8 bcf/d to 3.2 bcf/d. Assuming 11 bcf/d plus 3 bcf/d during the off peak months under the bullish supply case implies gas will have to flow out of the region in the summer. Given peaks 50% higher than weather normal average day demand and storage peak deliveries well higher than average flows sorting out the need for out of region pipeline supply is a bit fuzzier.

Nonetheless, it's easy to see under the bull supply case where more than half of the Canadian Rockies (highest cost due to Transcanada tolls), Mid-Continent and Southeast volumes are no longer needed. We've already seen Transco (Williams), Texas Eastern (Spectra), Columbia Gulf (Nisource) and Inergy/WGL propose large pipes or pipe reversals to move gas out of the region. More is to come. The pipe which has captured the largest percentage of Marcellus production to date (Kinder Morgan's Tennessee Gas Pipeline) has done so via the aggressive use of backhauls providing local producers with alternative delivery points all the way back to the Gulf region. At this juncture, this commentary is something to be aware of rather than a definitive call to action. It will take several years for the brunt of the potential dislocation to appear and it will take until almost 2020 before pipeline contract expiration permits a resorting of out-of-region capacity to take place.

Figure 89: Northeast US Winter Gas Market (2011/2012)

Source	bcf/d	% Total
Local Production	6.9	36.1%
Southeast Pipeline	6.5	34.0%
Rockies, MidContinent Pipeline	1.5	7.9%
Canadian Imports	1.3	6.8%
Storage	2.9	15.2%
Total	**19.1**	**100.0%**

Source: Bentek

Despite Drop In Crude Prices, Rally In Gas Prices We've Made Little Change To Our 5 Year Outlook

Hot weather and unprecedented displacement of coal in the power generation market has alleviated the likelihood of an inventory induced crash in natural gas prices for 2012. This has caused us to raise our shoulder months' projections resulting in a $0.20/mmtu or 8% for the current calendar year to $2.60/mmbtu. In sympathy to some degree we've bumped our 2013 projection $0.10/mmbtu or 3% to $3.35/mmbtu. In all, our five-year outlook for 2012-2016 has escalated 2% or $0.06/mmbtu to $3.69/mmbtu. At this juncture, we are marginally below the forward curve. Our underlying premise for this forecast basically remains intact. We see deliverability waning into 2013 given the impact of low gas prices on dry gas drilling, notably the Hayneville play. However, the strong shift to wet gas areas results in sufficient productivity to come close to maintaining current levels of production. As gas prices rise we expect enough inducement (principally more cash flow available to drill as opposed to a radical change in economics or sharp shift to dry gas exploitation) to generate a modest uptick in deliverability in 2014 with volume growth building to 3% to 4% per year by 2016. Despite the rollover in production we anticipate prices will remain subdued as we back through temporarily captured coal market share in the power generation market. If gas production doesn't revive and expand in 2014-2016, the ethane glut scenario comes to an abrupt halt (more comments later in this section page 73).

The consensus crude oil outlook, as measured by the forward curve, has changed slightly since the April Quarterly. Potential economic slowdowns in Europe, the US and China have sharply cut into prompt month prices. As is the norm, this has resulted in a contraction of outer month prices as well. Given this catalyst, the five-year average price across the Brent forward curve has fallen around 10% from $98.15/bbl to $88.24/bbl.

Figure 90: Long Term Oil & Gas Price Trends / Forecast

Price / Ratio	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e	2015e	2016e	Average 02-06	Average 07-11	Average 12-16
Upstream																		
HH Gas $/Mcf	$3.33	$5.63	$5.85	$8.79	$6.76	$6.95	$8.85	$3.89	$4.40	$4.01	$2.60	$3.35	$4.00	$4.25	$4.25	$5.74	$5.62	$3.69
Gas $/Mcf (average)	$3.10	$5.35	$5.69	$8.35	$6.42	$6.64	$8.36	$3.78	$4.33	$3.97	$2.54	$3.25	$3.90	$4.15	$4.15	$5.46	$5.41	$3.60
Ratio (Barclays estimate)	7.0x	4.9x	6.5x	6.0x	9.7x	10.2x	11.3x	15.6x	17.9x	23.7x	34.9x	26.9x	25.0x	23.5x	23.5x	6.7x	15.8x	26.8x
WTI $/Bbl	$23.23	$27.82	$38.18	$52.97	$65.92	$71.17	$100.22	$60.84	$78.85	$95.23	$90.60	$90.00	$100.00	$100.00	$100.00	$38.89	$81.26	$96.12
Brent $/Bbl				$55.22	$66.03	$74.72	$96.71	$63.07	$79.82	$114.20	$103.50	$100.00	$110.00	$110.00	$110.00	$60.63	$85.70	$106.70
Differential				-$2.25	-$0.11	-$3.55	$3.51	-$2.23	-$0.97	-$18.98	-$12.90	-$10.00	-$10.00	-$10.00	-$10.00	-$1.18	-$4.44	-$10.58
Forward Curve											Forward Curve 07-23-12							
Oil - WTI										$94.01	$95.82	$94.12	$91.44	$88.67	$86.84			$91.38
Oil - Brent											$109.70	$103.37	$99.23	$95.28	$92.52			$100.02
Differential											$13.88	$9.26	$7.80	$6.61	$5.69			$8.65
Gas										$4.04	$2.76	$3.60	$3.98	$4.18	$4.35			$3.77
Ratio (Forward Curve)										23.3x	34.7x	26.1x	23.0x	21.2x	20.0x		23.3x	25.0x
Processing Margins																		
Frac Spread $/bbl	$5.45	$3.08	$8.92	$6.58	$18.05	$25.06	$25.23	$19.33	$29.16	$43.05	$32.35	$30.93	$34.25	$33.74	$35.18	$7.77	$28.37	$33.29
Frac Spread $/Gal	$0.13	$0.07	$0.21	$0.16	$0.43	$0.60	$0.60	$0.46	$0.69	$1.02	$0.77	$0.74	$0.82	$0.80	$0.84	$0.19	$0.68	$0.79
Oil/Gas (average)	7.5x	5.2x	6.7x	6.3x	10.3x	10.7x	12.0x	16.1x	18.2x	24.0x	35.7x	27.7x	25.6x	24.1x	24.1x	7.1x	16.2x	27.4x
NGL / WTI - Brent	63.2%	74.9%	71.8%	65.2%	61.1%	64.4%	56.5%	55.8%	57.3%	51.0%	40.6%	43.3%	44.7%	45.1%	46.4%	68.5%	57.0%	44.0%
NGL $/BBL	$17.30	$23.52	$30.65	$38.46	$42.58	$45.86	$57.18	$33.76	$45.69	$58.22	$42.05	$43.35	$49.15	$49.60	$51.04	$28.65	$48.14	$47.04
NGL $/Gal	$0.41	$0.56	$0.73	$0.92	$1.01	$1.09	$1.36	$0.80	$1.09	$1.39	$1.00	$1.03	$1.17	$1.18	$1.22	$0.68	$1.15	$1.12
Mt Belvieu - Conway Ethane	$0.02	$0.02	$0.04	$0.05	$0.05	$0.06	$0.17	$0.13	$0.14	$0.30	$0.25	$0.15	$0.08	$0.08	$0.08	$0.03	$0.16	$0.13
Gas Basis																		
Interregional																		
Appalachia - Rockies	$1.57	$1.35	$0.96	$1.91	$1.64	$3.13	$2.66	$1.01	$0.59	$0.26	$0.11	$0.09	$0.04	$0.00	-$0.06	$1.36	$1.53	$0.04
East Texas - Permian	$0.10	$0.08	$0.19	$0.19	$0.29	$0.31	$0.85	$0.09	$0.01	-$0.02	$0.04	$0.11	$0.15	$0.15	$0.16	$0.13	$0.25	$0.12
Socal Border - SJB	$0.51	$0.38	$0.33	$0.42	$0.39	$0.31	$0.68	$0.45	$0.17	$0.23	$0.27	$0.25	$0.30	$0.33	$0.32	$1.06	$0.37	$0.29
Chicago - AECO	$0.72	$0.80	$0.78	$1.13	$0.69	$0.65	$0.76	$0.49	$0.77	$0.63	$0.35	$0.48	$0.44	$0.41	$0.33	$0.76	$0.66	$0.40
Supply Areas																		
Rockies	-$1.40	-$1.13	-$0.66	-$1.59	-$1.37	-$2.87	-$2.32	-$0.85	-$0.44	-$0.20	-$0.13	-$0.16	-$0.15	-$0.14	-$0.14	-$1.11	-$1.34	-$0.14
MidCont	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.62	-$0.51	-$0.23	-$0.16	-$0.12	-$0.15	-$0.20	-$0.21	-$0.22	-$0.51	-$0.67	-$0.18
E Texas	-$0.13	-$0.20	-$0.22	-$1.04	-$0.51	-$0.51	-$0.43	-$0.37	-$0.17	-$0.14	-$0.07	-$0.07	-$0.08	-$0.09	-$0.09	-$0.38	-$0.32	-$0.08
Permian Basin	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.28	-$0.46	-$0.18	-$0.12	-$0.11	-$0.18	-$0.23	-$0.24	-$0.25	-$0.51	-$0.57	-$0.20
San Juan Basin	-$0.67	-$0.88	-$0.66	-$1.66	-$0.99	-$0.85	-$1.67	-$0.51	-$0.28	-$0.19	-$0.14	-$0.15	-$0.16	-$0.16	-$0.16	-$0.89	-$0.70	-$0.15
Appalachia	$0.17	$0.22	$0.30	$0.32	$0.27	$0.26	$0.34	$0.16	$0.15	$0.06	-$0.03	-$0.07	-$0.11	-$0.14	-$0.20	$0.25	$0.19	-$0.11
AECO	-$0.72	-$0.87	-$0.78	-$1.55	-$0.85	-$0.80	-$0.85	-$0.49	-$0.70	-$0.54	-$0.28	-$0.42	-$0.39	-$0.36	-$0.31	-$0.85	-$0.67	-$0.35
End Markets																		
Chicago	$0.00	-$0.07	$0.00	-$0.42	-$0.16	-$0.15	-$0.09	$0.00	$0.08	$0.09	$0.08	$0.06	$0.05	$0.05	$0.02	-$0.09	-$0.01	$0.05
New York (Transco 6)	$0.47	$0.79	$0.93	$1.67	$1.02	$1.73	$1.71	$0.97	$1.01	$1.01	$0.53	$0.74	$0.49	$0.33	$0.33	$0.90	$1.28	$0.48
Dawn										$0.34	$0.29	$0.21	$0.18	$0.16	$0.14		$0.34	$0.20
SoCal Border	-$0.16	-$0.51	-$0.33	-$1.24	-$0.60	-$0.54	-$0.99	-$0.06	-$0.11	$0.04	$0.13	$0.10	$0.14	$0.17	$0.16	$0.17	-$0.33	$0.14
Houston Ship Channel	-$0.03	-$0.31	-$0.22	-$0.84	-$0.48	-$0.38	-$0.39	-$0.20	-$0.08	-$0.10	-$0.05	-$0.05	-$0.06	-$0.06	-$0.07	-$0.34	-$0.23	-$0.06

Source: *Natural Gas Week*, Bloomberg, *Midstream Monitor*, Barclays Research

NGL Price Deck Shaved 16% As Abundant Ethane Supplies Depress Outlook

We have sliced our 2012 through 2016 NGL price outlook to reflect ethane being structurally long through 2017. Furthermore, the need to work off excess inventories in ethane (much higher than normal given plant turnarounds Q1 2012) and propane (minimal heating season 2012) for 2012 and into 2013 which will put additional short term pressure on prices for the next 6-12 months. As noted in our opening comments, we don't think that propane is structurally long. Its issue is that space heating was around 120,000 b/d lower this heating season than last, which has resulted in an enormous build in inventories. Construction of export facilities (entirely sold out as they come on line) which triple capacity by year end 2013 and the construction of 3, possibly 4 propane dehydration units by 2014 should clear the propane market over our forecast time period. With motor gasoline demand in decline, we have marginally reduced our outlook for butanes although exports and the construction of butane dehydration units could create a firmer than forecast relationship to crude. Natural gasoline prices are projected to hold up well given demand for diluent to blend with the heavy oil volume escalation expected out of Canada. The changes are summarized as follows. We've chosen to express the outlook (and history) in terms of five year averages in that we believe the managements of most MLPs discount the vagaries of most individual years and set distribution policy on central tendencies.

Figure 91: NGL Price Changes Summary

Average Price 2012-2016E

	Prior		Revised		% Change
Product	$/gallon	% Brent	$/gallon	% Brent	$/gallon
Ethane	$0.66	25.8%	$0.45	17.8%	-32%
Propane	$1.45	56.2%	$1.24	48.8%	-14%
N Butane	$1.93	75.0%	$1.74	68.4%	-10%
I Butane	$2.11	82.0%	$1.86	73.2%	-12%
Natural Gasloine	$2.44	95.0%	$2.25	88.6%	-8%
Wtd Barrel	$1.33	51.7%	$1.12	44.0%	-16%
Brent Oil $/bbl	$108.00		$106.70		-1%
HH Gas $/mmbtu	$3.63		$3.69		2%
Frac Spread $/gal	$1.01		$0.79		-22%

Source: Barclays Research estimates

Figure 92: Long Term NGL Price Trends / Forecast

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e	2015e	2016e	Average 02-06	Average 07-11	Average 12-16
NGL Prices % WTI / Brent (1)																		
Ethane	40.6%	53.5%	50.4%	44.9%	40.8%	43.8%	36.8%	32.3%	30.1%	28.0%	16.0%	17.0%	18.0%	18.0%	20.0%	47.4%	34.2%	17.8%
Propane	64.6%	77.6%	74.7%	66.8%	63.5%	67.6%	59.0%	58.2%	62.1%	55.0%	42.0%	46.0%	49.0%	52.0%	55.0%	70.7%	60.4%	48.8%
N-Butane	78.9%	90.8%	88.7%	79.8%	75.5%	79.6%	69.9%	74.6%	77.9%	68.0%	64.0%	68.0%	70.0%	70.0%	70.0%	83.7%	74.0%	68.4%
I-Butane	85.4%	93.9%	89.0%	84.6%	77.9%	83.5%	71.9%	82.8%	84.3%	76.2%	66.0%	75.0%	75.0%	75.0%	75.0%	87.4%	79.7%	73.2%
Natural Gasoline	91.7%	98.6%	99.8%	92.4%	90.6%	94.3%	86.8%	89.1%	97.6%	86.0%	85.0%	88.0%	90.0%	90.0%	90.0%	95.5%	90.8%	88.6%
WTD Average	63.2%	74.9%	71.8%	65.2%	61.1%	64.4%	56.5%	55.8%	57.3%	51.0%	40.6%	43.3%	44.7%	45.1%	46.4%	68.5%	57.0%	44.0%
NGL % Barrel																		
Ethane	37.2%	36.4%	37.9%	37.8%	38.9%	39.7%	39.3%	40.2%	40.9%	41.6%	42.3%	43.0%	43.6%	44.3%	45.0%	37.6%	40.3%	43.6%
Propane	29.2%	29.4%	29.1%	29.1%	28.8%	28.4%	28.7%	28.6%	28.3%	28.0%	27.7%	27.4%	27.2%	27.0%	26.8%	29.1%	28.4%	27.2%
N-Butane	7.0%	7.5%	8.4%	7.8%	7.8%	7.2%	7.5%	7.1%	7.0%	7.0%	6.9%	6.9%	6.8%	6.8%	6.7%	7.6%	7.2%	6.8%
I-Butane	10.7%	10.7%	9.3%	9.8%	9.4%	9.9%	9.7%	9.9%	9.8%	9.7%	9.6%	9.5%	9.4%	9.3%	9.2%	10.1%	9.8%	9.4%
Natural Gasoline	15.9%	16.0%	15.3%	15.5%	15.1%	14.7%	14.8%	14.2%	14.0%	13.7%	13.5%	13.2%	13.0%	12.6%	12.3%	15.7%	14.3%	12.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
NGL Price $ / gallon																		
Ethane	$0.22	$0.35	$0.46	$0.57	$0.64	$0.74	$0.88	$0.47	$0.57	$0.76	$0.39	$0.40	$0.47	$0.47	$0.52	$0.43	$0.68	$0.45
Propane	$0.36	$0.51	$0.68	$0.84	$1.00	$1.15	$1.41	$0.84	$1.17	$1.50	$1.04	$1.10	$1.28	$1.36	$1.44	$0.64	$1.21	$1.24
N-Butane	$0.44	$0.60	$0.81	$1.01	$1.19	$1.35	$1.67	$1.08	$1.46	$1.85	$1.58	$1.62	$1.83	$1.83	$1.83	$0.76	$1.48	$1.74
I-Butane	$0.47	$0.62	$0.81	$1.07	$1.22	$1.41	$1.72	$1.20	$1.58	$2.07	$1.63	$1.79	$1.96	$1.96	$1.96	$0.79	$1.60	$1.86
Natural Gasoline	$0.51	$0.65	$0.91	$1.17	$1.42	$1.60	$2.07	$1.29	$1.83	$2.34	$2.09	$2.10	$2.36	$2.36	$2.36	$0.88	$1.83	$2.25
WTD Average	$0.35	$0.50	$0.65	$0.82	$0.96	$1.09	$1.35	$0.81	$1.08	$1.39	$1.00	$1.03	$1.17	$1.18	$1.22	$0.62	$1.14	$1.12

(1) WTI 2002-2010, Brent 2011-2016

Source: *Midstream Monitor*, Barclays Research

Impact of NGL Price Changes On G&P Sector Is Modest: Growth Cut From 8.1% to 7.3%

The 16% reduction in our NGL prices has had an only modest impact on our cash flow growth rates for the G&P sector. We published an update reviewing the implications in a report entitled: US MLPs: Q2 Preview; Adjusting Forecasts on Revised Commodity Price Deck dated July 18, 2012. The bottom line is that due to hedging, the relatively small contribution that ethane makes within the frac spread or revenue stream for percent of proceeds processors and the dominant influence of fee based projects in growth rates, we cut our average growth rate 0.8% from 8.1% to 7.3% on the 15 covered G&P companies in our MLP universe. At the high end of reductions were EROC and APL, where we shaved off 2.5% (6.8% to 4.3%) and 2.3% (8.6% to 6.3%), respectively. Figure 93 summarizes these changes.

Figure 93: 5-year CAGR Estimate Changes (G&P MLPs)

Ticker	New	Old	Change
WES	14.1%	14.1%	-
ETE	12.4%	12.4%	-
ACMP	11.3%	11.7%	-0.4%
OKS	9.1%	9.9%	-0.8%
MWE	9.1%	10.7%	-1.6%
PVR	7.9%	7.9%	-
NGLS	7.8%	8.6%	-0.7%
WPZ	7.6%	8.3%	-0.7%
APL	6.3%	8.6%	-2.3%
DPM	6.2%	6.8%	-0.6%
CMLP	6.1%	6.1%	-
XTEX	5.0%	6.0%	-1.0%
EROC	4.8%	7.3%	-2.5%
CPNO	3.0%	4.5%	-1.5%
ETP	2.8%	2.8%	-
RGP	2.7%	3.3%	-0.6%
Average	7.3%	8.1%	-0.8%

Source: Barclays Research estimates

Hedges helped mitigate the impact of price cuts on our forecasts. Here is our summary of the sector's hedge position at the present time.

Figure 94: Commodity Hedge Estimates by MLP

Crude Oil

Ticker	2012	2013	2014
APL[1]	79%	73%	16%
CPNO[1]	80%	70%	0%
DPM[1]	69%	50%	23%
EEP	91%	na	na
EPD	na	na	na
EROC[1]	87%	83%	70%
ETP	na	na	na
KMP[1]	79%	58%	34%
MWE[1]	65%	55%	28%
NGLS[1]	74%	41%	3%
OKS	73%	47%	0%
RGP	69%	50%	24%
WPZ	na	na	na
XTEX	0%	0%	0%
Average[2]	*77%*	*58%*	*28%*

NGLs

Ticker	2012	2013	2014
APL[1]	79%	73%	0%
CPNO[1]	80%	70%	0%
DPM[1]	69%	50%	23%
EEP	63%	na	na
EPD	61%	na	na
EROC[1]	87%	83%	70%
ETP	5%	0%	0%
KMP[1]	79%	58%	34%
MWE[1]	65%	55%	28%
NGLS[1]	74%	41%	3%
OKS	71%	2%	0%
RGP	66%	10%	na
WPZ	6%	na	na
XTEX	34%	29%	0%
Average[2]	*60%*	*47%*	*32%*

Natural Gas

Ticker	2012	2013	2014
APL	0%	0%	0%
CPNO	0%	0%	0%
DPM[1]	69%	50%	23%
EEP	36%	na	na
EPD	na	na	na
EROC	81%	70%	43%
ETP	100%	100%	na
KMP	na	na	na
MWE[1]	65%	55%	28%
NGLS	75%	40%	0%
OKS	78%	80%	0%
RGP	38%	24%	na
WPZ	na	na	na
XTEX	45%	25%	0%
Average[2]	*65%*	*55%*	*31%*

[1] Combined product hedges. [2] Averages exclude 0% hedge values

Source: Company filings, presentations, Barclays Research estimates

Food for Thought: What Level of Gas Production Supports the Case for an Ethane Glut?

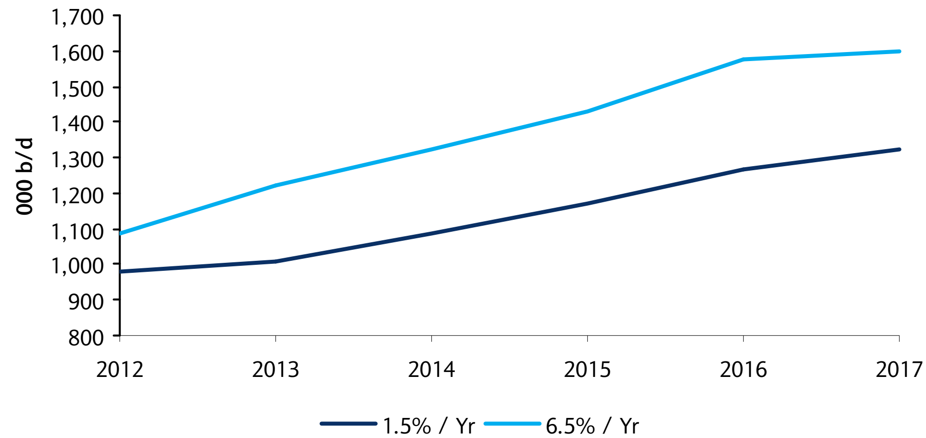
Perfectly logical predictions more than slightly missing the mark are a hallmark of the energy landscape.

Having lived through several energy cycles, we think it's important to step back and look at predictions of extreme outcomes from a more holistic viewpoint. Models supporting the ethane glut thesis all come from assemblage of data to support the conclusion. While there are a few purported drilling-based models (drilling models tend to have multiplicative factors – small changes in inputs yield large changes in outputs), most we have seen (including our own) are based on a more shorthand version revolving around development of infrastructure (processing plants, fractionation) with the modelers assuming that these facilities will operate at some high level of utilization. We've seen this before (gas generation, LNG, etc.). Perfectly logical predictions more than slightly missing the mark is a hallmark of the energy landscape.

While we think there is strong evidence that the glut thesis is correct, and we have embraced that scenario for pricing purposes, we have been bothered by one question: What gas production levels are required to generate the level of NGL production spinning out of our capacity-based models? In an attempt to gain some perspective on this question, we've developed two simple scenarios to frame the argument. If we take existing wet gas production and divide this figure into NGL plant production, we get a GPM of around 1.4. Admittedly only 70% of gas is processed so we're starting with a debatable premise.

However, the desire here is to question – not pin down the answer to four decimals. The average GPM of the plants scheduled to come on stream is ~4.5. If we assume the 1.4 GPM production declines at 30% per year and all new production coming on stream is 4.5 GPM, we can set up the following comparison. The top supply curve is our present forecast. Solving for the level of gas production assumed yields a number in the 90 bcf/d to 95 bcf/d range by 2017. This implies gas production will grow 6.5% per year over that time frame. We'd note Bentek in the fall of 2011developed a supply curve vey similar to the top line in Figure 95. It was predicated on production over 90 bcf/d. Given the slide in the gas rig count, continued subdued economy and capital requirements to get there, we don't think this is a probable outcome. The bottom supply curve takes our drilling model outlook, which results in production in the 75 bcf/d range. Intuitively this second curve fits more closely with the outlook for consensus gas prices, which is calling for a slight drop in deliverability through 2013 and resumption in output as gas prices rise, inducing more drilling in the out years. At this juncture, we haven't reconciled the two scenarios but think it's important to consider the rationale surrounding the simplistic lower supply curve.

Figure 95: Implied Growth In Gas Production Vs NGL Production

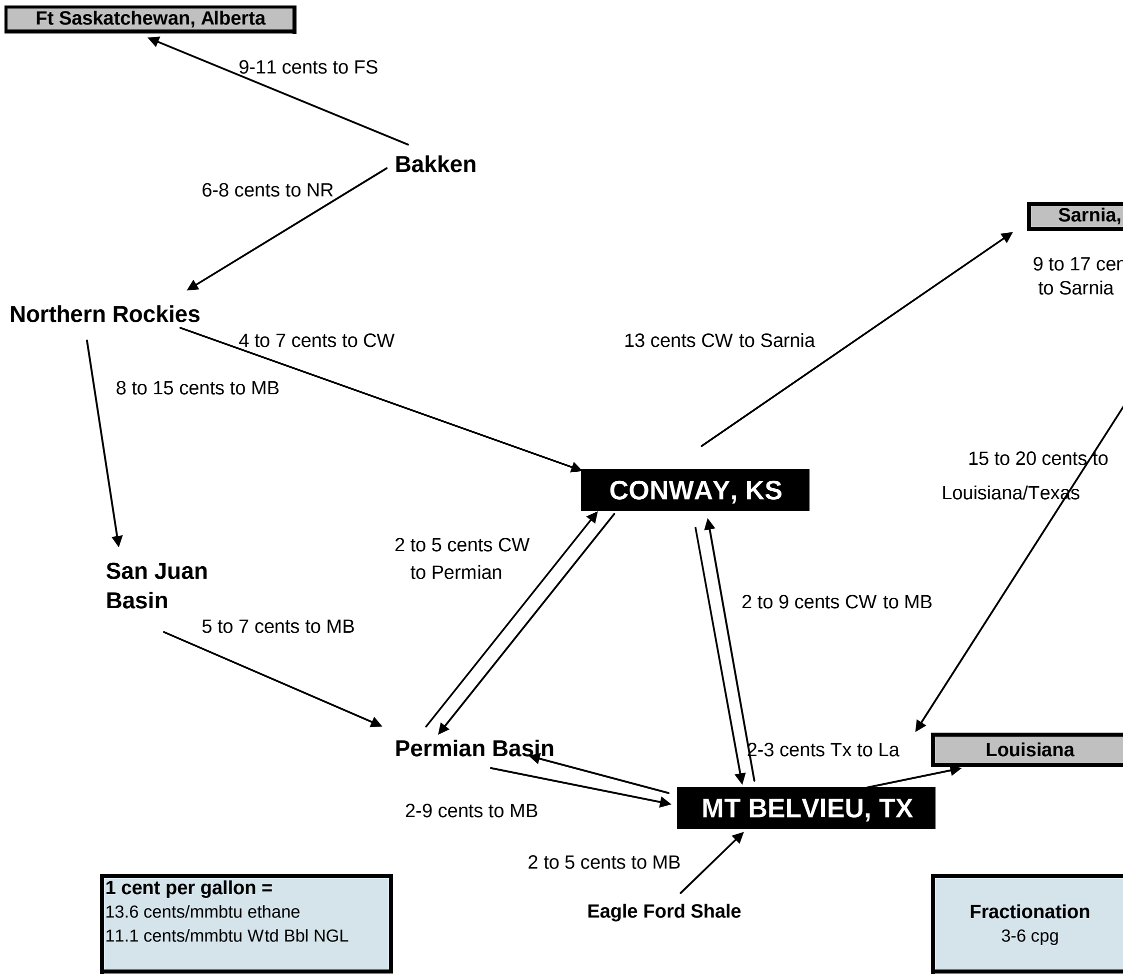


Source: EIA, Barclays Research estimates
Assumptions: Legacy gas of 1.4 GPM. New gas of 4.5 GPM.
Terminal Metrics: 1.5% case: 75 Bcf/d, 3.38 GPM. 6.5% case: 95 Bcf/d, 3.62 GPM

NGL Value Dependent on Transportation and Fractionation Costs

With ethane structurally long until we get new cracker construction in 2016-2018, the question becomes how to balance the market and how are prices set to achieve this balance. We see a lot of analysis being done based on Figure 96 (i.e., assume a generic transportation and fractionation cost and derive a breakeven price where methane prices equate to ethane prices triggering rejection). In reality, this results in an oversimplification of the situation and, we believe, a lower estimate for ethane prices. Netbacks to remote supply regions are vastly different than in regions with much lower transportation costs. The difference will be as much as 15 cents per gallon (~$2.00/mmbtu). The following offers up a transportation schematic cobbled together from company presentations, FERC filings and conversations with shippers. The high-low figures across each pathway represent the difference between older vintage contracts and new build tariffs. Many of the new build tariffs represent firm shipper rates with the prospects that interruptible movements will be even more expensive on congested corridors. These differentials lead us to believe that NGL ethane prices will vary between 5 to 15 cents per gallon more than the simple breakeven math generated by our generic 12 cent T&F model summarized by Figure 96.

Figure 96: NGL Transportation & Fractionation Costs



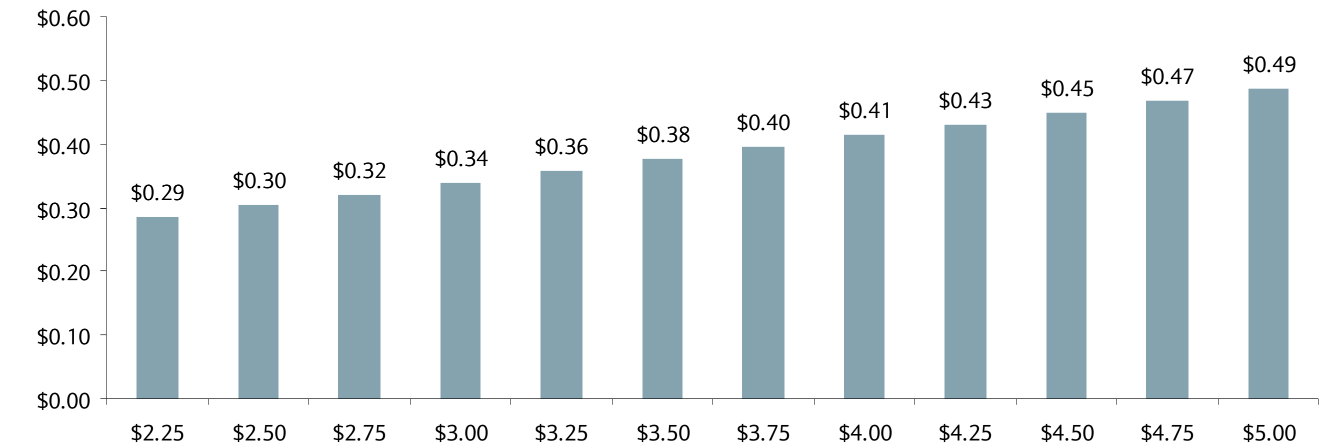
Source: Company presentations, Company tariff filings, Barclays Research estimates

Generic Ethane Breakeven Model Points Out Breakeven Matter of Perspective

We talk to both upstream- and downstream-oriented clients about the ethane outlook. Much of this discussion surrounds the concept of breakeven price (methane equivalent price where it's assumed ethane will be left in gas stream). The following model illustrates that breakeven is a matter of perspective. The price used in most analysis is the price for the consumer (i.e., fractionated into purity product located at a market center where the buyer likely will actually have to tack on storage and distribution charges). Producers not involved in marketing their raw output at the tailgate of their respective regional processing plant receive this price less transportation and fractionation (T&F). As just noted, this can run as high as 25 to 30 cents per gallon if you want to get to the Gulf Coast from the most remote basins (Bakken, Marcellus, some interior basins in Rockies). The situation for producers is analogous to having Henry Hub function as a key pricing point with other locations being priced by transportation (or regional supply bottlenecks) with Mt Belvieu, Texas serving as the HH equivalent.

Figure 97: Ethane Floor Price - Defined By Heat Content

Natural Gas Price ($/mmbtu)	$2.25	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50	$4.75	$5.00	$5.25	$5.50	$5.75	$6.00
Crude Oil Price ($/bbl)	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100
Crude / Gas	44.4x	40.0x	36.4x	33.3x	30.8x	28.6x	26.7x	25.0x	23.5x	22.2x	21.1x	20.0x	19.0x	18.2x	17.4x	16.7x
Heat content (mmbtu/bbl)																
Ethane	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082	3.082
Crude Oil	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800	5.800
Ethane / Crude	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%
Nat Gas x 6 = bbl equiv price	$13.05	$14.50	$15.95	$17.40	$18.85	$20.30	$21.75	$23.20	$24.65	$26.10	$27.55	$29.00	$30.45	$31.90	$33.35	$34.80
x Ethane heat content	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%	53.1%
Ethane = bbl equiv price	$6.93	$7.71	$8.48	$9.25	$10.02	$10.79	$11.56	$12.33	$13.10	$13.87	$14.64	$15.41	$16.18	$16.95	$17.72	$18.49
Ethane gallon equiv price	**$0.17**	**$0.18**	**$0.20**	**$0.22**	**$0.24**	**$0.26**	**$0.28**	**$0.29**	**$0.31**	**$0.33**	**$0.35**	**$0.37**	**$0.39**	**$0.40**	**$0.42**	**$0.44**
+ Transportation & Fractionation	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12	$0.12
Breakeven (Floor) Ethane $/gal	**$0.29**	**$0.30**	**$0.32**	**$0.34**	**$0.36**	**$0.38**	**$0.40**	**$0.41**	**$0.43**	**$0.45**	**$0.47**	**$0.49**	**$0.51**	**$0.52**	**$0.54**	**$0.56**
Crude Oil ($/gallon)	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38
Ethane / Crude oil	12.0%	12.7%	13.5%	14.3%	15.1%	15.8%	16.6%	17.4%	18.1%	18.9%	19.7%	20.5%	21.2%	22.0%	22.8%	23.5%

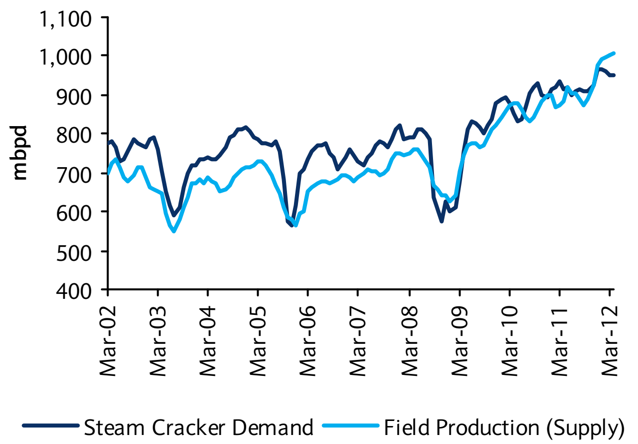


Source: Barclays Research

Ethane Weakness YTD Principally Demand Not Supply Induced

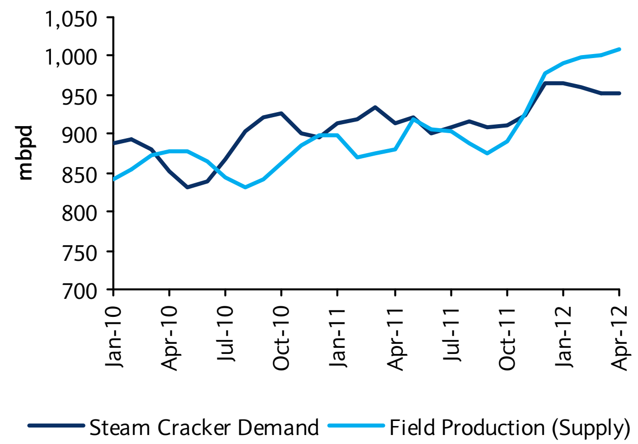
Most commentary we hear suggests that the drop in ethane prices has been supply induced. There is an equally if not stronger case to be made that the problem has been on the demand side of the equation. Ethylene plant turnarounds were 2x to 3x normal in the first half of 2013. Maximum use of ethane as feed stock in 4Q 2011 resulted in a shortage of propylene so petchem operators have run more propane (especially 2Q 2012) to make up for this shortfall. Our Chemicals team indicates that the slowing of the world economy has not crimped ethane derived ethylene demand as the US has a big cost advantage versus the European and Asia producers. They project the US will be able to export into the global market with these other two regions acting as the swing suppliers as economic growth ebbs and flows. Figure 98 through Figure 101 capture the drop-off we've seen in petchem demand since the peak of 1.012mm b/d hit in December 2011 and the anticipated conversion additions to ethane cracking capacity we see coming out of this extensive turnaround season. We had 90 cent ethane in the fall after 18 months of inventory draw only to see the supply/demand balance turn sharply in January 2012. Notably plant production peaked in February at 1.035mm b/d.

Figure 98: US Field Production vs. Ethane Steam Cracker Demand (3month Avg.) 2002-2012



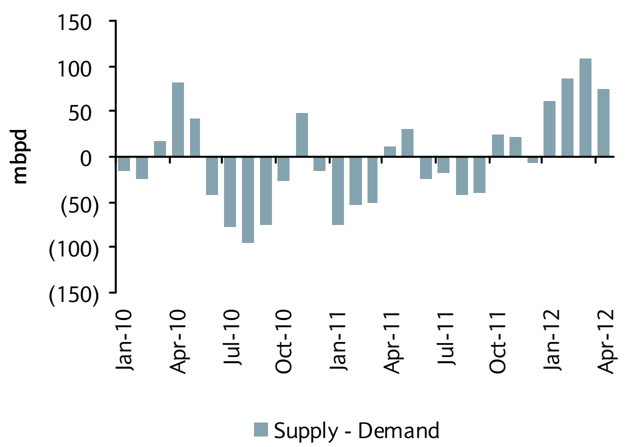
Source: EIA, Hodson Data, Barclays Research estimates

Figure 99: US Field Production vs. Ethane Steam Cracker Demand (3month Avg.) 2010-2012



Source: EIA, Hodson Data, Barclays Research estimates

Figure 100: US Field Production - Ethane Steam Cracker Demand



Source: EIA, Hodson Data, Barclays Research estimates

Figure 101: Ethane Conversion Additions 2012

Plant	b/d
BASF Port Arthur	30,000
Equitrans Channelview	25,000
Eastman Longview	10,000
Exxon Baytown	9,000
DOW Taft	9,000
Ineos Chocolate Bayou	5,000
Other	12,000
Total	100,000

Source: EIA, Hodson Data, Barclays Research estimates

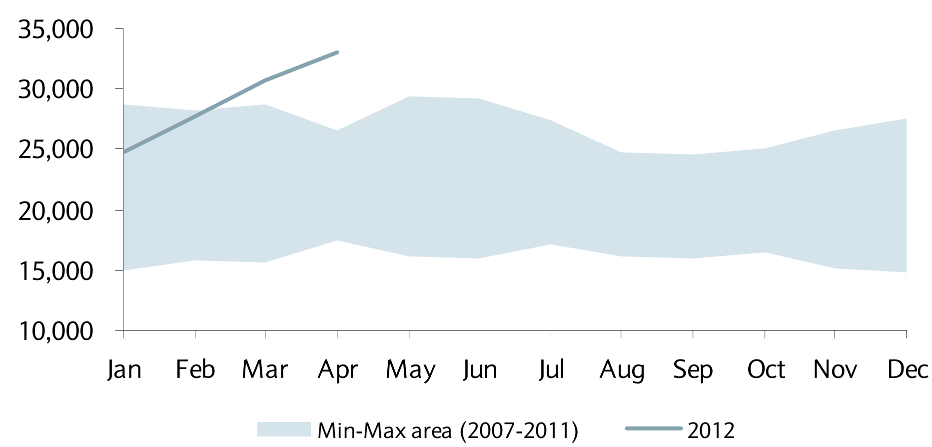
The last EIA plant production number available (April 2012) was 990,000 b/d or 42,000 b/d below the recent peak registered in February. This was before processing economics took a nose dive and ethane rejection has kicked in (see comments page 80). The other issue that comes up every summer is that ethane extraction efficiency is impacted by hot weather. Ethane extraction is a process that cools inlet plant volumes to separate the product. Heat exchangers struggle to lower the temperatures required for maximum extraction in the summer months frequently reducing capacity by as more than 5%. On a 1mm b/d base this could equate to as much as 50,000 b/d of reduced supply (adjusted by the amount already being rejected). The point here is that actual supply may not rise as fast as potential plant capacity may indicate. Demand could swing as much as 200,000 b/d from the 910,000 b/d consumed by petchem facilities in March and April.

Bloated Ethane Inventories Will Likely Keep Lid on Prices for 2012

Ethane inventories don't exhibit much seasonality given that they are tied to a non seasonal product. They will migrate up and down a bit with seasonal turnarounds in 4Q/1Q and the desire to minimize inventory levels at year end for tax purposes. Over the last 10 years, inventories have averaged 28 days supply. Disaggregating locational figures is important but difficult. Last fall, when ethane spiked to 90 cents per gallon, days inventory dipped below 20. However, it was more than 40 days in Conway and less than10 in Mt Belvieu. At present we don't have a good read on the figures in both markets but suspect a similar, albeit not as dramatic, skewing given the continued disparity in prices. Absolute inventory numbers look very high. Translated into days supply, given historically high demand, the bloating looks less onerous for pricing.

Complicating the analysis are two other issues. First, the EIA figures captured in the accompanying graphics only represent about two-thirds of the storage capacity available to industry participants. EIA figures represent the independent operators (EPD, NGLS, ETP, etc.) not the chemical companies' volumes (DOW, LYB, etc). Second, given that a large amount of fractionation capacity has been down for turnaround, a lot of this inventory is actually being stored as Y-Grade material (i.e., unusable in current non purity form). If fractionation runs all out just to process new incoming barrels, the question becomes how will this "trapped" supply enter the picture from both a physical and pricing perspective basis?

Figure 102: Ethane Inventory (MMbls)



Source: EIA

EnVantage, a well-regarded NGL consultant, projects that physical inventories will peak in June at around 32mm bbls (or 39 days of supply). This helps explain the very weak pricing environment that we have just been through. The consultant estimates year-end 2012 inventories of just over 27mm bbls given high levels of rejection, weather extraction inefficiencies, 95% ethylene plant capacity utilization (US will provide any export demand based on low cost structure) and no major unscheduled outages. This would bring days supply back down to 25 days or 10% below historical norms. While not supportive of robust pricing, this inventory path could serve to take the inordinate pricing pressure we've just been through.

Figure 103: Ethane Days Supply

Source: EIA

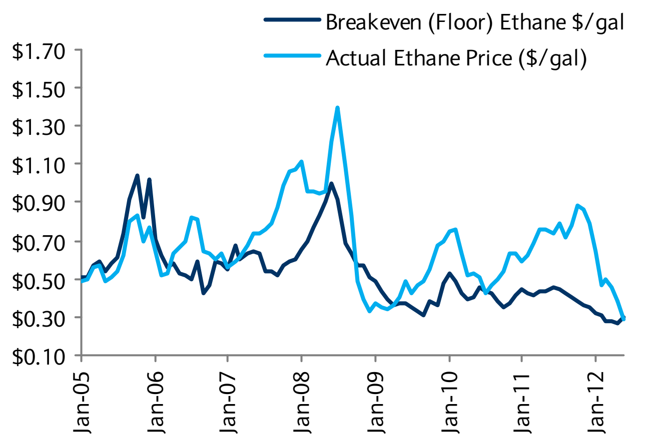
Ethane Rejection Exceeds 170,000 B/D

Ethane prices have receded to the point where we are seeing an increasing amount of rejection. This is especially the case in the Mid-Continent, where the loss on extraction is greater than 20 cents per gallon ($2.32/mmbtu). EIA data through April shows very little evidence of wholesale rejection. However, we know volumes in the Bakken and Appalachia are rejected as there is no local market. A small amount of ethane could be moving out of the Bakken via the Prairie Rose pipeline down to the Aux Sable plant near Chicago.

However, we understand that due to market constraints the plant, which is also fed by the Alliance Pipeline carrying wet Canadian gas, is rejecting around 35,000 b/d of ethane. C3+ production in Appalachia and North Dakota/Montana are running 40,000 b/d and 33,000 b/d, respectively. Assuming that an equal amount of ethane is being left behind in the gas stream and making an adjustment for a modest amount of Bakken production making its way to Aux sable, we estimate the level of rejection in these two areas is around 50,000 b/d. This is not new or incremental as it has been the case for well over a year. Importantly, when pipeline takeaway capacity becomes available in Appalachia (3Q 2013 Mariner West 50,000 b/d) and to the Bakken (4Q 2012 Vantage Pipeline 40,000 b/d) the volumes will be transported to Canada. We see minimal if any ethane being shipped on Oneok's Bakken Pipeline (3Q 2012 60,000 b/d) which connects with Overland Pass into Conway due to sufficient quantities of C3+ being available to fill the pipe and the poor (highly negative for the foreseeable future) netbacks given forecast pricing for Conway based product.

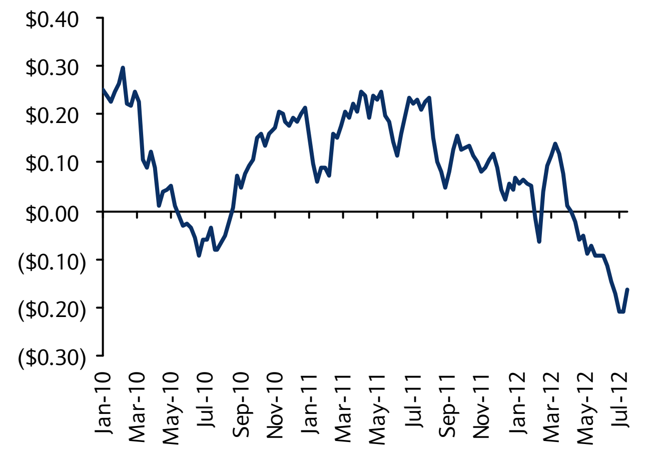
More relevant to the US market is an estimated 120,000 b/d of rejection that has built up in the Rockies, Permian and Mid-Continent regions. Pipeline takeaway capacity has been a consistent problem for all three areas for the last 12 months. However, given the sharply negative turn in pricing beginning in the middle of May margins have plunged (especially for producers tied to Conway) triggering voluntary rejection. Conway relief is a second half 2013 event with three large pipelines (3Q 2013 Southern Hills 150,000 b/d, 3Q 2013 Texas Express 280,000 b/d and 4Q 2013 Sterling III 193,000 b/d) scheduled for completion that will provide Mid Continent producers access to the Mt. Belvieu market. Permian producers also have three pipes that will provide takeaway capacity relief (1Q 2013 Lonestar 130,000 b/d, 2Q 2013 Sandhills 100,000 b/d and Texas Express which serves both Permian and Mid Continent markets). We would not be surprised to see this portion of ethane production curtailments reach close to 200,000 b/d until pipe additions allow more product access to market as producers utilize existing capacity to ship more lucrative C3+ barrels. While we have not factored an impact of rejection into our second-half pricing, it's entirely possible that we could work through the inventory overhang as we expect demand to swing as much as 150,000 b/d as plant down for maintenance come back on line (80,000 b/d to 100,000 b/d) and conversions (60,000 b/d to 100,000 b/d) come on line by mid August.

Figure 104:Ethane Breakeven vs. Ethane Price



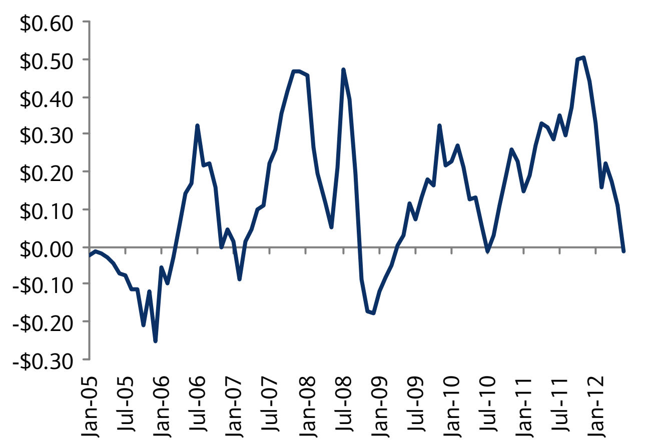
Source: EnVantage , Barclays Research estimates

Figure 105: Mid-Continent (Conway): Ethane Frac Spread



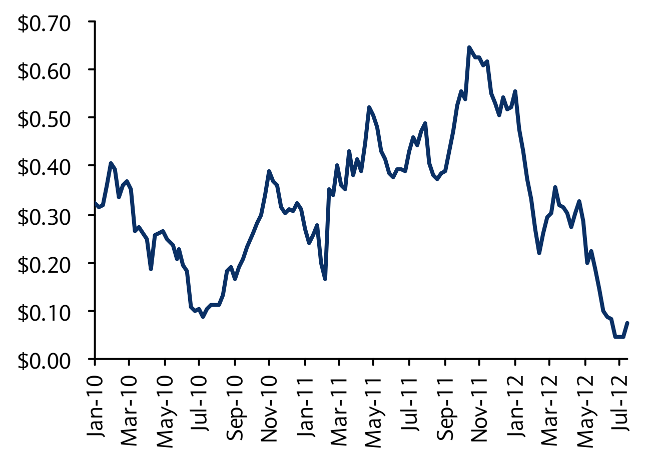
Source: EnVantage

Figure 106: Ethane Price - Ethane Breakeven Price ($/gal)



Source: EnVantage , Barclays Research estimates

Figure 107: Permian (Mt. Belvieu): Ethane Frac Spread



Source: Source: EnVantage

Propane Prices Deflate Due to Lack of Weather, Not Structural Excess

Bothe ethane and propane prices have taken it on the chin year to date. In both cases there has been an element of temporary depressants in demand contributing to the weakness and a ramp in supply. On the ethane side the demand depressant was the extraordinary level of ethylene plant turnarounds experienced in Q1, which has resulted in a bulge in price constricting inventories. In the case of propane the demand depressant was in the form of a very warm winter. Space heating demand is about 120% of petchem consumption. Generally over 70% of space heating requirements come during the five month heating season beginning in November and ending each March. As can be seen from the following table space heating and other demand fell 119,000 b/d. Despite a positive swing in exports of 49,000 b/d the inventory draw was almost 23mm bbls less than last year. With bloated inventories it will be hard for propane prices to recover until we get into the next heating season cycle. With propane export capacity tripling by the end of 2013 (capacity is sold out) and resumption of more normal weather patterns we don't see propane being structurally long as is the case with ethane.

Figure 108: Propane Heating Season Comparison 2012/2011 Vs 2011/2010

2010-11	Supply mmbbls				Demand mmbbls				Change
Month	Field	Refinery	Import	Total	Pet Chem	Heat/Other	Exports	Total	Inventory
Nov	17581	16304	3939	37824	9630	25004	3586	38220	-396
Dec	18096	17726	6598	42420	10912	39140	4286	54338	-11918
Jan	17872	17359	5325	40556	11718	39483	3945	55146	-14590
Feb	15308	14359	4827	34494	9940	29896	2951	42787	-8293
Mar	18969	16268	4206	39443	10757	26101	4810	41668	-2225
Total	87826	82016	24895	194737	52957	159624	19578	232159	-37422

2011-12	Supply mmbbls				Demand mmbbls				Change
Month	Field	Refinery	Import	Total	Pet Chem	Heat/Other	Exports	Total	Inventory
Nov	19847	16912	3221	39980	11220	25853	3657	40730	-750
Dec	20715	17753	4610	43078	11904	31506	3816	47226	-4148
Jan	21045	16060	4489	41594	10881	32718	5089	48688	-7094
Feb	19968	15426	3630	39024	10360	28598	4188	43146	-4122
Mar	21146	16883	3360	41389	12183	22965	4695	39843	1546
Total	102721	83034	19310	205065	56548	141640	21445	219633	-14568

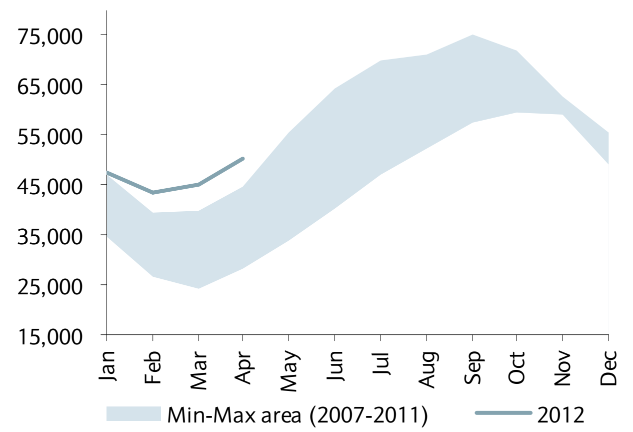
Yr / Yr	Supply mmbbls				Demand mmbbls				Change
Month	Field	Refinery	Import	Total	Pet Chem	Heat/Other	Exports	Total	Inventory
Nov	2266	608	-718	2156	1590	849	71	2510	-354
Dec	2619	27	-1988	658	992	-7634	-470	-7112	7770
Jan	3173	-1299	-836	1038	-837	-6765	1144	-6458	7496
Feb	4660	1067	-1197	4530	420	-1298	1237	359	4171
Mar	2177	615	-846	1946	1426	-3136	-115	-1825	3771
Total	14895	1018	-5585	10328	3591	-17984	1867	-12526	22854
000 b/d	99	7	-37	68	24	-119	12	-83	151

Source: EIA, Hodson Report, Barclays Research estimates

Propane Inventories Not Excessive as Measured by Days Supply

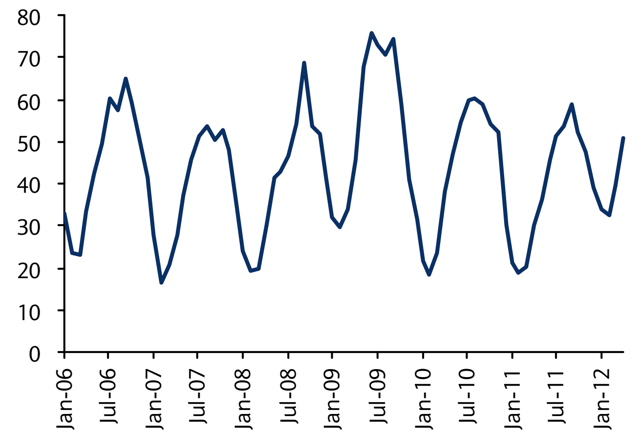
Absolute inventories are very high (courtesy of the 120,000 b/d lower winter demand = 18 mm bbls) but petchem demand has been strong enough that when viewed from a days supply perspective they are much more in line with past history. Coupled with strong export demand and the sharp ramp in capacity to meet these budding requirements there is a credible school of thought that believes if normal winter conditions materialize this coming heating season propane markets could tighten significantly as domestic space heating customers compete with exports for volumes.

Figure 109: Propane Inventory (MMbls)



Source: EIA

Figure 110: Propane Days Supply



Source: EIA

Dynamics of Coal Switching Will Have More Influence on Gas Prices than Rig Count

Within a fairly large range of activity, the gas rig count is only likely to move deliverability +/- 2 bcf/d over the next 12-18 months given the associated contribution to production from liquids-oriented drilling. Coal to gas switching in the power generation market has developed into a much larger factor. As Figure 111 summarizes, we estimate, courtesy of Barclays Commodities team, that switching in 2012 will approximate 6.5 bcf/d with peaks reaching close to 10 bcf/d. The magnitude of switching accelerated markedly as gas fell below $3.00/mmbtu and warm winter weather set the stage for a market share battle between high efficiency CCGT plants and traditional base load coal plants. Calibrating switching thresholds is difficult as it is a moving target based on weather (counter intuitively more switching can take place during shoulder months than peak months as all units needed to meet peaks), locational or voltage support requirements, coal contracts for production/transportation and other subtle factors beyond just price. However, the primary driver in our 2012 and 2013 gas price outlook is the concept that switching will limit prices to below the $3.50 level over the range of most probable deliverability scenarios.

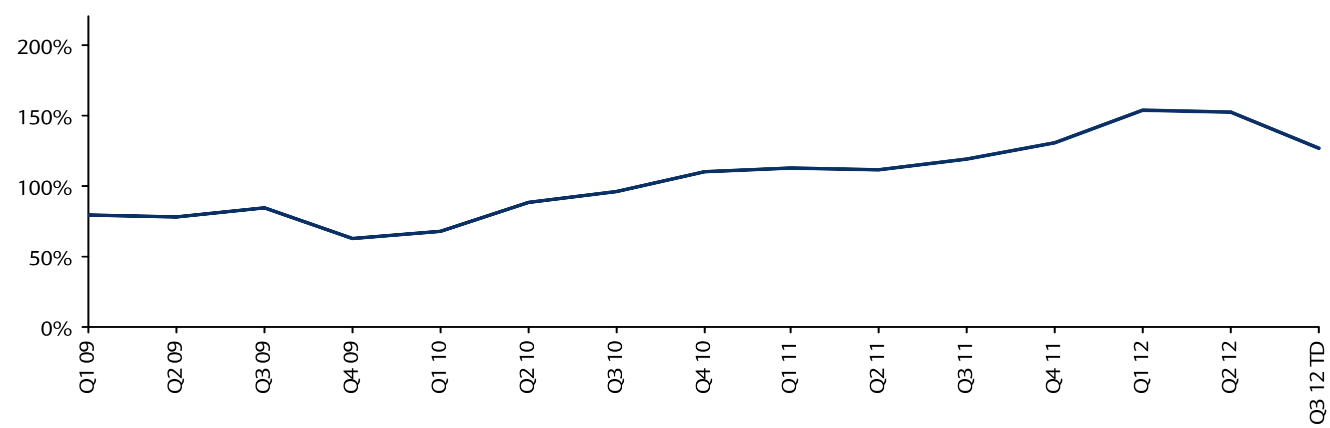
Figure 111: Coal Switching

Source: EIA, Barclays Research

Gas Prices React to Surge in Power Demand Closing Economic Advantage

In Q1 gas and coal prices as measured by our proxy currencies (Central App spot coal prices and HH spot gas prices) were equivalent on btu terms. Heat rate conversion gave the upper dispatch hand to gas. Since then coal prices have remained relatively flat while gas has staged a strong rally (+22%) attributable to fact that displaced coal demand has lessened the likelihood that gas inventories fill driving producers to shut in wells based on variable cost economics (well below $1.00/mmbtu). Summer temperatures will pull some of the displaced coal units back into service as a function of higher overall system demand. Furthermore as the accompanying graphics illustrate the cost per KWH based on coal vs. gas dropped from a peak of over 150% (Q1/Q2 2012) back to levels in 3Q/4Q 2011 (around 125%). As a result, we expect coal displacement to recede for the remainder of the summer, resurface in the shoulder months of September/October and dissipate further as we move into 2013.

Figure 112: Coal Vs Gas Price Per KWH



Source: Bloomberg, Barclays Research

Figure 113: Coal Vs. Gas Fired Power

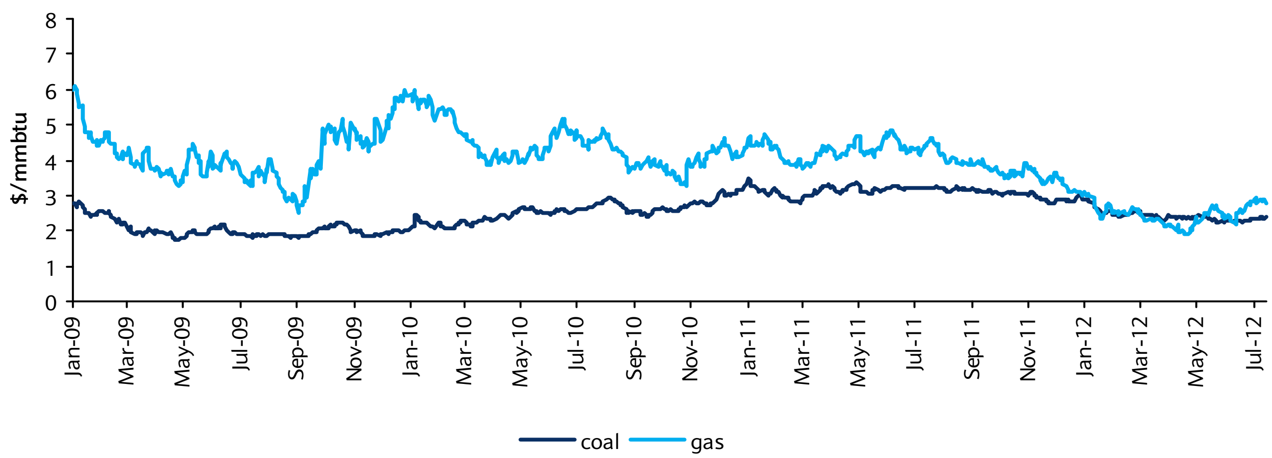
	coal	coal	gas	gas
Period	**$mmbtu**	**11.5k HR**	**$ mmbtu**	**7.5k HR**
Q1 09	2.30	26.50	4.47	33.55
Q2 09	1.94	22.35	3.80	28.53
Q3 09	1.89	21.77	3.43	25.74
Q4 09	2.01	23.08	4.95	37.11
Q1 10	2.20	25.33	5.02	37.65
Q2 10	2.52	28.95	4.35	32.60
Q3 10	2.65	30.50	4.24	31.78
Q4 10	2.85	32.78	3.98	29.88
Q1 11	3.08	35.36	4.20	31.51
Q2 11	3.19	36.67	4.38	32.85
Q3 11	3.16	36.39	4.06	30.44
Q4 11	2.95	33.96	3.49	26.15
Q1 12	2.50	28.73	2.50	18.71
Q2 12	2.33	26.79	2.35	17.63
Q3 12 TD	2.36	27.18	2.86	21.46

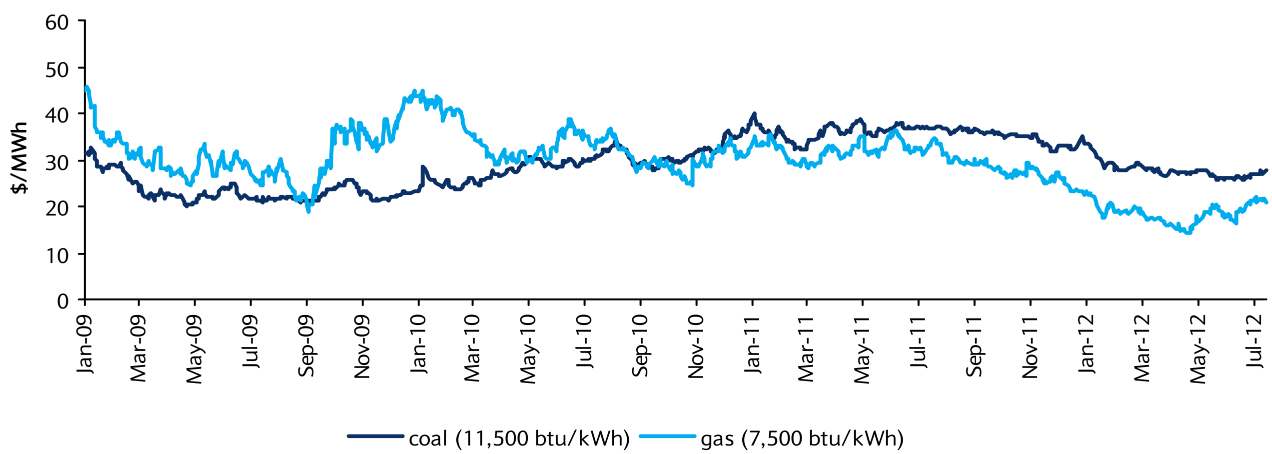
Yr/Yr	coal	coal	gas	gas
% Change	$mmbtu	11.5k HR	$ mmbtu	7.5k HR
Q1 10	-4.4%	-4.4%	12.2%	12.2%
Q2 10	29.5%	29.5%	14.3%	14.3%
Q3 10	40.1%	40.1%	23.4%	23.4%
Q4 10	42.0%	42.0%	-19.5%	-19.5%
Q1 11	39.6%	39.6%	-16.3%	-16.3%
Q2 11	26.7%	26.7%	0.8%	0.8%
Q3 11	19.3%	19.3%	-4.2%	-4.2%
Q4 11	3.6%	3.6%	-12.5%	-12.5%
Q1 12	-18.7%	-18.7%	-40.6%	-40.6%
Q2 12	-26.9%	-26.9%	-46.3%	-46.3%
Q3 12 TD	-25.3%	-25.3%	-29.5%	-29.5%

Source: Bloomberg, Barclays Research estimates.

At present our switching model indicates it's more advantageous to burn gas. However, holding coal prices constant, the economics would flip should gas prices move above $3.62/mmbtu, a price last seen in 4Q 2012, which was just before we witnessed the sharp acceleration in switching.

Figure 114: Coal and Gas Price Trend





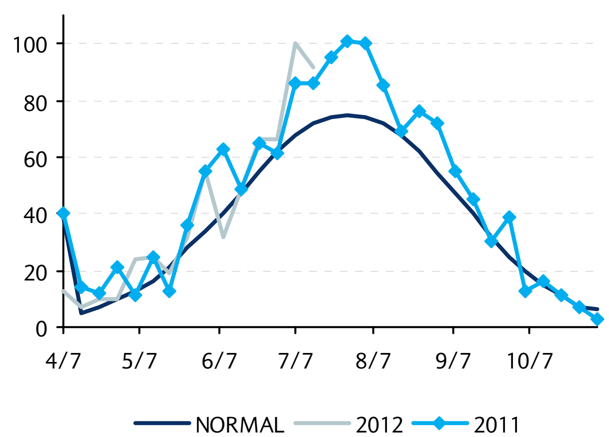
Source: Bloomberg, Barclays Research

Inventory Concerns Dissipate, Prompting Recovery in Gas Prices

We started out injection season with inventories at such excessive levels that it was hard to see how the industry wouldn't be faced with forced curtailments in production. Fuel switching in the power generation market and hot weather has taken the worst case scenarios off of the table setting the stage for recovery in natural gas prices. Despite strength related to short covering and other technical factors gas has failed to breech the $3.00/mmbtu level which is the threshold we believe is a major inducement to switch from coal to natural gas.

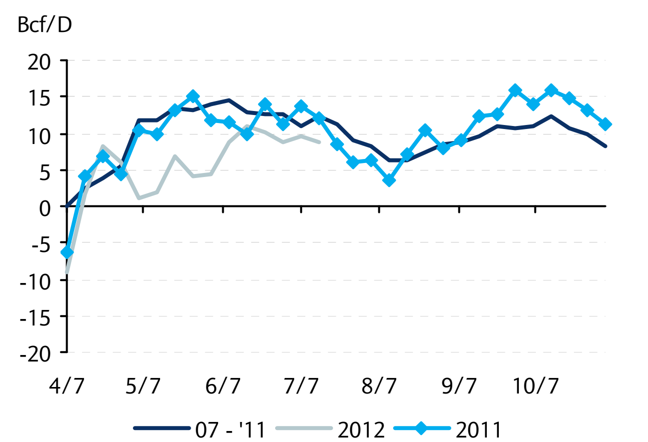
With 43% of the cooling season behind us, the weather has been 28% warmer than normal. Given drought conditions, we don't see a marked change in weather patterns for the remainder of the summer into fall. Figure 116 vividly shows how May/June injections lagged previous years. While not pulling inventory levels back into the five year channels, we have seen a marked change in the trajectory that induced the worst case scenarios as we were writing last quarter's MLP Quarterly Monitor.

Figure 115: Cooling Degree Days – Total U.S.



Source: NOAA

Figure 116: Weekly Injections



Source: NOAA, EIA

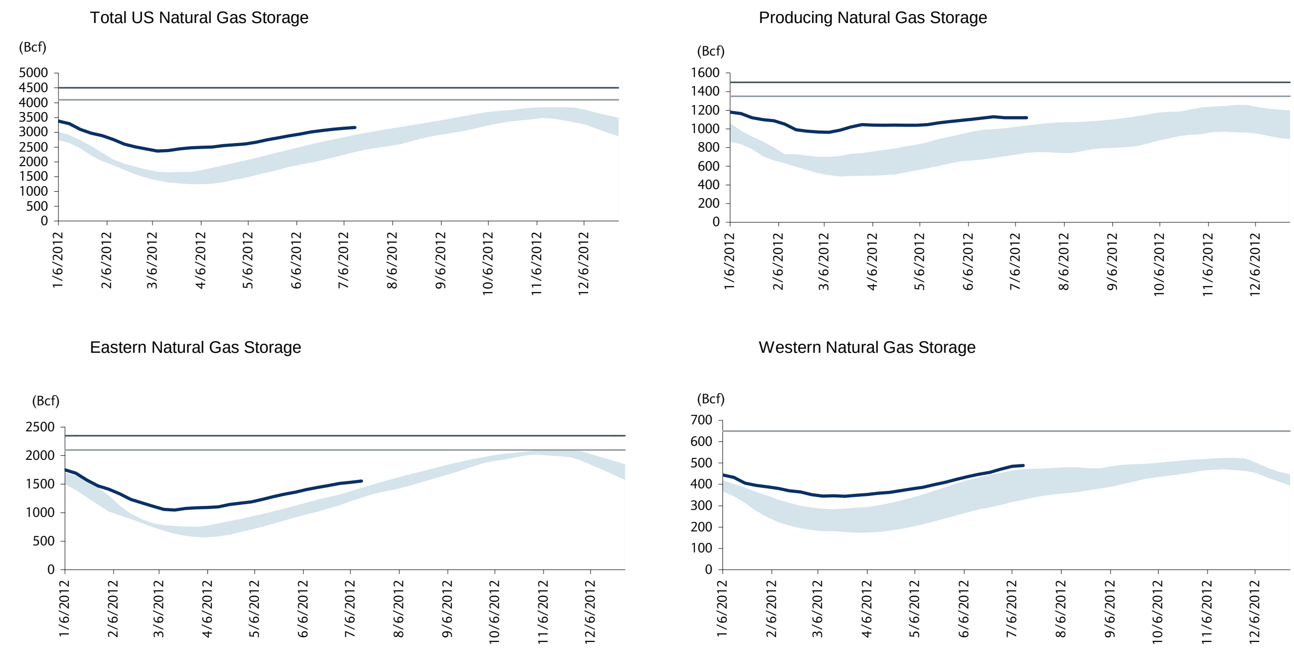
Heading into injection season, US natural gas inventories were 55% higher than 2011 and 60% higher than the five-year average. Canadian inventories were even more bloated, weighing in at 152% of 2011 and 162% of the five year range. North American inventories were 65% ahead of year ago levels and 71% above the five year norm. US inventories appear a much more manageable 18% above historical levels. Canada remains a bit more elevated at 35% to 40%, but the current trajectory of injections would appear to steer clear of the "full" range portrayed by the horizontal lines in each regional graph.

Figure 117: North American Gas Storage Inventories

Region	7/13/2012	7/14/2011	5 Year Average	Vs. 2011	Vs 5 yr	% Change Vs. 2011	Vs 5 yr	Maximum Level Bcf	Year
East	1,555	1,298	1,347	257	208	19.8%	15.5%	2101	2009
Producing	1,120	995	932	125	188	12.6%	20.2%	1261	2011
West	488	378	402	110	86	29.1%	21.5%	526	2009
US Total	3,163	2,671	2,680	492	483	18.4%	18.0%	3,888	
East	187	151	162	36	25	24.2%	15.7%	260	2011
West	418	275	285	143	133	51.9%	46.5%	452	2011
Canada Total	606	426	447	179	158	42.1%	35.4%	712	
North America Total	3,769	3,097	3,127	671	641	21.7%	20.5%	4,600	

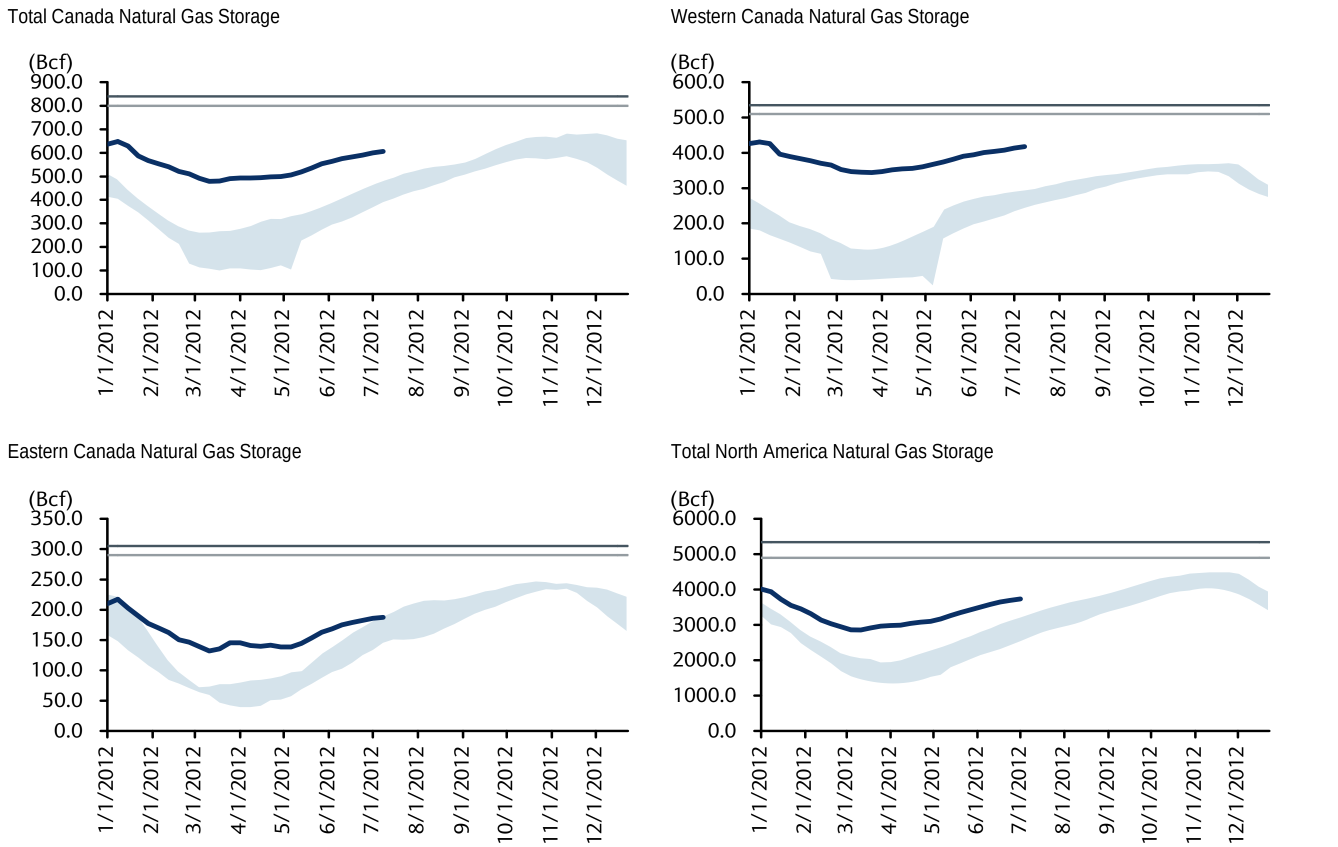
Source: EIA, Enerdata

Figure 118: US Natural Gas Storage



Source: EIA

Figure 119: Canada Natural Gas Storage

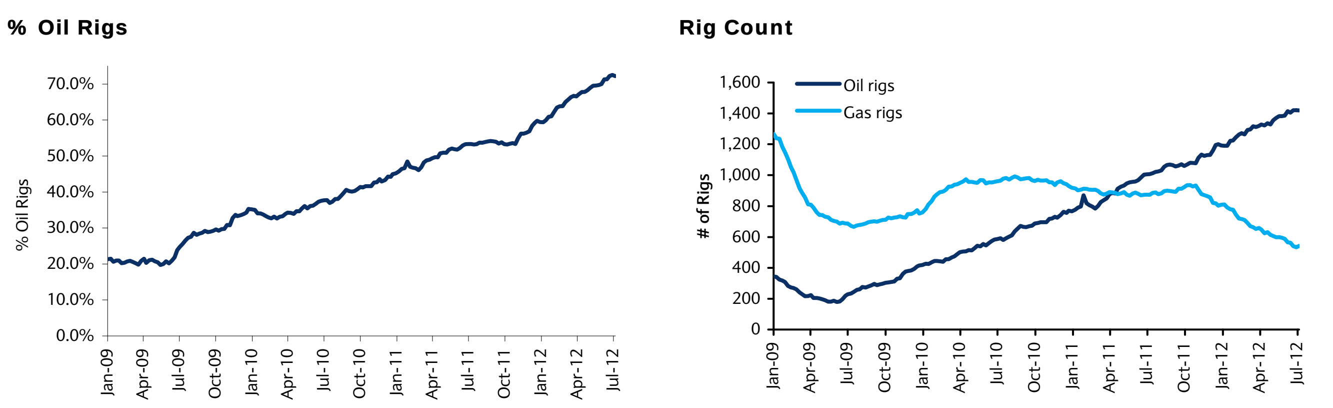


Source: Bloomberg, EIA

Shift to Oil Drilling Accelerating

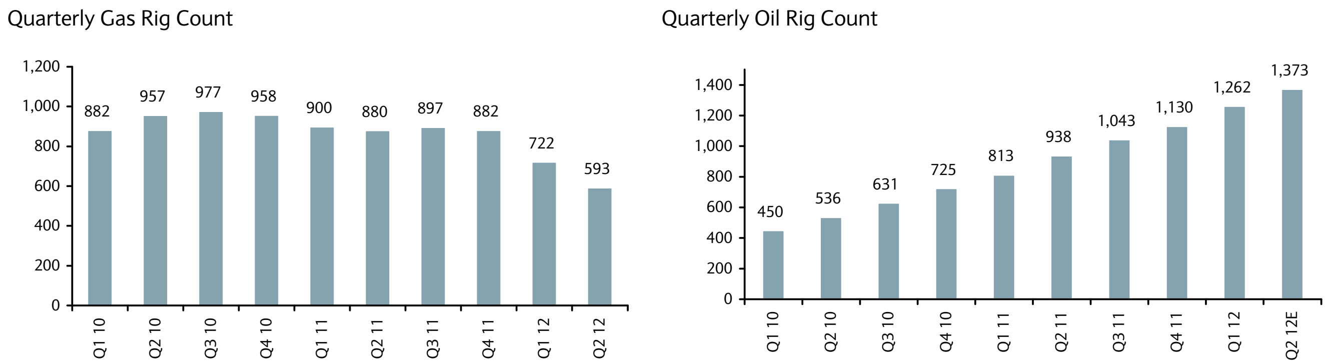
The percent of rigs defined as drilling for oil hovers at around 70%. This number is poised to move marginally higher as we don't see any immediate catalyst for the dry gas count to revive. The incremental economics of drilling for liquids oriented reservoirs is compelling (see Figure 87 – NGL uplift table). The targets are plentiful and can readily consume the cash flow being generated by the producer community.

Figure 120: Oil Rigs Increasing



Source: Baker Hughes

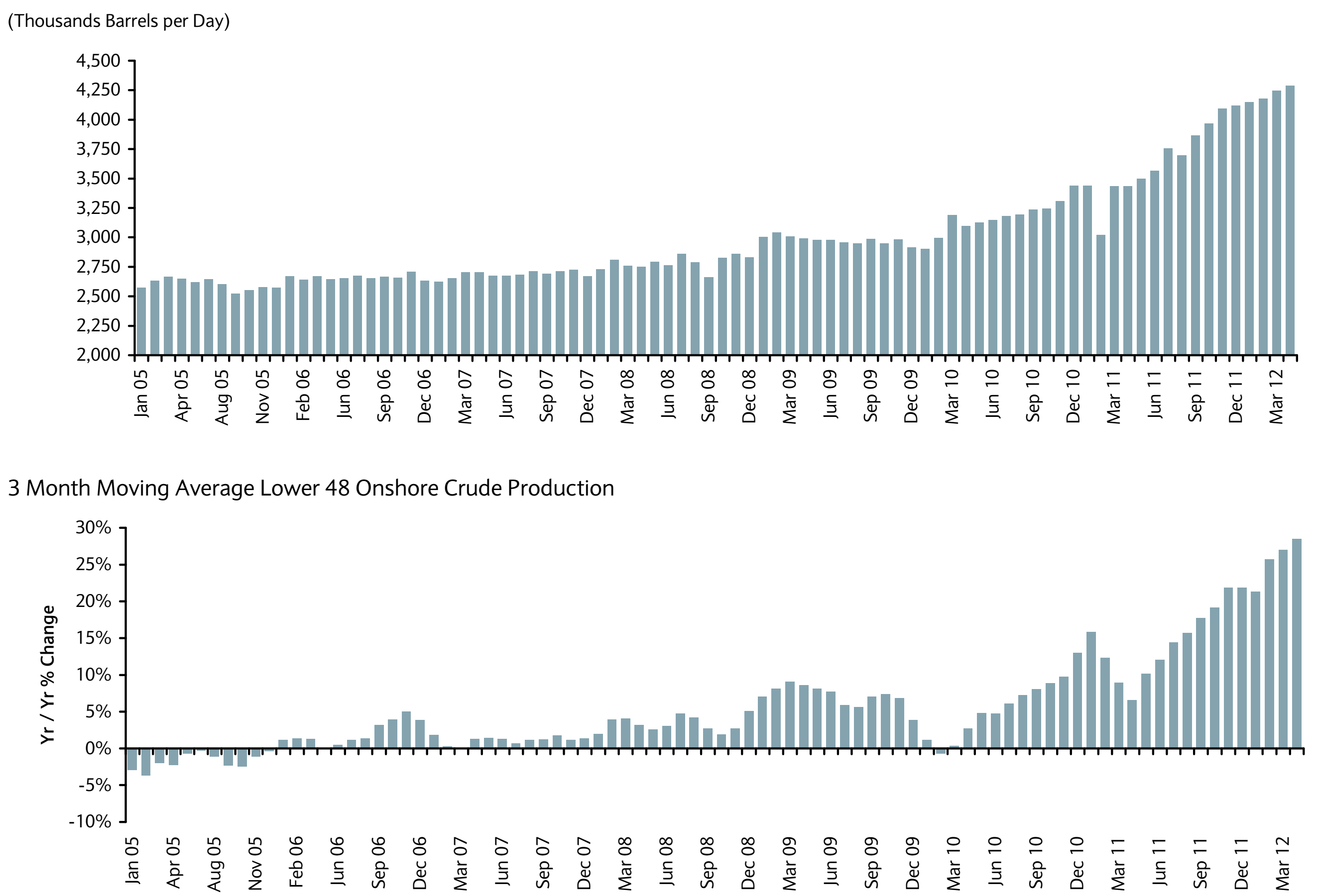
Figure 121: Oil and Gas Rig Count



Source: Baker Hughes

The greater than sixfold increase in the oil rig count since the trough hit in 2Q 2009 has resulted in exceedingly strong growth in lower 48 oil production. Figure 122highlights the especially strong ramp experienced since the fall of 2010. Year over year lower 48 oil production is up 24% or 944,000 b/d. With several plays moving through the learning curve, emerging plays threatening to break out and oil drilling continuing apace despite a $20 correction in the price of WTI the back drop for oil infrastructure development remains robust to say the least.

Figure 122: Lower 48 Onshore Crude Production

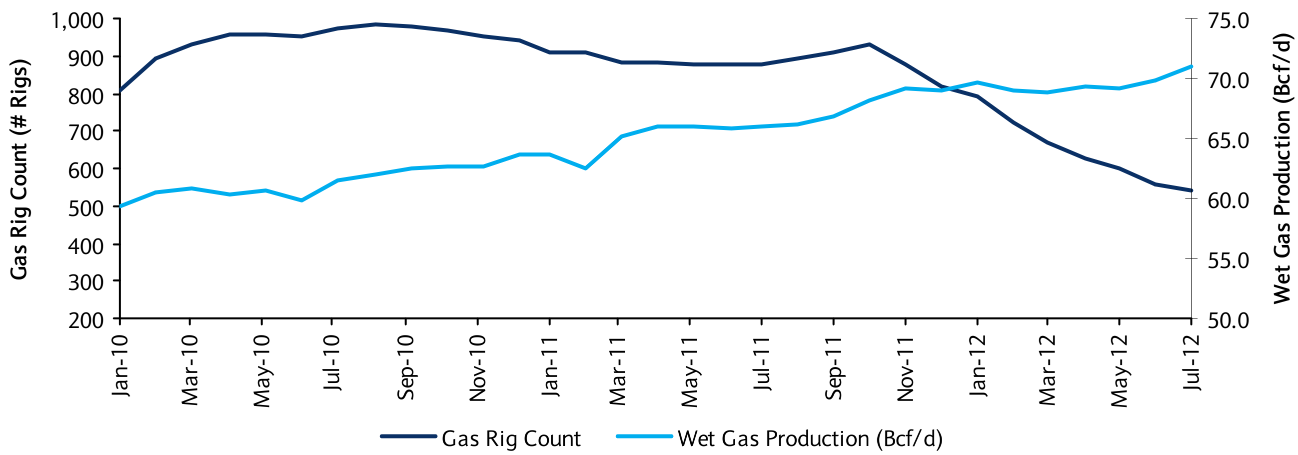


Source: EIA

Despite Sharp Rollover in Gas Rig Count, Production Showing Staying Power

We and others continue to struggle with calibrating drilling models given the large shift in drilling from dry to wet gas and the wide disparity in productivity (deliverability per rig year) that is found across plays. Infrastructure bottlenecks, drilled but uncompleted well backlogs are all issues. One thing that is indisputable, however, is that the gas rig count has rolled over sharply and production has remained flat since last fall and appears to be creeping higher (according to pipeline nomination data scrapes for May through July) given gradual alleviation of bottlenecks in key plays such as the Marcellus.

Figure 123: Gas Rig Count vs. Wet Gas Production



Source: EIA, Bentek. Note: Gas production numbers for May-July 2012 are Bentek estimates

At present, our model is calling for the onset of a modest decline in 3Q, with a bit sharper acceleration in the rollover in 4Q. The Bentek scrape data would seem to imply this rollover prediction is too aggressive. We are somewhat cavalier about the accuracy of this projection at the moment as we view the interplay of coal and gas as much more critical to the gas price outlook as modest changes in deliverability. As a result, we have chosen to revisit our drilling model later in the year to recalibrate our production estimates.

Figure 124: Drilling Productivity - Forecast Gas Deliverability Lower 48

Dry Gas Bcf/d	2009	2010e	2011e	2012e	2013e	2014e	2015e	2016e
Prior Year Production	55.26	58.18	63.11	66.90	65.20	64.08	64.85	66.84
Decline	-19.34	-20.94	-22.72	-24.09	-23.47	-23.07	-23.35	-24.06
Additions (Gas Rigs)	22.26	23.64	22.56	15.83	15.92	16.88	17.88	18.92
Additions (Oil Rigs)		2.23	3.95	6.55	6.43	6.96	7.45	7.98
Current Year Production	58.18	63.11	66.90	65.20	64.08	64.85	66.84	69.67
Production Growth	**5.3%**	**8.5%**	**6.0%**	**-2.5%**	**-1.7%**	**1.2%**	**3.1%**	**4.2%**
Bcf/d	**2.92**	**4.93**	**3.80**	**-1.70**	**-1.12**	**0.77**	**1.99**	**2.83**
Productivity / Decline Assumptions								
1st Yr Decline	35%	36%	36%	36%	36%	36%	36%	36%
Average Gas Rigs	801	941	885	600	625	650	675	700
Prod Adds / Rig mmcf/d	27.79	25.12	25.50	26.39	25.47	25.97	26.49	27.02
Percent Change	99.1%	-9.6%	1.5%	3.5%	-3.5%	2.0%	2.0%	2.0%
Equilibrium Gas Rig Count	696	762	758	646	656	629	622	626
Average Oil Rigs	278	591	981	1435	1550	1643	1725	1811
Prod Adds / Rig mmcf/d	3.86	3.78	4.03	4.57	4.15	4.23	4.32	4.40
Additions	1.07	2.23	3.95	6.55	6.43	6.96	7.45	7.98

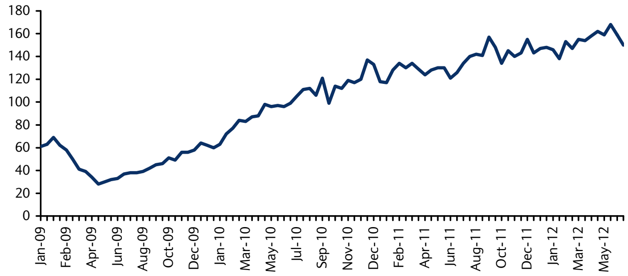
Source: EIA, Baker Hughes, Barclays Research

Skewing in Drilling Targets Translates Into Disparate Regional Trends in Activity

Four plays (regions) have emerged as the source of strength in the rig count (Bakken, Eagle Ford, Marcellus/Utica and Permian). We'd note the Marcellus graph (Pennsylvania activity only) needs to be modified to incorporate Utica drilling and Marcellus activity in West Virginia, as what was once a more concentrated regional dispersion of rigs has broadened significantly given the higher liquids content in these incremental regions. Inclusive of this broader definition, the rig count is a healthier 123 vs. the 76 figure recorded in the following graph. Drilling for liquids targets in the Rockies (Uinta, DJ, Piceance) has resulted in modest infrastructure bottlenecks and has keep the overall regional rig count fairly flat. The Midcontinent exhibits a similar tug of war between dry and liquids targeted drilling. Regions/plays dominated by dry gas targets (Haynesville, ArkLaTex) continue to show steady erosion in activity. With an elevated oil/gas ratio, there's no reason to foresee a stabilization of dry gas activity for the remainder of the year (despite a rally in nearby gas contracts tied to taking the worst case inventory scenarios off of the table).

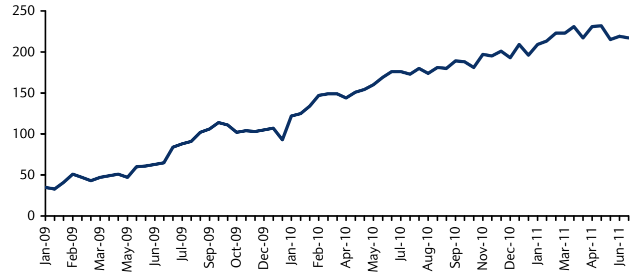
Figure 125: Bakken, Eagle Ford and Marcellus Rig Count

Bakken Rig Count



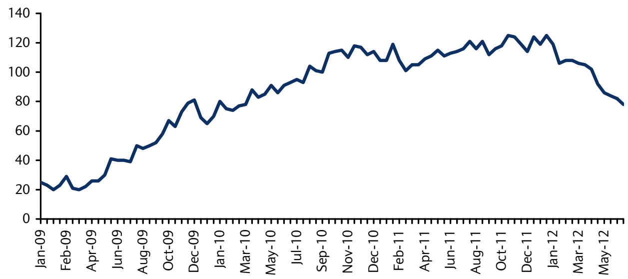
Source: Land Rig Newsletter

Eagle Ford Rig Count



Source: Land Rig Newsletter

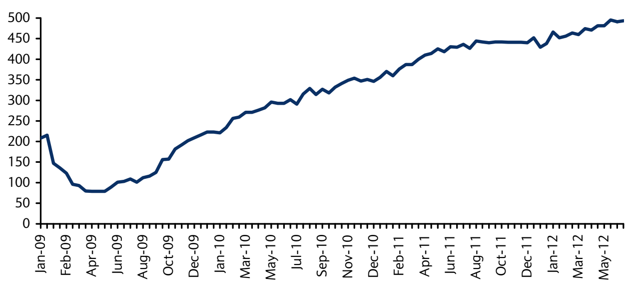
Marcellus Rig Count (PA)



Source: Land Rig Newsletter

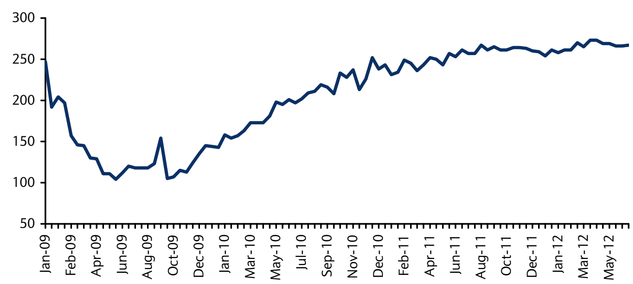
Figure 126: Permian, Mid-continent, Uinta and DJ Basin Rig Count

Permian Basin Rig Count



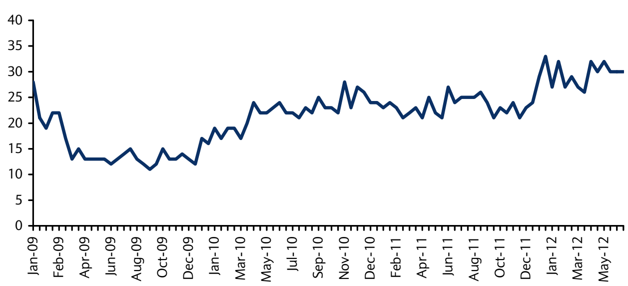
Source: Land Rig Newsletter

Mid-continent Rig Count

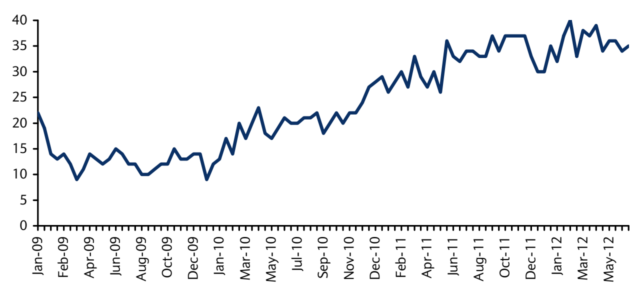


Source: Land Rig Newsletter

Uinta Rig Count



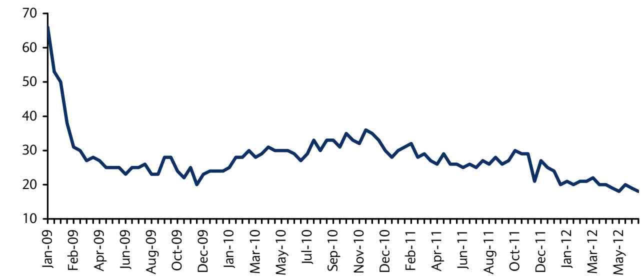
DJ Basin Rig Count



Source: Land Rig Newsletter

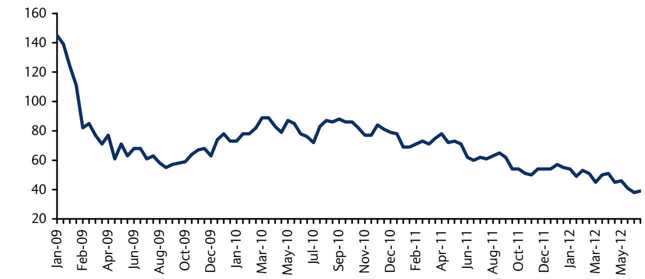
Figure 127: Piceance, Barnett, ArkLaTex, and Haynesville Rig Count

Piceance Rig Count



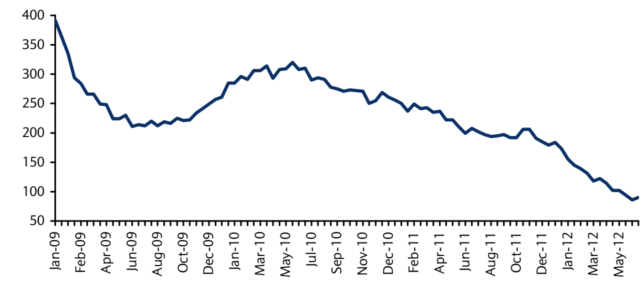
Source: Land Rig Newsletter

Barnett Rig Count

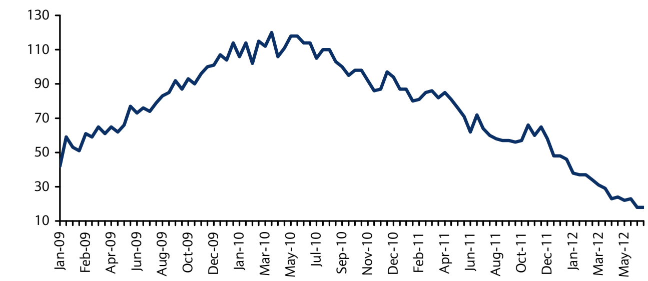


Source: Land Rig Newsletter

ArkLaTex Rig Count



Haynesville Rig Count



Source: Land Rig Newsletter

Figure 128: Components of the Rig Count

Region	3Q 09	4Q 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Yr / Yr	Q / Q	6/29/12
Shale															
Barnett	61	68	79	84	83	81	73	72	61	53	51	44	-39%	-14%	39
Eagle Ford			42	53	86	107	121	153	177	192	212	223	46%	5%	217
Fayetteville	39	33	35	38	33	31	28	28	27	27	26	20	-29%	-23%	16
Woodford	21	21	27	28	25	23	20	17	15	19	15	11	-35%	-27%	8
Haynesville (La)	72	99	111	115	105	93	86	79	61	57	37	22	-72%	-41%	18
Marcellus (Pa)	46	71	76	87	100	114	108	109	117	120	112	90	-17%	-20%	78
Bakken	41	57	73	94	108	122	127	128	141	144	148	159	24%	7%	150
Subtotal	280	349	443	499	540	571	563	586	599	612	601	569	-3%	-5%	526
Tight Formation															
Permian	117	195	244	285	318	359	369	416	437	441	456	484	16%	6%	493
DJ Basin	12	14	16	20	20	24	28	30	34	34	36	36	20%	0%	35
Greater Green River	32	33	31	31	32	28	27	27	27	30	22	18	-33%	-18%	20
Piceance Basin	25	23	27	30	31	33	30	27	26	26	21	19	-30%	-10%	18
San Juan Basin	13	6	6	7	10	6	6	8	10	8	6	5	-38%	-17%	6
Uinta Basin	13	14	18	23	23	25	23	23	24	24	29	30	30%	3%	30
Subtotal	212	285	342	396	434	475	483	531	558	563	570	592	11%	4%	602
MidContinent	117	125	158	187	209	232	240	250	261	261	263	269	8%	2%	267
Other	344	343	353	397	420	386	368	371	414	425	393	391	5%	-1%	426
Total	953	1102	1296	1479	1603	1664	1654	1738	1832	1861	1827	1821	5%	0%	1821
Percent Total															
Oil Focused															
Eagle Ford	0%	0%	3%	4%	5%	6%	7%	9%	10%	10%	12%	12%			12%
Bakken	4%	5%	6%	6%	7%	7%	8%	7%	8%	8%	8%	9%			8%
Permian	12%	18%	19%	19%	20%	22%	22%	24%	24%	24%	25%	27%			27%
Subtotal	17%	23%	28%	29%	32%	35%	37%	40%	41%	42%	45%	48%			47%
Liquids Focused															
DJ Basin	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%			2%
Uinta Basin	1%	1%	1%	2%	1%	2%	1%	1%	1%	1%	2%	2%			2%
MidContinent	12%	11%	12%	13%	13%	14%	15%	14%	14%	14%	14%	15%			15%
Greater Green River	3%	3%	2%	2%	2%	2%	2%	2%	1%	2%	1%	1%			1%
Piceance Basin	3%	2%	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%			1%
Barnett	6%	6%	6%	6%	5%	5%	4%	4%	3%	3%	3%	2%			2%
Subtotal	27%	25%	25%	25%	25%	25%	25%	25%	24%	23%	23%	23%			22%
Dry Gas Focused															
Fayetteville	4%	3%	3%	3%	2%	2%	2%	2%	1%	1%	1%	1%			1%
Woodford	2%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%			0%
Haynesville (La)	8%	9%	9%	8%	7%	6%	5%	5%	3%	3%	2%	1%			1%
Marcellus (Pa)	5%	6%	6%	6%	6%	7%	7%	6%	6%	6%	6%	5%			4%
San Juan Basin	1%	1%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%			0%
Subtotal	20%	21%	20%	19%	17%	16%	15%	14%	13%	12%	11%	8%			7%
Other	36%	31%	27%	27%	26%	23%	22%	21%	23%	23%	22%	21%			23%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			100%

'(1) Beginning 4Q 2009 LRN changed methodology capturing more rigs in the < 5000 ft category, Qtrs restated for 2009 not 2008
Source: Land Rig Newsletter

MLPs Have Broad Exposure to the Shift in Drilling Toward Liquids

With the dry gas rig count falling sharply, we have only slight trepidation concerning volumetric exposure to this component of the gathering and pipeline business. However, the majority of the G&P and pipeline MLPs (notably the intrastates most immediately exposed to lower basis, storage spreads and gas prices) have more than offsetting operating leverage to processing, NGL downstream or crude oil businesses. Figure 129 summarizes the regional exposure of our coverage universe while Figure 130 illustrates the expansive nature of the operations across the value chain for most of the partnerships.

Figure 129: Regional Orientation Matrix

Companies	Rockies								Texas					Louisiana		Mid-Cont.			GOM	Eastern		
MLPs	Piceance / Uinta	Bighorn / Wind River	DJ Basin (Niobrara)	Jonah / Pinedale	Green River	Powder River	Williston Basin (Bakken)	San Juan	North / East Texas (Barnett)	Granite Wash	West Texas	South Texas (Eagle Ford)	Texas Gulf Coast	N. Louisiana (Haynesville)	South Louisiana	Anadarko (Woodford)	Hugoton	Arkoma (Fayetteville)	Gulf of Mexico	Appalachia (Marcellus)	Black Warrior, Alabama	Michigan
Atlas Pipeline									■		■					■						
Copano Energy						■			■			■	■			■		■				
Chesapeake Midstream									■	■	■			■		■				■		
Crestwood Midstream									■	■	■			■				■		■		
Crosstex Energy									■		■	■		■	■							
DCP Midstream	■		■			■			■		■	■	■	■					■			■
Eagle Rock Energy									■	■	■	■		■	■	■						
Enbridge Energy									■	■						■						
Energy Transfer	■							■	■	■	■	■	■	■	■	■	■	■		■		
Enterprise Products	■			■	■			■	■		■	■		■	■				■		■	
Inergy Midstream																				■		
Kinder Morgan												■		■								
Markwest Energy									■	■			■		■	■				■		■
Oneok		■	■			■	■		■	■	■					■	■					
Penn Virginia									■							■		■		■		
Regency Energy									■		■	■	■	■	■			■				
Rose Rock Midstream			■				■									■						
Spectra Energy Partners																		■		■		
Targa Resources									■		■				■				■			
TC Pipelines		■				■	■															
Tesoro Logistics							■															
Western Gas	■		■		■	■			■		■	■					■					
Williams Partners	■			■	■	■		■				■	■		■				■	■		

Source: Barclays Research

Figure 130: Relative Diversification of Operations

Partnership		Crude Oil				Refined Products				Natural Gas							NGL					Distribution		
Peer Group	Ticker Symbol	Gathering	Pipeline	Storage	Logistics, Marketing	Pipeline	Storage	Transmix	Refining	Gas Gathering	Treating, Compression	Processing	Pipeline & Storage Regulated	LNG	Pipeline Unregulated	Storage Unregulated	Gathering	Pipeline	Storage	Fractionation	Refinery Services, Marketing	Propane	Heating Oil	Refined products
Natural Gas & NGL																								
Atlas Pipeline	APL									■	■	■												
Boardwalk Pipeline	BWP												■			■								
Chesapeake Midstream	CHKM									■	■	■												
Crestwood Midstream	CMLP									■		■					■			■				
Copano Energy	CPNO									■	■	■			■			■		■				
Crosstex Energy	XTEX									■	■	■			■			■		■				
DCP Midstream	DPM									■	■	■				■		■		■	■			
Eagle Rock	EROC									■	■	■												
El Paso Pipeline	EPB												■	■										
Enterprise Products	EPD	■	■	■		■	■			■	■	■			■	■	■	■	■	■	■			
Energy Transfer	ETP									■	■	■	■		■	■		■	■	■		■		
Exterran Partners	EXLP										■													
Markwest Energy	MWE	■	■							■	■	■	■					■	■	■	■			
Niska Gas Storage	NKA															■								
Inergy Midstream	NRGM												■			■			■					
Oneok	OKS		■							■	■	■	■		■	■	■	■	■	■	■			
Plains Natural Gas	PNG															■								
Regency Energy	RGP									■	■	■	■		■									
Spectra Energy	SEP												■			■								
Targa Resources	NGLS									■	■	■						■	■	■	■			
TC Pipelines	TCP												■											
Western Gas	WES		■							■	■	■												
Williams Partners	WPZ									■	■	■	■					■	■	■	■			
Ref Products & Crude																								
Blueknight Energy	BKEP	■	■	■		■	■																	
Buckeye Partners	BPL					■	■	■								■		■						
Calumet Specialty	CLMT								■															
Enbridge Energy	EEP		■	■						■	■	■			■									
Holly Energy	HEP		■	■		■	■																	
Kinder Morgan Energy	KMP		■			■	■	■		■	■	■	■		■	■								
Magellan Midstream	MMP		■	■		■	■																	
NuStar Energy	NS		■	■		■	■		■															
Oiltanking Partners	OILT		■	■		■	■	■																
Plains All-American Pipeline	PAA	■	■	■	■																			
Rose Rock Midstream	RRMS	■	■	■	■																			
Sunoco Logistics	SXL	■	■	■	■	■	■														■			
Tesoro Logistics	TLLP	■	■	■		■	■	■																
Wholesale Distribution																								
Amerigas	APU																					■		
Ferrellgas	FGP																					■		
Global Partners	GLP																							■
Inergy L.P.	NRGY												■			■						■		
Suburban Propane	SPH																					■	■	

Source: Company filings, Barclays Research

Product Demand Taking Cue From Weak Economy

A less than robust economy is translating into less than robust petroleum product demand. The outlook has changed little from last quarters review and we are still anticipating a decline of just under 1% for 2012 before a minor rebound (+0.4%) in 2013. While the demand outlook is lackluster, it's important to note that the refined products MLPs are benefitting from PPI driven tariff escalation of around 7% in July 2011 with an additional increase of around 8% in July 2012.

In an environment where domestic crude production is rising rapidly, the differentials in crude grades are volatile/wide and product demand is weak it's not surprising to see a situation where crude inventories are higher than normal and product inventories are below historical levels.

Figure 131: Crude & Refined Products Inventory

In MM barrels	7/15/2011	7/13/2012	5 Yr Avg	Yr/Yr	Vs 5 Yr
Crude Oil (ex Strategic Petroleum Reserve)	351.7	377.4	339.7	7.3%	11.1%
Motor Gasoline	212.5	205.9	213.2	-3.1%	-3.4%
Distillates	148.5	123.5	143.7	-16.8%	-14.1%
Jet Fuel	45.1	38.2	42.0	-15.3%	-9.0%
Light Products	406.1	367.6	398.9	-9.5%	-7.8%

Source: EIA

Figure 132: Refined Products Demand

	2007	2008	2009	2010	2011	2012e	2013e
Motor Gasoline	0.4%	-3.2%	0.1%	0.0%	-2.9%	-0.4%	-0.5%
Jet Fuel	-0.6%	-5.2%	-9.4%	2.8%	-0.4%	-0.7%	0.4%
Distillate	0.6%	-6.0%	-8.0%	4.7%	1.3%	-1.1%	1.7%
Subtotal Light Products	0.3%	-4.2%	-3.1%	1.5%	-1.5%	-0.7%	0.2%
Other	-1.0%	-9.9%	-5.5%	4.3%	-2.6%	-1.3%	0.9%
Total	0.0%	-5.7%	-3.7%	2.2%	-1.8%	-0.8%	0.4%

Source: EIA Short Term Energy Outlook July 2012

Crude Differentials Remain High, Indicative of Infrastructure Needs

US crude infrastructure is stressed. Lower 48 onshore production is up 944,000 b/d or 24%. Importantly, much of the new production is coming from more remote areas which lack infrastructure. Inefficient modes of transport (truck, rail) are being temporarily utilized to move production to market until less costly pipeline corridors are built out. The following table highlights the costs of moving Bakken crude to St. James, Louisiana, a marketing hub where Bakken output can be compared to a similar grade benchmark Louisiana Light Sweet (LLS) crude.

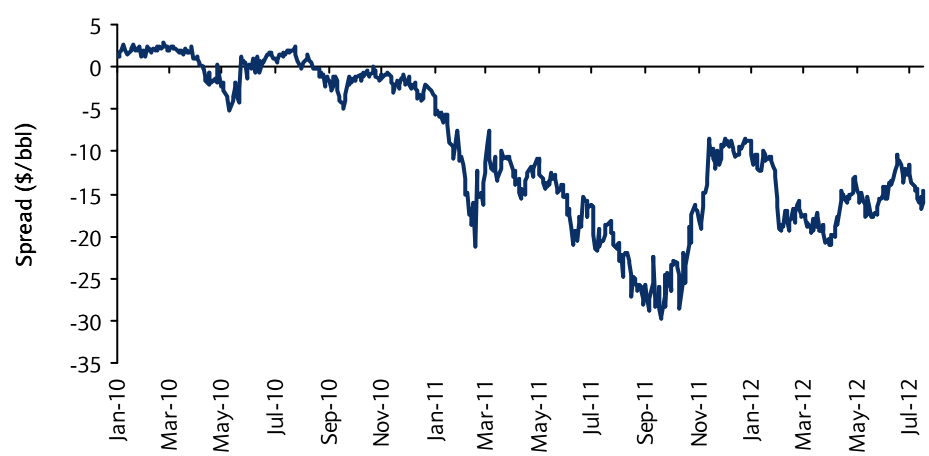
Figure 133: LLS- Bakken Differential

Service	$/bbl	
Rail transport	$7.75	$7.75
Rail car lease	$0.50	$1.00
Loading terminal fee	$1.00	$1.50
Unloading terminal fee	$1.00	$1.50
Last mile (trucks, etc)	$1.00	$2.00
Profit	$1.00	$3.00
Transportation cost	$12.25	$16.75

Source: Company presentations, Barclays Research estimates

At present, the differential in these two similar grades of high quality crude is around $16.50/bbl. Pipeline costs to move the volumes would be roughly one-third the current differential. For perspective, the cost of moving Bakken crude to various locations is fairly high no matter which direction producers try to exploit for better netbacks (Anacortes , WA - $11-$12/bbl, Philadelphia, PA around $15/bbl, Cushing, OK $9-$10/bbl, Los Angeles, CA $15-$17/bbl). Global prices as represented by Brent remain very wide vs. the primary US domestic benchmark WTI. Dislocations abound, setting up the opportunity for fee based services across the value chain including pipeline, terminal, condensate separation and logistics (blending, etc.).

Figure 134: WTI- Brent Dislocation



Source: Bloomberg

We need to highlight a recently published report by Paul Cheng, our integrated oil analyst, entitled "PC Oil Roadmap July 2012: Where Will Bakken/LLS, LLS, WTI, WTI/WCS, WTI/Bakken Settle?" dated 7/10/12. Figure 135 summarizes his conclusions.

Figure 135: Crude Price Differentials, Current and Barclays Research Outlook

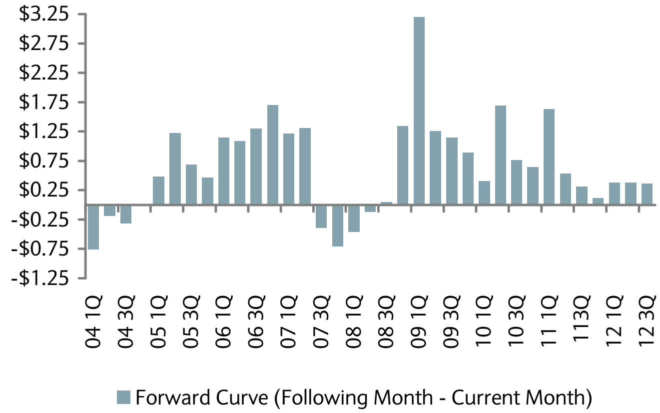
	2005-2010 Average	2011 Average	Current	Barclays Long Term Estimate
Crude Differentials ($/bbl)				
Brent/LLS	(3.1)	(1.1)	(2.5)	3 - 4
LLS/WTI Cushing	2.3	17.4	12.0	5 - 7
WTI Cushing/Canadian Heavy*	13.8	16.7	27.0	15 - 20
WTI Cushing/Canadian Sweet**	0.7	(2.2)	12.5	6 - 9
WTI/Syncrude	(0.5)	(8.8)	5.5	4 - 6
WTI Cushing/Wyoming Sweet	8.2	4.2	15.2	6 - 7
WTI Cushing/Bakken	3.8	(2.6)	14.0	5 - 8
WTI Cushing/WTI Midland	0.6	0.5	1.9	(1) - (2)
WTI Cushing/New Mexico	N/A	3.3	3.4	3 - 4
LLS/Eagle Ford	N/A	20.9	15.6	1 - 2
Brent/California Heavy	7.2	8.1	6.0	7 - 8
Discount/(Premium) to Brent ($/bbl)				
WTI Cushing	(0.9)	16.3	9.5	8 - 11
Canadian Heavy*	12.9	33.0	36.5	23 - 31
Canadian Sweet**	(0.2)	14.0	22.1	14 - 20
Syncrude	(1.4)	7.5	15.0	12 - 17
Wyoming Sweet	7.3	20.5	24.7	14 - 18
Bakken	2.9	13.7	23.5	13 - 19
WTI Midland	(0.3)	16.7	11.4	6 - 10
New Mexico Sour	N/A	19.6	12.9	11 - 15
Eagle Ford	N/A	19.8	13.1	4 - 6
California Heavy	7.2	8.1	6.0	7 - 8

*May 2008 - 2010 average
**2010 Average
Source: Bloomberg, Platts, Company Data, Barclays Research

Along with transportation differentials, crude quality spreads and time spreads are proxies for the opportunity crude oil gathering and terminal companies have to create margin from buying crude and adding value to the barrel by blending or trading this supply to match specific refiner requirements. In essence, the wider spreads provide higher margin opportunities. Sweet, light crudes (WTI, LLS, Bakken-NDL) require less complex (read expensive) refining to convert to high value products than does sour, heavy crude (Maya) feedstock. Currently time spreads remain subdued, sweet-sour quality differentials are relatively wide from a historical perspective and the heavy-light differential between Maya (global waterborne benchmark) and WTI is inverted given transportation constraints depressing the price of WTI.

Figure 136: Forward Curve

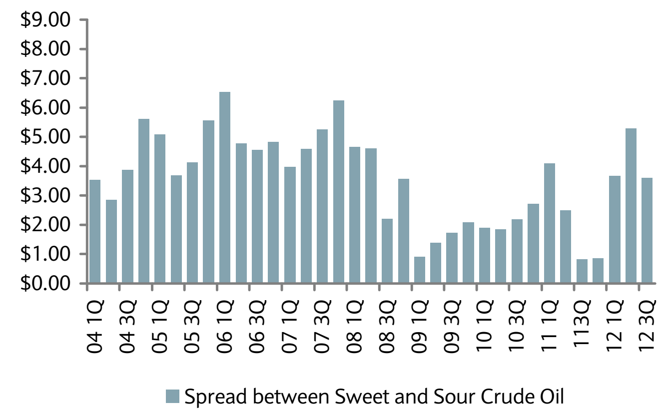
	Forward Curve (Following Month - Current Month)			
	1Q	2Q	3Q	4Q
2004	-$0.76	-$0.19	-$0.31	-$0.02
2005	$0.48	$1.22	$0.69	$0.46
2006	$1.14	$1.08	$1.30	$1.70
2007	$1.21	$1.31	-$0.39	-$0.70
2008	-$0.45	-$0.11	$0.04	$1.34
2009	$3.19	$1.25	$1.14	$0.89
2010	$0.40	$1.69	$0.76	$0.64
2011	$1.63	$0.53	$0.31	$0.11
2012	$0.38	$0.37	$0.36	
Average	**$0.80**	**$0.80**	**$0.43**	**$0.55**



Source: Bloomberg

Figure 137: Spread Between Sweet and Sour Crude Oil

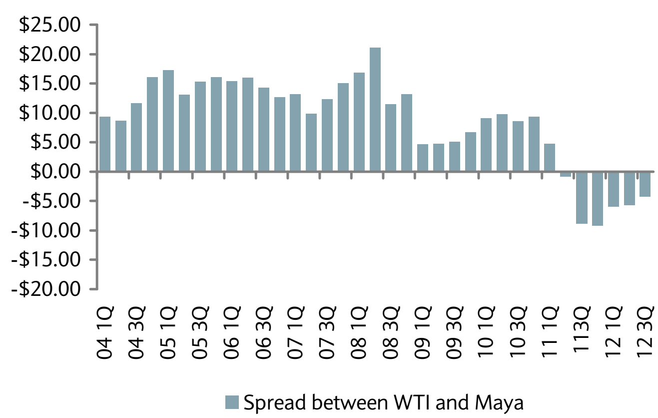
	Spread between Sweet and Sour Crude Oil			
	1Q	2Q	3Q	4Q
2004	$3.54	$2.85	$3.88	$5.61
2005	$5.09	$3.69	$4.13	$5.55
2006	$6.53	$4.78	$4.55	$4.83
2007	$3.98	$4.59	$5.26	$6.24
2008	$4.66	$4.61	$2.21	$3.57
2009	$0.91	$1.38	$1.73	$2.08
2010	$1.90	$1.85	$2.19	$2.70
2011	$4.09	$2.50	$0.83	$0.87
2012	$3.67	$5.28	$3.61	
Average	**$3.82**	**$3.50**	**$3.15**	**$3.93**



Source: Bloomberg

Figure 138: Spread Between WTI and Maya

	Spread between WTI and Maya			
	1Q	2Q	3Q	4Q
2004	$9.29	$8.61	$11.61	$16.02
2005	$17.25	$13.09	$15.27	$15.99
2006	$15.30	$15.98	$14.27	$12.61
2007	$13.13	$9.81	$12.29	$15.08
2008	$16.78	$21.08	$11.46	$13.14
2009	$4.66	$4.73	$5.05	$6.68
2010	$9.02	$9.76	$8.54	$9.37
2011	$4.68	-$0.86	-$8.83	-$9.19
2012	-$5.95	-$5.73	-$4.22	
Average	**$9.35**	**$8.50**	**$7.27**	**$9.96**



Source: Bloomberg

Company Updates

Access Midstream Partners, LP (ACMP)

Figure 139: Access Midstream Partners, LP (ACMP)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$1.62
Price Target:	$33.00		**Yield:**	5.69%
Current Price:	$28.46	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	16.0%		**Dist. CAGR (Next 3 Yrs):**	11.86%
52 Week High / Low:	$31.19 - $22.5		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$0.55	$1.48	$0.41	$0.42	$0.43	$0.44	$1.70	$1.88
Growth (YoY)	na	9%	16%	15%	15%	13%	15%	11%
Total Distribution Receiving Units	140.97	140.72	147.98	147.98	147.98	167.15	152.77	180.45

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$196.8	$194.3	$52.4	$68.4	$67.6	$71.8	$260.1	$343.6
DD&A	$93.5	$137.0	$38.4	$34.0	$34.3	$38.5	$145.2	$181.0
Interest expense	$2.6	$14.1	$16.0	$18.5	$20.0	$20.0	$74.4	$111.4
Others	$0.0	$4.1	$11.7	$0.0	$0.0	$0.0	$0.8	$0.0
EBITDA	**$292.8**	**$349.5**	**$118.4**	**$120.8**	**$121.9**	**$130.2**	**$480.5**	**$636.0**
Maintenance capex	($70.0)	($74.0)	($18.5)	($18.5)	($18.5)	($18.5)	($74.0)	($95.0)
Interest expense	($2.6)	($12.9)	($14.7)	($18.5)	($20.0)	($20.0)	($73.1)	($111.4)
Others	$0.0	($0.6)	($0.8)	$0.0	$0.0	$0.0	$0.0	$0.0
Distributable Cash flow	$220.2	$262.0	$84.4	$83.8	$83.4	$91.7	$333.4	$429.6
General Partner Cut	$1.6	$4.3	$1.6	$1.9	$2.5	$3.5	$8.9	$21.6
Distributable Cash Flow (LP)	**218.65**	**257.67**	**82.82**	**81.87**	**80.97**	**88.25**	**324.50**	**408.04**
Distributable Cash Flow Per Unit	$1.55	$1.83	$0.56	$0.55	$0.55	$0.53	$2.12	$2.26
Total Distribution Coverage	**70%**	**124%**	**138%**	**133%**	**127%**	**119%**	**125%**	**120%**

Business Description

Access Midstream Partners, L.P. is the industry's largest gathering and processing master limited partnership as measured by throughput volume and owns, operates, develops and acquires natural gas gathering systems and other midstream energy assets. Headquartered in Oklahoma City, the Partnership's operations are focused on the Barnett Shale, Haynesville Shale, Marcellus Shale and Mid-Continent regions of the U.S.

	FCF Multiple			**FCF Multiple / Expected Return**			**EV / EBITDA-Maintenance Capital**		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Access Midstream Partners L.P. (ACMP)	16.3x	13.0x	12.6x	1.1x	0.7x	0.7x	17.2x	13.3x	10.2x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $33 price target is based on a 12-month distribution run rate of $1.92 and a target yield of 5.75%

Investment Thesis

We recently reinstated our rating on ACMP with a 1-OW and $33 price target. We estimate that ACMP can grow distribution at a 5-year CAGR of 11%, which is largely in-line with our estimate prior to the recently closed transaction that effectively made Global Infrastructure Partners (GIP) ACMP's sole GP. We see little change in ACMP's growth story over the next few years, assuming GIP successfully completes the Chesapeake Midstream Development (CMD) acquisition. Potential benefits of the transaction include greater organic growth opportunities, more third party business prospects, and long term credit upside given ACMP's separation from Chesapeake Energy (CHK). Concurrent with the transaction, ACMP signed a letter agreement to acquire MidContinent assets from CHK, which will improve organic growth prospects given its exposure to liquids rich plays. Closing of this transaction (expected before the year end) will increase 2013 growth capex above the $550-$600 mm currently guided. ACMP has a healthy balance sheet (with a pro-forma leverage ratio of 2.5x in 1Q12) and stable cash flow profile.

Subsequent to the June 8 announcement, GIP acquired ACMP's GP and LP interest for $2 billion. GIP also signed letter agreement to acquire CMD, which we estimate houses around 10 years of dropdownable assets including Haynesville, Eagle Ford, Barnett, and Utica midstream systems. The successful acquisition of CMD by GIP will provide long term visibility on ACMP's distribution growth, as GIP plans to drop $300-$500 mm of assets per year. GIP indicated plans to invest $1 billion per year over the next 3 years to bring assets to capital maturity. Including the ~$1.5 billion purchase price, the total inventory of assets should be at least $4.5 billion. GIP's investment plans are consistent with CHK's previous spending plans on these assets.

We expect above average 2012 growth to be driven by accretion from ACMP's larger-than-expected Marcellus dropdown and strong organic growth projects from the acquisition. The Marcellus deal increased ACMP's growth visibility, in our view, and we expect the company will have abundant organic expansion opportunities in the fast-growing play. Other organic investment opportunities include the entrance into the liquids-related infrastructure space and the company is evaluating processing capacity additions in areas including Granite Wash, Mississipian, and West Texas/Permian regions. Future dropdown candidates include the second largest compression business in the U.S., MidCon Compression, which we estimate can carry a deal size of ~$770 mm. ACMP previously stated it expects to achieve mid-teens returns and targets $300-$500 mm of annual dropdowns, which combined with organic investments, will be the key drivers to distribution growth.

Potential Catalysts / Timeline

- Announcement of asset dropdowns by parent.
- August 8 – Q2 2012 earnings release.

Fundamental Drivers

- Ability to grow customer base with the support of acquisitions.

Risk: Low/Medium

ACMP carries a below-average risk profile connected to commodity prices considering its fee-based contract structure and minimum volume guarantee and fee redetermination agreements on its producer contracts. On the other hand, ACMP has indirect exposure to natural gas prices as weak gas prices can result in less drilling activity and limit organic growth opportunities.

AmeriGas Partners, LP (APU)

Figure 140: AmeriGas Partners, LP (APU)

Sub Sector: Wholesale Distribution

Rating:	3-Underweight		**Annualized Distribution:**	$3.20
Price Target:	$41.00		**Yield:**	7.71%
Current Price:	$41.48	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.94%
Potential Upside to Target:	-1.2%		**Dist. CAGR (Next 3 Yrs):**	5.36%
52 Week High / Low:	$46.47 - $36.76		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12E	4Q12E	FY2012E	FY2013E
Cash Distribution Per Unit	$2.79	$2.93	$0.76	$0.80	$0.80	$0.80	$3.16	$3.29
Growth (YoY)	5.09%	5.03%	8.16%	8.11%	8.11%	8.11%	8.12%	4.00%
Total Distribution Receiving Units (in mm)	57.10	57.15	57.13	83.20	92.76	92.76	81.46	92.76

Distributable Cash flow Calculation	FY2010	FY2011	1Q12	2Q12	3Q12E	4Q12E	FY2012E	FY2013E
Net Income	$165.21	$138.50	$42.51	$133.89	($74.66)	($99.27)	$2.47	$190.82
Interest Expense	$65.11	$63.52	$16.53	$45.05	$43.84	$43.84	$149.25	$175.35
Depreciation and Amortization	$87.40	$94.71	$24.19	$44.79	$50.00	$50.00	$168.98	$216.00
Other	$22.47	$38.51	$0.45	$22.28	$21.90	$20.90	$65.53	$33.00
Adjusted EBITDA	$340.18	$335.24	$83.68	$246.00	$41.08	$15.47	$386.23	$615.16
Net Interest Expense	$65.11	$63.52	$16.53	$45.05	$43.84	$43.84	$149.25	$175.35
Maintenance Capital Expenditures	$41.08	$38.17	$11.79	$12.86	$20.44	$22.01	$67.10	$65.00
Others	$0.00	$0.00	$0.00	$8.14	$21.00	$20.00	$49.14	$0.00
Distributable Cash flow	$233.99	$233.55	$55.36	$179.96	($44.20)	($70.38)	$120.74	$374.82
General Partner Cut	$6.00	$8.49	$2.46	$2.89	$5.25	$5.85	$16.45	$26.15
Distributable Cash Flow (LP)	$227.99	$225.06	$52.90	$177.07	($49.45)	($76.23)	$104.30	$348.66
Distributable Cash Flow Per Unit	$3.99	$3.94	$0.93	$2.13	($0.53)	($0.82)	$1.28	$3.76
Total Distribution Coverage	143%	135%	121%	266%	-67%	-103%	40%	114%

Business Description

AmeriGas Partners, L.P., through its subsidiary, AmeriGas Propane, L.P., operates as a retail propane distributor in the United States. AmeriGas is the nation's largest retail propane marketer, serving over two million customers in all 50 states from over 1,200 locations.

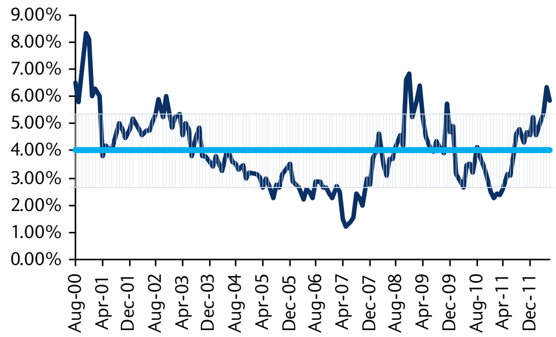
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Amerigas Partners L.P. (APU)	11.7x	30.8x	11.6x	1.0x	2.4x	0.9x	12.0x	16.0x	9.1x
Wholesale Distribution	11.0x	18.6x	12.0x	1.1x	1.9x	1.1x	12.8x	15.7x	11.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

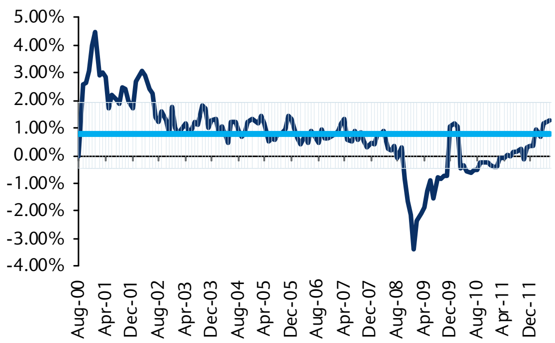
Figure 141: Historical Yield Spreads

APU vs. US 10 yr



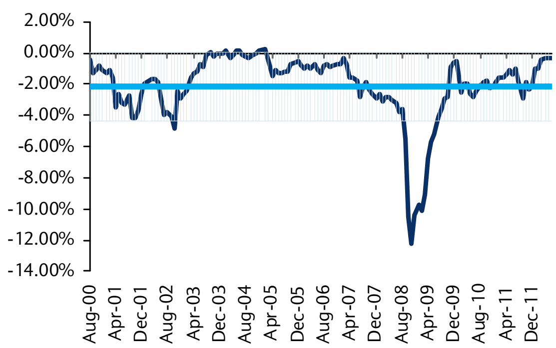
Basis Point Differentials - APU vs. US 10 yr

APU vs. AMZ

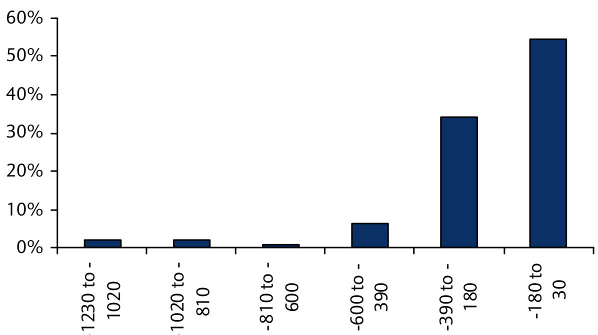


Basis Point Differentials - APU vs. AMZ

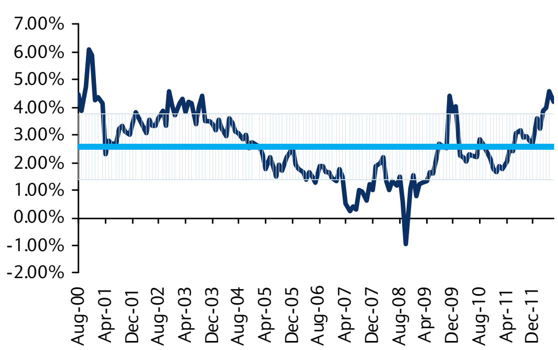
APU vs. Barclays HY



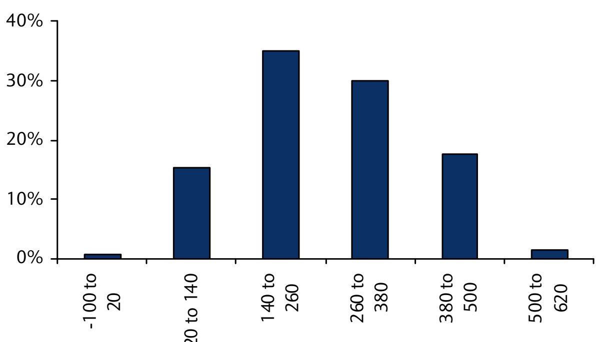
Basis Point Differentials - APU vs. Barclays HY



APU vs. Barclays HG



Basis Point Differentials - APU vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $41 price target is based on a 12-month cash distribution run-rate of $3.28 and a yield target of 8%.

Investment Thesis

We expect the propane sector to continue to face margin and volume pressures due to rising wholesale propane prices and customer conservation. While we expect light coverage in the transition year of 2012 due to integration costs related to the Heritage acquisition and soft results due to warmer-than-expected weather, we forecast APU to cover its distribution with 1.1x coverage in 2013, assuming 4% growth, $20mm of integration costs and $50mm in synergies. Additionally, the partnership continues to signal its long-term confidence in the Heritage acquisition as shown by their 5% increase in its quarterly distribution for fiscal 2Q following its 3% quarterly increase in 1Q.

Potential Catalysts / Timeline

- August 7 – fiscal third quarter earnings release

Fundamental Drivers

- Weather conditions affect demand for propane.
- Gross profit and EBITDA per gallon margins are affected by propane prices, procurement costs and ability to pass through costs to its customers.
- Ability to manage customer conservation through acquisitions, cylinder exchange business and strategic accounts

Risk: Medium

In general, weather conditions have a significant effect on propane demand for heating and agricultural purposes. As such, propane partnerships tend to be more risky than pipelines, given the seasonality of operations and vulnerability to warm temperatures in the winter. The partnership's expansive geographic coverage and diverse customer base mitigate the effects of extreme weather in any of its regions.

Atlas Pipeline Partners, LP (APL)

Figure 142: Atlas Pipeline Partners, LP (APL)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$2.24
Price Target:	$41.00		**Yield:**	6.75%
Current Price:	$33.20	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	-41.36%
Potential Upside to Target:	23.5%		**Dist. CAGR (Next 3 Yrs):**	8.09%
52 Week High / Low:	$40.89 - $24.12		**Tax Deferral:**	100%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$0.72	$1.96	$0.56	$0.56	$0.56	$0.57	$2.25	$2.36
Growth (YoY)	na	32.4%	40.0%	19.1%	3.7%	2.7%	14.5%	5.0%
Total Distribution Receiving Units	53.13	53.61	54.01	54.01	54.01	54.01	54.01	58.31

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	($29.15)	$289.20	$4.94	$15.72	$19.50	$22.18	$62.34	$105.78
Interest Expense	$92.25	$31.60	$8.71	$9.05	$9.45	$9.75	$36.96	$53.98
Depreciation and Amortization	$83.46	$77.44	$20.84	$19.50	$19.50	$19.50	$79.34	$80.00
Others	$43.32	($217.21)	$16.60	$4.71	$10.93	$7.84	$40.08	$11.06
Adjusted EBITDA	$189.88	$181.03	$51.09	$48.98	$59.38	$59.27	$218.71	$250.82
Net Interest Expense	($92.25)	($31.60)	($8.71)	($9.05)	($9.45)	($9.75)	($36.96)	($53.98)
Maintenance Capital Expenditures	($11.35)	($18.25)	($4.51)	($4.00)	($6.00)	($6.00)	($20.51)	($22.00)
Others	$6.34	($1.24)	($2.62)	($3.00)	($3.00)	($3.00)	($11.62)	($13.00)
Distributable Cash flow	$92.61	$129.94	$35.25	$32.93	$40.93	$40.52	$149.62	$161.84
General Partner Cut	$0.78	$5.09	$2.14	$2.14	$2.14	$2.23	8.64	11.50
Distributable Cash Flow (LP)	$91.83	$124.85	$33.11	$30.79	$38.79	$38.30	$140.99	$150.33
Distributable Cash Flow Per Unit	$1.73	$2.33	$0.61	$0.57	$0.72	$0.71	$2.61	$2.58
Total Distribution Coverage	240%	119%	109%	102%	128%	125%	116%	109%

Business Description

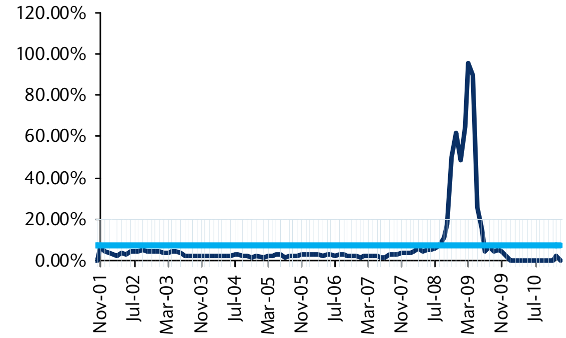
Atlas Pipeline Partners, L.P. is active in the gathering and processing segments of the midstream natural gas industry. In the Mid-Continent region of Oklahoma, southern Kansas, and northern and western Texas, APL owns and operates seven active gas processing plants as well as approximately 9,000 miles of active intrastate gas gathering pipeline.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Atlas Pipeline Partners L.P. (APL)	16.2x	12.7x	12.9x	1.0x	0.9x	0.9x	15.1x	12.6x	11.0x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

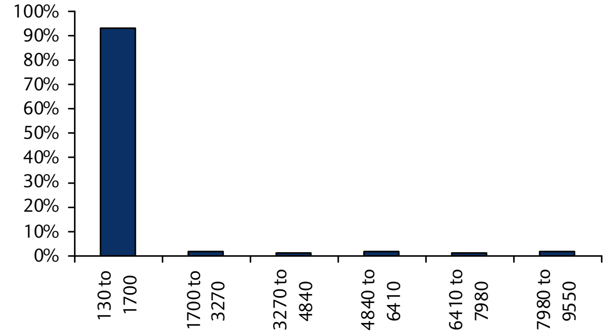
Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Figure 143: Historical Yield Spreads

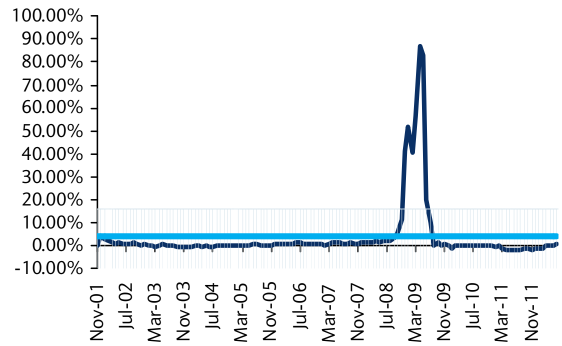
APL vs. US 10 yr



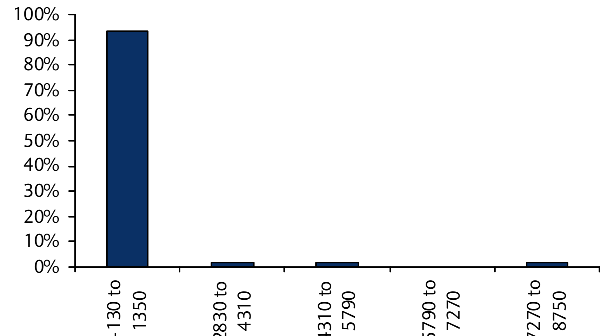
Basis Point Differentials - APL vs. US 10 yr



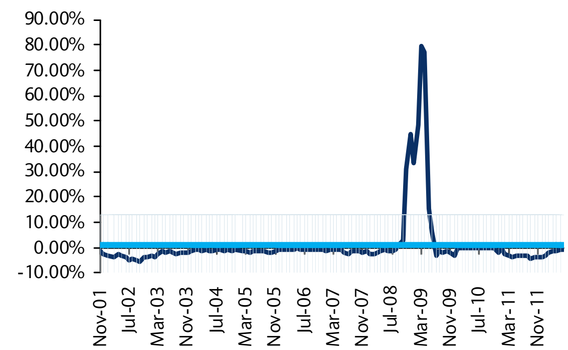
APL vs. AMZ



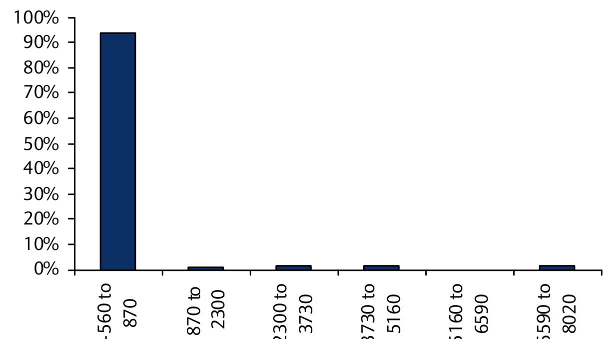
Basis Point Differentials - APL vs. AMZ



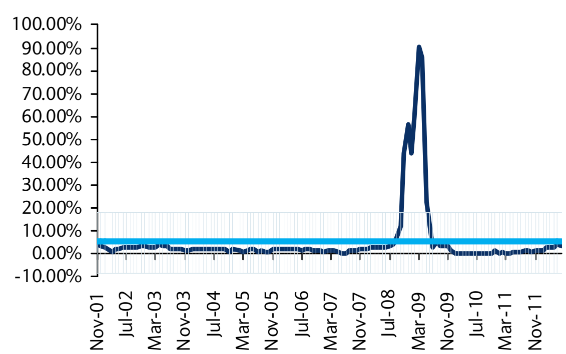
APL vs. Barclays HY



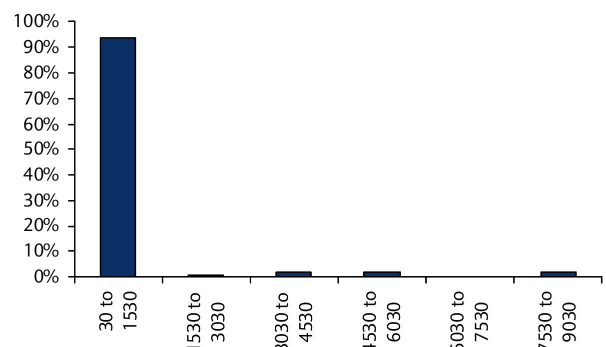
Basis Point Differentials - APL vs. Barclays HY



APL vs. Barclays HG



Basis Point Differentials - APL vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $41 price target is based on a 12-month distribution run rate of $2.30/unit and target yield of 5.6%.

Investment Thesis

We forecast APL can grow distribution at a 5-year CAGR of 6.3%, driven by incremental growth from organic projects currently being executed. We expect distribution growth will be modest, if any, for the remainder of 2012, due to NGL takeaway constraints that limit cash flow upside from new projects that have come on-line. Given robust volume trends behind all of APL's systems, our view is that the company will see solid cash flow growth in 2013 once DCP's Sand Hills and Southern Hills pipeline comes into service, which will alleviate NGL takeaway constraints for APL. While APL has above average commodity price exposure (excluding its hedges), the company's 2012 cash flow is largely insulated from low prices due to commodity derivative contracts struck at very favorable prices. Over the multi-year period, the impact of lower NGL prices has a greater impact on APL vs. many of its peers, given hedge contract expirations over time.

APL has visible growth prospects, supported by its slate of organic projects being executed. APL has $465 mm of organic projects coming on-line in 2012 and 2013. APL is adding 460 mmcf/d of new processing capacity around its three existing systems, which have been running at full capacity. These are basins with robust producer economics and the new 260 mmcf/d capacity that came on-line in June/July appears to be already running at a high capacity. While a lower price environment reduces producer returns, economics remain attractive even under more bearish price scenarios. With respect to its balance sheet, APL's leverage ratio is well within its target range (low 3x), but we expect the ratio to come close to ~4x by the end of the year, assuming no equity raise. We are assuming $150 mm of equity raise in early 2013, which should bring down APL's leverage ratio to the mid-3x range.

Potential Catalysts / Timeline

- Announcement of major acquisition or projects.
- August 7 – Q2 2012 earnings release.

Fundamental Drivers

- WTI crude prices which drive liquids rich gas production.
- Ability to sustain a low operating cost structure.
- Demand and prices of NGLs.
- Acquisitions can lead to upside in distribution estimates.

Risk: Medium/High

We determine APL's risk profile to be high given its exposure to commodity prices. As a gatherer and processor of natural gas, the system's throughput is highly dependent on drilling activity behind the systems. Given APL's systems are located in areas with liquids rich gas production, a key driving force in drilling activity has been WTI crude prices. APL's margins have direct exposure to NGL prices, a majority of which are hedged in the near term.

Blueknight Energy Partners, LP (BKEP)

Figure 144: Blueknight Energy Partners, LP (BKEP)

Sub Sector: Refined Products & Crude Oil

Rating:	3-Underweight		**Annualized Distribution:**	$0.44
Price Target:	$7.00		**Yield:**	6.60%
Current Price:	$6.67	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	4.9%		**Dist. CAGR (Next 3 Yrs):**	6.22%
52 Week High / Low:	$9 - $4.95		**Tax Deferral:**	80%

Cash Flow Summary	2010	2011	2012-1	2012-2e	2012-3e	2012-4e	2012e	2013e
Cash Distribution Per Unit	$0.00	$0.11	$0.11	$0.11	$0.11	$0.11	$0.44	$0.49
Growth (YoY)	na	na	na	na	na	na	na	348.0%
Total Distribution Receiving Units (in mm)	34.32	30.91	22.66	22.66	22.66	22.66	22.66	25.50

Distributable Cash Flow Calculation	2010	2011	2012-1	2012-2e	2012-3e	2012-4e	2012e	2013e
Net Income	($14.33)	$30.19	$11.99	$6.90	$9.00	$7.75	$35.65	$31.49
DD&A	$21.45	$23.64	$5.66	$5.66	$5.66	$5.66	$22.62	$24.02
Interest Expense	$48.64	$32.90	$3.07	$3.80	$3.87	$3.96	$14.69	$17.84
Income Tax Expense	$3.11	($18.54)	($4.88)	$0.05	$0.05	$0.05	($4.73)	$0.36
EBITDA	$58.86	$68.20	$15.84	$16.41	$18.58	$17.41	$68.24	$73.71
less Interest Expense	$48.64	$32.90	$3.07	$3.80	$3.87	$3.96	$14.69	$17.84
less Maintenance Capital	$6.00	$10.30	$3.41	$4.50	$4.50	$4.50	$16.91	$18.09
less Other	$0.00	$16.45	$5.39	$4.89	$4.89	$4.89	$20.06	$21.56
Distributable Cash Flow	$4.22	$8.55	$3.97	$3.22	$5.32	$4.07	$16.57	$16.22
General Partner Cut	$0.00	$0.00	$0.16	$0.16	$0.16	$0.16	$0.63	$0.69
Distributable Cash Flow (LP)	$4.22	$8.55	$3.82	$3.06	$5.16	$3.91	$15.94	$15.53
Distributable Cash Flow Per Unit	$0.12	$0.28	$0.17	$0.13	$0.23	$0.17	$0.70	$0.61
Total Distribution Coverage	na	252%	153%	123%	207%	157%	160%	124%

Business Description

BKEP owns and operates a diversified portfolio of complementary midstream energy assets consisting of approximately 7.8 million barrels of crude oil storage located in Oklahoma and Texas, approximately 6.6 million barrels of which are located at the Cushing Oklahoma Interchange, approximately 1,289 miles of crude oil pipeline located primarily in Oklahoma and Texas, approximately 280 crude oil transportation and oilfield services vehicles deployed in Kansas, Colorado, New Mexico, Oklahoma and Texas and approximately 7.2 million barrels of combined asphalt product and residual fuel oil storage located at 44 terminals in 22 states.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Blueknight Energy Partners, L.P. (BKEP)	78.5x	9.5x	11.0x	na	0.7x	0.9x	8.8x	7.3x	6.7x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $7 price target is based on a 12-month distribution run rate of $0.44 per unit and a target yield of 6.75%.

Investment Thesis

BKEP is making steady progress following its restructuring, highlighted by its reinstatement of common unit distributions, lower leverage and improved liquidity. We expect distribution in 2012 to be flat as management focuses on maintenance initiatives and increasing the stability of their cash flows. Distribution growth is expected to resume in 2013 supported by increased utilization on its pipelines and ongoing expansion projects such as the Oklahoma pipeline project.

Potential Catalysts / Timeline

- Early August – second quarter earnings release.

Fundamental Drivers

- Pipeline cash flows will likely be driven by throughput volumes and tariffs per barrel.
- The Mid-Continent system pipeline volumes will be affected by crude oil production in Oklahoma and the Texas Panhandle. The Longview system pipeline volumes will be affected by crude oil production in East Texas.
- Terminalling & Storage segment's cash flows should be primarily driven by volatility in crude oil prices and throughput at terminals. Cushing terminal cash flows will be based on refined product consumption and demand growth in the Midwest market.

Risk: Medium

While BKEP's cash flows are fee-based and its restructuring is complete, we believe the Partnership has a medium risk profile due to its lack of growth visibility and below-average transparency. Additional risks include high competition in the crude oil gathering and transportation business, lower crude oil and asphalt contract storage rates and a decline in crude oil demand.

Boardwalk Pipeline Partners, LP (BWP)

Figure 145: Boardwalk Pipeline Partners, LP (BWP)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.13
Price Target:	$29.00		**Yield:**	7.42%
Current Price:	$28.69	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.62%
Potential Upside to Target:	1.1%		**Dist. CAGR (Next 3 Yrs):**	1.87%
52 Week High / Low:	$29.43 - $23.54		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.05	$2.11	$0.53	$0.54	$0.54	$0.54	$2.15	$2.19
Growth (YoY)	4.1%	2.7%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Total Distribution Receiving Units	192.57	198.57	205.60	205.60	205.60	205.60	205.57	205.57
Distributable Cash Flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$289.40	$220.00	$92.60	$47.45	$56.11	$85.05	$281.22	$321.11
DD&A	$217.90	$225.20	$63.70	$61.11	$60.89	$61.39	$247.09	$252.57
Interest Expense	$151.00	$159.30	$41.00	$38.93	$40.29	$40.63	$160.86	$166.03
Income Tax Expense	$0.50	$0.40	$0.20	$0.25	$0.25	$0.25	$0.95	$1.00
Interest Income	($0.60)	($0.40)	($0.10)	($0.50)	($0.50)	($0.50)	($1.60)	($2.00)
Other	$0.00	$13.20	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total EBITDA	$658.20	$617.70	$197.40	$147.25	$157.04	$186.82	$688.52	$738.70
Interest Expense	($146.30)	($171.65)	($55.00)	($24.93)	($56.65)	($24.28)	($160.86)	($166.03)
Maintenance Capital	($63.00)	($94.60)	($19.70)	($24.00)	($24.00)	($24.30)	($92.00)	($91.00)
Writedown of Materials and Supplies	$0.00	$30.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other	($0.40)	$8.95	$4.50	$0.00	$0.00	$0.00	$4.50	$0.00
Distributable Cash Flow	$448.50	$390.90	$127.20	$98.32	$76.39	$138.25	$440.16	$481.68
General Partner Cut	$25.61	$30.20	$8.87	$9.33	$9.78	$10.24	$38.23	$45.53
Distributable Cash Flow (LP)	$422.89	$360.70	$118.33	$88.99	$66.61	$128.01	$401.93	$436.14
Distributable Cash Flow Per Unit	$2.20	$1.82	$0.58	$0.43	$0.32	$0.62	$1.96	$2.12
Total Distribution Coverage	107%	86%	108%	81%	60%	115%	91%	97%

Business Description

Boardwalk Pipeline Partners, LP is a limited partnership engaged, through its subsidiaries, in the transportation, storage and gathering of natural gas. Boardwalk operates approximately 14,300 miles of pipeline and underground storage fields with aggregate working gas capacity of approximately 186 Bcf.

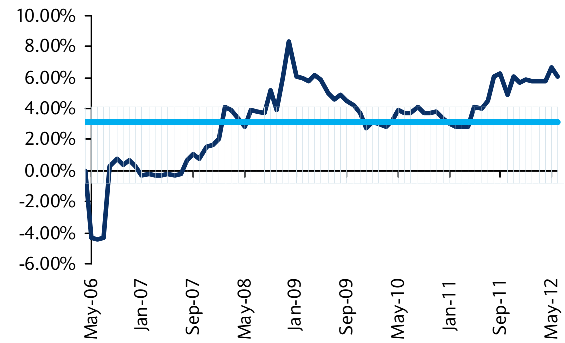
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Boardwalk Pipeline Partners L.P. (BWP)	13.8x	14.7x	13.5x	1.4x	1.6x	1.5x	16.5x	16.3x	15.1x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

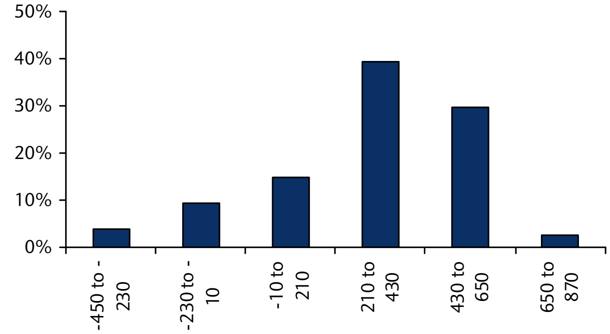
Source: Company filings, FactSet, Barclays Research

Figure 146: Historical Yield Spreads

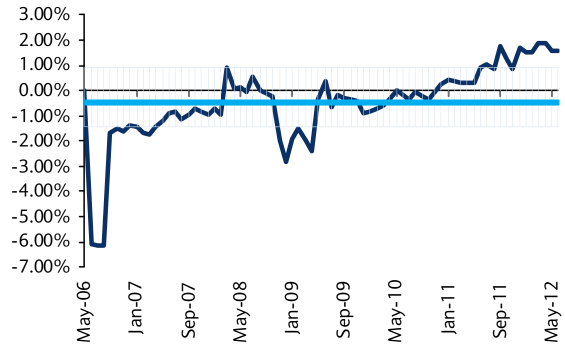
BWP vs. US 10 yr



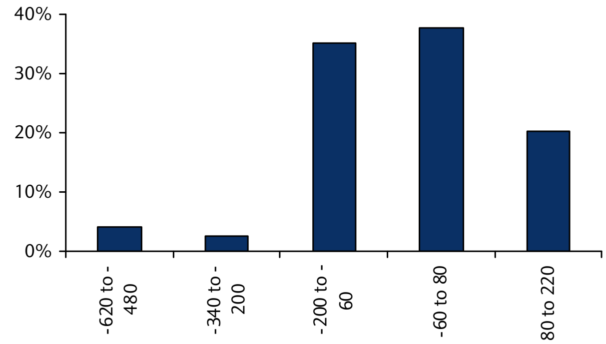
Basis Point Differentials - BWP vs. US 10 yr



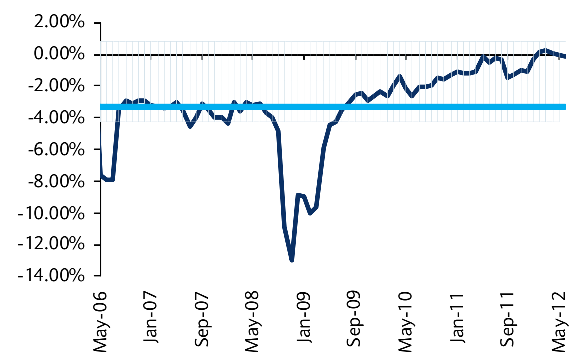
BWP vs. AMZ



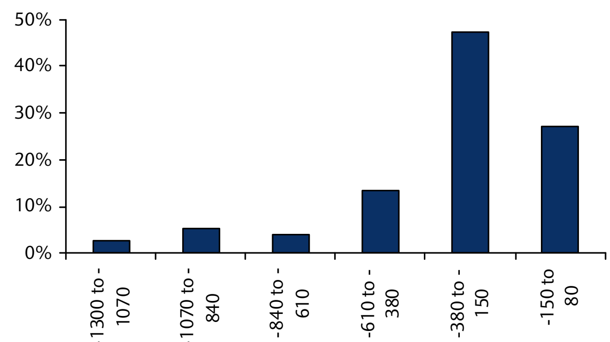
Basis Point Differentials - BWP vs. AMZ



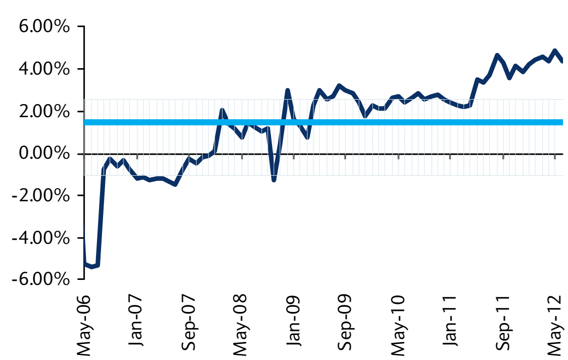
BWP vs. Barclays HY



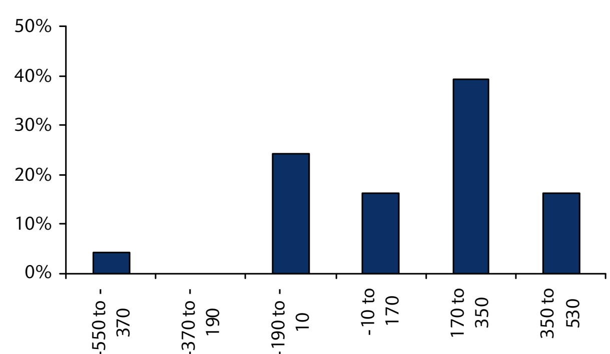
Basis Point Differentials - BWP vs. Barclays HY



BWP vs. Barclays HG



Basis Point Differentials - BWP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $29 price target is predicated on units trading at a 7.5% yield on a 12 month cash distribution run rate of $2.18.

Investment Thesis

Our current assessment is for distribution growth of ~2.0% over the duration of our forecast with potential upside if the company is successful at layering in additional growth projects around current operations which access high growth supply areas including the Barnett, Woodford and Fayetteville Shales, and Bossier Sands with recent projects targeting development out of Haynesville, Eagle Ford, and Marcellus.

Potential Catalysts / Timeline

With a new CEO in place with a background in G&P and crude oil storage and transportation, we think the partnership is better positioned than before to diversify its business mix into other services and products while also expanding its geographical footprint. The diversification is underway with investments in storage and gathering and processing in both Eagle Ford and Marcellus.

In December 2011, BWP acquired a 20% interest in the Petal and Hattiesburg Storage companies while an affiliate of its general partner took on the remaining 80%. The transaction was funded with a $200 million bank loan and $350 million of equity provided by both partners (BWP $70 million, BPHC $280 million). In February 2012, the remaining 80% was dropped into BWP.

Last year, a portion of Gulf South natural gas pipeline was converted to accommodate liquids rich Eagle Ford production and transferred into Boardwalk Field Services. The assets that were migrated include 280 miles of gathering and transmission pipeline and 2 compressor stations. In February 2012, the segment announced that it would be expanding this system by constructing 55 miles of new gathering pipe while also building a 150 mmcf/d cryogenic gas processing plant nearby.

In Pennsylvania, Boardwalk has executed a 15-year contract with Southwestern Energy Production Company to build and provide gathering services for their Marcellus Shale gas wells. The project is expected to cost $90 million and to have capacity of 275,000 dth/d (at completion).

The continued need to extend expiring capacity will remain a risk as U.S. gas flows continue to evolve. Like many of its peers, BWP has focused on identifying opportunities within the network of existing power plants in its service territory as these facilities look to replace their coal plants due to inefficiencies, relatively cheap gas prices, and environmental regulations. Due to the abundance of domestic natural gas supply, the likelihood of gas prices remaining stable and low relative to prior years continues to rise, encouraging the build of gas generation plants in favor new coal plants. While this transition will take place over time, we continue to watch the market dynamics for further development.

Fundamental Drivers

- Level of natural gas price and drilling activities behind the pipelines
- Ability to recontract capacity
- Demand for natural gas in the North and Southeastern regions of the United States

- Ability to develop and integrate expansion projects
- Basis differentials between natural gas markets

Risk Profile: Low

Our low risk is connected to the partnership's asset base generating stable cash flows and the ability to capture synergies between the Texas Gas and Gulf South Systems. In addition, expansion projects under development are supported by long term customer contracts. We believe the partnership's low risk profile is further underpinned by a strong management team and credit profile and solid support from its general partner.

Buckeye Partners, LP (BPL)

Figure 147: Buckeye Partners, LP (BPL)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$4.15
Price Target:	$58.00		**Yield:**	7.73%
Current Price:	$53.70	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	6.26%
Potential Upside to Target:	8.0%		**Dist. CAGR (Next 3 Yrs):**	2.98%
52 Week High / Low:	$68.45 - $44.55		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12e**	**3Q12e**	**4Q12e**	**2012e**	**2013e**
Cash Distribution Per Unit	$3.88	$4.08	$1.04	$1.04	$1.04	$1.04	$4.15	$4.28
Growth (YoY)	5.4%	5.2%	3.8%	2.5%	1.2%	0.0%	1.8%	3.0%
Total Distribution Receiving Units (in mm)	49.9	90.8	95.6	98.1	98.3	98.4	97.6	99.7

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12e**	**3Q12e**	**4Q12e**	**2012e**	**2013e**
Operating Income	$306.1	$358.4	$80.4	$95.7	$105.7	$118.1	$400.0	$486.1
Depreciation, Depletion & Amortization	$62.9	$119.5	$33.0	$32.8	$33.0	$33.1	$131.9	$135.0
Other	$15.8	$10.0	$1.6	$2.0	$3.0	$3.5	$10.1	$10.8
Adjusted EBITDA	$384.8	$487.9	$115.0	$130.5	$141.7	$154.7	$541.9	$631.9
Net Interest Expense	($88.9)	($119.6)	($28.8)	($30.8)	($31.4)	($32.3)	($123.3)	($140.0)
Maintenance Capital Expenditures	($31.2)	($57.5)	($13.1)	($12.0)	($16.0)	($19.0)	($60.1)	($63.1)
Other	$0.9	$5.6	$0.5	$0.0	$0.0	$0.0	$0.5	$0.0
Distributable Cash flow	$265.5	$316.5	$73.6	$87.7	$94.3	$103.4	$359.0	$428.7
General Partner Cut	($40.9)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Distributable Cash Flow (LP)	$224.6	$316.5	$73.6	$87.7	$94.3	$103.4	$359.0	$428.7
Distributable Cash Flow Per Unit	$4.50	$3.49	$0.77	$0.89	$0.96	$1.05	$3.68	$4.30
Total Distribution Coverage	116%	86%	74%	86%	92%	101%	89%	101%

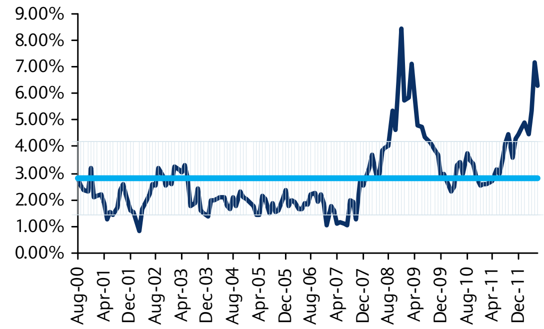
Business Description
Buckeye Partners, L.P. owns and operates one of the largest independent liquid petroleum products pipeline systems in the United States in terms of volumes delivered, with over 6,000 miles of pipeline. Buckeye also owns more than 100 liquid petroleum products terminals with aggregate storage capacity of approximately 64 million barrels, operates approximately 2,800 miles of pipeline under agreements with major oil and chemical companies, owns a high-performance natural gas storage facility in Northern California, and markets liquid petroleum products in certain regions served by its pipeline and terminal operations.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Buckeye Partners L.P. (BPL)	16.2x	14.6x	12.5x	1.4x	1.4x	1.2x	17.4x	15.8x	13.4x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

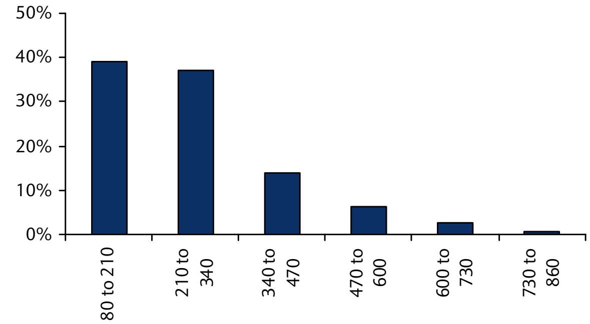
Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Figure 148: Historical Yield Spreads

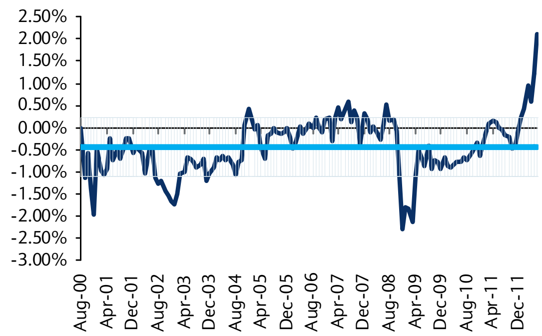
BPL vs. US 10 yr



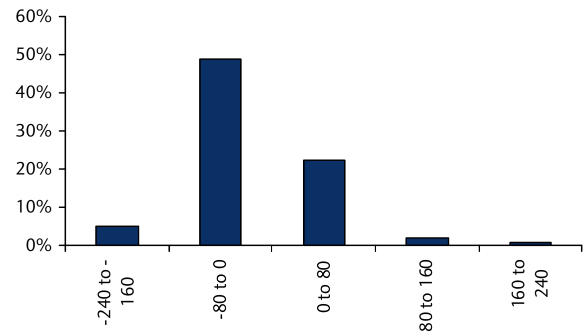
Basis Point Differentials - BPL vs. US 10 yr



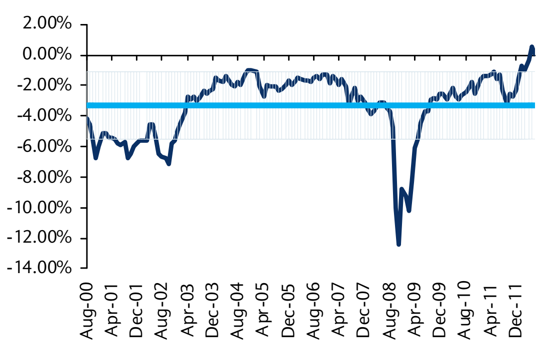
BPL vs. AMZ



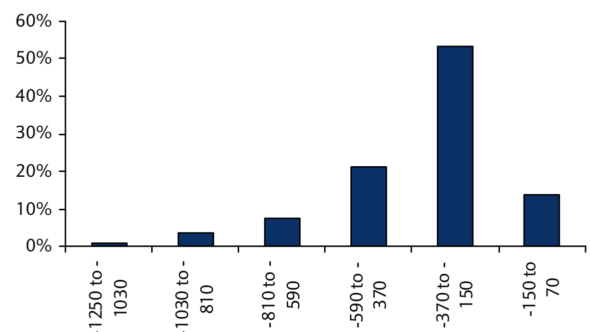
Basis Point Differentials - BPL vs. AMZ



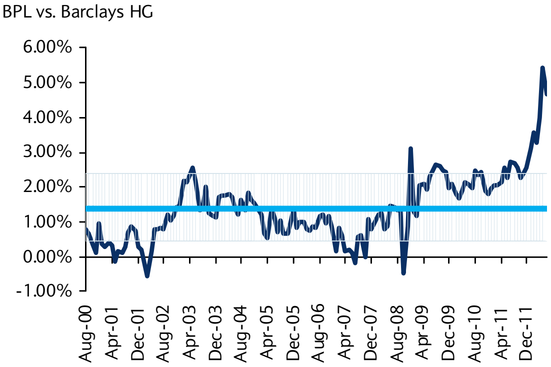
BPL vs. Barclays HY



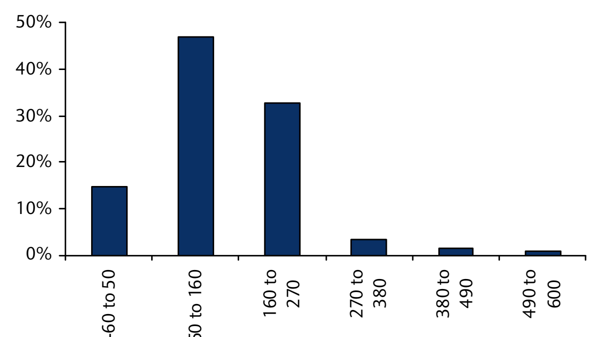
Basis Point Differentials - BPL vs. Barclays HY



BPL vs. Barclays HG



Basis Point Differentials - BPL vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $58 price target based on 12-month distribution run rate of $4.20 and target yield of 7.25%. We estimate a 3-year distribution growth rate of 3%. Relatively modest distribution growth is expected to come from organic projects and acquisitions. While having no IDRs is favorable for growth prospects, we expect distribution growth to be tempered due to a low distribution coverage ratio.

Investment Thesis

We carry a 2-Equal Weight rating on BPL. The Partnership provides a healthy yield with expected low-single digit percentage distribution growth. BPL has relatively stable cash flows underpinned by primarily fee-based businesses and relatively limited commodity price exposure. However, distribution coverage is tight and distribution growth is below peer average.

Potential Catalysts / Timeline

- August 3 – second quarter earnings release.
- 3Q12 – expected close of $260mm New York Harbor terminal acquisition from Chevron.
- 3Q12 – expected phasing in of 3.5mm barrel expansion of BORCO (Bahamas) terminal.
- 2H12 – expected update on sale of natural gas storage business.

Fundamental Drivers

- Refined product consumption and tariff rates.
- Refined product imports/production in the New York Harbor/New Jersey region and imports from Caribbean.
- Weather impacting demand levels for heating oil in the Northeast market.
- Jet fuel demand levels. BPL is the most highly leveraged partnership to jet fuel demand.
- Refined product storage rates.
- Natural gas supply and demand in the West Coast market.

Risk: Low/Medium

The low/medium risk profile is supported by stable cash flows, fee-based businesses, diverse asset mix and markets that are short refined products. In our view, the key risks facing BPL are a potential decline in refined product consumption, margin pressure in refined product marketing, lower natural gas storage rates and capital market risk in funding growth. It is worth noting that refined product demand is fairly stable historically.

Calumet Specialty Products Partners, LP (CLMT)

Figure 149: Calumet Specialty Products Partners, LP (CLMT)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.24
Price Target:	$27.00		**Yield:**	8.85%
Current Price:	$25.31	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	-9.59%
Potential Upside to Target:	6.7%		**Dist. CAGR (Next 3 Yrs):**	6.39%
52 Week High / Low:	$27.74 - $15.99		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	Q1 12	Q2 12e	Q3 12e	Q4 12e	2012e	2013e
Cash Distribution Per Unit	$1.84	$2.00	$0.56	$0.57	$0.57	$0.58	$2.27	$2.35
Growth (YoY)		8.70%					13.50%	3.52%
Total Distribution Receiving Units (in mm)	35.36	42.54	51.74	57.74	57.74	57.74	56.24	57.74

Distributable Cash flow Calculation	2010	2011	Q1 12	Q2 12e	Q3 12e	Q4 12e	2012e	2013e
Net Income	$16.70	$43.04	$51.92	$25.97	$33.58	$32.32	$143.79	$139.34
Interest Expense	$30.50	$48.75	$18.58	$17.32	$17.88	$20.88	$74.66	$66.47
Depreciation and Amortization	$61.10	$63.01	$19.62	$19.62	$19.62	$19.62	$78.50	$79.50
Other	$21.40	$56.23	($20.48)	$0.26	$0.34	$0.33	($19.55)	$1.41
Adjusted EBITDA	$129.70	$211.02	$69.65	$63.17	$71.42	$73.15	$277.39	$286.72
Net Interest Expense	($25.93)	($45.02)	($17.21)	($16.57)	($17.13)	($20.13)	($71.03)	($64.47)
Maintenance Capital Expenditures	($24.34)	($23.86)	($5.24)	($6.50)	($6.50)	($7.00)	($25.24)	($27.24)
Others	($1.54)	($14.98)	($8.03)	($0.26)	($0.34)	($0.33)	($8.95)	($1.41)
Distributable Cash flow	$77.89	$127.16	$39.18	$39.84	$47.45	$45.69	$172.17	$193.59
General Partner Cut	($1.33)	($2.17)	($1.12)	($1.31)	($1.41)	($1.51)	($5.35)	($6.99)
Distributable Cash Flow (LP)	$76.56	$124.99	$38.06	$38.53	$46.04	$44.19	$166.82	$186.60
Distributable Cash Flow Per Unit	$2.17	$2.94	$0.74	$0.67	$0.80	$0.77	$2.97	$3.23
Total Distribution Coverage	118%	147%	131%	118%	140%	133%	131%	138%

Business Description

Calumet is a leading independent producer of high-quality, specialty hydrocarbon products in North America. Calumet processes crude oil and other feedstocks into customized lubricating oils, solvents and waxes used in consumer, industrial and automotive products. Calumet also produces fuel products including gasoline, diesel and jet fuel.

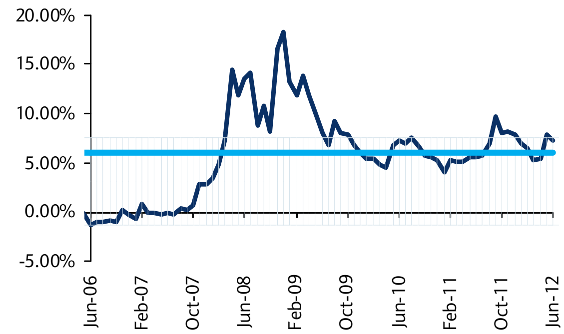
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Calumet Specialty Products Partners L.P. (C	6.7x	8.5x	7.8x	0.5x	0.6x	0.5x	9.3x	8.6x	8.4x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

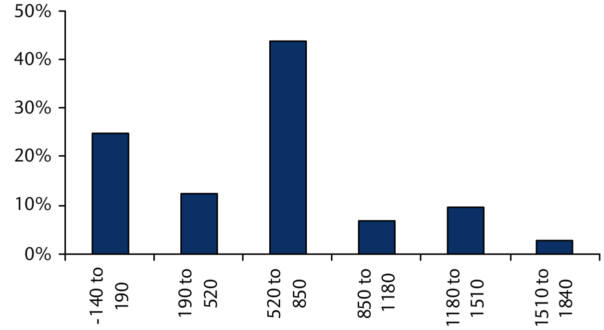
Source: Company filings, FactSet, Barclays Research

Figure 150: Historical Yield Spreads

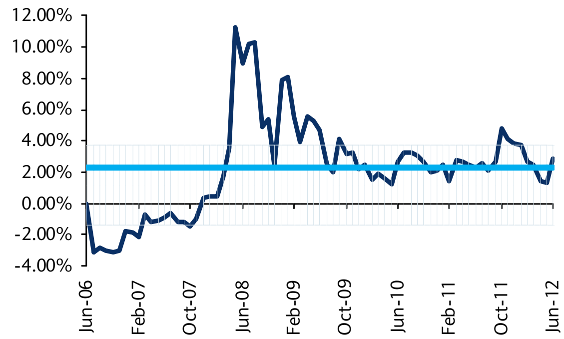
CLMT vs. US 10 yr



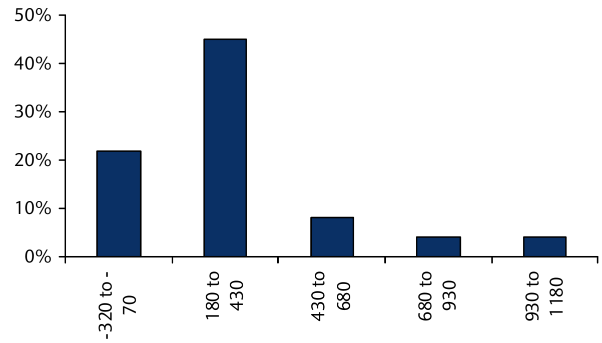
Basis Point Differentials - CLMT vs. US 10 yr



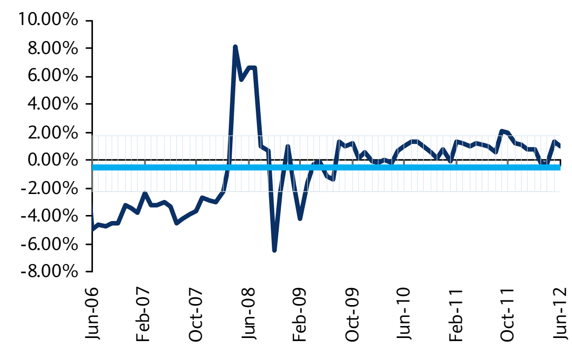
CLMT vs. AMZ



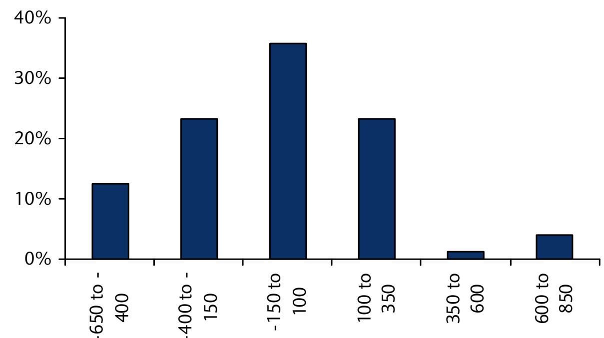
Basis Point Differentials - CLMT vs. AMZ



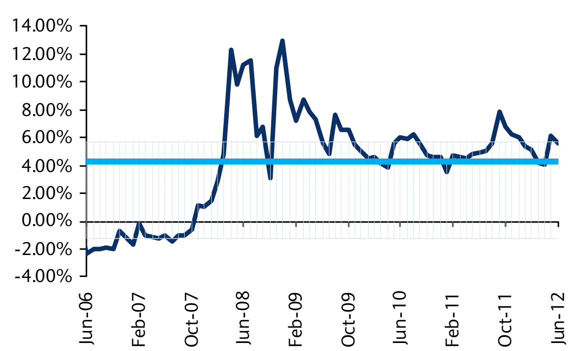
CLMT vs. Barclays HY



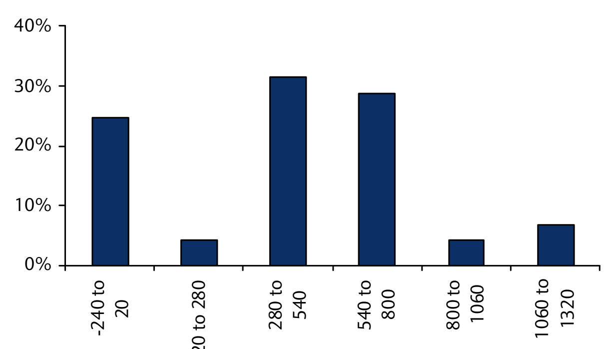
Basis Point Differentials - CLMT vs. Barclays HY



CLMT vs. Barclays HG



Basis Point Differentials - CLMT vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $27 price target is based on a 12-month distribution run rate of $2.32 distribution and an 8.5% target yield. We believe our expectations of moderate GDP growth, manageable crude oil prices and contribution from the Superior, WI refinery acquisition support our estimate of 3% distribution CAGR over the next three years.

Investment Thesis

The Partnership has relatively stable cash flows and operates a high-margin, diverse specialty products business serving a fairly stable customer base. CLMT's below average expected distribution growth and above average risk profile relative to the MLP universe support our 2-Equal Weight (Sector: Neutral) rating.

Potential Catalysts / Timeline

- August 1 – second quarter earnings release.

Fundamental Drivers

- Specialty and fuel petroleum products demand - driven by macroeconomic conditions. Specialty demand is impacted by durable and nondurable goods demand. Fuel demand products demand is impacted by transportation-related demand, durable and nondurable goods demand.
- Refining margins - CLMT has exposure to the spread between specialty product prices and crude oil and fuel products prices and crude oil.

Risk: High

The above-average risk profile is attributable to commodity price exposure. CLMT has exposure to specialty products prices, fuel prices and crude oil prices. A sustained period of very high crude oil prices and low refining margins would negatively impact CLMT's cash flows. While CLMT is generally able to pass along higher crude oil prices in its specialty products business, there is a lag. To mitigate exposure, CLMT hedges a portion of its crude oil purchases in the specialty products business. In the smaller fuel products business, CLMT hedges the majority of its crack spread.

Copano Energy, LLC (CPNO)

Figure 151: Copano Energy, LLC (CPNO)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.30
Price Target:	$31.00		**Yield:**	7.72%
Current Price:	$29.80	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	7.72%
Potential Upside to Target:	4.0%		**Dist. CAGR (Next 3 Yrs):**	0.66%
52 Week High / Low:	$38.03 - $24.24		**Tax Deferral:**	90%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	2.30	2.30	$0.58	$0.58	$0.58	$0.58	$2.30	2.30
Growth (YoY)	0%	0%	0%	0%	0%	0%	0%	0%
Total Distribution Receiving Units (in mm)	65.82	72.17	72.23	72.23	72.23	72.23	72.23	91.17

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	($8.68)	($156.31)	($147.67)	$4.38	$3.45	$6.31	($133.52)	$73.76
Interest Expense	$53.61	$47.19	$14.42	$14.72	$16.84	$18.09	$64.08	$78.37
Depreciation and Amortization	$62.57	$74.16	$19.09	$21.50	$21.50	$21.50	$83.59	$90.00
Other	$92.03	$246.29	$164.48	$17.00	$17.00	$17.00	$215.48	$50.00
Adjusted EBITDA	$199.53	$211.32	$50.33	$57.60	$58.80	$62.91	$229.63	$292.13
Net Interest Expense	($51.54)	($46.40)	($14.23)	($14.72)	($16.84)	($18.09)	($63.89)	($78.37)
Maintenance Capital Expenditures	($9.56)	($13.49)	($2.44)	($3.00)	($3.00)	($4.00)	($12.44)	($15.00)
Others	($0.99)	($1.21)	($0.33)	($0.25)	($0.25)	($0.25)	($1.08)	($1.00)
Distributable Cash flow	$137.44	$150.23	$33.32	$39.63	$38.70	$40.56	$152.22	$197.76
General Partner Cut	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash Flow (LP)	$137.44	$150.23	$33.32	$39.63	$38.70	$40.56	$152.22	$197.76
Distributable Cash Flow Per Unit	$2.09	$2.08	$0.46	$0.55	$0.54	$0.56	$2.11	$2.17
Total Distribution Coverage	90%	96%	80%	95%	93%	98%	92%	94%

Business Description

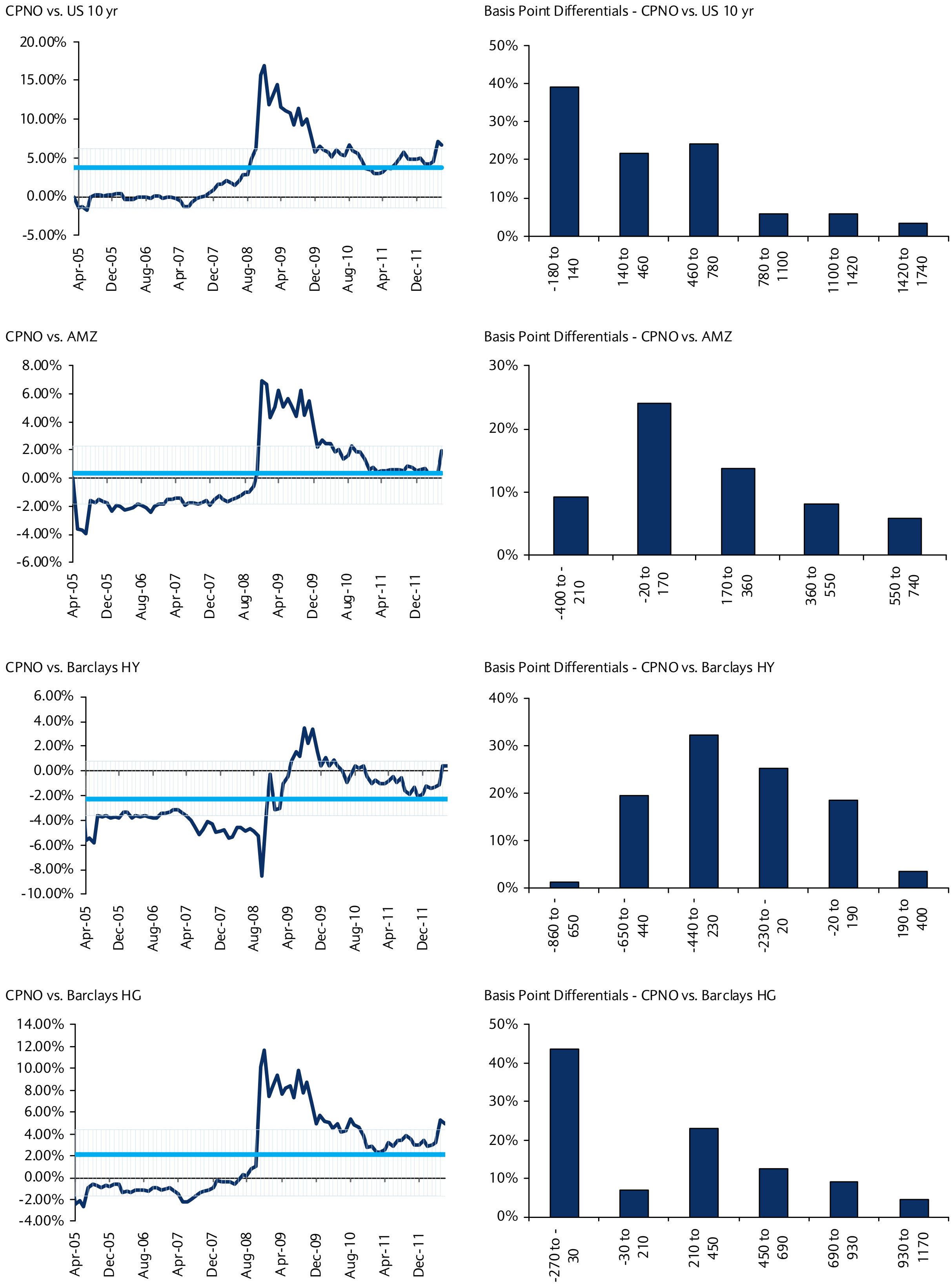
Copano Energy is a midstream natural gas company with operations in Texas, Oklahoma, Wyoming and Louisiana.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Copano Energy L.L.C. (CPNO)	15.5x	14.1x	13.7x	1.7x	1.7x	1.6x	16.2x	13.8x	10.8x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 152: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $31 price target is based on a 12-month distribution run rate of $2.30 and a target yield of 7.5%.

Investment Thesis

During the quarter, we reduced our price target to $31 due to lower 2013 distribution and higher yield assumptions. Subsequent to that, we lowered our 5-year distribution growth forecast to 3.0% CAGR, down from 4.5%. We continue to believe CPNO will not be in a position to raise distribution in 2012, as we expect 2012 coverage to fall in the 90-100% range. Our forecasts indicate that 2013 will be another year of light coverage for CPNO, which pushes out our distribution growth forecast to 2014. While we forecast 27% EBITDA growth in 2013 driven by organic projects under execution, we estimate that DCF per unit will grow by a much less attractive 3%, pro-forma for the conversion of its class C units which are currently paid in kind. Once CPNO is able to bring coverage above the 100% level (pro-forma for the unit conversion) which we forecast to be in 2014, we believe CPNO has the potential to ramp up its growth rate at a healthy rate, reaching 8% growth per year by 2016. A key advantage for CPNO is its lack of IDRs, which will put its cost of equity capital at an advantage relative to many of its peers who are slowly getting deeper into its IDR splits.

Our long term growth outlook remains unchanged. With a second cryogenic processing plant announced for 2014 in-service ($190 mm cost), CPNO is on track to invest more than $600 mm of capital on organic projects in 2012/2013, with a goal of 5x returns. Assuming CPNO can continue to deploy $200 mm/year of capital on organic projects with ~6x returns, we CPNO can grow distribution at an annual rate of 7% beginning in 2014. However, CPNO first needs to build up adequate coverage.

We estimate CPNO's leverage ratio will increase to ~4.9x by the end of 2012, assuming no additional equity issuance for the remainder of 2012. Our model factors in $150 mm of equity issuance for early 2013, which should reduce the company's leverage ratio to the ~4.3x level.

Potential Catalysts / Timeline

- Ability to identify and close accretive acquisitions / organic projects.
- Q2 2012 earnings release.

Fundamental Drivers

- Natural gas drilling in Mid Continent, North Texas (Barnett Combo play), South Texas and Powder River basin of Rockies.
- Commodity prices – higher NGL and lower gas price leads to increase in frac spread that benefit processing margins.

Risk: Medium/High

CPNO carries an above-average risk profile connected to the exposure to commodity prices. A sharp decline in crude, NGL, or natural gas prices could impair drilling programs and volumes on the gathering systems. CPNO's margins have direct exposure to NGL prices, majority of which is hedged near term.

Crestwood Midstream Partners LP (CMLP)

Figure 153: Crestwood Midstream Partners LP (CMLP)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.00
Price Target:	$30.00		**Yield:**	7.80%
Current Price:	$25.65	(as of 07/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	17.0%		**Dist. CAGR (Next 3 Yrs):**	4.12%
52 Week High / Low:	$32.58 - $21.72		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$1.66	$1.87	$0.50	$0.50	$0.50	$0.51	$2.01	$2.01
Growth (YoY)	9.2%	12.7%	13.6%	8.7%	4.7%	3.6%	7.5%	0.0%
Total Distribution Receiving Units	31.32	32.54	36.19	36.19	40.04	40.04	38.12	53.01
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$34.87	$45.00	$9.80	$10.12	$13.04	$13.02	$47.98	$78.88
Interest Expense	$13.55	$27.62	$7.56	$7.51	$7.51	$7.53	$30.10	$38.24
Depreciation and Amortization	$22.36	$33.81	$10.65	$11.00	$12.00	$13.00	$46.65	$48.05
Others	$5.77	$3.53	$0.35	$0.26	$0.33	$0.33	$1.23	$2.02
Adjusted EBITDA	$76.55	$109.96	$28.36	$28.88	$32.88	$33.88	$125.96	$167.19
Net Interest Expense	($13.55)	($27.62)	($7.56)	($7.51)	($7.51)	($7.53)	($30.10)	($38.24)
Maintenance Capital Expenditures	($6.60)	($1.41)	($0.51)	($1.00)	($3.00)	($3.00)	($7.51)	($9.00)
Others	$6.90	$6.89	$1.80	$0.00	$0.00	$0.00	$1.80	$0.00
Distributable Cash flow	$63.30	$87.83	$22.09	$20.37	$22.37	$23.35	$90.14	$119.95
General Partner Cut	$3.20	$7.39	$3.16	$3.16	$3.60	$3.80	$13.72	$21.43
Distributable Cash Flow (LP)	$60.10	$80.43	$18.93	$17.21	$18.78	$19.56	$76.42	$98.51
Distributable Cash Flow Per Unit	$1.92	$2.47	$0.52	$0.48	$0.47	$0.49	$2.01	$1.86
Total Distribution Coverage	116%	132%	105%	95%	93%	96%	100%	92%

Business Description

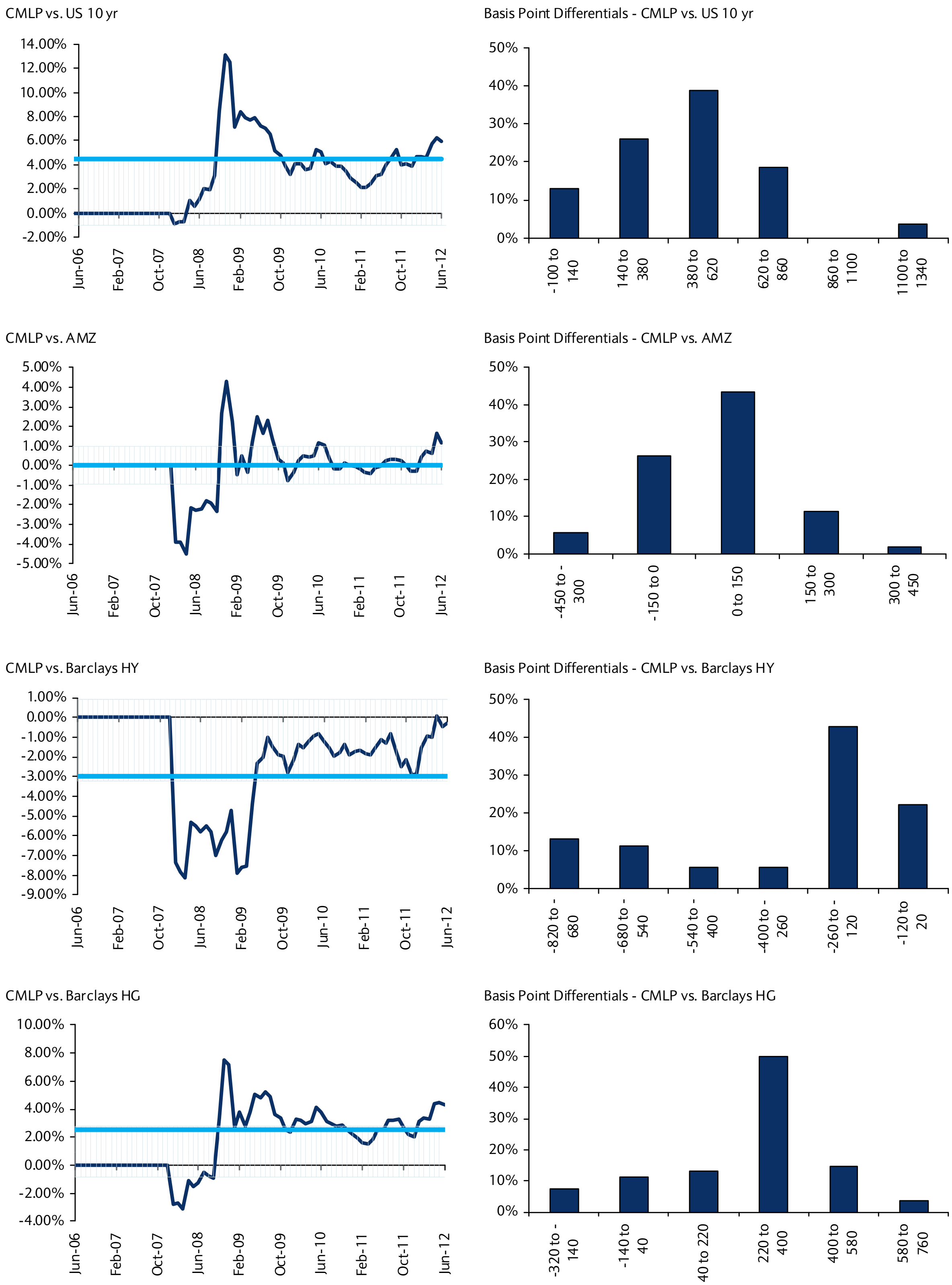
Crestwood is a growth-oriented, midstream master limited partnership which owns and operates predominately fee-based gathering, processing, treating and compression assets servicing natural gas producers in the Barnett Shale in north Texas, the Fayetteville Shale in northwest Arkansas, the Granite Wash in the Texas Panhandle, the Marcellus Shale in northern West Virginia, the emerging Avalon Shale trend in southeastern New Mexico, and the Haynesville/Bossier Shale in western Louisiana.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Crestwood Midstream Partners LP (CMLP)	11.7x	12.0x	12.8x	0.9x	0.9x	1.0x	14.6x	11.7x	8.5x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 154: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $30 price target is based on a 12-month distribution run rate of $2.13 and a target yield of 7.0%.

Investment Thesis

We initiated coverage of CMLP in January 2012 with a 2-Equal Weight rating. Assuming a 7.5% distribution increase in 2012 (in-line with company plans), we expect coverage to reach ~1.0x or 0.82x pro-forma for the class C unit conversion. While coverage is expected to be light in 2013, we expect accretion from acquisitions to improve this measure.

While we estimate 7.5% distribution growth for 2012, we do not expect CMLP to raise distribution in 2013, driven by tight coverage (92% estimated due to the effect of Class C unit conversions (which will require ~$17 mm of DCF). On the other hand, we recognize CMLP's solid long-term growth prospects, supported by volume ramp up on its Marcellus system, which offers minimum volume commitments, providing a floor to growth. Longer term, we believe CMLP has the potential to grow distribution at 5% per year, assuming management continues to execute accretive acquisitions. The company's $100 mm equity raise improves CMLP's balance sheet, with estimated pro-forma leverage of ~4.2x vs. 4.5x in Q1 (5.0x covenant limit).

While CMLP's recently announced Marcellus and Barnett acquisitions offered increases exposure to rich gas areas, much of the company's cash flows are generated from dry gas which could lower the company's organic growth in the event of continued gas weakness. CMLP's management has an acquisitive background, and we expect them to remain aggressive on this front. Forecasting the timing of transactions has been clouded by weakness in gas prices, which could temporarily widen bid/ask prices on prospective properties. Further, pursuing third party deals carries execution risk, which we have factored into our rating.

Potential Catalysts / Timeline

- Q2 2012 earnings release.
- Drilling programs for key producers
- Acquisitions and/or entrance into new basins

Fundamental Drivers

- Drilling and production growth / sustainability in dry gas basins.
- Commodity prices – natural gas prices impact producer drilling plans
- Ability to grow and diversify customer base

Risk: High

We see greater risk of drilling cuts as gas prices continue to slide. We note CMLP has indirect gas price exposure, as 95% of margins are fixed fee, which insulates its margins from gas/NGL price movements. Beyond indirect commodity exposure, a key risk to our thesis includes producer concentration, as KWK (Barnett) and BHP (Fayetteville) account for over 70% of total volumes.

Crosstex Energy, LP (XTEX)

Figure 155: Crosstex Energy, LP (XTEX)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$1.32
Price Target:	$19.00		**Yield:**	7.84%
Current Price:	$16.83	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	-39.73%
Potential Upside to Target:	12.9%		**Dist. CAGR (Next 3 Yrs):**	5.36%
52 Week High / Low:	$18.3 - $13.23		**Tax Deferral:**	90%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$0.51	$1.23	$0.33	$0.33	$0.33	$0.33	$1.32	$1.37
Growth (YoY)	na	18%	14%	6%	6%	3%	7%	4%
Total Distribution Receiving Units	49.95	50.14	64.85	73.65	73.65	83.02	73.79	94.70

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	-$25.85	-$2.34	$2.98	$0.08	-$6.81	-$5.78	-$9.53	$34.97
Interest Expense	$87.03	$79.23	$19.38	$23.74	$24.99	$24.67	$92.78	$94.78
Depreciation and Amortization	$112.64	$125.29	$32.18	$32.00	$32.00	$33.00	$129.18	$130.00
Others	$13.05	$11.53	$3.94	$0.00	$0.00	$0.00	$3.94	$0.00
Adjusted EBITDA	$186.88	$213.71	$58.48	$55.83	$50.18	$51.89	$216.37	$259.75
Net Interest Expense	($83.38)	($78.16)	($19.44)	($23.74)	($24.99)	($24.67)	($92.84)	($94.78)
Maintenance Capital Expenditures	($10.75)	($12.60)	($2.85)	($4.00)	($4.50)	($4.50)	($15.85)	($18.00)
Others	($1.52)	($1.65)	($0.55)	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash flow	$91.23	$121.31	$35.63	$28.08	$20.69	$22.72	$107.67	$146.97
General Partner Cut	$0.00	$3.12	$1.42	$1.62	$1.62	$1.82	$6.48	$9.90
Distributable Cash Flow (LP)	$91.23	$118.19	$34.21	$26.47	$19.07	$20.90	$101.19	$137.07
Distributable Cash Flow Per Unit	$1.83	$2.36	$0.53	$0.36	$0.26	$0.25	$1.37	$1.45
Total Distribution Coverage	358%	192%	160%	109%	78%	76%	103%	106%

Business Description

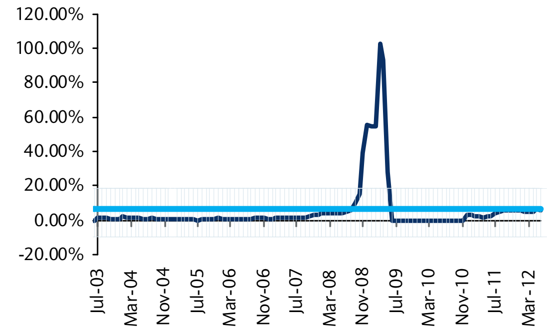
Crosstex Energy, L.P., a midstream natural gas company headquartered in Dallas, operates approximately 3,500 miles of pipeline, 10 processing plants and four fractionators. The Partnership currently provides services for 3.2 billion cubic feet of natural gas per day, or approximately six percent of marketed U.S. daily production.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Crosstex Energy L.P. (XTEX)	7.1x	12.3x	11.6x	0.5x	0.9x	0.9x	8.2x	9.5x	7.9x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

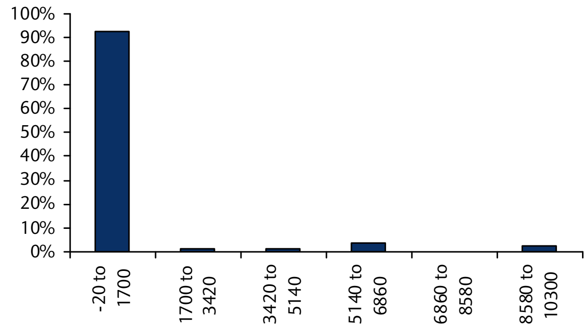
Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Figure 156: Historical Yield Spreads

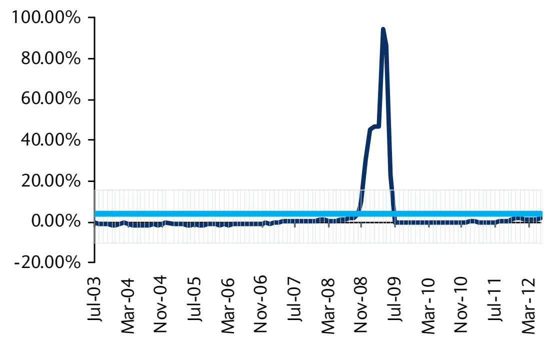
XTEX vs. US 10 yr



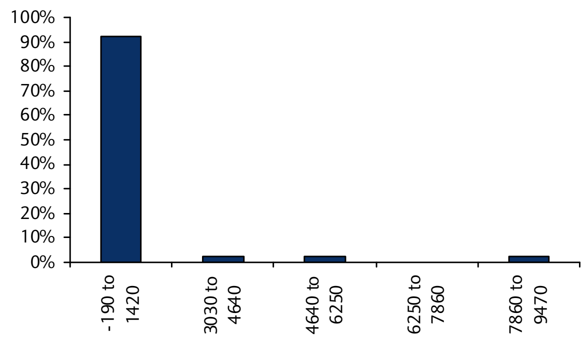
Basis Point Differentials - XTEX vs. US 10 yr



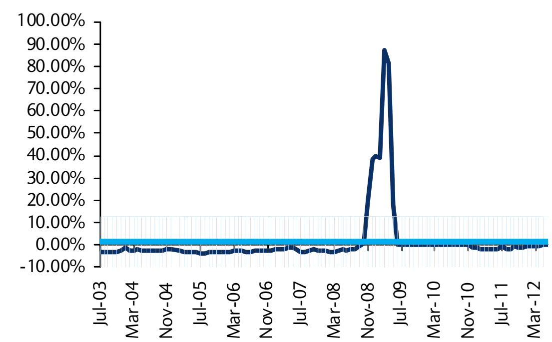
XTEX vs. AMZ



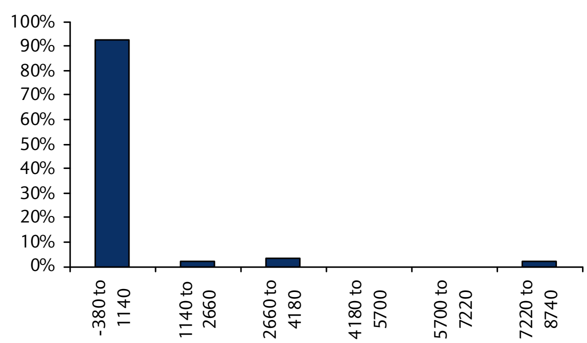
Basis Point Differentials - XTEX vs. AMZ



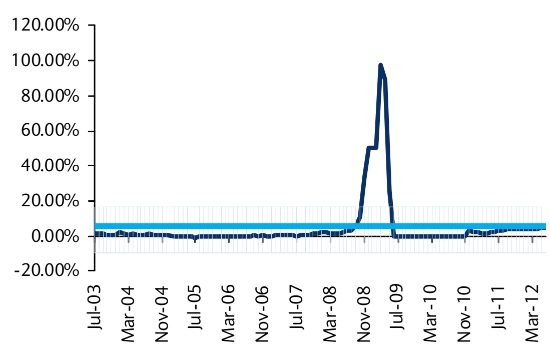
XTEX vs. Barclays HY



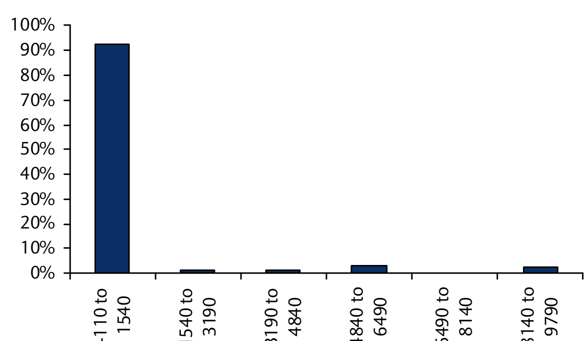
Basis Point Differentials - XTEX vs. Barclays HY



XTEX vs. Barclays HG



Basis Point Differentials - XTEX vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $19 price target is based on a 12-month distribution run rate of $1.40 and a target yield of 7.25%.

Investment Thesis

We estimate that XTEX can grow distribution at a 5-year CAGR of 5%. We believe distribution growth for the remainder of 2012 and 2013 will be modest but will accelerate in 2014/2015 as the company realizes full year benefit from the Cajun Sibon NGL pipeline and a ramp up in cash flow from the recently executed Clearfield acquisition. Longer-term growth will be highly dependent on the execution of organic projects, XTEX's ability to access capital in a timely manner, as well as commodity prices, in our view. A majority of XTEX's near-term capex dollars will focus on further building out NGL and crude infrastructure while continuing to pursue opportunities in the Eagle Ford and Permian. The company also has NGL and crude oil projects under development. Management plans to pursue central/south LA opportunities including the Miocene/Wilcox and Tuscaloosa Marine shale plays and has indicated its desire to enter into the Mississippian Lime, Bakken, Marcellus and Utica shales.

While Crosstex raised $140 mm in May, we believe another equity issuance by the end of 2012 is likely given the company's relatively high leverage ratio (~3.9x vs. a covenant limit of 4.5x), combined with substantial growth capex spending in 2012. Between announced organic projects and acquisitions, XTEX is expected to spend $520 mm in 2012.

Potential Catalysts / Timeline

- Execution of accretive organic projects or acquisitions.
- August 7 – Q2 2012 earnings release.

Fundamental Drivers

- Level of natural gas and drilling activities behind the pipelines.
- Ability to secure new well connects.
- Basis differentials between natural gas markets.
- Competition in core markets.
- Integration of acquisitions and organic growth projects.

Risk: High

Crosstex carries an above average risk profile connected to the state of its balance sheet, liquidity position and its commodity price exposure. While we have seen improvements, leverage ratio remains high compared to peers and allowed leverage ratio on its debt covenant is lower than peers (4.5x vs. peer average of 5.0x). A sharp decline in natural gas prices could impair volumes on gathering systems and a drop in NGL prices would crimp processing margins.

DCP Midstream Partners, LP (DPM)

Figure 157: DCP Midstream Partners, LP (DPM)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$2.64
Price Target:	$50.00		**Yield:**	6.20%
Current Price:	$42.55	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.76%
Potential Upside to Target:	17.5%		**Dist. CAGR (Next 3 Yrs):**	6.33%
52 Week High / Low:	$49.93 - $34.4		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	2.44	2.55	0.66	0.67	0.68	0.69	2.70	2.86
Growth (YoY)	2%	5%	6%	6%	6%	6%	6%	6%
Total Distribution Receiving Units (in mm)	36.85	44.46	51.76	52.76	59.22	59.22	59.22	75.11

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$48.00	$100.40	$23.30	$19.45	$18.67	$35.54	$96.96	$244.57
Interest Expense	$29.10	$33.90	$12.60	$12.99	$13.91	$17.06	$56.57	$75.20
Depreciation and Amortization	$60.70	$71.20	$25.00	$21.25	$21.25	$21.25	$88.75	$90.00
Other	$5.40	($26.10)	$22.60	($2.49)	$1.78	$0.96	$22.85	($4.12)
Adjusted EBITDA	$143.20	$179.40	$83.50	$51.20	$55.62	$74.81	$265.13	$405.65
Net Interest Expense	($29.10)	($33.90)	($12.60)	($12.99)	($13.91)	($17.06)	($56.57)	($75.20)
Maintenance Capital Expenditures	($5.60)	($9.50)	($3.30)	($3.50)	($4.00)	($4.00)	($14.80)	($28.00)
Others	$0.00	$14.40	($12.60)	$5.00	$5.00	$5.00	$2.40	$0.00
Distributable Cash flow	$108.50	$150.40	$55.00	$39.71	$42.71	$58.75	$196.16	$302.44
General Partner Cut	$17.69	$25.63	$9.24	$9.95	$11.76	$12.35	$43.30	$70.32
Distributable Cash Flow (LP)	$90.81	$124.77	$45.76	$29.76	$30.95	$46.40	$152.86	$232.12
Distributable Cash Flow Per Unit	$2.46	$2.81	$0.88	$0.56	$0.52	$0.78	$2.58	$3.09
Total Distribution Coverage	101%	110%	134%	84%	77%	114%	96%	108%

Business Description

DCP Midstream Partners is a midstream master limited partnership engaged in the business of gathering, compressing, treating, processing, transporting, storing and selling natural gas; producing, fractionating, transporting, storing and selling NGLs and condensate; and transporting, storing and selling propane in wholesale markets.

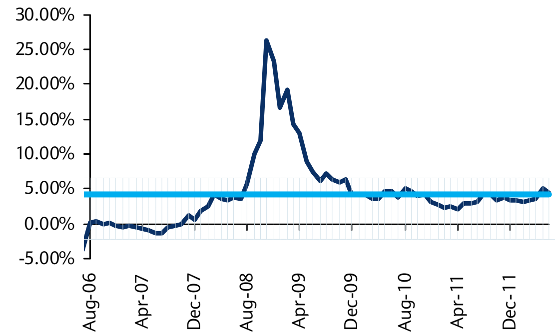
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
DCP Midstream Partners L.P. (DPM)	16.5x	16.5x	13.8x	1.4x	1.3x	1.1x	17.9x	14.7x	10.0x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

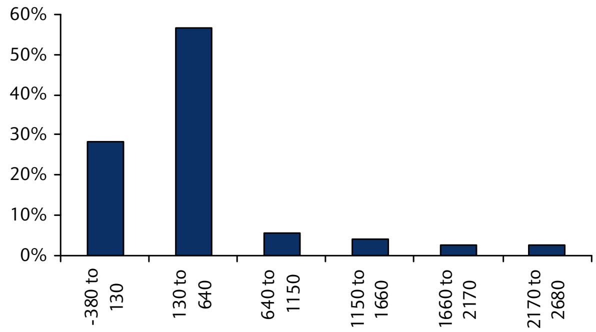
Source: Company filings, FactSet, Barclays Research

Figure 158: Historical Yield Spreads

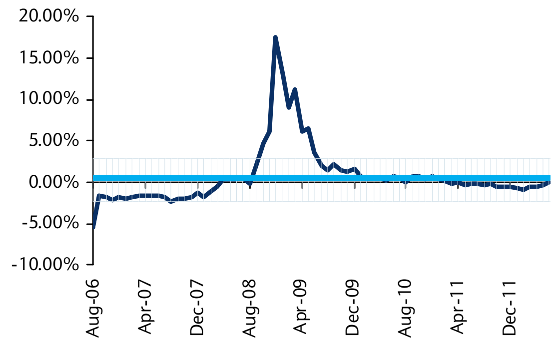
DPM vs. US 10 yr



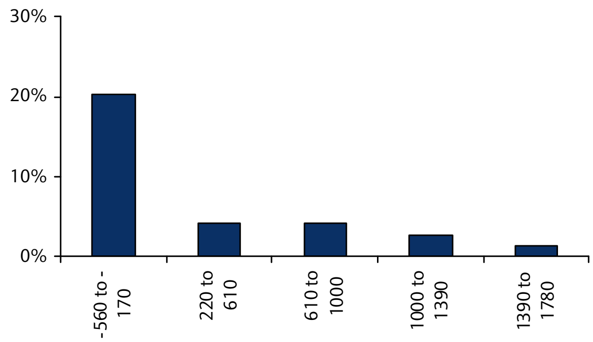
Basis Point Differentials - DPM vs. US 10 yr



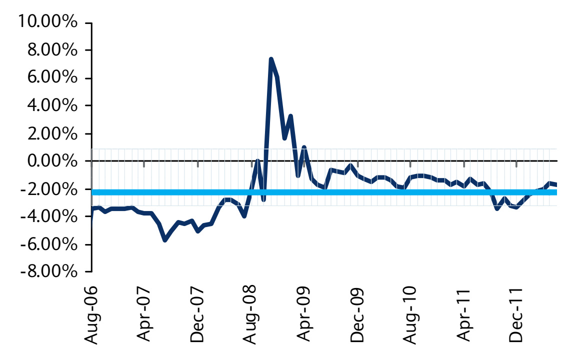
DPM vs. AMZ



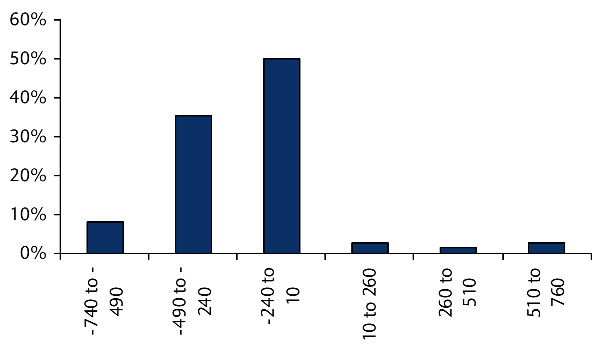
Basis Point Differentials - DPM vs. AMZ



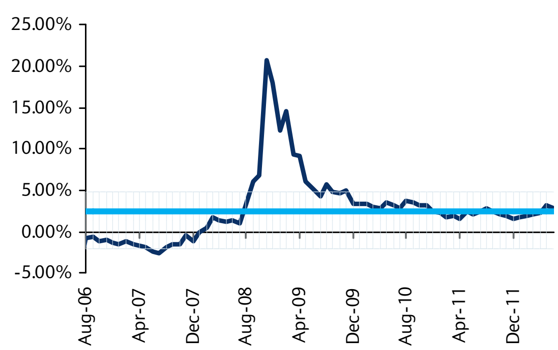
DPM vs. Barclays HY



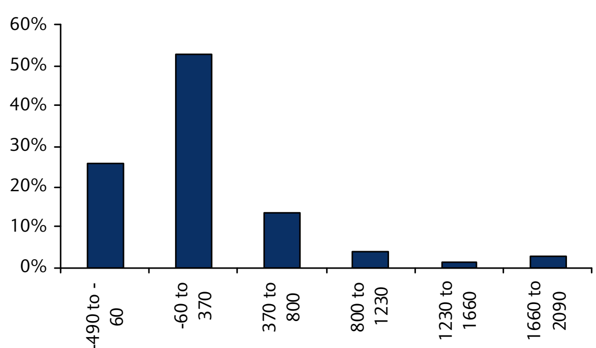
Basis Point Differentials - DPM vs. Barclays HY



DPM vs. Barclays HG



Basis Point Differentials - DPM vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $50 price target is based on a 12-month distribution run rate of $2.88 and a target yield of 5.75%.

Investment Thesis

We continue to believe that investment in DPM offers sponsor-led visible growth along with attractive yield. While DPM lowered its 2012 DCF forecast to $165-$180 mm (from $180-$190 mm) driven by reduced NGL price assumptions, the company reiterated its 3-year distribution growth outlook, calling for 6-8% growth in 2012, followed by 6-10% in each of 2013 and 2014. We estimate DPM can grow distribution at a 5-year CAGR of 6.2%. DPM will deploy $2.6B in co-investment over 2012-2014, with $600 mm in 2012 followed by $1 billion in each of 2013/2014.

Our 6% estimate is at the low end of company's distribution growth guidance range for 2012-2014. While lower commodity prices reduce DPM's cash flows on the margin, the key growth driver for DPM continues to be dropdowns from parent DCP, which are expected to double DPM's EBITDA over the next 2 years. A bulk of the assets will be long haul NGL pipelines with long term fee-based contracts, significantly increasing DPM's fee-based cash flow mix, from 60% today to 65-85% by 2015, as estimated by the company.

We perceive a relatively low level of risk in DPM's growth profile, as its execution risk is lower than MLPs dependent on 3rd party acquisitions or organic projects. The recently announced $200 mm dropdown of 2 Mont Belvieu fractionators reminds investors of DCP's willingness and ability to support DPM in a weak commodity price environment. While no specific EBITDA multiple was provided, management indicated a multiple in-line with previously completed transactions, implying 7.5x- 9.0x. Based on DPM's cost of capital, we estimate a 3-6% accretion. The deal will effectively be all equity funded, given 30% of the consideration was paid with DPM units to DCP. The company separately raised $174 mm in a private placement, resulting in a pro-forma leverage ratio of below 4.0x.

Potential Catalysts / Timeline

- Organic project announcements.
- Ability to source and close accretive acquisitions.
- August 8 – Q2 2012 earnings release.

Fundamental Drivers

- Commodity prices and production activities.
- Ability to grow customer base with the support of acquisitions.

Risk: Medium/Low

DPM carries an average risk profile connected to movements in natural gas and NGL prices. A sharp decline in gas prices could impair volumes on gathering systems and a drop in NGL prices would crimp processing margins. Other risks include successfully making and integrating acquisitions. However, DPM has reduced its risk profile by diversifying its asset base through acquisitions, achieving IG credit rating (reduces funding risk) and adding hedges into its processing contract mix.

Eagle Rock Energy Partners, LP (EROC)

Figure 159: Eagle Rock Energy Partners, LP (EROC)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$0.88
Price Target:	$12.00		**Yield:**	9.32%
Current Price:	$9.44	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	-46.75%
Potential Upside to Target:	27.1%		**Dist. CAGR (Next 3 Yrs):**	6.29%
52 Week High / Low:	$11.81 - $8.25		**Tax Deferral:**	100%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$0.23	$0.75	$0.22	$0.22	$0.22	$0.22	$0.88	$0.88
Growth (YoY)	125.0%	232.2%	46.7%	17.3%	10.0%	4.8%	17.7%	0.0%
Total Distribution Receiving Units	70.08	115.55	130.37	132.51	137.81	143.11	135.95	154.36

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$15.77	$49.03	($50.33)	$6.05	($0.30)	$2.05	($42.54)	$73.93
Interest Expense	$0.00	$0.00	$13.66	$12.02	$15.14	$15.54	$56.37	$71.01
Depreciation and Amortization	$110.19	$131.61	$39.29	$42.00	$42.00	$42.00	$165.29	$120.00
Others	$7.86	$27.56	$60.20	($1.25)	($1.25)	($1.25)	$56.45	($5.00)
Adjusted EBITDA	$133.82	$208.21	$62.82	$58.82	$55.59	$58.34	$235.58	$259.94
Net Interest Expense	($35.06)	($46.80)	($13.66)	($12.02)	($15.14)	($15.54)	($56.37)	($71.01)
Maintenance Capital Expenditures	($25.53)	($42.74)	($8.03)	($18.75)	($22.00)	($26.00)	($74.78)	($75.00)
Others	($0.51)	($1.29)	($0.38)	($0.50)	($0.50)	($0.50)	($1.87)	$0.00
Distributable Cash flow	$72.73	$117.38	$40.76	$27.55	$17.95	$16.30	$102.55	$113.93
General Partner Cut	$0.10	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash Flow (LP)	$72.63	$117.38	$40.76	$27.55	$17.95	$16.30	$102.55	$113.93
Distributable Cash Flow Per Unit	$1.04	$1.02	$0.31	$0.21	$0.13	$0.11	$0.75	$0.74
Total Distribution Coverage	461%	136%	142%	95%	59%	52%	86%	84%

Business Description

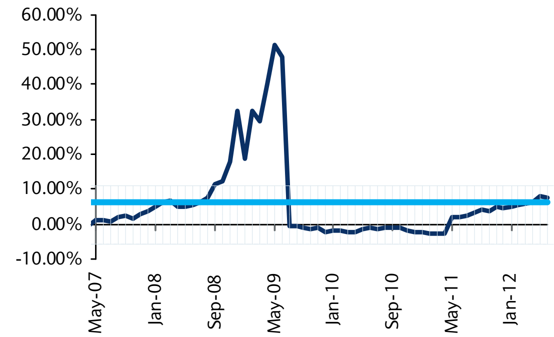
Eagle Rock Energy Partners, L.P. is a growth-oriented master limited partnership engaged in two businesses: a) midstream, which includes (i) gathering, compressing, treating, processing and transporting natural gas; (ii) fractionating and transporting natural gas liquids (NGLs); (iii) crude oil logistics and marketing; and (iv) natural gas marketing and trading; and b) upstream, which includes exploiting, developing, and producing hydrocarbons in oil and natural gas properties.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Eagle Rock Energy Partners L.P. (EROC)	11.5x	12.5x	12.8x	na	0.8x	0.8x	13.6x	13.0x	11.3x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

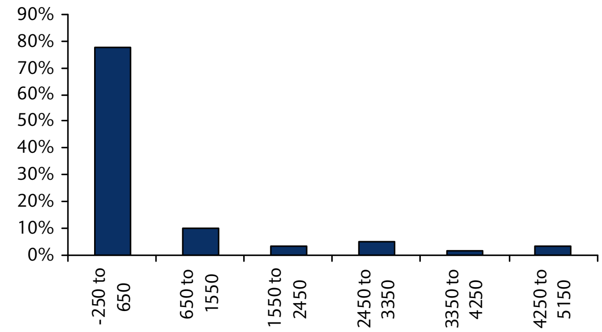
Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Figure 160: Historical Yield Spreads

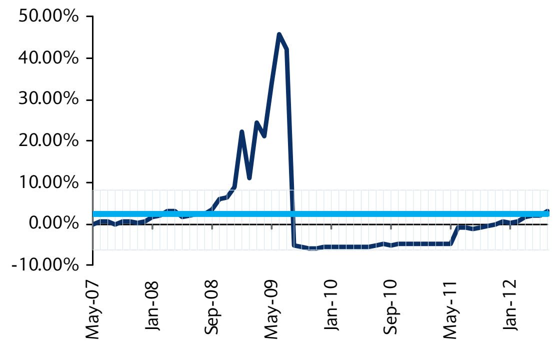
EROC vs. US 10 yr



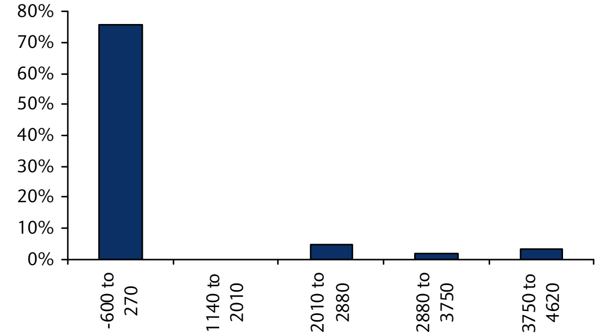
Basis Point Differentials - EROC vs. US 10 yr



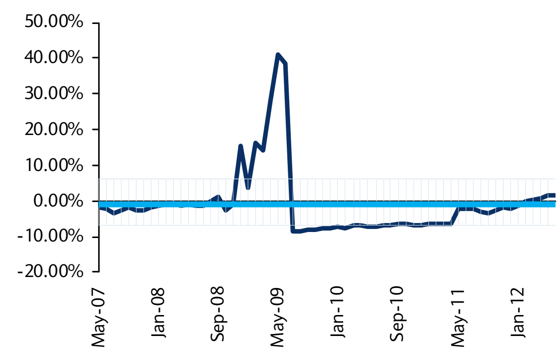
EROC vs. AMZ



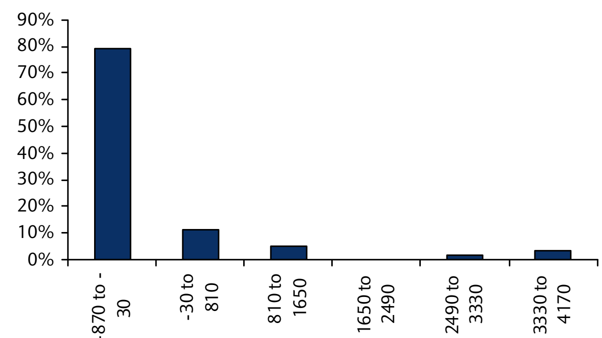
Basis Point Differentials - EROC vs. AMZ



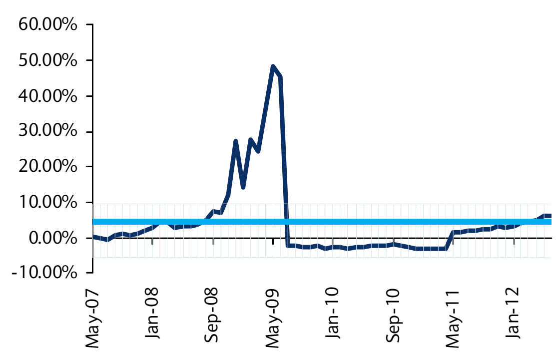
EROC vs. Barclays HY



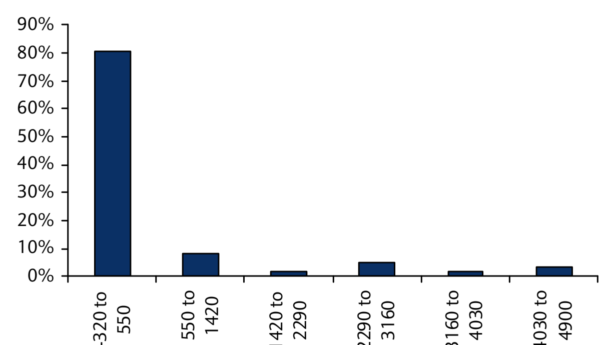
Basis Point Differentials - EROC vs. Barclays HY



EROC vs. Barclays HG



Basis Point Differentials - EROC vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $12 price target is based on a 12-month distribution run rate of $1.00 and a target yield of 8.25%.

Investment Thesis

We recently reduced our 5-year distribution growth forecast to 4.8% CAGR, down from 7.3%. Under our revised commodity price deck, we forecast EROC's distribution to remain flat until 2014, due to our forecast of sub-100% coverage in each of 2012 and 2013. While we forecast 13% EBITDA growth in 2012 and 10% growth in 2013 driven by new projects, we forecast DCF per unit to fall by 26% in 2012 (with flat YoY trend in 2013), due to a 75% increase in maintenance capex as well as an increase in interest expense from the recent private placement of senior unsecured notes priced at 8.67%, which frees up revolver capacity but increases EROC's average debt cost. Following Q1, growth capex was cut by $20 mm to $260 mm, driven by a revision of EROC's Upstream drilling program. While cutting dry gas production, EROC plans to focus solely on oil/NGL production, increasing crude production by 8% and NGL by 50%, resulting in liquids production accounting for 46% of Upstream volumes.

We view EROC as the MLP with the highest level of commodity price exposure under our coverage, given that 60% of its cash flows are derived from its E&P business. While the company's strong hedge position in the next two years mitigates the cash flow impact from low commodity prices, the expected steep increase in maintenance capex over the next 2 years will put pressure on DCF growth. While the maintenance capex increase will be temporary, it will put pressure on already weak commodity margin, making it difficult for EROC to raise distribution in the next two years, in our view. The $32 mm increase in maintenance capex leads to a $0.24/unit impact on DCF per unit. With EROC's leverage ratio largely within its target range, combined with $100 mm of at-the-market equity program currently under place, we estimate the company's leverage ratio to remain around 4.0x for remainder of 2012 vs. a covenant limit of 4.5x.

Potential Catalysts / Timeline

- Execution of organic projects or accretive acquisitions.
- Q2 2012 earnings release.

Fundamental Drivers

- Level of drilling activity supporting the gathering systems.
- Commodity prices and production activities.

Risk: High

Eagle Rock carries an above-average risk profile connected to movements in natural gas and NGL prices. The risk is greater than G&P peers, given EROC's credit metric is subject to bi-annual borrowing base redetermination. A sharp decline in natural gas prices could impair production activities on its E&P assets and affect volumes on gathering systems. A drop in NGL prices would crimp processing margins, although part of its commodity risk is hedged through derivative contracts. Other risks include successfully sourcing, closing and integrating acquisitions, which is a key growth driver to its long term distribution growth.

Enbridge Energy Partners, LP (EEP)

Figure 161: Enbridge Energy Partners, LP (EEP)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.13
Price Target:	$33.00		**Yield:**	7.15%
Current Price:	$29.81	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	3.08%
Potential Upside to Target:	10.7%		**Dist. CAGR (Next 3 Yrs):**	2.69%
52 Week High / Low:	$33.85 - $24.66		**Tax Deferral:**	90%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$2.04	$2.11	$0.53	$0.53	$0.54	$0.54	$2.15	$2.21
Growth (YoY)	3.2%	3.4%	3.6%	0.0%	1.9%	1.9%	1.8%	3.0%
Total Distribution Receiving Units (in mm)	239.2	262.2	284.7	285.4	296.9	310.0	294.3	324.5

Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Operating Income	$746.8	$825.7	$207.9	$191.6	$198.0	$210.7	$808.2	$1,095.0
Depreciation, Depletion & Amortization	$311.2	$339.8	$83.6	$84.0	$84.0	$84.1	$335.7	$348.7
Other	($27.8)	$2.9	$0.0	$0.0	$0.0	$0.0	$0.0	$1.0
Adjusted EBITDA	$1,030.2	$1,168.4	$291.5	$275.6	$282.0	$294.8	$1,143.9	$1,444.7
Net Interest Expense	($273.9)	($320.0)	($83.6)	($85.0)	($92.9)	($92.9)	($354.4)	($387.7)
Maintenance Capital Expenditures	($65.9)	($99.1)	($22.9)	($27.0)	($31.0)	($34.0)	($114.9)	($120.9)
Other	($42.1)	($85.7)	($21.8)	($17.6)	($17.6)	($17.6)	($74.6)	($72.9)
Distributable Cash flow	$648.3	$663.6	$163.2	$146.0	$140.5	$150.3	$600.0	$863.1
General Partner Cut	($76.3)	($104.5)	($28.9)	($29.0)	($33.1)	($34.6)	($125.6)	($159.2)
Distributable Cash Flow (LP)	$572.0	$559.1	$134.3	$117.0	$107.4	$115.7	$474.4	$703.9
Distributable Cash Flow Per Unit	$2.39	$2.13	$0.47	$0.41	$0.36	$0.37	$1.61	$2.17
Total Distribution Coverage	117%	101%	89%	77%	67%	69%	75%	98%

Business Description

Enbridge Energy Partners owns and operates a diversified portfolio of crude oil and liquid petroleum transportation and storage assets and natural gas gathering, treatment, processing, transportation and marketing assets in the United States. Its principal crude oil system is the largest transporter of growing oil production from western Canada. The system's deliveries to refining centers and connected carriers in the United States account for approximately 13 percent of total U.S. oil imports; while deliveries to Ontario, Canada satisfy approximately 70 percent of refinery demand in that region. The Partnership's natural gas gathering, treating, processing and transmission assets, which are principally located onshore in the active U.S. Mid-Continent and Gulf Coast area, deliver approximately 2.5 billion cubic feet of natural gas daily.

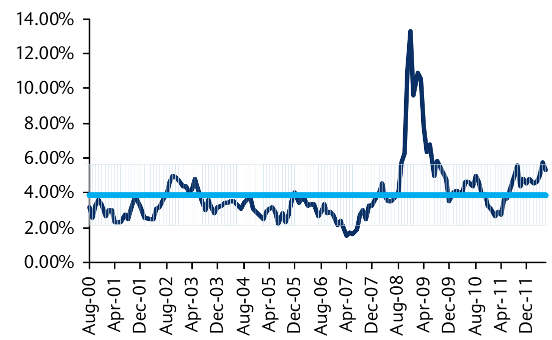
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Enbridge Energy Partners L.P. (EEP)	14.8x	18.5x	13.7x	1.5x	1.9x	1.4x	14.4x	15.1x	11.7x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

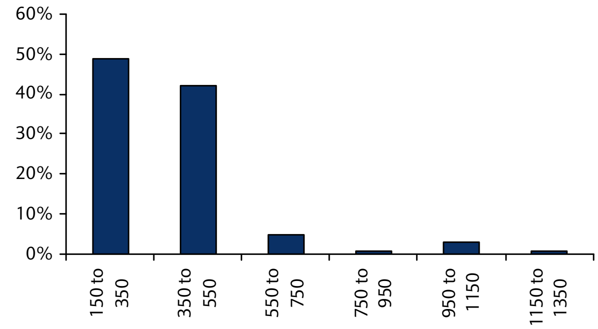
Source: Company filings, FactSet, Barclays Research

Figure 162: Historical Yield Spreads

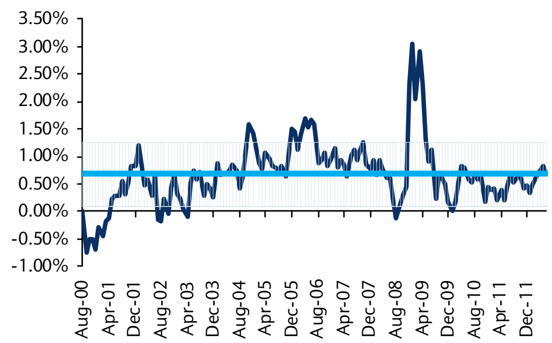
EEP vs. US 10 yr



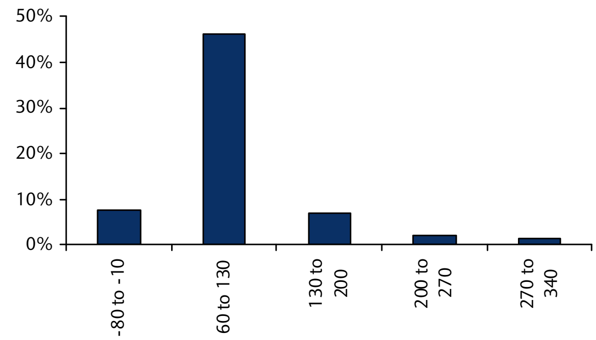
Basis Point Differentials - EEP vs. US 10 yr



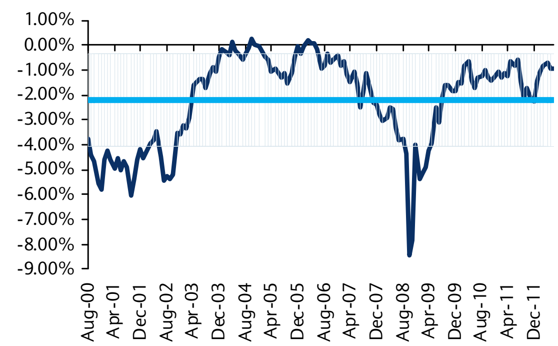
EEP vs. AMZ



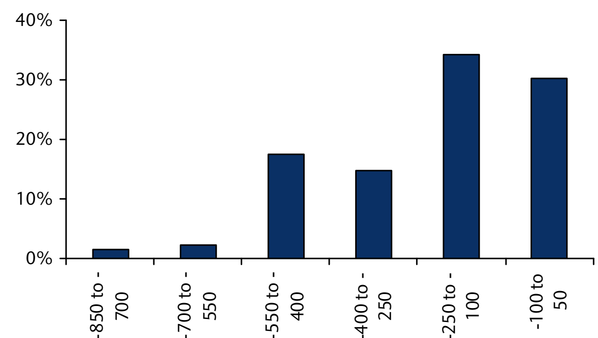
Basis Point Differentials - EEP vs. AMZ



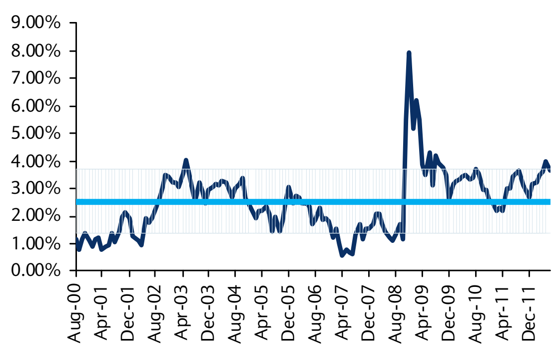
EEP vs. Barclays HY



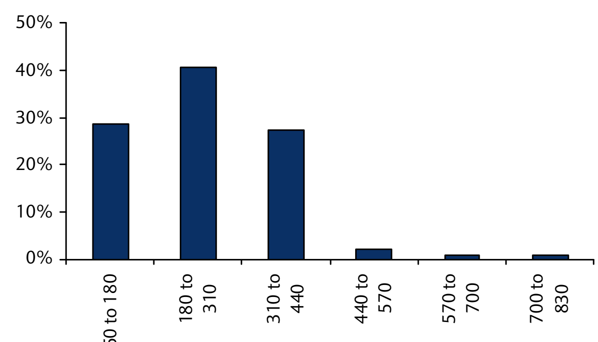
Basis Point Differentials - EEP vs. Barclays HY



EEP vs. Barclays HG



Basis Point Differentials - EEP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $33 price target is based on a 12-month cash distribution run rate of $2.19 and a target yield of 6.6%. Combining $4B of growth capex for expansion projects, including the Bakken, Lakehead system and NGL processing growth in the Granite Wash, EEP's has reasonable distribution growth visibility. We expect 2.7% distribution CAGR over the next three years, as completed midstream oil and NGL organic growth projects generate cash flow are partially offset by higher units outstanding and interest expense. Our estimate is at the low end of EEP's 2-5% distribution growth guidance.

Investment Thesis

We carry a 2-Equal Weight rating on EEP. While we expect EEP to post below-average distribution growth and distribution coverage vs. peers, EEP offers a healthy yield with relatively stable cash flows from primarily crude oil pipelines, though NGL assets do have volatility. EEP could exceed our growth estimates from strategically located pipeline assets with exposure to the oil production in the Bakken and Alberta oil sands and natural gas production in the Granite Wash. In addition, the general partner has a supply of potential midstream asset dropdowns.

Potential Catalysts / Timeline

- July 30 – second quarter earnings release.
- 1Q13 – expected completion of 145,000 bpd North Dakota Phase VII crude oil pipeline expansion.
- 1Q13 – expected completion of 150mmcf/d Anadarko natural gas processing plant project (Ajax plant).
- 2Q13 – expected completion of 280,000 bpd Texas Express NGL pipeline (EEP has 35% stake)

Fundamental Drivers

- Growth in western Canadian oil sands production, specifically Alberta Oil Sands.
- Growth in refining demand and imports into the Midwest market.
- Cash flows on natural gas gathering systems in Texas and Oklahoma will be driven by gas production and prices in the region.
- Natural gas processing spread, gas prices affect gathering and processing cash flows.

Risk: Medium

Approximately 75% of EEP's cash flow mix is in the relatively stable crude oil pipeline business, with the remaining 25% in the more volatile natural gas gathering and processing business. Lakehead pipeline volumes tend to be relatively stable but have some volatility vs. the average crude oil trunk pipeline due to the more volatile production profile in western Canada. However, growing Western Canadian and Bakken production is providing a favorable backdrop for EEP's crude oil pipeline system. The competing Keystone crude oil pipeline from TransCanada, which may be in service 2015 (pending regulatory approval), would provide additional competition for EEP's Lakehead system. The gas gathering and processing business has volatility from exposure to gas/NGL prices and production in Texas and Oklahoma.

Energy Transfer Equity, L.P. (ETE)

Figure 163: Energy Transfer Equity, L.P. (ETE)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$2.50
Price Target:	$46.00		**Yield:**	5.83%
Current Price:	$42.85	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	7.68%
Potential Upside to Target:	7.4%		**Dist. CAGR (Next 3 Yrs):**	10.70%
52 Week High / Low:	$44.47 - $30.78		**Tax Deferral:**	80%

(Units: $ mm except per unit)	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E	2014E
Distribution	**$ 2.16**	**$ 2.44**	**$ 0.6250**	**$ 0.63**	**$ 0.63**	**$ 0.63**	**$ 2.50**	**$ 2.88**	**$ 3.31**
Growth YoY	*2.6%*	*13%*					*3%*	*15%*	*15%*
Units O/S	222.94	222.94	222.94	279.92	279.92	279.92	265.68	279.92	287.42
INVESTMENT IN ETP / RGP									
ETP									
Total cash flow from ETP GP interest	399.4	434.7	104.5	113.6	113.6	118.3	450.8	607.3	675.7
Total cash flow from ETP LP interest	179.6	179.6	46.9	46.8	46.8	46.8	185.3	193.2	200.9
Total cash flow from ETP	**579.0**	**614.3**	**151.4**	**160.4**	**160.4**	**165.0**	**636.1**	**800.5**	**876.7**
Growth (YoY)			*-1%*	*5%*	*4%*	*2%*	*4%*	*26%*	*10%*
RGP									
Total cash flow from RGP GP interest	8.2	11.2	3.4	3.7	3.7	3.7	14.6	21.3	27.6
Total cash flow from RGP LP interest	46.8	47.5	12.1	12.3	12.5	12.6	49.6	51.6	54.0
Total cash flow from RGP	**54.9**	**58.8**	**15.5**	**16.1**	**16.2**	**16.3**	**64.2**	**73.0**	**81.6**
Growth (YoY)			*10%*	*11%*	*8%*	*7%*	*9%*	*14%*	*12%*
Total distribution received (ETP/RGP)	**634.0**	**673.1**	**166.8**	**176.4**	**176.6**	**181.4**	**700.3**	**873.5**	**958.3**
DISTRIBUTABLE CASH FLOW									
Total distribution received (ETP/RGP)	634.0	673.1	166.8	176.4	176.6	181.4	700.3	873.5	958.3
ETE interest in Holdco DCF			7.34	68.2	70.7	82.3	228.5	411.5	426.1
Growth (YoY)								*80%*	*4%*
G&A Expenses	(10.0)	(29.5)	(2.5)	(2.5)	(2.5)	(2.5)	(10.0)	(10.0)	(10.4)
Total interest (including preferred)		(160.7)	(42.4)	(63.0)	(63.0)	(63.0)	(231.4)	(290.0)	(285.0)
Interest Expense	(131.0)	(136.7)	(36.4)	(57.0)	(57.0)	(57.0)	(207.4)	(266.0)	(285.0)
Preferred unit interest (8% on $300 mm)	(12.0)	(24.0)	(6.0)	(6.0)	(6.0)	(6.0)	(24.0)	(24.0)	-
Adjustment		21.4	1.4				1.4		
Distributable cash flow	**481.0**	**511.0**	**130.7**	**179.1**	**181.8**	**198.1**	**688.8**	**985.0**	**1,088.9**
DCF per unit	**$ 2.16**	**$ 2.29**	**$ 0.59**	**$ 0.64**	**$ 0.65**	**$ 0.71**	**$ 2.59**	**$ 3.52**	**$ 3.79**
Distribution coverage	100%	94%	94%	102%	104%	113%	104%	122%	115%

Business Description

Energy Transfer Equity, L.P. owns the general partner and 100 percent of the incentive distribution rights of Energy Transfer Partners, L.P. and approximately 52.4 million ETP limited partner units; and owns the general partner and 100 percent of the IDRs of Regency Energy Partners LP and approximately 26.3 million RGP limited partner units. ETE is also the parent of Southern Union Company. The ETE family of companies owns approximately 45,000 miles of natural gas and natural gas liquids pipelines.

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $46 price target is based on a 12-month distribution run rate of $2.78 and a target yield of 6%.

Investment Thesis

While we forecast a flat distribution trend in 2012, we believe the Partnership has the potential to grow at above average growth rate longer term. We estimate ETE will grow distribution at a 5-year CAGR of 12.4%. Energy Transfer Equity (ETE) announced plans to drop down its interest in Southern Union (SUG) into an ETP-controlled entity, Holdco, which will also include Sunoco (SUN) assets (ex-Sunoco Logistics Partners, or SXL). The dropdown will take place concurrent with the closing of the SUN merger (Q3 or Q4) and ETE / ETP will own a 60/40 interest in Holdco, respectively. Overall we view the dropdown transaction to be modestly accretive to ETP as it reduces tax liability. We believe this transaction is transitory in nature and will be followed with further dropdowns of ETE's Holdco interest to ETP and possibly to SXL. Given that ETE's share of Holdco cash flow amounts to $420-$440 mm, a potential total deal size could be $4.3-$6.5 billion, based on a 10-15x transaction multiple.

While the potential conversion of pipeline assets can require sizable capex, it appears that deploying a large amount of capex for asset conversions will be more of a long-term plan that can be addressed after ETE's Holdco interest has been dropped down to ETP/SXL, freeing ETE from having to fund any large capital projects.

Potential Catalysts / Timeline

- Q2 2012 earnings release.
- Clarification on asset modifications, tax implications and funding.

Fundamental Drivers

- Performance of equity investments in RGP / ETP and Holdco

Risk: Medium

Equity investment in RGP carries an average risk profile connected to movements in natural gas and NGL prices. Equity investment in ETP carries risk related to Texas gas basis and the absolute level of gas prices. With FEP and Tiger pipelines now complete, we believe ETP's risk profile will reduce given larger contribution from stable fee-based business.

Energy Transfer Partners, LP (ETP)

Figure 164: Energy Transfer Partners, LP (ETP)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$3.58
Price Target:	$53.00		**Yield:**	7.90%
Current Price:	$45.24	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	3.87%
Potential Upside to Target:	17.2%		**Dist. CAGR (Next 3 Yrs):**	2.39%
52 Week High / Low:	$51 - $38.08		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$3.58	$3.58	$0.89	$0.89	$0.89	$0.89	$3.58	$3.69
Growth (YoY)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%
Total Distribution Receiving Units	189.84	206.60	226.55	242.05	242.05	250.94	240.40	330.00
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Operating Income	$1,058.13	$1,244.57	$253.96	$325.21	$319.49	$343.30	$1,241.96	$1,941.61
Depreciation and Amortization	$343.01	$428.47	$101.92	$97.00	$97.00	$97.00	$392.92	$392.64
Others	$80.44	$69.44	$180.20	$68.38	$68.38	$68.38	$385.33	$236.70
Adjusted EBITDA	$1,481.58	$1,742.48	$536.07	$490.59	$484.86	$508.68	$2,020.20	$2,570.95
Net Interest Expense	($412.55)	($474.11)	($136.82)	($128.94)	($133.66)	($133.66)	($533.07)	($532.54)
Maintenance Capital Expenditures	($99.28)	($134.16)	($23.85)	($27.00)	($32.00)	($35.00)	($117.85)	($150.00)
Others	$51.98	$3.65	($54.92)	$0.00	$0.00	$0.00	($54.92)	$0.00
Distributable Cash flow	$1,021.73	$1,137.86	$320.49	$334.65	$319.21	$340.02	$1,314.36	$1,888.41
General Partner Cut	$399.44	$434.71	$105.42	$113.57	$113.57	$118.25	$450.82	$607.32
Distributable Cash Flow (LP)	$622.29	$703.15	$215.06	$221.08	$205.63	$221.77	$863.54	$1,281.09
Distributable Cash Flow Per Unit	$3.28	$3.40	$0.95	$0.91	$0.85	$0.88	$3.59	$3.88
Total Distribution Coverage	92%	95%	106%	102%	95%	99%	100%	105%

Business Description

Energy Transfer Partners owns and operates a diversified portfolio of energy assets. ETP has pipeline operations in Alabama, Arizona, Arkansas, Colorado, Florida, Louisiana, Mississippi, New Mexico, Utah and West Virginia and owns the largest intrastate pipeline system in Texas. ETP currently has natural gas operations that include approximately 24,000 miles of gathering and transportation pipelines, treating and processing assets, and three storage facilities located in Texas. ETP also holds a 70 percent interest in Lone Star

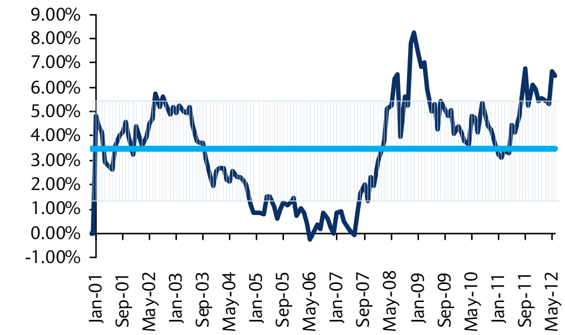
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Energy Transfer Partners L.P. (ETP)	13.0x	13.1x	11.7x	1.3x	1.3x	1.1x	14.2x	13.8x	10.8x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

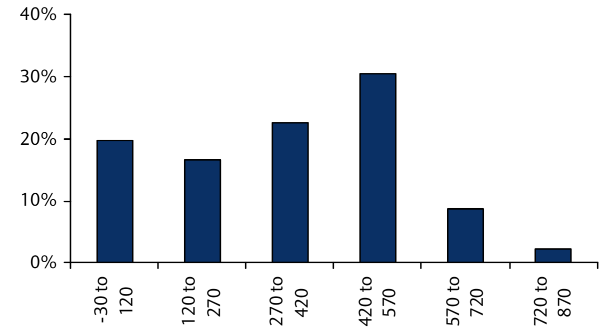
Source: Company filings, FactSet, Barclays Research

Figure 165: Historical Yield Spreads

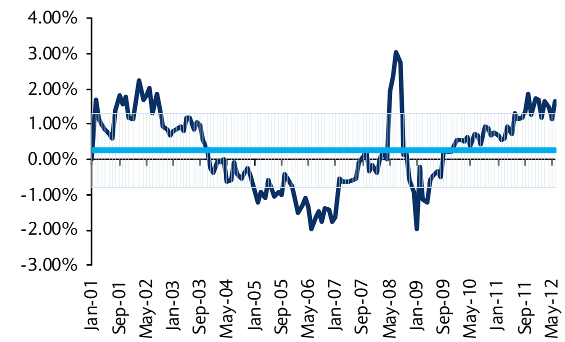
ETP vs. US 10 yr



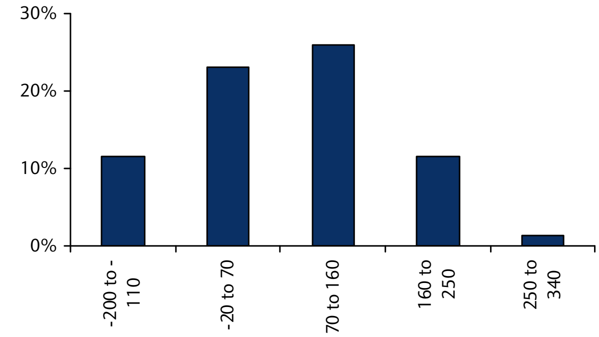
Basis Point Differentials - ETP vs. US 10 yr



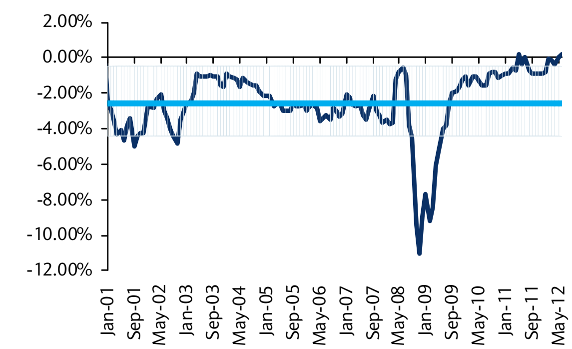
ETP vs. AMZ



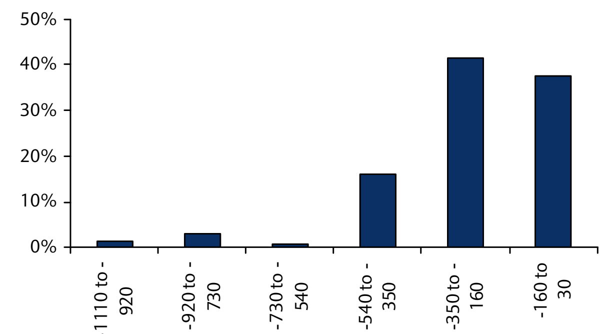
Basis Point Differentials - ETP vs. AMZ



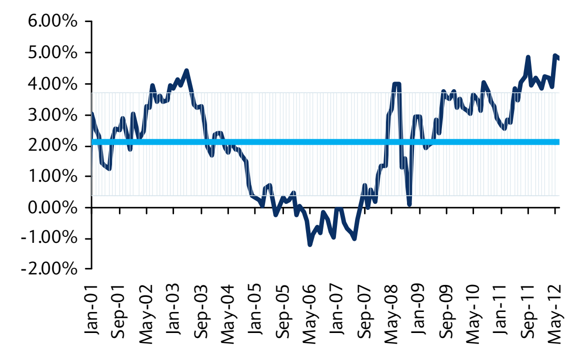
ETP vs. Barclays HY



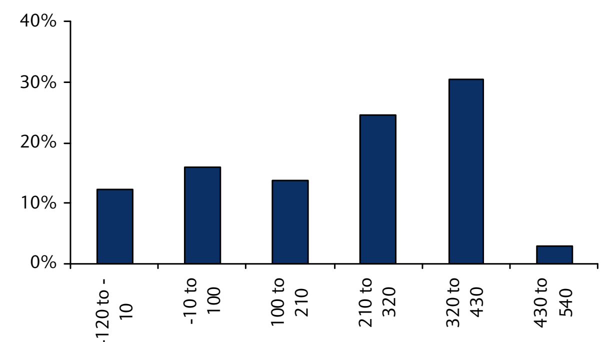
Basis Point Differentials - ETP vs. Barclays HY



ETP vs. Barclays HG



Basis Point Differentials - ETP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $53 price target is based on a 12-month distribution run rate of $3.695 and a target yield of 7.0%.

Investment Thesis

We estimate ETP will grow distribution at 3.2% beginning 2013 and at a 5-year CAGR of 2.8%. Our model factors in ETE's asset dropdowns and the $600 mm equity raise completed on 6/28. Energy Transfer Equity (ETE) announced plans to drop down its interest in Southern Union (SUG) into an ETP-controlled entity, Holdco, which will also include Sunoco (SUN) assets (ex-Sunoco Logistics Partners, or SXL). The dropdown will take place concurrent with the closing of the SUN merger (Q3 or Q4) and ETE/ETP will own a 60/40 interest in Holdco, respectively. We view the dropdown transaction to be modestly accretive to ETP as it reduces tax liability. Our distribution growth estimate of 3-4% per year is unchanged. However, we believe this transaction will be followed by further dropdowns of ETE's Holdco interest to ETP and possibly to SXL. Given that ETE's share of Holdco cash flow amounts to $420-$440 mm, a potential total deal size could be $4.3-$6.5 billion, based on a 10-15x transaction multiple. The capital raise completed on 6/28 significantly reduces the remaining capex funding burden, given that we had previously forecast $1 billion of equity issuance for the year. ETP expects 2012 organic capex to reach $1.75-$2.0B (net to ETP), including $950-$1,000 mm to be spent on Lone Star JV (net) and $800-$900 mm Midstream and Intrastate projects geared to rich gas production (mostly Eagle Ford).

We believe near-term growth capex will focus on West Texas G&P assets, which should be manageable based on Holdco's current liquidity. While the potential conversion of pipeline assets can require sizable capex, it appears that deploying a large amount of capex for asset conversions will be a long-term plan that can be addressed after ETE's Holdco interest has been dropped down to ETP/SXL, freeing ETE from having to fund any large capital projects.

Potential Catalysts / Timeline

- Q2 2012 earnings release.
- Increase in natural gas price and Texas market basis differentials.
- Announcement of large projects with attractive returns.

Fundamental Drivers

- Volatility and spread in the basis differential between Waha and Katy hub natural gas prices, which affects cash flows on the Oasis pipeline.
- Natural gas prices and drilling activities in Texas.
- Integrating recent acquisitions and organic growth projects (opportunity to reduce operating cost structure).

Risk: Medium

Our medium risk rating on ETP comes from moving parts in its intrastate business. ETP's intrastate business has exposure to Texas gas basis and the absolute level of gas price. With the completion of new interstate pipelines (FEP and Tiger), we believe ETP's risk profile will be reduced given a larger contribution of EBITDA from stable fee-based business with long-term contracts.

Enterprise Products Partners, LP (EPD)

Figure 166: Enterprise Products Partners, LP (EPD)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	1-Overweight	**Annualized Distribution:**	$2.51
Price Target:	$57.00	**Yield:**	4.59%
Current Price:	$54.65 (as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.89%
Potential Upside to Target:	4.3%	**Dist. CAGR (Next 3 Yrs):**	6.54%
52 Week High / Low:	$54.98 - $36.36	**Tax Deferral:**	90%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	Q12012	Q22012e	Q32012e	Q42012e	2012e	2013e
Cash Distribution Per Unit	$2.32	$2.44	$0.63	$0.64	$0.64	$0.66	$2.56	$2.75
Growth (YoY)	5.5%	5.2%	5.0%	5.0%	4.9%	5.6%	5.1%	7.2%
Total Distribution Receiving Units	597.8	859.7	888.7	890.7	892.8	929.3	900.4	948.9

Distributable Cash flow Calculation	2010	2011	Q12012	Q22012e	Q32012e	Q42012e	2012e	2013e
Net Income	$1,383.7	$2,088.3	$659.7	$534.2	$542.2	$562.4	$2,298.5	$2,518.2
Depreciation, Depletion & Amortization	$971.9	$990.5	$264.7	$260.0	$260.0	$260.0	$1,041.6	$1,081.6
Other	$852.7	$908.8	$169.2	$200.7	$211.0	$218.3	$843.6	$1,004.3
Adjusted EBITDA	$3,208.3	$3,987.6	$1,093.6	$994.9	$1,013.2	$1,040.8	$4,183.8	$4,604.1
Net Interest Expense	($709.7)	($744.1)	($186.5)	($174.0)	($184.2)	($191.2)	($735.9)	($899.4)
Maintenance Capital Expenditures	($240.3)	($296.4)	($90.4)	($75.0)	($75.0)	($80.0)	($320.4)	($335.4)
Other	$1.9	$244.2	$85.6	$13.7	$13.8	$14.1	$263.3	$56.1
Distributable Cash flow	$2,256.4	$2,702.9	$731.1	$732.2	$740.2	$755.4	$2,864.1	$3,313.2
General Partner Cut	($198.3)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Distributable Cash Flow (LP)	$2,058.1	$2,702.9	$731.1	$732.2	$740.2	$755.4	$2,864.1	$3,313.2
Distributable Cash Flow Per Unit	$3.44	$3.14	$0.82	$0.82	$0.83	$0.81	$3.18	$3.49
Common Distribution Coverage	149%	129%	131%	129%	129%	124%	124%	127%
Total Distribution Coverage	149%	129%	131%	129%	129%	124%	124%	127%

Business Description

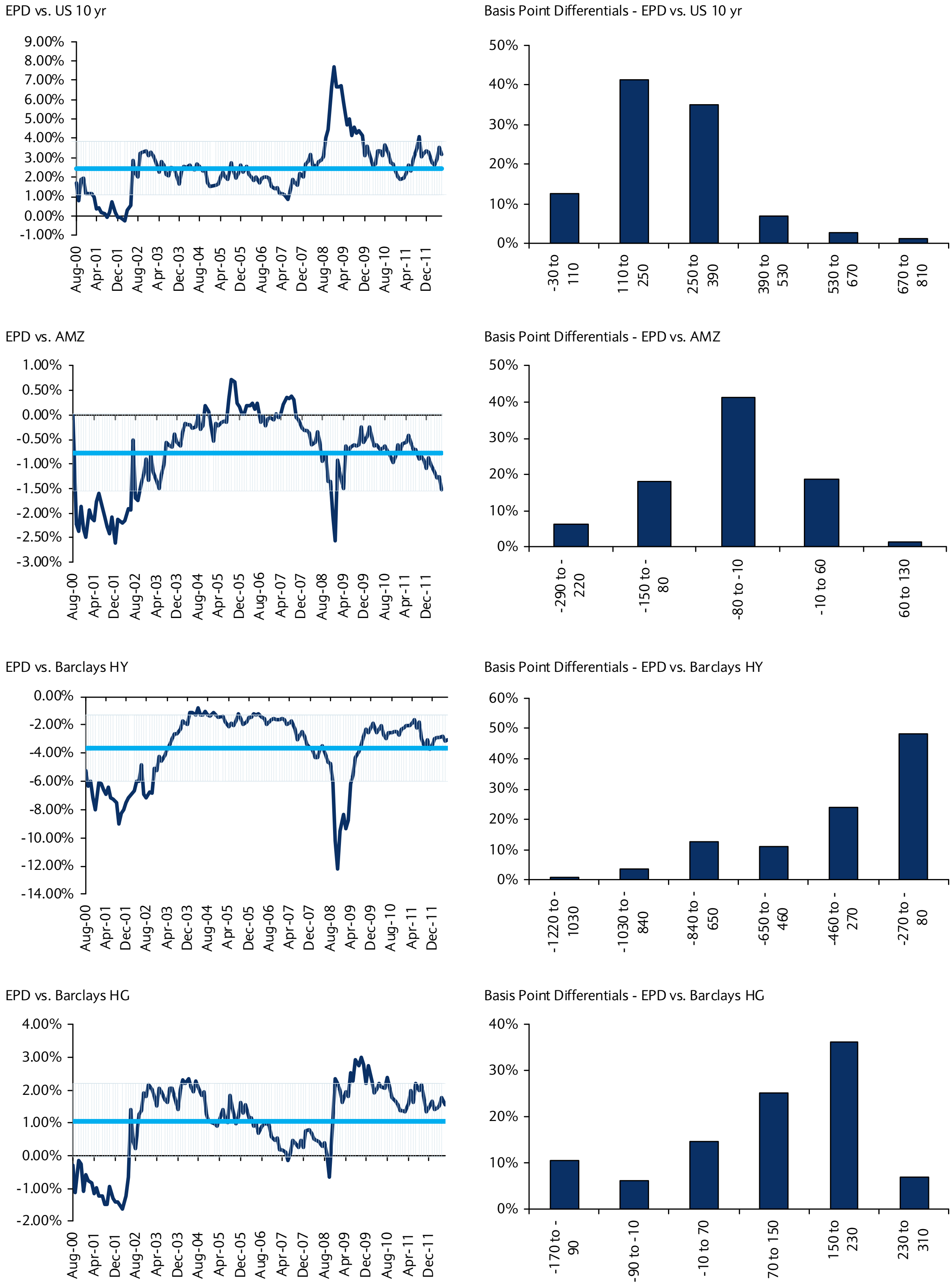
Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. The partnership's assets include approximately: 50,600 miles of pipelines; 190 million barrels of storage capacity for NGLs, petrochemicals, refined products and crude oil; and 14 billion cubic feet of natural gas storage capacity.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Enterprise Products Partners L.P. (EPD)	14.0x	17.2x	15.7x	1.3x	1.5x	1.4x	16.0x	16.3x	14.7x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 167: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $57 price target is based on a 12-month cash distribution run rate of $2.67 and a target yield of 4.7%. Given the Partnership's diversified business mix, visibility into distribution growth and low cost of capital (no IDRs), we believe EPD offers an attractive risk-reward proposition. In our view, EPD is one of the few MLPs in the sector capable of sustaining its distribution growth rate despite spending a significant amount of capital on growth projects and absorb supply disruptions in a major business segment, which further demonstrates the strength in the Partnership's business model. Anchored by organic growth opportunities across the value chain in multiple markets, including Eagle Ford, Marcellus Shales, NGL hub Mont Belvieu and Seaway crude oil pipeline, management continues to build a long-term growth strategy that positions EPD well to consistently grow the distribution payment while maintaining a high distribution coverage ratio. We estimate EPD's 3-year distribution compound annual growth rate at 6.5%.

Investment Thesis

We carry a 1-Overweight rating on EPD. In our view, EPD is a core holding in a diversified MLP portfolio and should be capable of delivering a healthy return driven by an attractive value proposition with a relatively low risk profile. EPD's risk profile is tempered by the diversification of cash flows by geographic, product and customer mix, plus the ability to grow the distribution payment, without depending on acquisitions, while maintaining a high distribution coverage ratio. A strong management team with a long-term commitment to the MLP and a powerful position in a niche industry further support our view.

Potential Catalysts / Timeline

- August 1 – second quarter earnings release.
- 2Q through 4Q12 – expected in-service date of NGL fractionator at Mont Belvieu, TX and Eagle Ford Shale gas gathering, processing and transportation projects.
- 1Q13 – expected in-service date of Seaway crude oil pipeline expansion to 400,000 bpd

Fundamental Drivers

- Natural gas processing spreads (margin between NGL and natural gas prices) affects NGL production and multiple links in the integrated NGL network.
- Demand for ethylene and natural gas to crude oil price ratio affects ethane volumes.
- Lower natural gas to crude oil price ratio drives stronger ethane demand.
- Health of the chemical sector, which consumes approximately 75% of NGL production.
- Weather affects propane volumes.
- Growth in natural gas production in Rocky Mountain and deepwater Gulf of Mexico affect multiple links of NGL value chain.
- Drilling activities and natural gas prices in the Permian and San Juan Basin.
- Crude oil production in Texas, MidContinent and Bakken.
- Refined product demand.
- Successful execution of organic growth projects

Risk: Medium

The medium risk rating is underpinned by the above-average exposure to natural gas and NGL production activities, in addition to the volatility in commodity prices and demand levels by petrochemical customers. However, the majority of EPD's cash flows are fee-based and the Partnership utilizes hedges on a portion of its gas processing exposure. In addition, EPD's large, diversified asset mix provides a cushion to potential supply disruptions in a business segment.

EQT Midstream Partners, L.P. (EQM)

Figure 168: EQT Midstream Partners, L.P. (EQM)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	1-Overweight		**Annualized Distribution:**	$1.40
Price Target:	$29.00		**Yield:**	5.26%
Current Price:	$26.60	(as of 07/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	9.0%		**Dist. CAGR (Next 3 Yrs):**	15.00%
52 Week High / Low:	$27.08 - $22.58		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E	2013E
Cash Distribution Per Unit	n/a	n/a	n/a	$0.35	$0.36	$0.71	$1.54	$1.77
Growth (YoY)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Distribution Receiving Units	n/a	n/a	34.68	34.68	34.68	34.68	34.68	36.80
Distributable Cash flow Calculation								
Net Income	n/a	$18.54	$12.52	$13.42	$14.32	$58.78	$62.19	$85.47
Add: Interest Expense	n/a	$0.33	$0.30	$0.30	$0.30	$1.23	$13.50	$21.00
Add: DD&A	n/a	$3.04	$3.50	$3.50	$3.50	$13.54	$17.94	$24.84
Add: Income Tax	n/a	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Add: Non-cash compensation expense	n/a	$0.64	$0.00	$0.00	$0.00	$0.64	$0.00	$0.00
Less: Other Income	n/a	($2.47)	($0.02)	($0.02)	($0.02)	($2.52)	($0.50)	($0.50)
Adjusted EBITDA	n/a	$20.07	$16.30	$17.20	$18.10	$71.67	$93.13	$130.81
Less: Cash Interest, Net	n/a	($0.33)	($0.30)	($0.30)	($0.30)	($1.23)	($13.50)	($21.00)
Less: Expansion Capex	n/a	$0.00	($8.33)	($8.33)	($8.33)	($25.00)	($28.00)	($35.00)
Less: Ongoing Maintenance Capex	n/a	$0.00	($4.33)	($4.33)	($4.33)	($13.00)	($19.20)	($21.20)
Less: Pre-funded regulatory capex	n/a	$0.00	($5.00)	($5.00)	($5.00)	($15.00)	($16.70)	$0.00
Add: Borrowings to fund expansion capex	n/a	$0.00	$8.33	$8.33	$8.33	$25.00	$28.00	$35.00
Add: Proceeds from offering to pre-fund regulatory capex	n/a	$0.00	$5.00	$5.00	$5.00	$15.00	$16.70	$0.00
Cash Available For Distribution	n/a	$19.75	$11.67	$12.57	$13.47	$57.45	$60.43	$88.61
General Partner Cut	n/a	$0.00	$0.00	$0.00	$0.25	$0.25	$1.06	$1.96
Distributable Cash Flow (LP)	n/a	$19.75	$11.67	$12.57	$13.22	$57.20	$59.37	$86.65
Distributable Cash Flow Per Unit	n/a	n/a	$0.34	$0.36	$0.38	$1.65	$1.71	$2.35
Total Distribution Coverage	n/a	n/a	n/a	104%	106%	n/a	111%	133%

Business Description

EQT Midstream Partners, LP was formed by EQT Corporation to own, operate, acquire and develop midstream assets in the Appalachian basin. EQM provides midstream services to EQT Corporation and third-party companies through its two primary assets: Equitrans Transmission and Storage System, and Equitrans Gathering System. It has a 700 mile FERC-regulated, interstate pipeline system and more than 2,100 miles of FERC-regulated, low-pressure gathering lines.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
EQT Midstream Partners, L.P. (EQM)	na	16.1x	15.5x	na	0.8x	0.8x	na	15.3x	12.6x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.7x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $29 price target is based on a 12-month distribution run rate of $1.46 and a target yield of 5.0%.

Investment Thesis

We believe EQM offers a compelling total return proposition of 20+%, comprised of 15% distribution growth over the duration of our forecast and the current 5.3% yield. EQM warrants a premium valuation due to a visible multi-billion backlog of high-growth and top-tier quality that currently reside at the parent, but are eligible for dropdown into EQM. The initial asset, Equitrans, is a FERC-regulated asset with a majority of revenues tied to firm, fee-based contracts. Similarly, the dropdown candidates that are currently at EQT Corp. all generate fee-based gathering and/or transportation revenue with minimal commodity exposure. The EBITDA contribution tied to these assets is ~3x the size of the initial asset placed into the MLP and the backlog is expected to grow at a rapid pace as the parent continues to develop its expansive Marcellus drilling inventory.

Potential Catalysts / Timeline

The partnership is currently undergoing 3 projects that is expected to expand capacity while increasing the delivery optionality and access to markets. Additionally, the Sunrise project is being developed at the parent and is expected to eventually come down to EQM when the capital spending is completed, it is generating sufficient cash flows and the growth opportunities tied to the asset are a little more clearly defined.

We expect one of the gathering systems to be migrated into the MLP in the next 6 to 12 months. We expect the transaction to be ~$200 million and think it will be completely financed with debt. We continue to expect transactions in the range of $200 million on an annual basis and expect the partnership to slowly move towards a 50/50 debt/equity capital structure.

Fundamental Drivers

- Natural gas production levels in the Marcellus/Utica/Appalachia.
- Natural gas consumption levels across the Mid-Atlantic, Northeastern U.S., especially in PA.
- We believe potential dropdowns from GP are required to drive long-term double-digit growth.

Risk Profile: Low

There is currently no debt on the balance sheet, which will allow the partnership a great deal of flexibility on the timing for its first dropdown. It also has strong coverage ratios as we have conservatively estimated a 15% distribution growth outlook underpinned by the organic opportunities as well as dropdowns. Revenues are over 80% firm contracts while a large portion of this is reservation charges. Lastly, one of the largest strengths of this partnership is its close relationship to its general partner, where management's expertise in both E&P and midstream operations along with their discipline and execution should bode well for value creation.

Exterran Partners, LP (EXLP)

Figure 169: Exterran Partners, LP (EXLP)

Sub Sector: Gathering and Processing

Rating:	2-Equal Weight		**Annualized Distribution:**	$1.99
Price Target:	$29.00		**Yield:**	9.36%
Current Price:	$21.26	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	8.68%
Potential Upside to Target:	36.4%		**Dist. CAGR (Next 3 Yrs):**	4.50%
52 Week High / Low:	$25.98 - $17.5		**Tax Deferral:**	100%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$1.87	$1.94	$0.50	$0.50	$0.51	$0.52	$2.03	$2.12
Growth (YoY)	0.8%	4.0%	4.2%	4.1%	4.6%	5.1%	4.5%	4.5%
Total Distribution Receiving Units	28.03	35.98	43.41	43.41	43.41	43.41	43.41	46.67

Distributable Cash Flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Operating Income	$1.38	$37.37	$10.67	$20.01	$20.71	$21.42	$72.80	$105.31
Depreciation and Amortization	$52.52	$67.93	$20.36	$19.18	$19.37	$19.56	$78.47	$78.64
Others	$50.91	$33.99	$8.95	$4.11	$4.30	$4.50	$21.87	$14.09
Adjusted EBITDA	$104.81	$139.29	$39.98	$43.29	$44.38	$45.48	$173.14	$198.03
Net Interest Expense	($20.79)	($18.82)	($5.21)	($6.71)	($6.71)	($6.71)	($25.35)	($31.13)
Maintenance Capital Expenditures	($15.90)	($28.86)	($8.12)	($11.00)	($11.00)	($11.00)	($41.12)	($47.82)
Others	($1.29)	($1.32)	$0.24	$0.00	$0.00	$0.00	$0.24	$0.00
Distributable Cash flow	$66.83	$90.28	$26.90	$25.58	$26.66	$27.77	$106.91	$119.08
General Partner Cut	$2.47	$4.14	$1.27	$1.57	$1.67	$1.78	$6.27	$9.00
Distributable Cash Flow (LP)	$64.36	$86.14	$25.63	$24.01	$24.99	$25.98	$100.64	$110.08
Distributable Cash Flow Per Unit	$2.30	$2.39	$0.59	$0.55	$0.58	$0.60	$2.32	$2.36
Total Distribution Coverage	122%	128%	116%	109%	112%	115%	117%	110%

Business Description

Exterran Partners, L.P. provides natural gas compression services in the United States. The company offers contract operations services, which include designing, sourcing, owning, installing, operating, servicing, repairing, and maintaining equipment for oil and gas production, processing, and transportation applications.

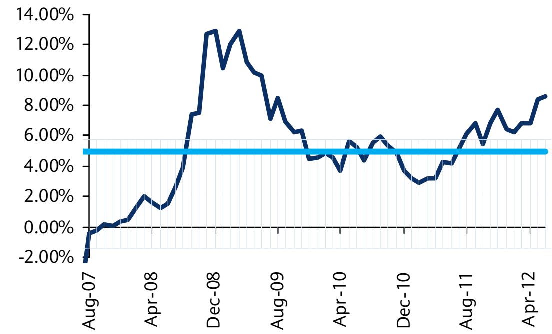
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Exterran Partners L.P. (EXLP)	8.3x	9.2x	9.0x	0.6x	0.7x	0.7x	12.1x	12.2x	10.9x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

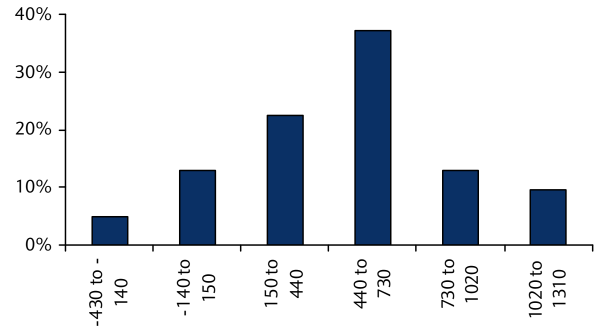
Source: Company filings, FactSet, Barclays Research

Figure 170: Historical Yield Spreads

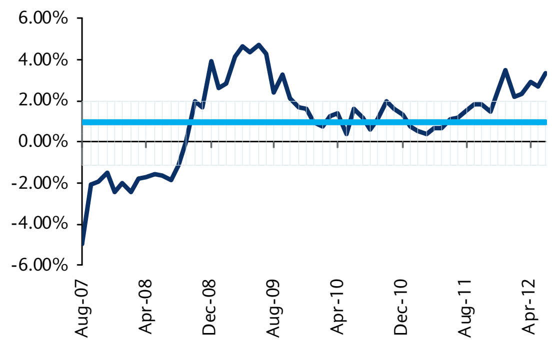
EXLP vs. US 10 yr



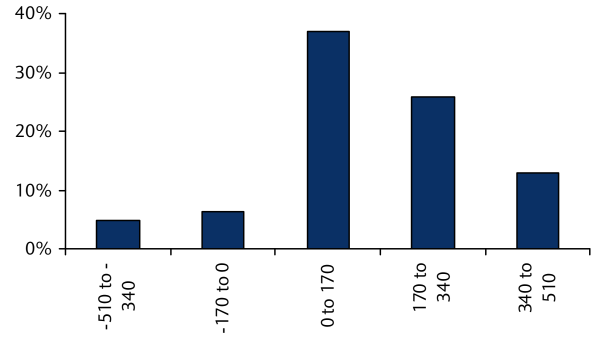
Basis Point Differentials - EXLP vs. US 10 yr



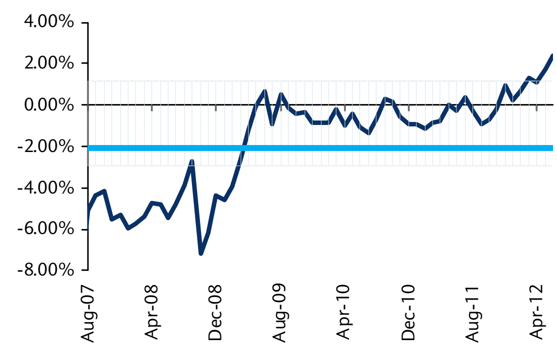
EXLP vs. AMZ



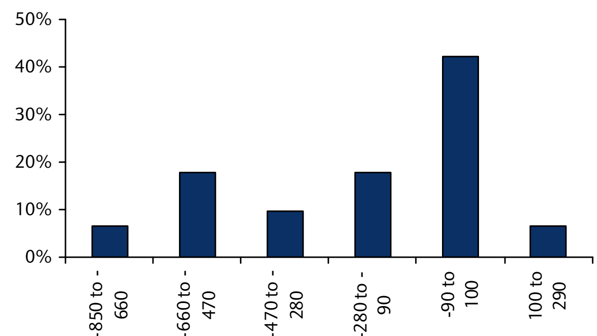
Basis Point Differentials - EXLP vs. AMZ



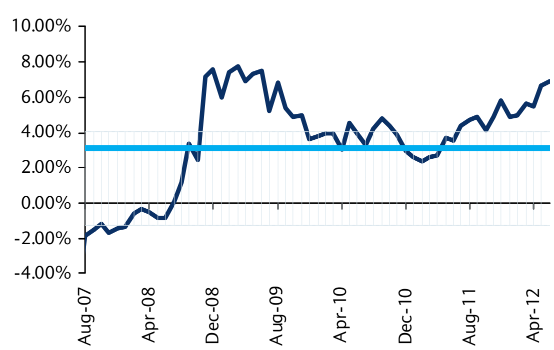
EXLP vs. Barclays HY



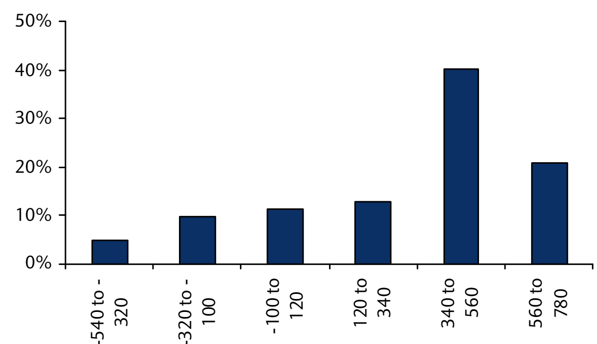
Basis Point Differentials - EXLP vs. Barclays HY



EXLP vs. Barclays HG



Basis Point Differentials - EXLP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $29 price target is based on a 12-month cash distribution run rate of $2.06 and a target yield of 7.0%.

Investment Thesis

We believe dropdown activity will continue to play a key role in EXLP's growth. EXH (parent) continues to reiterate its commitment to its dropdown strategy and will continue to use EXLP as its primary growth vehicle in North America. In February, EXLP announced its latest dropdown, consisting of 188,000 HP and a 10 mmcf/d processing plant for $184 mm. EXLP reiterated its commitment to targeting steady QoQ increases in cash distribution. EXLP posted 4% distribution growth in 2011 and we estimate it can grow distribution at 5-year CAGR of 4.5% through 2016, supported by annual dropdowns of ~$200 mm.

EXH, holds a substantial base of assets available for dropdown to EXLP (38% of combined U.S. fleet is owned by EXH). Management expects continued improvement in average utilization, partly driven by organic HP growth. Away from dropdowns, we expect continued shale build out and incremental HP needs driven by reduced pressures in aging unconventional plays will drive much of the growth, but remain alert to continued offsets from subdued gas prices and reduced drilling in dry gas basins, where 70% of the company's fleet is deployed. As EXLP's February pricing hike appears to have been largely accepted, management expects Q2 revenues to be modestly higher sequentially, and expects flat to slightly higher HP growth for the year, with dry gas activity continuing to offset wet gas growth. However, we remain cautious of the volumetric and utilization risk in the back half of 2012 due to weak gas prices. A 1% decline in average utilization of the fleet would result in a mirroring revenue / gross margin drop of ~1%.

EXLP reported Q1 leverage of 3.6x. EXLP increased the borrowing capacity on its revolving credit facility by $200 mm to a total of $900 mm, which it will use to finance new fleet build and future dropdowns.

Potential Catalysts / Timeline

- Asset dropdown from parent, Exterran (EXH).
- Q2 2012 earnings release.

Fundamental Drivers

- Consistent drop-downs to provide sustainable growth.
- Level of drilling activities, consumption rates, commodity prices and production activity.
- Ability to grow customer base, integrate acquisitions and secure new contracts

Risk: Medium

Risks include: 1) severe drop in gas prices reducing drilling or light consumption rates, which would impair demand for gas supplies, 2) integrating acquisitions and securing additional contracts and 3) producers consolidating the amount of compressors in the field to reduce costs. We believe all three risks are dampened by EXLP's synergistic relationship with EXLP, which could mitigate a temporary drop in demand for compressors, with the ability to make accretive acquisitions.

Ferrellgas Partners, LP (FGP)

Figure 171: Ferrellgas Partners, LP (FGP)

Sub Sector: Wholesale Distribution

Rating:	3-Underweight		**Annualized Distribution:**	$2.00
Price Target:	$16.00		**Yield:**	9.98%
Current Price:	$20.04	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	-20.2%		**Dist. CAGR (Next 3 Yrs):**	na
52 Week High / Low:	$23.02 - $13.35		**Tax Deferral:**	98%

$Millions, except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12	4Q12E	FY2012E	FY2013E
Cash Distribution Per Unit	$2.00	$0.50	$0.50	$0.50	$0.50	$0.50	$2.00	$2.00
Growth (YoY)	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Distribution Receiving Units	69.2	69.6	76.0	76.4	79.0	79.0	77.6	77.6

Distributable Cash flow Calculation	FY2010	FY2011	1Q12	2Q12	3Q12	4Q12E	FY2012E	FY2013E
Net Income	$49.82	($28.28)	($32.60)	$36.37	$20.81	($35.90)	($11.32)	$45.45
Interest Expense	$101.28	$26.88	$23.39	$24.05	$23.47	$23.48	$94.38	$96.62
Depreciation and Amortization	$82.49	$20.38	$20.67	$21.04	$21.12	$21.50	$84.34	$86.50
Others	$32.90	$2.91	$4.92	$6.02	$5.40	$4.80	$21.13	$9.00
Adjusted EBITDA	$266.49	$21.88	$16.37	$87.48	$70.80	$13.88	$188.54	$237.58
Net Interest Expense	$94.91	$23.72	$22.03	$22.72	$22.02	$21.48	$88.25	$90.62
Maintenance Capital Expenditures	$19.97	$4.41	$5.33	$3.51	$2.68	$3.50	$15.02	$16.00
Others	($7.67)	($2.00)	($1.36)	($0.92)	($1.93)	$0.00	$0.00	$0.00
Distributable Cash flow	$159.28	($4.26)	($9.62)	$62.17	$48.03	($11.10)	$85.27	$130.95
General Partner Cut	$2.80	$0.70	$0.77	$0.77	$0.80	$0.81	$3.14	$3.17
Distributable Cash Flow (LP)	$156.48	($4.96)	($10.39)	$61.40	$47.23	($11.90)	$82.13	$127.79
Distributable Cash Flow Per Unit	$2.26	($0.07)	($0.14)	$0.80	$0.60	($0.15)	$1.06	$1.65
Total Distribution Coverage	113%	-14%	-27%	161%	120%	-30%	53%	82%

Business Description

Ferrellgas Partners engages in the distribution and sale of propane and related equipment primarily in the United States.

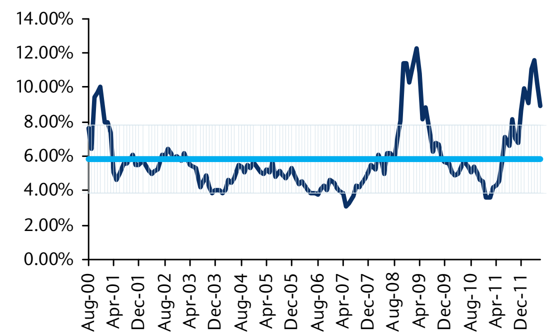
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Ferrellgas Partners L.P. (FGP)	11.3x	18.9x	12.2x	1.1x	1.9x	1.2x	12.7x	15.8x	12.3x
Wholesale Distribution	11.0x	18.6x	12.0x	1.1x	1.9x	1.1x	12.8x	15.7x	11.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

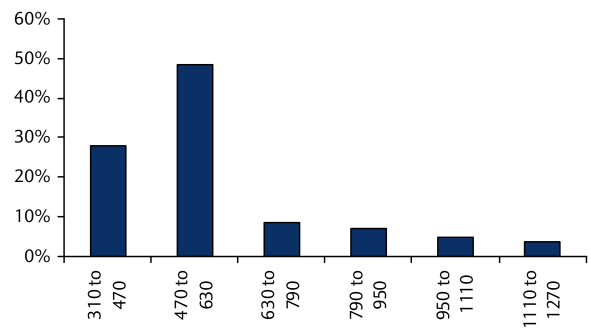
Source: Company filings, FactSet, Barclays Research

Figure 172: Historical Yield Spreads

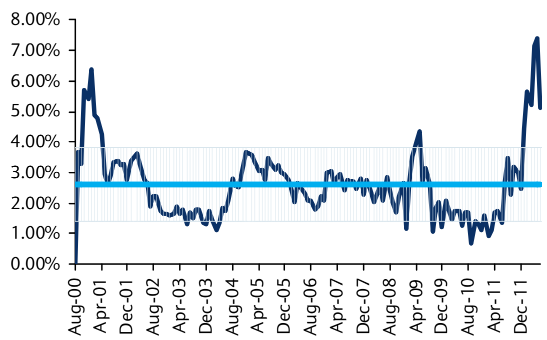
FGP vs. US 10 yr



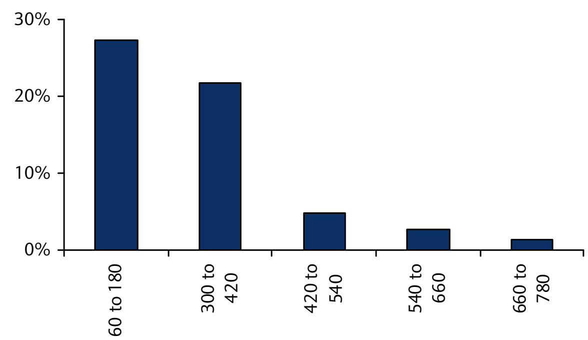
Basis Point Differentials - FGP vs. US 10 yr



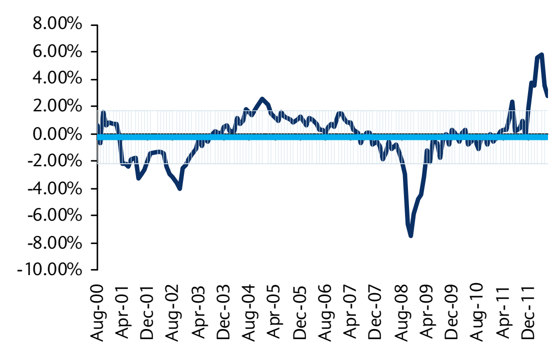
FGP vs. AMZ



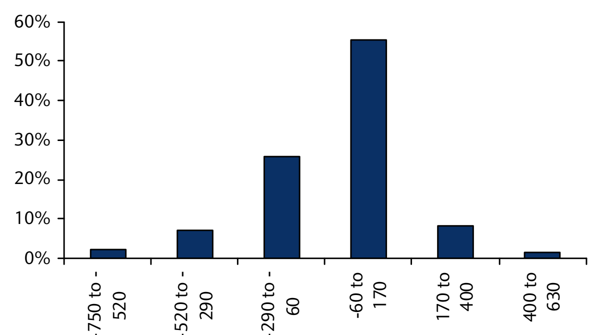
Basis Point Differentials - FGP vs. AMZ



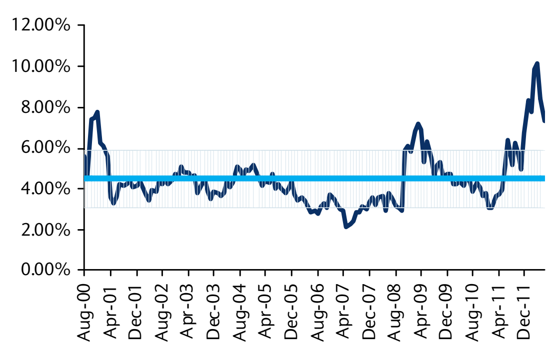
FGP vs. Barclays HY



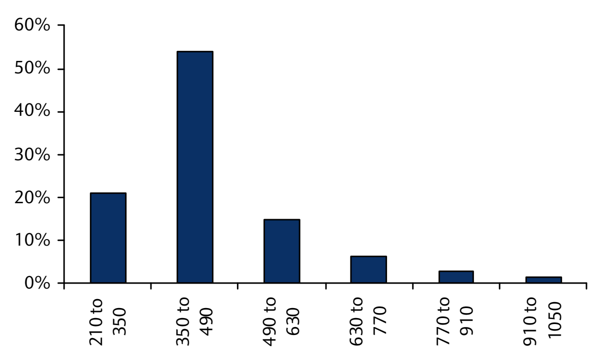
Basis Point Differentials - FGP vs. Barclays HY



FGP vs. Barclays HG



Basis Point Differentials - FGP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $16 price target is based on a 12-month cash distribution run-rate of $2.00 and a target yield of 12.5%.

Investment Thesis

We expect the propane sector to continue to face margin and volume pressures due to rising wholesale propane prices and customer conservation. Historically, FGP has been consistent with their distribution policy through various operating environments. Despite high leverage and thin distribution coverage, FGP should remain within its covenant limits. Assuming normalized weather and the successful execution of its $20mm annual cost savings initiative, we expect FGP to begin covering its distribution in 2014.

Potential Catalysts / Timeline

- Early June – third quarter earnings release

Fundamental Drivers

- Cold weather drives retail gallon sales growth.
- Gross profit and EBITDA per retail gallon margins are affected by propane prices and procurement costs.
- Dampened seasonality effects due to strong sales growth within the Blue Rhino segment.
- Ability to mitigate the impact of customer conservation on margins and volumes.

Risk: Medium/ High

In general, weather conditions have a significant effect on propane demand for heating and agricultural purposes. As such, propane partnerships tend to be more risky than pipelines, given the seasonality of operations and vulnerability to warm temperatures in the winter. The Blue Rhino segment reduces FGP's risk profile, given that the assets partially dampen the seasonality of operations and diversify cash flows. High leverage and thin distribution also contributes to the partnership's riskiness.

Global Partners, LP (GLP)

Figure 173: Global Partners, LP (GLP)

Sub Sector: Wholesale Distribution

Rating:	2-Equal Weight		**Annualized Distribution:**	$2.00
Price Target:	$23.00		**Yield:**	8.50%
Current Price:	$23.54	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	1.75%
Potential Upside to Target:	-2.3%		**Dist. CAGR (Next 3 Yrs):**	1.50%
52 Week High / Low:	$26.99 - $14.73		**Tax Deferral:**	70%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Cash Distribution Per Unit	$1.97	$2.00	$0.50	$0.50	$0.51	$0.51	$2.01	$2.05
Growth (YoY)	1.0%	1.5%	0.0%	0.0%	1.0%	1.0%	0.5%	2.0%
Total Distribution Receiving Units	16.6	21.5	23.7	27.5	27.5	27.5	26.6	27.5

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Net Income	$27.0	$19.4	($1.4)	$9.6	$14.2	$20.1	$42.6	$59.5
Depreciation, Depletion & Amortization	$23.1	$35.1	$10.5	$8.4	$8.5	$8.5	$34.6	$34.5
Interest Expense & OtherOther	$22.3	$31.3	$9.3	$10.9	$10.9	$11.1	$42.2	$50.3
Adjusted EBITDA	$72.4	$85.7	$18.5	$28.9	$33.7	$39.7	$119.4	$144.3
Interest Expense	($22.3)	($31.2)	($9.3)	($10.7)	($10.7)	($10.7)	($41.3)	($49.1)
Maintenance Capital Expenditures	($4.1)	($4.2)	($1.1)	($4.0)	($4.0)	($4.0)	($13.1)	($14.1)
Other	($0.4)	($0.8)	($0.8)	($0.9)	($1.0)	($3.5)	($1.0)	$0.0
Distributable Cash flow	$46.0	$46.7	$7.1	$14.0	$18.7	$24.6	$64.1	$79.9
General Partner Cut	($0.7)	($1.0)	($0.3)	($0.3)	($0.3)	($0.3)	($1.2)	($1.4)
Distributable Cash Flow (LP)	$45.3	$45.8	$6.8	$13.7	$18.4	$24.3	$62.9	$78.4
Distributable Cash Flow Per Unit	$2.73	$2.13	$0.29	$0.50	$0.67	$0.88	$2.37	$2.85
Total Distribution Coverage	139%	107%	57%	100%	133%	175%	118%	139%

Business Description

Global Partners LP owns, controls or has access to one of the largest terminal networks of refined petroleum products and renewable fuels in the Northeast. Global is a leader in the logistics of transporting crude and other products from the mid-continent region to the East Coast. The Partnership is one of the largest wholesale distributors of gasoline (including blendstocks such as ethanol and naphtha), distillates (such as home heating oil, diesel and kerosene), residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. In addition, the Partnership has a portfolio of approximately 1,000 gas stations in nine Northeastern states. The

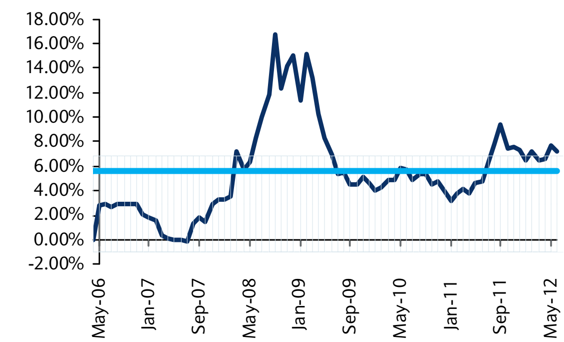
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Global Partners LP (GLP)	10.9x	9.9x	8.3x	1.1x	1.0x	0.8x	16.3x	16.0x	13.0x
Wholesale Distribution	11.0x	18.6x	12.0x	1.1x	1.9x	1.1x	12.8x	15.7x	11.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

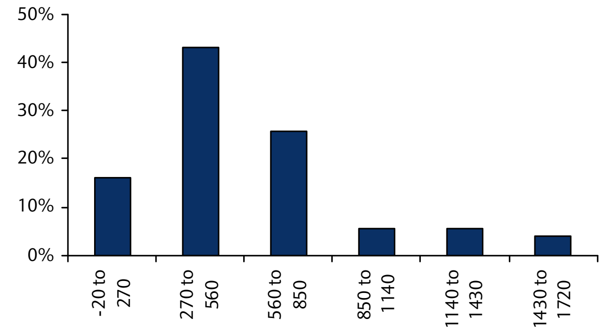
Source: Company filings, FactSet, Barclays Research

Figure 174: Historical Yield Spreads

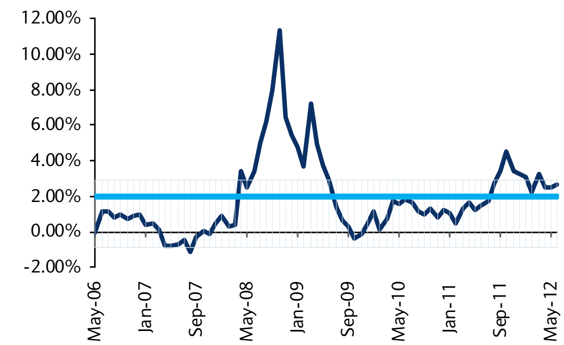
GLP vs. US 10 yr



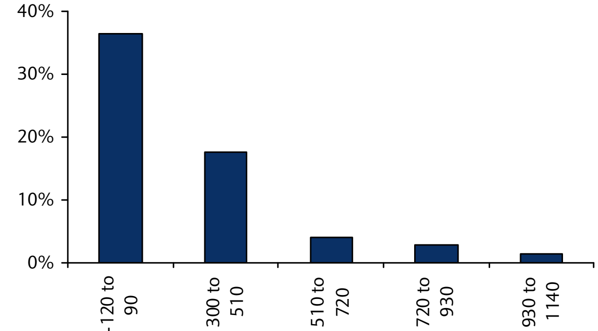
Basis Point Differentials - GLP vs. US 10 yr



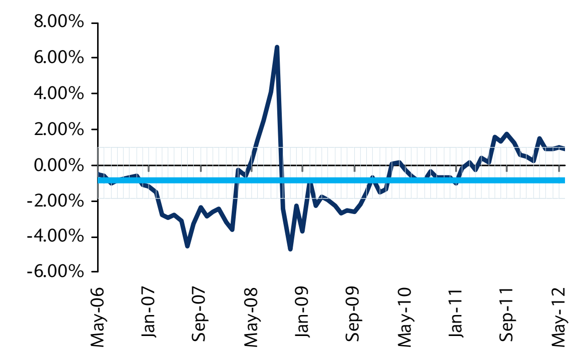
GLP vs. AMZ



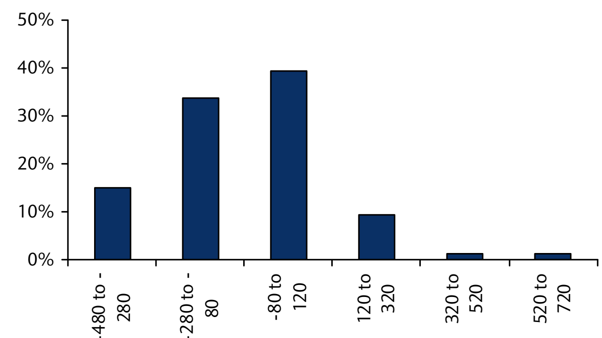
Basis Point Differentials - GLP vs. AMZ



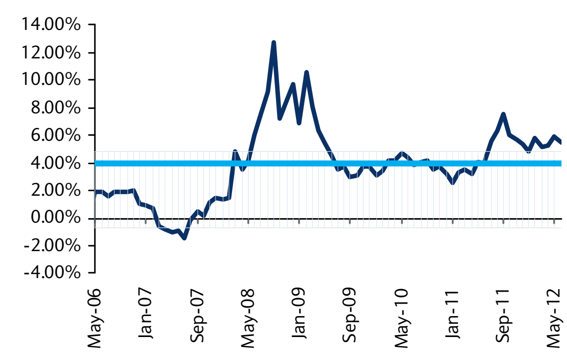
GLP vs. Barclays HY



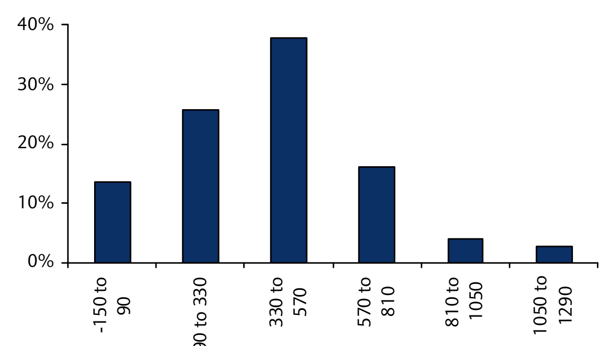
Basis Point Differentials - GLP vs. Barclays HY



GLP vs. Barclays HG



Basis Point Differentials - GLP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $23 price target is based on a 12-month cash distribution run rate of $2.02 and a target yield of 8.75%. Our 8.75% target yield reflects GLP's above-average risk profile relative to refined product pipeline peers due to cash flow seasonality, commodity price exposure, inventory financing exposure and relatively small size.

Investment Thesis

Over the long run, we estimate GLP can grow its distribution at a 2% compound annual growth rate while maintaining a conservative distribution coverage ratio. We believe GLP should not be viewed as traditional propane MLP, based on relatively more stable cash flows. Although GLP does have an above average risk profile connected to weather risks, we believe the Partnership's risk profile is lower than traditional propane MLPs due to a more diverse product mix of non-weather–related operations (such as motor gasoline and bunker fuel) and usage of fixed price forward contracts. On a longer-term basis, we believe management will continue to build non-weather related businesses to further dampen the seasonality of operations. Investors have the opportunity to invest in the early stages of a developing growth MLP, with an interesting call option.

Potential Catalysts/Timeline

- Early August – second quarter earnings release.

Fundamental Drivers

- Weather affects demand for heating oil.
- Gasoline and diesel demand.
- Ability to re-contract leases at storage systems and manage margins.
- Acquisitions will be required to grow the distribution given limited organic growth opportunities.

Risk: Medium

Our medium risk rating is connected to weather–related risks impairing volumes. The three primary risks include: 1) warm weather conditions that could have a negative impact on cash flows; 2) re-contracting leases at storage systems, and 3) exposure to commodity and credit risks. GLP has seasonal cash flows, with higher earnings in 1Q and 4Q heating season and lower earnings in 2Q and 3Q. Its recent non-weather related acquisitions and growth projects are diversifying GLP's product mix and improving cash flow stability.

Holly Energy Partners, LP (HEP)

Figure 175: Holly Energy Partners, LP (HEP)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$3.58
Price Target:	$62.00		**Yield:**	5.75%
Current Price:	$62.25	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.97%
Potential Upside to Target:	-0.4%		**Dist. CAGR (Next 3 Yrs):**	4.88%
52 Week High / Low:	$64.35 - $45.4		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Cash Distribution Per Unit	$3.32	$3.48	$0.90	$0.91	$0.92	$0.93	$3.64	$3.82
Growth (YoY)	5.1%	4.8%	4.7%	4.6%	4.6%	4.5%	4.6%	4.8%
Total Distribution Receiving Units	22.1	22.8	27.4	27.4	28.4	30.1	28.3	30.1

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Operating Income	$90.8	$114.3	$34.2	$34.5	$39.2	$41.1	$149.0	$172.5
Depreciation, Depletion & Amortization	$30.7	$32.1	$10.3	$10.3	$11.5	$12.0	$44.0	$47.0
Other	$2.4	$2.6	$0.8	$0.3	$0.5	$0.5	$2.1	$2.2
Adjusted EBITDA	$123.8	$149.0	$45.3	$45.1	$51.2	$53.6	$195.1	$221.7
Net Interest Expense	($34.0)	($36.0)	($10.4)	($10.1)	($14.5)	($12.8)	($47.8)	($53.4)
Maintenance Capital Expenditures	($4.5)	($5.4)	($0.3)	($2.0)	($2.5)	($4.0)	($8.8)	($11.3)
Other	$5.7	($7.3)	$1.9	$0.0	$0.0	$0.0	$1.9	$0.0
Distributable Cash flow	$91.1	$100.3	$36.6	$33.0	$34.2	$36.8	$140.5	$157.0
General Partner Cut	($12.9)	($17.1)	($5.8)	($6.1)	($6.6)	($7.3)	($25.7)	($32.5)
Distributable Cash Flow (LP)	$78.2	$83.2	$30.8	$26.9	$27.6	$29.5	$114.8	$124.5
Distributable Cash Flow Per Unit	$3.54	$3.65	$1.12	$0.98	$0.97	$0.98	$4.06	$4.14
Total Distribution Coverage	107%	105%	126%	109%	106%	106%	112%	109%

Business Description

Holly Energy Partners, L.P. provides petroleum product and crude oil transportation, tankage and terminal services to the petroleum industry, including HollyFrontier Corporation, which currently owns a 44% interest (including a 2% general partner interest) in the Partnership. The Partnership owns and operates petroleum product and crude pipelines, tankage, terminals and loading facilities located in Texas, New Mexico, Oklahoma, Arizona, Washington, Kansas, Wyoming, Idaho and Utah.

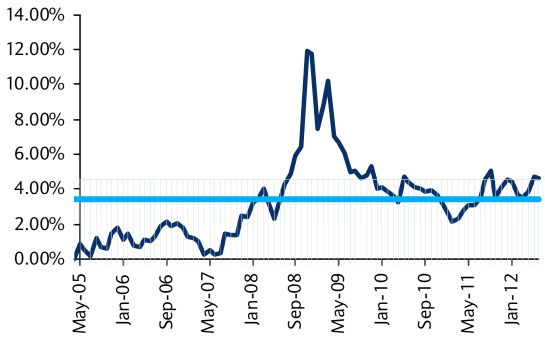
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Holly Energy Partners L.P. (HEP)	15.5x	15.6x	14.6x	1.4x	1.5x	1.4x	10.1x	13.9x	12.6x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

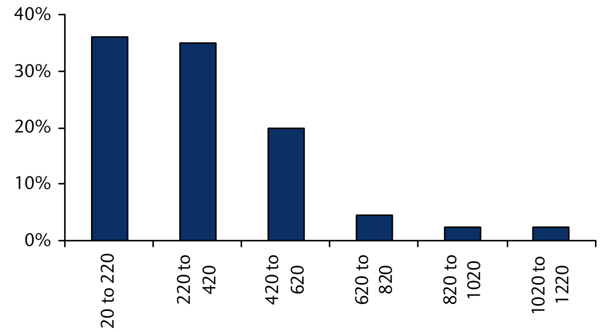
Source: Company filings, FactSet, Barclays Research

Figure 176: Historical Yield Spreads

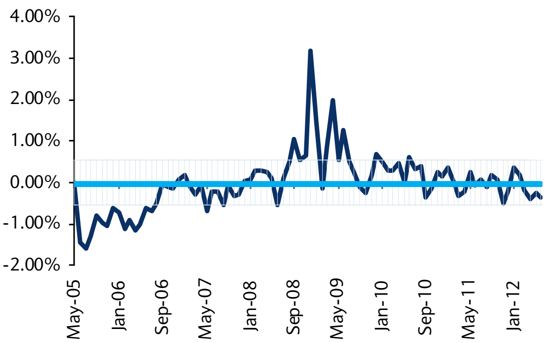
HEP vs. US 10 yr



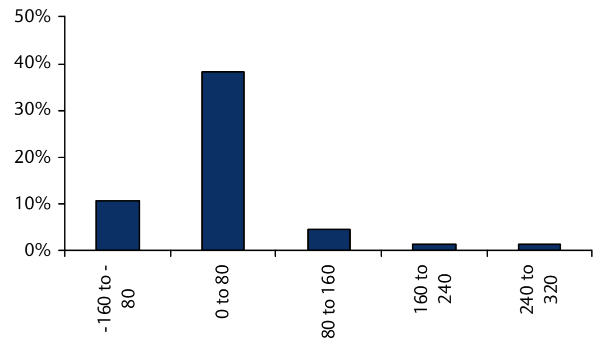
Basis Point Differentials - HEP vs. US 10 yr



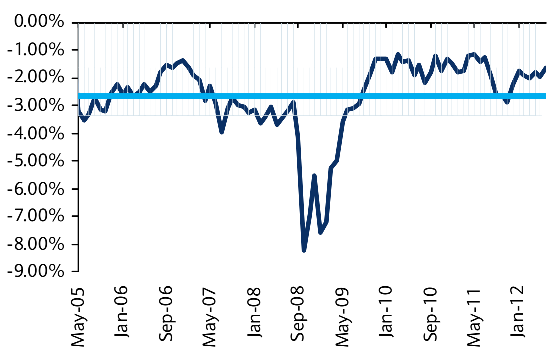
HEP vs. AMZ



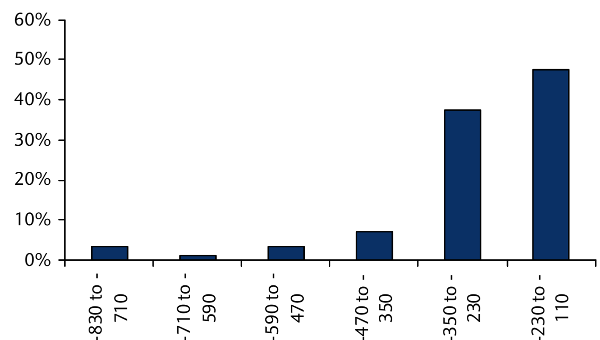
Basis Point Differentials - HEP vs. AMZ



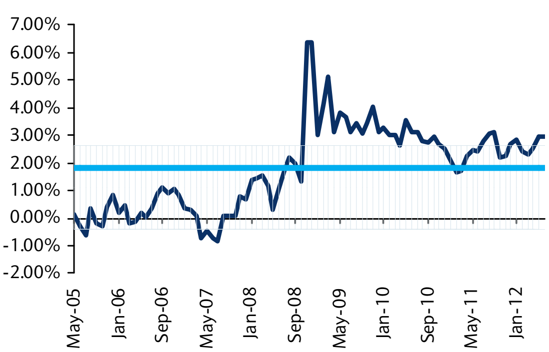
HEP vs. Barclays HY



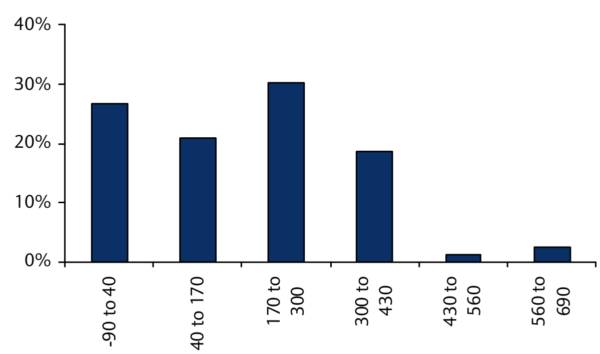
Basis Point Differentials - HEP vs. Barclays HY



HEP vs. Barclays HG



Basis Point Differentials - HEP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $63 price target is based on a 12-month cash distribution run rate of $3.79 and a target yield of 6%.

Investment Thesis

We carry a 2-Equal Weight rating on HEP. We believe HEP's value proposition is underpinned by a solid yield and healthy distribution growth rate. Given the high-quality asset base (we view refined product assets to be the highest quality, in terms of stability, in the sector), we believe HEP could continue to trade in line with the pipeline sector. We believe there is a likely call option providing attractive upside potential above the indicated value proposition, given our view that management remains committed to growing the partnership and HEP does not need a significant amount of capital to inject a catalyst improving the visibility into growth prospects, given its relatively small cash flow base, low cost of capital and few units outstanding. However, unstable capital markets would be a headwind for HEP's growth prospects.

Potential Catalysts / Timeline

- July 31 – second quarter earnings release.

Fundamental Drivers

- Production at the Navajo, Woods Cross, Big Springs and Tulsa refineries.
- Refined product consumption rates in the Southwest and Midcontinent region.
- Ability to sustain a low operating cost structure.

Risk: Low

Stable cash flows are underpinned by a high-quality asset base that serves growing markets and contractual revenue commitments with large customers. The partnership encounters minimal direct competition as a result of contractual commitments and physical integration of assets with served refineries (HollyFrontier and Alon). Cash flows are secured by a 15-year Pipeline and Terminal agreement with the GP. Adequate liquidity, a strong management team and healthy distribution coverage ratio further support the low risk profile.

Inergy L.P. (NRGY)

Figure 177: Inergy L.P. (NRGY)

Sub Sector: Wholesale Distribution

Rating:	2-Equal Weight		**Annualized Distribution:**	$1.50
Price Target:	$20.00		**Yield:**	7.78%
Current Price:	$19.29	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	6.34%
Potential Upside to Target:	3.7%		**Dist. CAGR (Next 3 Yrs):**	-24.41%
52 Week High / Low:	$35.9 - $15.06		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12e	4Q12e	FY2012e	FY2013e
Cash Distribution Per Unit	$2.79	$2.82	$0.71	$0.38	$0.38	$0.38	$1.83	$1.16
Growth (YoY)	5.7%	1.1%	0.0%	-46.8%	-46.8%	-46.8%	-35.1%	-36.6%
Total Distribution Receiving Units	64.56	108.70	122.56	125.74	125.75	125.75	124.95	131.79

Distributable Cash Flow Calculation	FY2010	FY2011	1Q12	2Q12	3Q12e	4Q12e	FY2012e	FY2013e
Operating Income	$137.80	$154.50	$48.10	$66.50	$10.85	$5.16	$130.61	$138.97
Depreciation and Amortization	$161.80	$191.80	$48.70	$49.70	$49.00	$49.00	$196.40	$99.00
Other	$26.00	$25.90	$5.90	$5.80	$0.00	$0.00	$11.70	$0.00
Adjusted EBITDA	$325.60	$372.20	$102.70	$122.00	$59.85	$54.16	$338.71	$237.97
Net Interest Expense	$86.00	$107.10	$26.30	$20.80	$20.97	$21.64	$89.71	$32.00
Maintenance Capital Expenditures	$9.90	$14.00	$4.00	$2.80	$2.00	$2.00	$10.80	$4.80
Others	($0.40)	$0.20	$0.30	$6.60	$6.31	$6.68	$21.38	$36.66
Distributable Cash flow	$230.10	$250.90	$72.10	$91.80	$30.57	$23.85	$216.82	$164.50
General Partner Cut	$71.80	($28.20)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash Flow (LP)	$158.30	$279.10	$72.10	$91.80	$30.57	$23.85	$216.82	$164.50
Distributable Cash Flow Per Unit	$2.44	$2.30	$0.56	$0.69	$0.23	$0.18	$1.73	$1.24
Total Distribution Coverage	88%	82%	79%	185%	61%	47%	95%	107%

Business Description

Inergy's operations include the retail marketing, sale, and distribution of propane to residential, commercial, industrial, and agricultural customers throughout the United States. The company also operates a natural gas storage business in Texas and an NGL supply logistics, transportation, and wholesale marketing business that serves customers in the United States and Canada. Through its general partner interest and majority equity ownership interest in NRGM, Inergy is also engaged in the development and operation of natural gas and NGL storage and transportation business in the Northeast region of the United States.

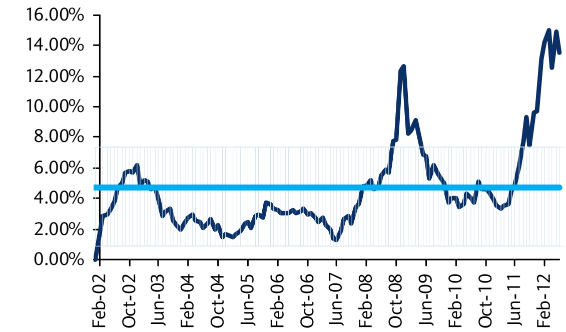
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Inergy L.P. (NRGY)	9.0x	11.1x	15.5x	0.6x	na	na	11.0x	12.9x	18.1x
Wholesale Distribution	11.0x	18.6x	12.0x	1.1x	1.9x	1.1x	12.8x	15.7x	11.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

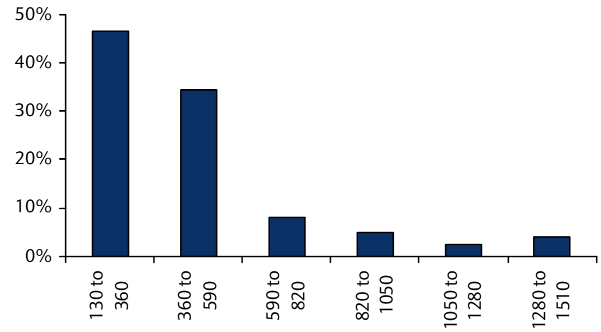
Source: Company filings, FactSet, Barclays Research

Figure 178: Historical Yield Spreads

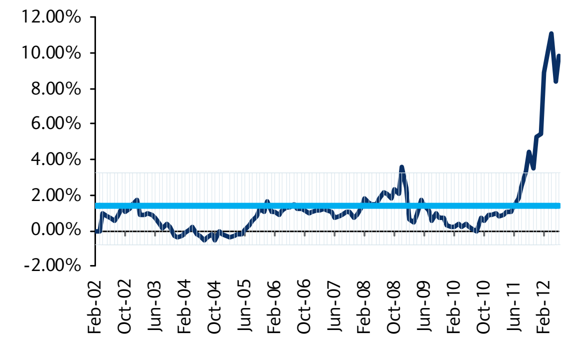
NRGY vs. US 10 yr



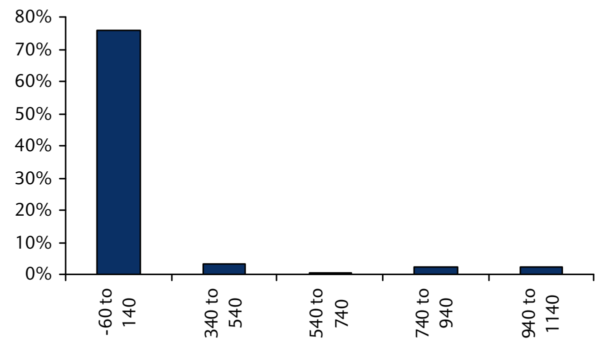
Basis Point Differentials - NRGY vs. US 10 yr



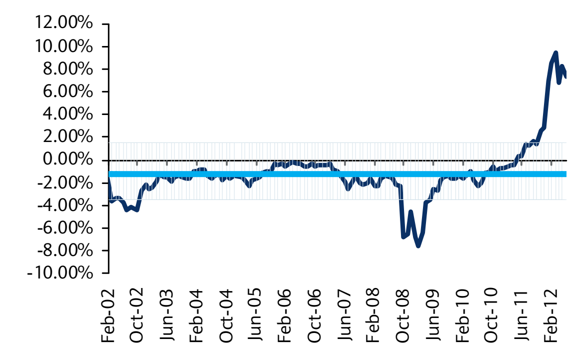
NRGY vs. AMZ



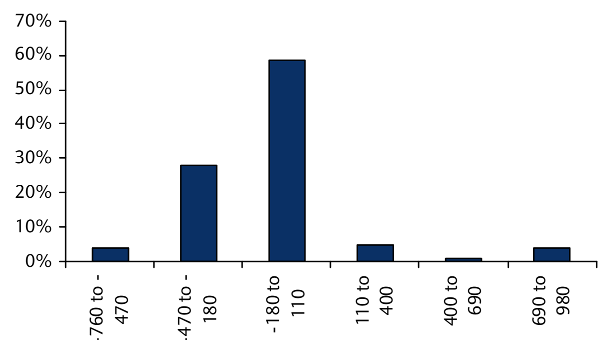
Basis Point Differentials - NRGY vs. AMZ



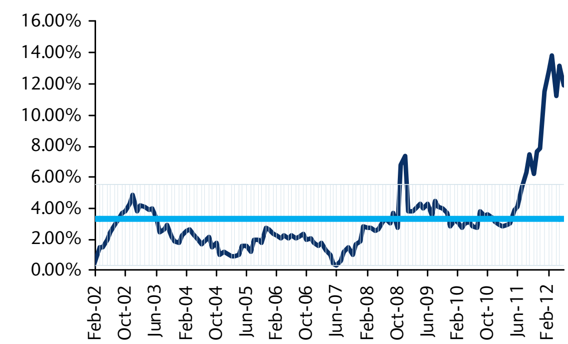
NRGY vs. Barclays HY



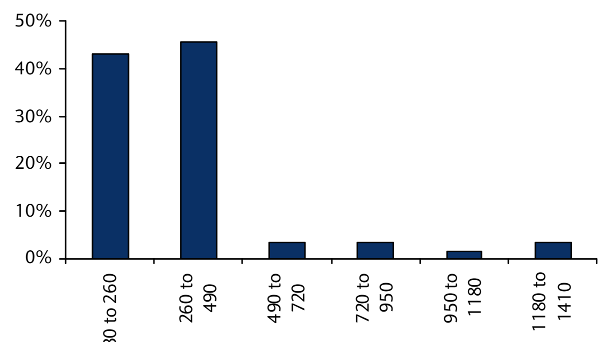
Basis Point Differentials - NRGY vs. Barclays HY



NRGY vs. Barclays HG



Basis Point Differentials - NRGY vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $20 price target is based on a 12-month distribution run rate of $1.16 for NRGY units capitalized at a 7.5% yield plus $4.56 for SPH units to be distributed.

Investment Thesis

We expect the propane sector to continue to face margin and volume pressures due to rising wholesale propane prices and customer conservation. While the recent spin off of NRGY's Northeast midstream assets to NRGM is positive from a balance sheet de-levering and unlocking value perspective, NRGY faces continued headwinds of weak propane and gas storage market conditions. Now with the announced retail propane asset sale and distribution reset, the outlook is improving. We think the actions increase cash flow stability and strengthen the balance sheet, while setting the stage for future growth (through NRGM GP and LP stakes) in coming years.

Potential Catalysts/Timeline

- Early August – fiscal third quarter earnings release.
- 2H12 – Expected close of retail propane asset sale

Fundamental Drivers

- Cold weather drives retail gallon sales growth.
- Gross profit and EBITDA per retail gallon margins are affected by movements in propane prices, procurement costs, and ability to pass through costs to customers.
- Ability to make and integrate acquisitions.
- Gas storage market conditions

Risk: Medium

In general, weather conditions have a significant effect on propane demand for heating and agricultural purposes. As such, propane partnerships tend to be more risky than pipelines, given the seasonality of operations and vulnerability to warm temperatures in the winter. The partnership's midstream assets help broaden and diversify the sources of cash flows, geographic scope of operations and business mix. Its gas storage business does have exposure to the spread between winter and summer prices for natural gas, as the spread is a factor in determining spot storage rates (re-contracting risk).

Inergy Midstream LP (NRGM)

Figure 179: Inergy Midstream LP (NRGM)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	1-Overweight		**Annualized Distribution:**	$1.48
Price Target:	$23.00		**Yield:**	6.66%
Current Price:	$22.23	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	3.5%		**Dist. CAGR (Next 3 Yrs):**	8.01%
52 Week High / Low:	$22.81 - $16.25		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**FY 2011**	**1Q12**	**2Q12**	**3Q12e**	**4Q12e**	**2012e**	**2013e**	**2014e**
Cash Distribution Per Unit	na	$0.04	$0.37	$0.37	$0.39	$1.17	$1.68	$1.86
Growth (YoY)						0.0%	12.0%	11.0%
Total Distribution Receiving Units (in mm)	na	74.33	74.34	74.56	74.81	74.51	78.53	84.56

Distributable Cash flow Calculation	**FY 2011**	**1Q12**	**2Q12**	**3Q12e**	**4Q12e**	**2012e**	**2013e**	**2014e**
Net income	$39.60	$14.40	$13.40	$14.83	$23.12	$65.75	$93.88	$109.25
Depreciation expense	$37.60	$10.50	$11.20	$13.00	$14.00	$48.70	$80.00	$100.00
Interest expense	$2.00	$0.00	$0.00	$1.48	$1.65	$3.13	$27.20	$41.20
Other	$1.90	$0.80	$0.70	$0.00	$0.00	$1.50	$0.00	$0.00
Adjusted EBITDA	$81.10	$25.70	$25.30	$29.31	$38.77	$119.08	$201.08	$250.44
Interest expense	($2.00)	$0.00	$0.00	($1.48)	($1.65)	($3.13)	($27.20)	($41.20)
Maintenance capex	($3.30)	($0.40)	$0.00	($0.70)	($0.90)	($2.00)	($4.10)	($6.10)
Other	$2.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash flow	$77.80	$25.30	$25.30	$27.13	$36.22	$113.95	$169.78	$203.15
General Partner Cut	na	$0.00	$0.00	$0.00	$1.50	$1.50	$15.71	$32.54
Distributable Cash Flow (LP)	na	$25.30	$25.30	$27.13	$34.72	$112.46	$154.08	$170.61
Distributable Cash Flow Per Unit	na	$0.34	$0.34	$0.36	$0.46	$1.51	$1.96	$2.02
Total Distribution Coverage	na	92%	92%	98%	119%	101%	117%	108%

Business Description

Inergy Midstream, L.P. is a master limited partnership engaged in the development and operation of natural gas and NGL storage and transportation assets. Inergy Midstream owns and operates natural gas storage facilities with aggregate working gas capacity of 41 bcf, natural gas liquids storage facilities with capacity of 1.5 million barrels, and natural gas pipelines with 355 MMcf/d of transportation capacity in New York and Pennsylvania. NRGM is a subsidiary of Inergy, L.P

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Inergy Midstream LP (NRGM)	na	14.7x	11.3x	na	1.0x	0.8x	na	15.1x	9.7x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $23 price target is based on a 12-month cash distribution run-rate of $1.56 and a target yield of 6.75%.

Investment Thesis

NRGM is a natural gas and natural gas liquids transportation and storage MLP with visible growth prospects both organically (including the fully contracted Marc I pipeline) and midstream drop-down opportunities, strategically located assets, solid balance sheet, and stable cash flows. We believe NRGM offers investors a favorable combination of cash flow stability from multi-year contracts and a competitive 8% distribution CAGR from Marcellus Shale infrastructure expansion and asset dropdowns.

Potential Catalysts / Timeline

- Early August – fiscal third quarter earnings release.

Fundamental Drivers

- Natural gas demand is driven by economic growth, weather conditions, fuel switching (from coal), population growth and environmental regulation.
- Natural gas demand from electric power, industrial, residential and commercial segments.
- Level of domestic natural gas and NGL production.
- Capacity utilization of domestic natural gas and NGL storage.
- Natural gas price volatility and winter-summer spreads.

Risk: Low/ Medium

NRGM has a low/medium risk profile due its stable, fee-based cash flow stream from a diversified revenue mix, fee-based transportation and storage services under multi-year contracts to a high quality customer base. The diverse customer base includes utilities/ LDCs, integrated oil and gas companies, marketers and power generators. NRGM does have exposure to lower storage and transportation rates on contract renewals, construction cost delays/overruns and regulatory risk.

Magellan Midstream Partners, LP (MMP)

Figure 180: Magellan Midstream Partners, LP (MMP)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight	**Annualized Distribution:**	$3.36
Price Target:	$73.00	**Yield:**	4.45%
Current Price:	$75.51 (as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.87%
Potential Upside to Target:	-3.3%	**Dist. CAGR (Next 3 Yrs):**	8.35%
52 Week High / Low:	$77.15 - $51	**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	2012-1	2012-2e	2012-3e	2012-4e	2012e	2013e
Cash Distribution Per Unit	$2.96	$3.17	$0.84	$0.86	$0.87	$0.89	$3.46	$3.75
Growth (YoY)	4.0%	7.3%	9.1%	8.9%	9.1%	9.2%	9.1%	8.5%
Total Distribution Receiving Units	109.5	113.0	113.1	113.1	113.1	114.5	113.4	114.5

Distributable Cash flow Calculation	2010	2011	2012-1	2012-2e	2012-3e	2012-4e	2012e	2013e
Operating Income	$408.4	$507.7	$122.8	$126.9	$136.2	$146.5	$532.5	$615.1
Depreciation, Depletion & Amortization	$108.7	$121.2	$31.5	$32.0	$31.5	$31.5	$126.5	$130.5
Other	$1.4	$1.8	$11.6	$0.0	$0.0	$0.0	$11.6	$0.0
Adjusted EBITDA	$518.5	$630.8	$165.9	$158.9	$167.7	$178.0	$670.5	$745.6
Net Interest Expense	($96.4)	($108.9)	($28.2)	($27.4)	($29.0)	($29.9)	($114.5)	($131.5)
Maintenance Capital Expenditures	($44.6)	($70.0)	($12.0)	($12.0)	($20.0)	($26.0)	($70.0)	($72.0)
Other	$22.2	$8.7	$0.0	$0.9	$0.9	$0.8	$2.6	$0.0
Distributable Cash flow	$399.7	$460.5	$125.7	$120.4	$119.5	$123.0	$488.6	$542.1
General Partner Cut	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Distributable Cash Flow (LP)	$399.7	$460.5	$125.7	$120.4	$119.5	$123.0	$488.6	$542.1
Distributable Cash Flow Per Unit	$3.65	$4.08	$1.11	$1.06	$1.06	$1.07	$4.31	$4.73
Total Distribution Coverage	123%	129%	132%	124%	121%	121%	125%	126%

Business Description

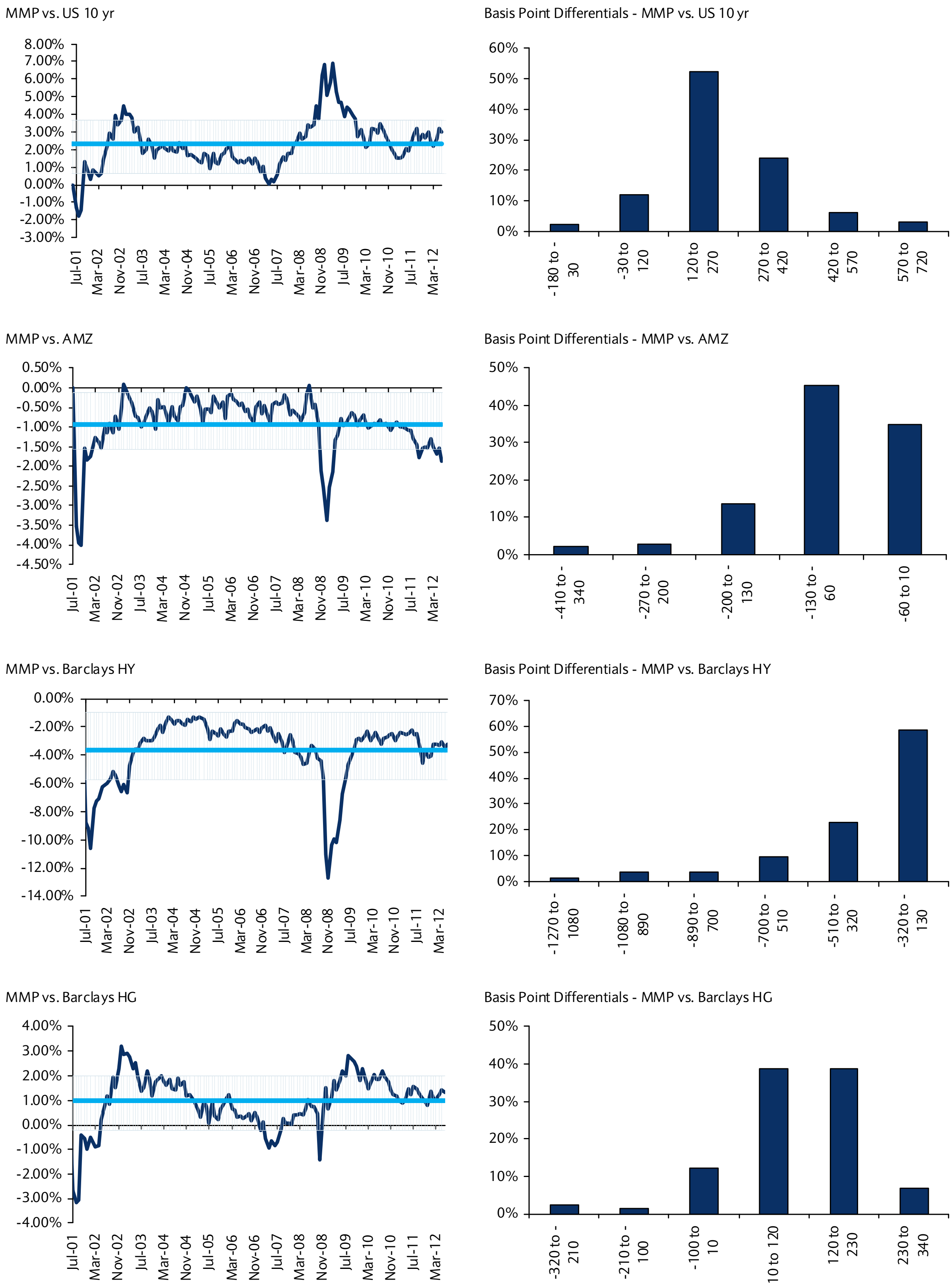
Magellan Midstream Partners, L.P. primarily transports, stores and distributes petroleum products. The partnership owns the longest refined petroleum products pipeline system in the country, with access to more than 40% of the nation's refining capacity, and can store 80 million barrels of petroleum products such as gasoline, diesel fuel and crude oil.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Magellan Midstream Partners L.P. (MMP)	17.4x	17.5x	15.9x	1.5x	1.4x	1.2x	18.1x	17.5x	15.6x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 181: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $73 price target is based on a 12-month cash distribution run rate of $3.63 and a target yield of 4.95%. In our view, MMP has reasonable visibility into growth prospects. Long-term distribution growth prospects are supported by healthy distribution coverage, ample supply of organic growth projects, strong balance sheet and a low cost of capital with no IDRs.

Investment Thesis

We carry a 2-Equal Weight rating on MMP. The Partnership provides a 4-5% yield with high single-digit growth at a relatively low risk profile. A lower cost of capital provides a potential catalyst for MMP's long-term growth prospects. However, we believe the favorable characteristics are largely reflected in the current valuation.

Potential Catalysts / Timeline

- August 1 – second quarter earnings release.
- 1Q13 – expected completion of 100,000 bpd Eagle Ford condensate pipeline (Double Eagle JV).
- Mid 2013 – expected completion of 225,000 bpd Crane (West Texas) to Houston crude pipeline.

Fundamental Drivers

- Refined product consumption and demand growth in the Midwest market.
- Tariff rates on Magellan Pipeline and fees charged on terminal assets.
- The level of petroleum product imports affects the profitability of marine terminals, such as New Haven, Galena Park, and Wilmington.
- The forward slope of crude oil prices affects storage rates.
- Crude oil production levels in West Texas.
- The price of natural gas (the principal raw material utilized in ammonia production), crop prices, and weather affect the ammonia segment. Natural gas comprises approximately 80% of the raw material costs in ammonia-based fertilizer production.
- Integrating and ramping up utilization rates on acquired assets.

Risk: Low/Medium

Cash flows are driven by fee–based businesses serving stable refined product markets. However, a key risk is a decline in refined product consumption. It is worth noting that refined product demand is fairly stable historically. A second risk is the Ammonia Pipeline segment. Risks in this segment are tied to weak volumes stemming from high natural gas prices impairing demand levels. However, the Ammonia Pipeline segment comprises only 2% of EBITDA.

Markwest Energy Partners, LP (MWE)

Figure 182: Markwest Energy Partners, LP (MWE)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$3.16
Price Target:	$57.00		**Yield:**	5.93%
Current Price:	$53.26	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.96%
Potential Upside to Target:	7.0%		**Dist. CAGR (Next 3 Yrs):**	9.51%
52 Week High / Low:	$61.6 - $39		**Tax Deferral:**	75%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	2.57	2.86	0.79	0.80	0.82	0.84	3.25	3.48
Growth (YoY)	0%	11%	18%	14%	12%	11%	14%	7%
Total Distribution Receiving Units	70.09	81.11	102.69	110.69	110.69	110.69	108.69	119.10
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$29.87	$106.25	$16.27	$59.54	$53.89	$57.63	$187.33	$264.78
Interest Expense	$105.17	$109.87	$28.55	$30.16	$34.66	$39.66	$133.04	$188.08
Depreciation and Amortization	$167.39	$203.87	$53.43	$52.50	$53.00	$53.50	$212.43	$220.00
Others	$30.73	$31.39	$34.69	($15.45)	($1.23)	($3.06)	$14.95	$3.18
Adjusted EBITDA	$333.15	$451.37	$132.94	$126.75	$140.32	$147.74	$547.75	$676.04
Net Interest Expense	($105.17)	($109.87)	($28.55)	($30.16)	($34.66)	($39.66)	($133.04)	($188.08)
Maintenance Capital Expenditures	($10.03)	($14.60)	($6.30)	($4.50)	($4.50)	($5.00)	($20.30)	($30.00)
Others	$23.04	$5.88	$11.08	$0.00	$0.00	$0.00	$11.08	$0.00
Distributable Cash flow	$240.99	$332.78	$109.18	$92.09	$101.16	$103.08	$405.50	$457.96
General Partner Cut	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash Flow (LP)	$240.99	$332.78	$109.18	$92.09	$101.16	$103.08	$405.50	$457.96
Distributable Cash Flow Per Unit	$3.44	$4.10	$1.06	$0.83	$0.91	$0.93	$3.73	$3.85
Total Distribution Coverage	134%	143%	135%	104%	111%	111%	115%	111%

Business Description

MarkWest Energy Partners, L.P. is engaged in the gathering, transportation, and processing of natural gas; the transportation, fractionation, marketing, and storage of natural gas liquids; and the gathering and transportation of crude oil. MWE has extensive natural gas gathering, processing, and transmission operations in the southwest, Gulf Coast, and northeast regions of the United States, including the Marcellus Shale, and is the largest natural gas processor and fractionator in the Appalachian region.

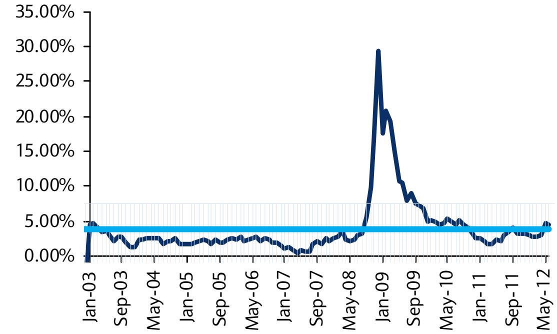
	FCF Multiple			**FCF Multiple / Expected Return**			**EV / EBITDA-Maintenance Capital**		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
MarkWest Energy Partners L.P. (MWE)	13.0x	14.3x	13.9x	0.8x	0.9x	0.9x	13.5x	13.9x	11.3x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

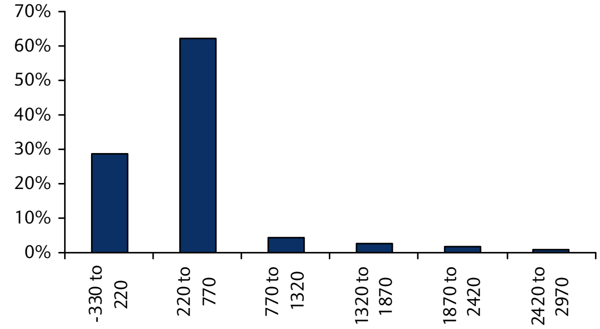
Source: Company filings, FactSet, Barclays Research

Figure 183: Historical Yield Spreads

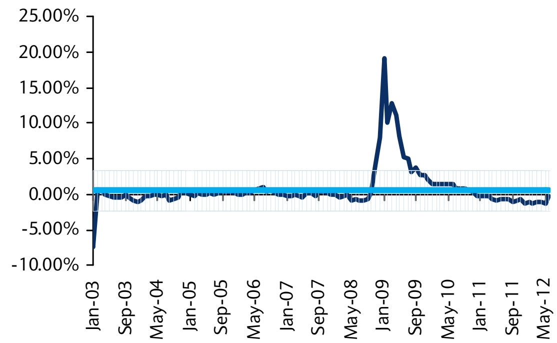
MWE vs. US 10 yr



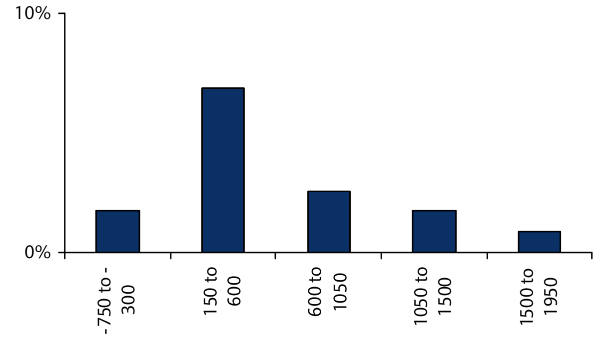
Basis Point Differentials - MWE vs. US 10 yr



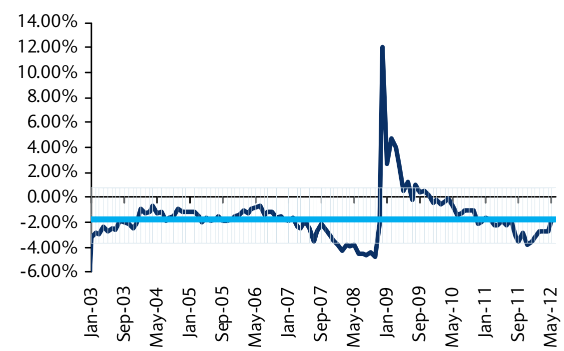
MWE vs. AMZ



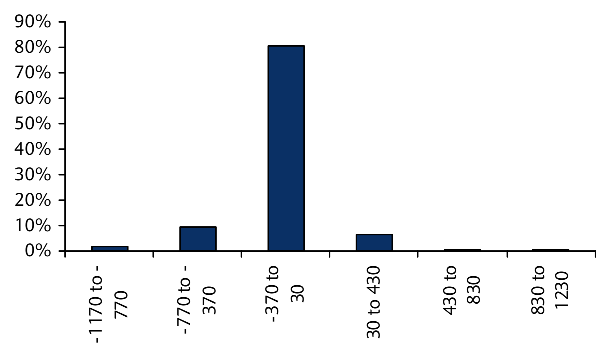
Basis Point Differentials - MWE vs. AMZ



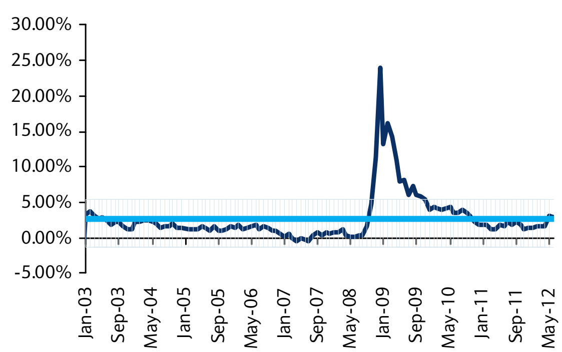
MWE vs. Barclays HY



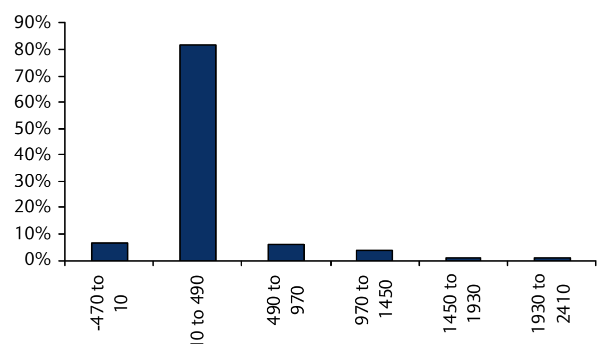
Basis Point Differentials - MWE vs. Barclays HY



MWE vs. Barclays HG



Basis Point Differentials - MWE vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $57 price target is based on a 12-month distribution run rate of $3.44 and a target yield of 6.0%.

Investment Thesis

We believe MWE can grow 2012 distribution at a double-digit rate, given strong coverage maintained. For 2013 and onward, we forecast ~8% per year of distribution growth, driven by organic projects under execution. We recently reduced our 5-year distribution growth forecast to 9.1% CAGR, down from 10.7%. MWE is the dominant processor in the wet gas part of Marcellus Shale, where producers realize superior economics even under our recently reduced commodity price forecasts. Markwest is adding 490 mmcf/d of new processing capacity in 2012, followed by 1 Bcf/d of capacity in 2013, leading to over 2.1 Bcf/d of Marcellus processing capacity by the end of 2013. Given 392 mmcf/d of gas processed in 1Q 2012, this implies a 430% upside in volumes when plants are full. MWE is also the dominant liquids handler in the region, standing to benefit from robust growth in NGL production.

With a relatively low leverage ratio (2.9x in Q1) the company has enough debt capacity to fund this year's capex ($1.1-$1.5 billion), and therefore, we do not model in additional equity issuance for the year. On the other hand, as management has prudently managed its balance sheet, we would not be surprised if they opportunistically access the capital market to prepare for the company's 2013 capex program, which has not been disclosed but will likely remain robust given its activity in the Utica Shale. Importantly, MWE's lack of GP provides an equity cost of capital advantage, which should become increasingly valuable as competitors enter deeper into the splits. Assuming MWE can maintain its strong cost of capital position, we estimate Utica development will be solidly accretive by 6-8% longer term.

Potential Catalysts / Timeline

- Ability to execute lucrative projects with returns above cost of capital.
- Increase in crude and NGL prices.
- August 3 – Q2 2012 earnings release.

Fundamental Drivers

- Natural gas production and prices.
- Demand and prices of NGLs.

Risk: Medium

MWE carries an above-average risk profile connected to movements in natural gas and NGL prices as well as large capex investment requirement. A sharp decline in natural gas, NGL, or crude prices could impair volumes on gathering systems and a drop in NGL prices would crimp processing margins. While a majority of MWE's commodity exposure is hedged, roll over risk remains.

Niska Gas Storage Partners, LLC (NKA)

Figure 184: Niska Gas Storage Partners, LLC (NKA)

Sub Sector: Gathering and Processing

Rating:	3-Underweight		**Annualized Distribution:**	$1.40
Price Target:	$11.00		**Yield:**	11.02%
Current Price:	$12.70	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	-13.4%		**Dist. CAGR (Next 3 Yrs):**	na
52 Week High / Low:	$17.41 - $8.46		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**2013E**
Cash Distribution Per Unit	na	$1.22	$0.35	$0.35	$0.35	$0.35	$1.40	$1.40
Growth (YoY)	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Distribution Receiving Units	68.99	68.99	68.99	69.68	69.68	69.68	69.50	69.68
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012**	**2013E**
Net Income	$53.21	$57.46	$4.63	$27.59	($213.63)	$15.64	($165.77)	$33.38
Interest Expense	$38.12	$77.01	$18.65	$19.37	$19.60	$16.98	$74.60	$69.50
Depreciation and Amortization	$43.06	$46.89	$10.00	$10.81	$13.12	$12.21	$46.13	$45.00
Others	$89.42	$14.16	$5.34	($27.57)	$193.37	$10.14	$181.27	($8.40)
Adjusted EBITDA	$223.81	$195.52	$38.61	$30.19	$12.45	$54.97	$136.22	$139.48
Net Interest Expense	($38.12)	($75.99)	($17.63)	($18.35)	($18.63)	($16.09)	($69.86)	($65.50)
Maintenance Capital Expenditures	($0.90)	($1.63)	($0.00)	($0.16)	($1.27)	($0.42)	($1.86)	($1.70)
Others	$0.00	($0.43)	($0.27)	($0.45)	($0.35)	$0.24	($0.81)	($1.00)
Distributable Cash flow	$184.79	$117.47	$20.72	$11.24	($7.79)	$38.69	$63.69	$71.28
General Partner Cut	$0.00	($1.72)	($0.49)	($0.50)	($0.50)	($0.50)	($1.99)	($1.99)
Distributable Cash Flow (LP)	$184.79	$119.20	$21.21	$11.73	($7.30)	$39.19	$65.68	$73.27
Distributable Cash Flow Per Unit	$2.68	$1.73	$0.31	$0.17	($0.10)	$0.56	$0.94	$1.05
Total Distribution Coverage	na	113%	78%	42%	-29%	145%	60%	70%

Business Description

Niska is the largest independent owner and operator of natural gas storage in North America, with strategically located assets in key natural gas producing and consuming regions. Niska owns and operates three facilities, including the AECO Hub(TM) in Alberta, Canada; Wild Goose in California; and Salt Plains in Oklahoma. Niska also contracts for gas storage capacity on the Natural Gas Pipeline Company of America system. In total, Niska owns or contracts for approximately 221.5 Bcf of gas storage capacity.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Niska Gas Storage Partners (NKA)	12.5x	12.8x	13.0x	-2.6x	1.2x	1.2x	11.2x	11.1x	11.4x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral
Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $11 price target is based on 12-month distribution run rate of $0.91 and a target yield of 8.0%.

Investment Thesis

While the storage environment appears to have improved slightly, a more significant improvement is required for full distribution coverage. NKA reported better-than-expected FY 2012 results and provided FY 2013 guidance that implied flat EBITDA and slightly higher DCF YoY. NKA's guidance implies roughly 60%-70% coverage on total distribution and 126%-146% on its common units. As NKA continues to suspend sub unit distribution, the company has maintained its current distribution of $1.40 (annualized). While seasonal spreads and volatility have improved (winter/summer spread ~$0.60/mmbtu vs. $0.50 prior year), we believe a significant improvement in the storage operating environment is required to fully cover common and sub unit distribution, given reduced gas inventory used to capture optimization margins. We increased our price target following Q1 to $11 (from $9) to reflect NKA's improved coverage, but maintain our 3-UW rating based on our view that any potential restructuring will lead to outsized volatility on the unit price given the company is in its subordination period. Our previous PT of $9 was based on a 12-month distribution run rate of $0.70 and target yield of 7.5%.

NKA monetized $150 mm of gas inventory with $40 mm additional monetization planned. With the proceeds, NKA repurchased $156 mm of senior notes, which is expected to result in annual interest expense savings of $14 mm. NKA's fixed charge coverage ratio is expected to range between 1.9-2.0x during FY13, above its 1.75x covenant minimum. NKA provided FY 2013 guidance, with adjusted EBITDA expected at $130-$140 mm. The mid-point of this guidance ($135 mm) implies largely unchanged EBITDA performance versus FY 2012. Management provided DCF guidance mid-point of $67.1 mm, implying 5% YoY growth. As EBITDA is largely unchanged YoY, the increase in DCF appears to be driven by reduced maintenance capex and interest expense expectations.

Potential Catalysts / Timeline

- Timing of project announcements and completions.
- Ability to source and close accretive acquisitions.
- August 2 – Q2 2012 earnings release.

Fundamental Drivers

- Summer/winter gas price spreads.
- Demand for gas storage services in Aeco Hub (Canada) / North CA.

Risk: High

NKA carries a high risk profile connected to volatility in summer/winter gas price spreads. The winter/summer spread has come down significantly and is currently ~$0.60 compared to $1.48 in 2010. The summer/winter spread affect NKA's optimization business/short term contracts which make up a significant portion of its cash flow. Other risks include successfully executing organic projects, which will be required to sustain the distribution growth rate in the longer-term basis.

NuStar Energy, LP (NS)

Figure 185: NuStar Energy, LP (NS)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$4.38
Price Target:	$56.00		**Yield:**	8.17%
Current Price:	$53.61	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.32%
Potential Upside to Target:	4.5%		**Dist. CAGR (Next 3 Yrs):**	1.65%
52 Week High / Low:	$64.4 - $49.02		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$4.28	$4.36	$1.10	$1.10	$1.10	$1.10	$4.38	$4.45
Growth (YoY)	0.8%	1.9%	1.9%	0.0%	0.0%	0.0%	0.5%	1.5%
Total Distribution Receiving Units	62.9	65.0	70.8	70.8	70.8	72.6	71.2	75.1

Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Operating Income	$302.6	$314.0	$48.3	$41.4	$102.9	$90.4	$283.0	$372.1
Depreciation, Depletion & Amortization	$153.8	$168.3	$44.7	$45.1	$45.6	$40.3	$175.7	$165.7
Other	$26.4	$8.0	$3.8	$2.8	$3.0	$3.0	$12.6	$16.9
Adjusted EBITDA	$482.8	$490.3	$96.8	$89.3	$151.5	$133.7	$471.2	$554.6
Net Interest Expense	($78.3)	($83.7)	($22.4)	($23.0)	($22.2)	($21.6)	($89.2)	($93.9)
Maintenance Capital Expenditures	($54.0)	($50.3)	($6.9)	($17.0)	($14.0)	($11.0)	($48.9)	($53.9)
Other	($30.3)	($5.2)	($13.2)	$1.2	($1.7)	($1.1)	($14.9)	($13.5)
Distributable Cash flow	$320.2	$351.2	$54.3	$50.4	$113.6	$99.9	$318.2	$393.4
General Partner Cut	($39.5)	($42.2)	($11.6)	($11.6)	($11.6)	($11.9)	($46.7)	($50.9)
Distributable Cash Flow (LP)	$280.7	$309.0	$42.7	$38.8	$102.0	$88.0	$271.5	$342.5
Distributable Cash Flow Per Unit	$4.46	$4.75	$0.60	$0.55	$1.44	$1.21	$3.81	$4.56
Total Distribution Coverage	104%	109%	55%	50%	132%	111%	87%	103%

Business Description

NuStar Energy L.P. is a publicly traded, limited partnership based in San Antonio, with 8,420 miles of pipeline; 84 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids; and two asphalt refineries and a fuels refinery with a combined throughput capacity of 118,500 barrels per day. The partnership's combined system has approximately 96 million barrels of storage capacity.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
NuStar Energy L.P. (NS)	12.6x	14.1x	11.8x	1.2x	1.4x	1.2x	16.0x	16.7x	14.0x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

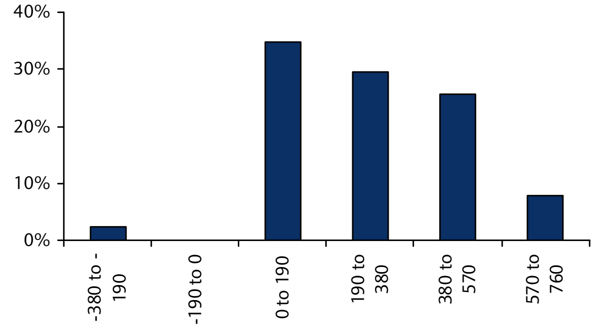
Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

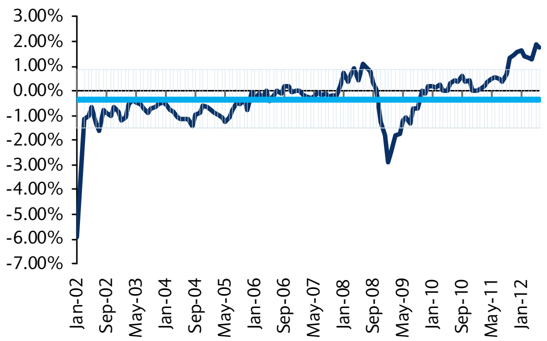
Figure 186: Historical Yield Spreads

NS vs. US 10 yr

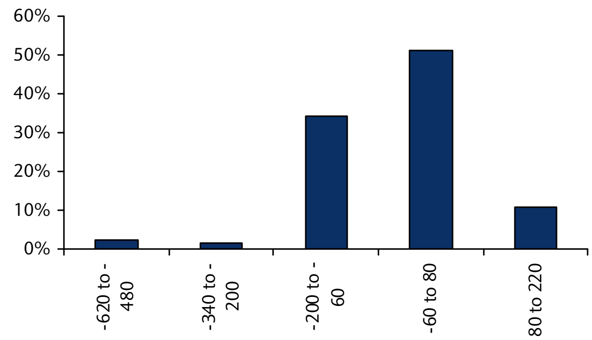
Basis Point Differentials - NS vs. US 10 yr



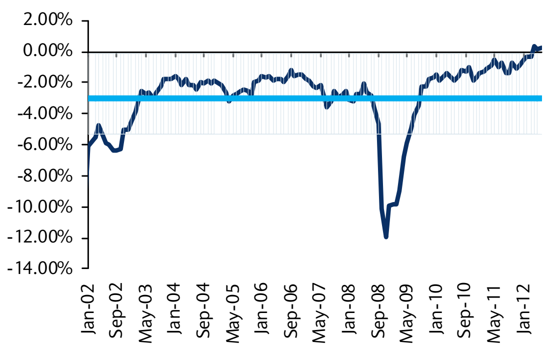
NS vs. AMZ



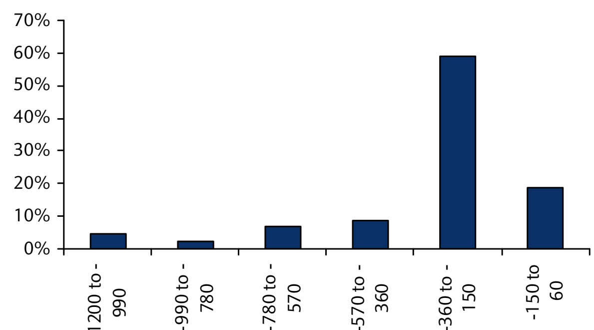
Basis Point Differentials - NS vs. AMZ



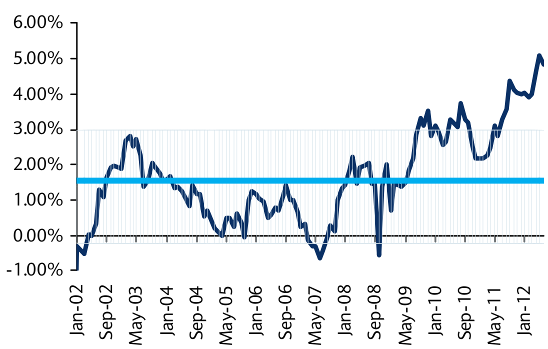
NS vs. Barclays HY



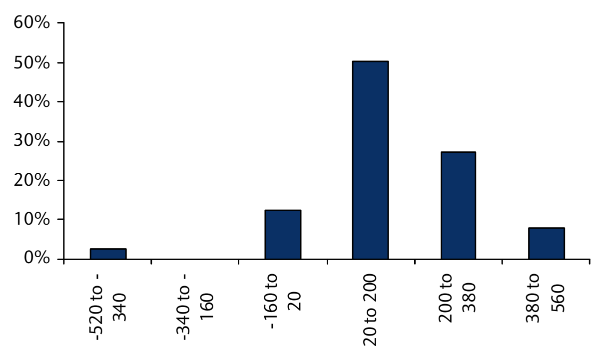
Basis Point Differentials - NS vs. Barclays HY



NS vs. Barclays HG



Basis Point Differentials - NS vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $56 price target is based on a 12-month cash distribution run rate of $4.44 and a target yield of 8%. We expect modest distribution growth CAGR of 1.6% from pipeline and storage organic projects. Over the long run, we expect management to further build out the partnership's storage crude oil pipeline and storage capabilities through a combination of acquisition and organic growth spending. In our view, the 25% cap on the GP incentive distribution split should help support the partnership's long-term growth prospects.

Investment Thesis

We carry a 2-Equal Weight rating on NS. The majority of cash flows are supported by fee-based contracts (pipeline and storage businesses), while the remainder is exposed to commodity price risk (asphalt refining and fuels marketing business). In addition, NS has an experienced management team. However, it has a below-average distribution growth rate.

Potential Catalysts / Timeline

- July 27 – second quarter earnings release
- 3Q12 – expected completion of 70,000 bpd unit train offloading facility at St. James, LA crude oil terminal
- 4Q12 – expected completion of 3 million barrel expansion of St. James, LA crude oil terminal
- 4Q12 – expected completion of 1 million barrel distillate storage expansion project St. Eustatius, Netherlands terminal.
- 2H12 – NS analyst day

Fundamental Drivers

- Refined product demand and refinery utilization rates.
- Storage contract rates.
- Asphalt refining margins.
- Pipeline and terminal integrity costs.
- Integrating acquisitions.

Risk: Medium

The Partnership's medium risk profile is supported by stable cash flows generated from fee-based businesses plus the broad scope of operations, customer and product mix. Importantly, there is minimal competition in many of the Partnership's core markets given the synergistic relationship serving Valero Energy refineries. The main risk centers on the asphalt refining business, which adds cash flow volatility due to the seasonal nature of the asphalt business (majority of cash flows in second and third quarters), crude oil price exposure and more volatile nature of asphalt demand relative to transportation fuels. However, NS is reducing its asphalt refining exposure though selling a 50% stake in the business.

Oiltanking Partners LP (OILT)

Figure 187: Oiltanking Partners, LP (OILT)

Sub Sector: Refined Products & Crude Oil

Rating:	1-Overweight		**Annualized Distribution:**	$1.40
Price Target:	$32.00		**Yield:**	4.29%
Current Price:	$32.60	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	-1.8%		**Dist. CAGR (Next 3 Yrs):**	9.59%
52 Week High / Low:	$33.39 - $21.75		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010 PF	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Cash Distribution Per Unit		$0.61	$0.35	$0.36	$0.37	$0.38	$1.46	$1.62
Growth (YoY)							7.95%	10.96%
Total Distribution Receiving Units (in mm)		38.90	38.90	38.90	38.90	38.90	38.90	40.26
Distributable Cash flow Calculation	**2010 PF**	**2011**	**1Q12**	**2Q12e**	**3Q12e**	**4Q12e**	**2012e**	**2013e**
Net Income	$58.60	$67.05	$15.94	$14.93	$14.02	$13.15	$58.04	$66.08
Depreciation and Amortization	$15.00	$15.50	$3.97	$4.10	$4.30	$4.40	$16.77	$18.07
Interest Expense	$1.80	$3.50	$0.21	$0.56	$1.26	$2.15	$4.18	$12.90
Other	($5.90)	($18.85)	$0.06	$0.06	$0.06	$0.05	$0.23	$0.27
Adjusted EBITDA	$69.50	$67.20	$20.17	$19.59	$19.63	$19.75	$79.21	$97.31
Net Interest Expense	($1.55)	($0.75)	($0.19)	($0.46)	($1.16)	($2.05)	($3.86)	($12.90)
Maintenance Capital Expenditures	($3.54)	($4.19)	($0.76)	($1.30)	($1.40)	($2.00)	($5.46)	($6.36)
Others	($1.25)	($2.84)	($0.08)	($0.06)	($0.06)	($0.05)	($0.25)	($0.27)
Distributable Cash flow	$63.16	$59.42	$19.15	$17.77	$17.02	$15.65	$69.59	$77.79
General Partner Cut		($0.91)	($0.28)	($0.29)	($0.29)	($0.30)	($1.16)	($1.70)
Distributable Cash Flow (LP)		$55.96	$18.87	$17.49	$16.73	$15.34	$68.43	$76.09
Distributable Cash Flow Per Unit		$1.44	$0.49	$0.45	$0.43	$0.39	$1.76	$1.89
Total Distribution Coverage		106%	139%	125%	116%	104%	120%	117%

Business Description

Oiltanking Partners engaged in independent storage and transportation of crude oil, refined petroleum products and liquefied petroleum gas. We provide our services to a variety of customers, including major integrated oil companies, distributors, marketers and chemical and petrochemical companies. Our assets are located along the Gulf Coast of the United States.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Oiltanking Partners L.P. (OILT)	17.8x	18.5x	17.2x	1.5x	1.3x	1.2x	17.3x	17.2x	14.0x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $32 price target is based on a 12-month cash distribution run rate of $1.56 and a target yield of 4.9%. The target yield is based on strong organic growth prospects and high cash flow stability.

Investment Thesis

We carry a 1-Overweight rating on OILT. The Partnership is a high-growth, relatively low-risk crude oil storage MLP. We estimate 7.1% growth (3-year CAGR), supported by $400 million of potential growth projects in the strategically located assets in the Houston and Beaumont/Port Arthur refining and petrochemical complex. In addition, growth prospects are supported by potential asset dropdowns (parent is second largest global independent liquids storage operator). Cash flow stability is supported by 77% of revenues from long-term take-or-pay contracts. Remaining revenues are fairly predictable fees from throughput and ancillary services.

Potential Catalysts / Timeline

- August 9 – second quarter earnings release.
- 1Q13 – expected completion of 1.1 million barrel storage expansion and pipeline project in Houston.
- 4Q13 – expected completion of 3.2 million barrel storage expansion at Houston terminal.

Fundamental Drivers

- Gulf Coast refinery utilization rates drive terminal volumes.
- Gulf Coast liquids storage rates.
- Pace of organic growth projects and acquisitions.

Risk: Low

The low risk profile is supported by a stable, fee-based cash flow stream backed by long-term contracts. Approximately 77% of revenues are backed by take-or-pay contracts with average contract duration of 6 years from a diverse, high-quality customer base. In addition, OILT has no direct commodity price exposure and does have inflation protection (fees adjusted by CPI). While OILT has a limited geographic footprint (though typical for younger partnerships), it is strategically located in the heart of the US refining and petchem complex.

ONEOK Partners, LP (OKS)

Figure 188: ONEOK Partners, LP (OKS)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$2.54
Price Target:	$65.00		**Yield:**	4.44%
Current Price:	$57.25	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	3.75%
Potential Upside to Target:	13.5%		**Dist. CAGR (Next 3 Yrs):**	11.86%
52 Week High / Low:	$61.58 - $36.31		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.25	$2.37	$0.64	$0.66	$0.69	$0.71	$2.69	$3.09
Growth (YoY)	3.4%	5.1%	10.4%	12.8%	15.1%	16.4%	13.7%	15.0%
Total Distribution Receiving Units	202.72	203.82	209.09	219.82	219.82	219.82	217.13	231.88

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$472.86	$830.32	$238.84	$197.31	$204.20	$204.23	$844.59	$984.83
Interest Expense	$204.31	$223.14	$53.21	$48.94	$52.69	$57.19	$212.04	$233.91
Depreciation and Amortization	$173.71	$177.55	$49.26	$52.00	$55.50	$60.00	$216.76	$225.00
Others	$14.67	$10.81	$2.78	$3.25	$3.25	$3.25	$13.51	$15.00
Adjusted EBITDA	$865.55	$1,241.81	$344.09	$301.50	$315.64	$324.67	$1,286.89	$1,458.74
Net Interest Expense	($204.31)	($223.14)	($53.21)	($48.94)	($52.69)	($57.19)	($212.04)	($233.91)
Maintenance Capital Expenditures	($62.53)	($93.95)	($16.15)	($24.00)	($32.00)	($35.00)	($107.15)	($110.00)
Others	$21.31	$21.31	$4.25	$5.75	$5.75	$5.75	$21.50	$25.00
Distributable Cash flow	$620.02	$946.04	$278.98	$234.31	$236.70	$238.23	$989.20	$1,139.83
General Partner Cut	$120.29	$143.73	$46.01	$53.87	$59.36	$64.86	$224.09	$360.97
Distributable Cash Flow (LP)	$499.73	$802.31	$232.97	$180.45	$177.34	$173.37	$765.11	$778.87
Distributable Cash Flow Per Unit	$2.47	$3.94	$1.11	$0.82	$0.81	$0.79	$3.52	$3.36
Total Distribution Coverage	110%	166%	175%	124%	118%	111%	131%	109%

Business Description

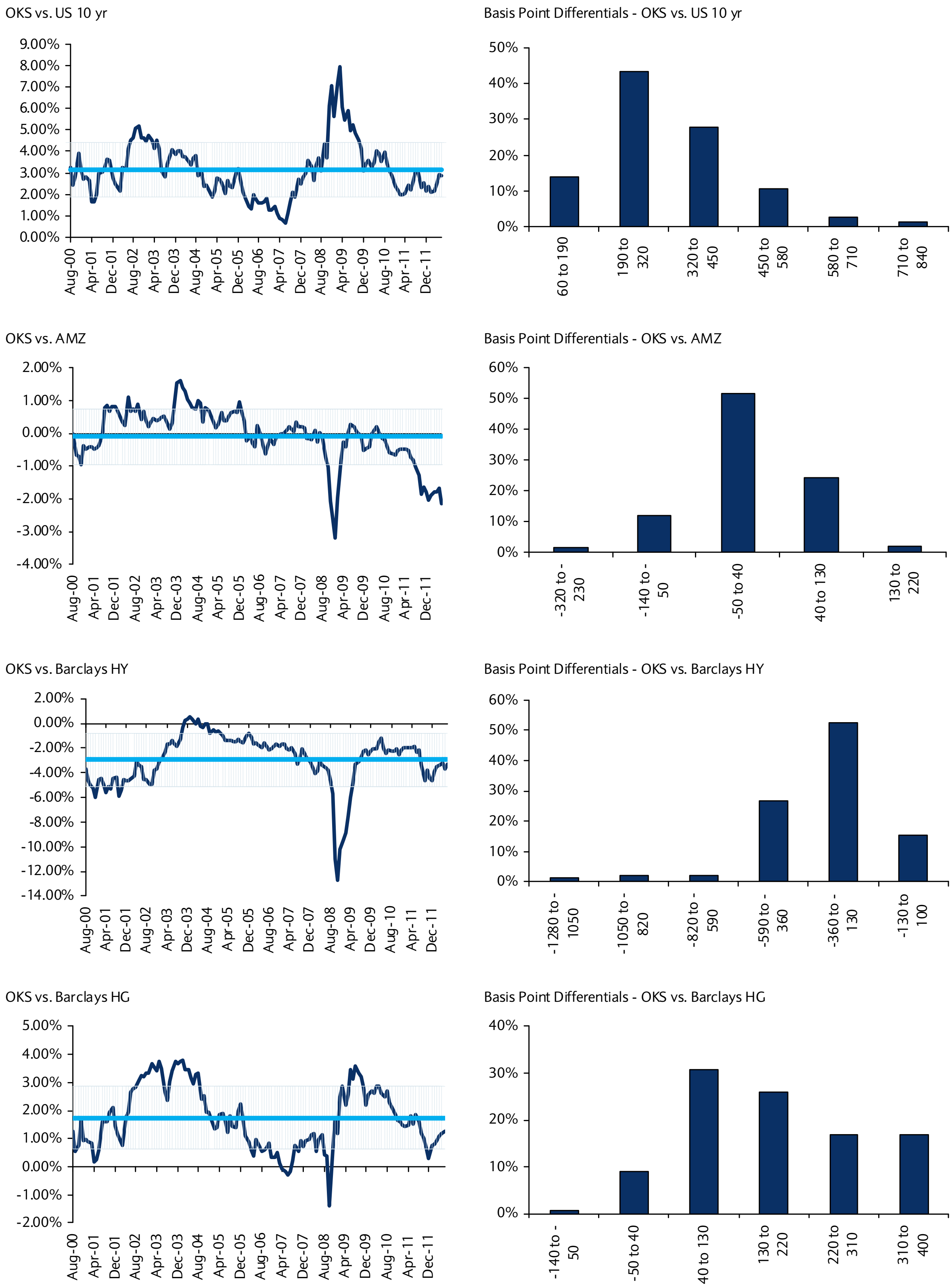
ONEOK Partners, L.P. engages in the gathering, processing, storage and transportation of natural gas in the U.S. and owns one of the nation's premier natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent and Rocky Mountain regions with key market centers.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
ONEOK Partners L.P. (OKS)	16.4x	16.2x	17.0x	1.4x	1.0x	1.0x	16.2x	16.1x	15.5x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 189: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $65 price target is based on a 12-month distribution run rate of $2.92 and a target yield of 4.5%.

Investment Thesis

We believe OKS is well positioned to deliver better than 9% distribution CAGR over the next five years. Our 2012 growth estimate of 14% (in-line with guidance) results in FY coverage of 130%. We believe that investing into OKS gives highest per unit leverage in the MLP space to growing demands for NGL infrastructure. Our recently revised commodity price deck brings the company's coverage closer to the low end of ONEOK's coverage range (1.05x-1.15x). Our forecast takes into consideration a significant contraction in the Mont Belvieu to Conway NGL spread resulting in an estimated $300 mm impact. We believe the spread headwind will be more than offset by cash flow from new projects coming on line. Management has stated its confidence in contracting out 200 m b/d of its Bakken crude project capacity and that the project can generate 5-7x returns, which should lead to $235-$330 mm of incremental EBITDA when completed in 2015. The $2B project backlog includes opportunities related to gas, NGL-related projects such as gas processing, pipelines, NGL fractionation, and storage.

OKS raised more than $900 mm of equity in Q1, providing enough dry powder to execute its 2012 capex plan without accessing the capital markets. OKS is in the process of investing $1.9 billion in organic projects in 2012 and $1.5 billion in 2013. We expect these projects will add $170 mm of incremental EBITDA in 2013 and $190 mm in 2014, which will be the key drivers of distribution growth for OKS. ONEOK's leverage ratio reached 2.9x in Q1 and we expect this to increase to ~3.35x by end of the year, without any equity issuance.

Potential Catalysts / Timeline

- Announcement of large growth projects or acquisitions that provide improved visibility into distribution growth.
- Q2 2012 earnings release.

Fundamental Drivers

- Drilling activities behind its systems including MidContinent, Rockies, and the Bakken Shale.
- Natural gas and NGL prices affect the gas processing business.
- NGL product spreads between Mont Belvieu and Conway

Risk: Medium

The medium risk profile is based on OKS's commodity price exposure, NGL segment margin exposure tied to location difference in NGL prices and its large capex funding requirement. While OKS has significant moving parts affecting its cash flow, it is one of the larger cap MLP with diversified asset base. OKS also has investment grade credit as well as strong parent support. OKE, the GP has in the past actively participated in OKS's equity issuance which mitigated funding risk. Assets are well positioned to grow in the current environment with abundant liquids production and constrained NGL infrastructure.

Plains All American, LP (PAA)

Figure 190: Plains All American, LP (PAA)

Sub Sector: Refined Products & Crude Oil

Rating:	1-Overweight		**Annualized Distribution:**	$4.18
Price Target:	$89.00		**Yield:**	4.77%
Current Price:	$87.66	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.89%
Potential Upside to Target:	1.5%		**Dist. CAGR (Next 3 Yrs):**	7.60%
52 Week High / Low:	$88 - $54.9		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$3.79	$3.97	$1.05	$1.07	$1.09	$1.11	$4.31	$4.63
Growth (YoY)	3.5%	5.0%	7.7%	8.4%	9.0%	8.3%	8.4%	7.4%
Total Distribution Receiving Units	137.5	149.5	157.0	163.0	164.2	167.8	164.4	171.7

Distributable Cash Flow Calculation	**2010**	**2011**	**2012-1**	**2012-2e**	**2012-3e**	**2012-4e**	**2012e**	**2013e**
Operating Income	$854.5	$1,361.0	$403.0	$456.7	$381.2	$388.3	$1,633.2	$1,634.4
Depreciation, Depletion & Amortization	$256.0	$249.0	$60.0	$72.0	$74.0	$74.0	$280.0	$295.0
Other	($4.5)	($11.0)	$9.0	$1.0	$1.0	$1.0	$5.0	$4.0
Adjusted EBITDA	$1,106.0	$1,599.0	$472.0	$529.7	$456.2	$463.3	$1,918.2	$1,933.4
Net Interest Expense	($248.0)	($252.0)	($65.0)	($78.9)	($79.8)	($79.8)	($303.5)	($327.5)
Maintenance Capital Expenditures	($92.0)	($120.0)	($35.0)	($39.0)	($39.0)	($41.0)	($154.0)	($164.0)
Other	($8.6)	($75.0)	($30.0)	($28.0)	($26.0)	($27.0)	($108.0)	($96.7)
Distributable Cash flow	$757.4	$1,152.0	$342.0	$383.8	$311.5	$315.5	$1,352.8	$1,345.2
General Partner Cut	($170.9)	($223.0)	($72.0)	($76.1)	($76.2)	($82.2)	($306.5)	($368.6)
Distributable Cash Flow (LP)	$586.5	$929.0	$270.0	$307.6	$235.2	$233.4	$1,046.2	$976.6
Distributable Cash Flow Per Unit	$4.27	$6.21	$1.72	$1.89	$1.43	$1.39	$6.36	$5.69
Total Distribution Coverage	113%	156%	165%	177%	132%	125%	148%	123%

Business Description

Plains All American Pipeline, L.P. is engaged in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the processing, transportation, fractionation, storage and marketing of natural gas liquids. Through its general partner interest and majority equity ownership position in PAA Natural Gas Storage, L.P., PAA owns and operates natural gas storage facilities.

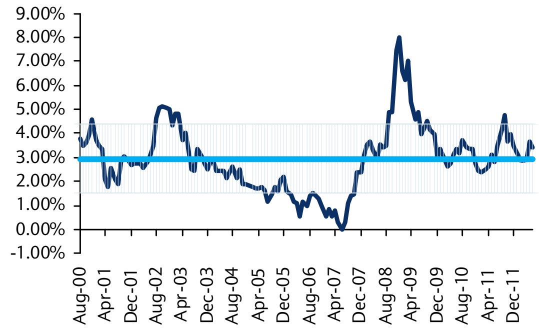
	FCF Multiple			**FCF Multiple / Expected Return**			**EV / EBITDA-Maintenance Capital**		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Plains All American Pipeline L.P. (PAA)	14.6x	14.5x	15.8x	1.5x	1.2x	1.3x	na	14.7x	15.0x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

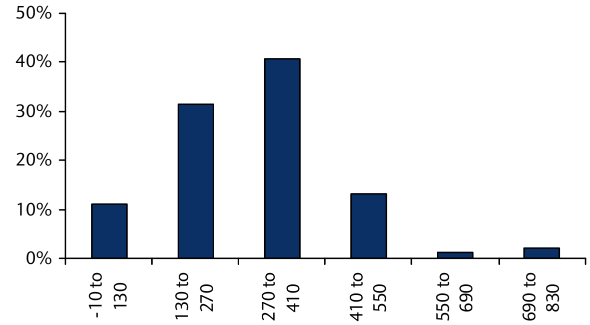
Source: Company filings, FactSet, Barclays Research

Figure 191: Historical Yield Spreads

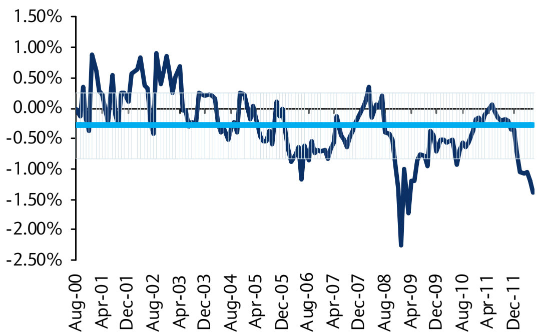
PAA vs. US 10 yr



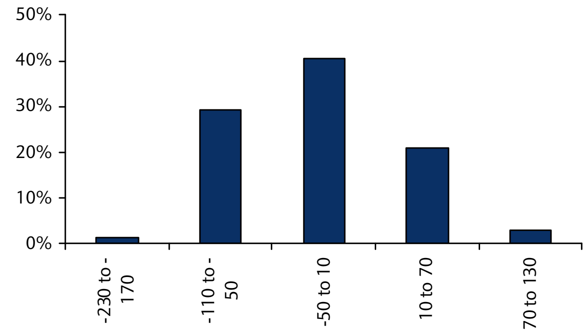
Basis Point Differentials - PAA vs. US 10 yr



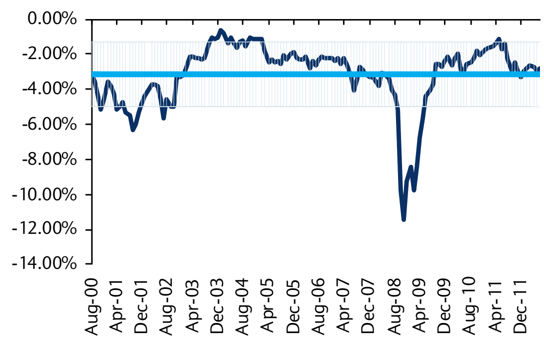
PAA vs. AMZ



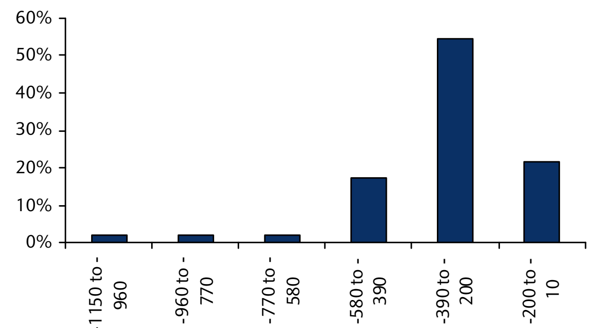
Basis Point Differentials - PAA vs. AMZ



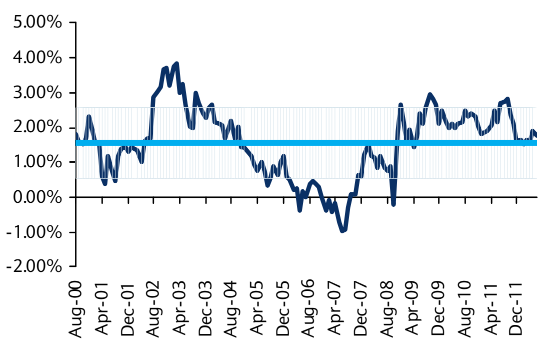
PAA vs. Barclays HY



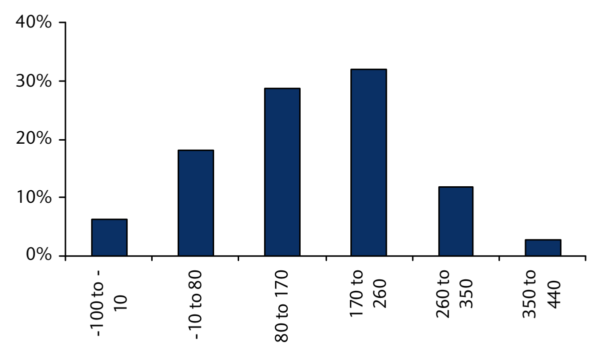
Basis Point Differentials - PAA vs. Barclays HY



PAA vs. Barclays HG



Basis Point Differentials - PAA vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $89 price target is based on a 12-month cash distribution run rate of $4.52 and a target yield of 5.1%. Recent acquisitions and organic growth projects provide visible distribution growth prospects. Combining strategically located assets in the crude oil and natural gas liquids value chain, a solid balance sheet and strong management, we believe PAA is well positioned to post 7% distribution growth CAGR.

Investment Thesis

We carry a 1-Overweight rating on PAA. We believe that PAA has a solid organic growth profile and strong track record of growth through acquisition. In addition, we believe PAA deserves to capture a premium valuation relative to the pipeline index based on its dominant position in the crude oil industry and a strong management team.

Potential Catalysts / Timeline

- August 6 – second quarter earnings release.
- 3Q12 – expected in-service date of 1.2 million barrel expansion of St. James, LA crude oil terminal expansion pipeline.
- 3Q12 – expected in-service date of LPG pipeline from OXY's Elk Hills, CA gas processing plant to PAA's LPG processing plant.
- 4Q12 – expected in-service date of crude oil/condensate pipeline and storage project in the Eagle Ford Shale and crude oil pipelines and rail facility projects in the Bakken Shale.

Fundamental Drivers

- Pipeline cash flows will likely be driven by throughput volumes and fees per barrel.
- Capline, Capwood, western Canadian pipelines, and Cushing Terminal cash flows to be based on refined product consumption and demand growth in the Midwest market.
- Capline's volumes also should be driven by foreign crude oil imports into the Louisiana
- Offshore Oil Port and crude oil production in the Gulf Coast region.
- Crude oil production in the California OCS region.
- Volatility in crude oil prices, lease volumes, margins, rental fees, and throughput at terminals.
- Weather conditions affect LPG demand.

Risk: Medium

Management's ability to construct a countercyclical asset base, balancing gathering pipelines and terminals, and acquisitions of fee–based pipelines reduces its overall risk profile. However, PAA is still exposed to the risk of a flat forward slope of crude oil prices impacting pipeline and terminal assets. Although recent acquisitions have effectively diversified cash flows, PAA is also still exposed to declining crude oil production in California. Moreover, the partnership's capacity on the Capline System provides the swing volumes into the Midwest region, which makes it vulnerable to high levels of downtime at refineries or a ramp-up in western Canadian crude oil production displacing crude oil volumes imported from the Gulf Coast.

PAA Natural Gas Storage, LP (PNG)

Figure 192: PAA Natural Gas Storage, LP (PNG)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	2-Equal Weight	**Annualized Distribution:**	$1.43
Price Target:	$19.00	**Yield:**	7.82%
Current Price:	$18.29 (as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	3.9%	**Dist. CAGR (Next 3 Yrs):**	3.22%
52 Week High / Low:	$23.61 - $15.51	**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Cash Distribution Per Unit	$0.89	$1.41	$0.36	$0.36	$0.36	$0.36	$1.43	$1.45
Growth (YoY)								
Total Distribution Receiving Units	44.5	68.2	71.1	71.1	71.1	71.1	71.1	71.1

Distributable Cash Flow Calculation	2010	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Operating Income	$39.8	$73.5	$17.7	$19.2	$21.4	$23.7	$82.0	$88.0
Depreciation, Depletion & Amortization	$14.1	$33.7	$9.1	$9.3	$9.7	$9.7	$37.8	$39.8
Other	($0.0)	$0.0	$1.0	$0.0	$0.0	$0.0	$1.0	$0.0
Adjusted EBITDA	$53.9	$107.2	$27.8	$28.5	$31.1	$33.4	$120.8	$127.7
Net Interest Expense	($7.3)	($5.4)	($1.7)	($2.1)	($2.3)	($2.3)	($8.4)	($10.5)
Maintenance Capital Expenditures	($0.4)	($0.8)	($0.2)	($0.2)	($0.2)	($0.2)	($0.6)	($0.8)
Other	($1.1)	($1.2)	($0.1)	$0.0	$0.0	$0.0	($0.1)	$0.0
Distributable Cash flow	$45.0	$99.9	$25.9	$26.2	$28.7	$30.9	$111.7	$116.4
General Partner Cut	($0.9)	($2.7)	($0.7)	($0.7)	($0.7)	($0.7)	($3.0)	($3.2)
Distributable Cash Flow (LP)	$44.1	$97.2	$25.1	$25.5	$27.9	$30.1	$108.7	$113.3
Distributable Cash Flow Per Unit	$0.99	$1.43	$0.35	$0.36	$0.39	$0.42	$1.53	$1.59
Common Distribution Coverage	111%	101%	99%	100%	110%	118%	107%	110%

Business Description

PNG is engaged in the development, acquisition, operation and commercial management of natural gas storage facilities. The Partnership currently owns and operates three natural gas storage facilities located in Louisiana, Mississippi and Michigan.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
PAA Natural Gas Storage L.P. (PNG)	13.6x	12.0x	11.5x	1.2x	1.1x	1.0x	20.0x	13.7x	13.0x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $19 price target is based on a $1.43 distribution run rate and 7.5% target yield. Gas storage expansions should support modest 2% distribution growth CAGR through 2014. While natural gas storage market conditions are weak due to narrow winter-summer spreads, we view PNG as a high-quality, relatively low-risk MLP due to cash flow stability from multi-year contracts and low-cost capacity expansions.

Investment Thesis

We carry a 2-EW rating on PNG. The Partnership is a pure-play natural gas storage MLP with modest growth prospects, a relatively low risk profile, strategically located assets and a strong management team. However, the weak gas storage backdrop is tempering PNG's growth. Longer term, we believe PNG offers upside growth potential from storage acquisition opportunities and commercial asset optimization. PNG was spun-off from PAA (primarily a crude oil pipeline and storage MLP) to unlock the value of the gas storage business and provide a low-cost currency to expand PNG's robust growth opportunity set.

Potential Catalysts / Timeline

- August 6 – second quarter earnings release

Fundamental Drivers

- Natural gas demand is driven by economic growth, weather conditions, fuel switching (from coal), population growth and environmental regulation.
- Natural gas demand from electric power, industrial, residential and commercial segments.
- Level of domestic natural gas production, LNG imports.
- Capacity utilization of domestic natural gas storage.
- Natural gas price volatility and winter-summer spreads.

Risk: Low/Medium

PNG has a low/medium risk profile due its stable, fee-based cash flow stream. The majority of revenues are from fixed-capacity payments (regardless of capacity used). Cash flow stability is also supported by multi-year term contracts with a diverse customer base. The diverse customer base includes utilities, pipelines, producers, marketers, industrial users and LNG importers. PNG does have exposure to the spread between winter and summer prices for natural gas and gas price volatility, which help drive spot storage rates.

Penn Virginia Resource L.P. (PVR)

Figure 193: Penn Virginia Resource L.P. (PVR)

Sub Sector: Gathering, Processing & Compression

Rating:	1-Overweight		**Annualized Distribution:**	$2.08
Price Target:	$29.00		**Yield:**	8.38%
Current Price:	$24.83	(as of 07/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.41%
Potential Upside to Target:	16.8%		**Dist. CAGR (Next 3 Yrs):**	7.85%
52 Week High / Low:	$28.05 - $20.85		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012e**	**Q42012e**	**2012e**	**2013e**
Cash Distribution Per Unit	$1.88	$1.98	$0.52	$0.53	$0.54	$0.55	$2.14	$2.30
Growth (YoY)	0.0%	5.3%	8.3%	8.2%	8.0%	7.8%	8.1%	7.5%
Units Outstanding (in mm)								
Common units	52.1	66.7	79.3	121.3	121.9	136.4	136.4	139.7
Sub-Ordinated Units	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Distribution Receiving Units	52.1	66.7	79.3	121.3	121.9	136.4	136.4	139.7
Distributable Cash flow Calculation	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012e**	**Q42012e**	**2012e**	**2013e**
Net Income	$79.5	$84.8	$15.8	$26.9	$10.1	$19.6	$72.5	$153.4
Depreciation, Depletion & Amortization	$75.9	$89.4	$23.9	$28.5	$30.2	$36.5	$119.0	$200.3
Other	$43.9	$68.8	$13.3	$1.7	$23.9	$22.5	$61.4	$95.5
Adjusted EBITDA	$199.4	$242.9	$53.0	$57.0	$64.2	$78.6	$252.8	$449.2
Net Interest Expense	($34.9)	($44.3)	($14.8)	($15.4)	($23.9)	($22.5)	($76.6)	($95.5)
Maintenance Capital Expenditures	($15.3)	($38.3)	($9.8)	($12.1)	($12.1)	($12.1)	($46.1)	($46.1)
Other	$5.7	$19.5	($0.7)	$3.4	$0.0	$0.0	$2.7	$0.0
Distributable Cash flow	$143.4	$140.9	$29.1	$26.2	$28.3	$44.0	$127.5	$307.7
General Partner Cut	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Distributable Cash Flow (LP)	$143.4	$140.9	$29.1	$26.2	$28.3	$44.0	$127.5	$307.7
Distributable Cash Flow Per Unit	$2.75	$2.11	$0.37	$0.22	$0.23	$0.32	$0.93	$2.20
Common Distribution Coverage	146%	107%	71%	56%	59%	78%	66%	127%
Total Distribution Coverage	146%	107%	71%	56%	59%	78%	66%	127%

Business Description

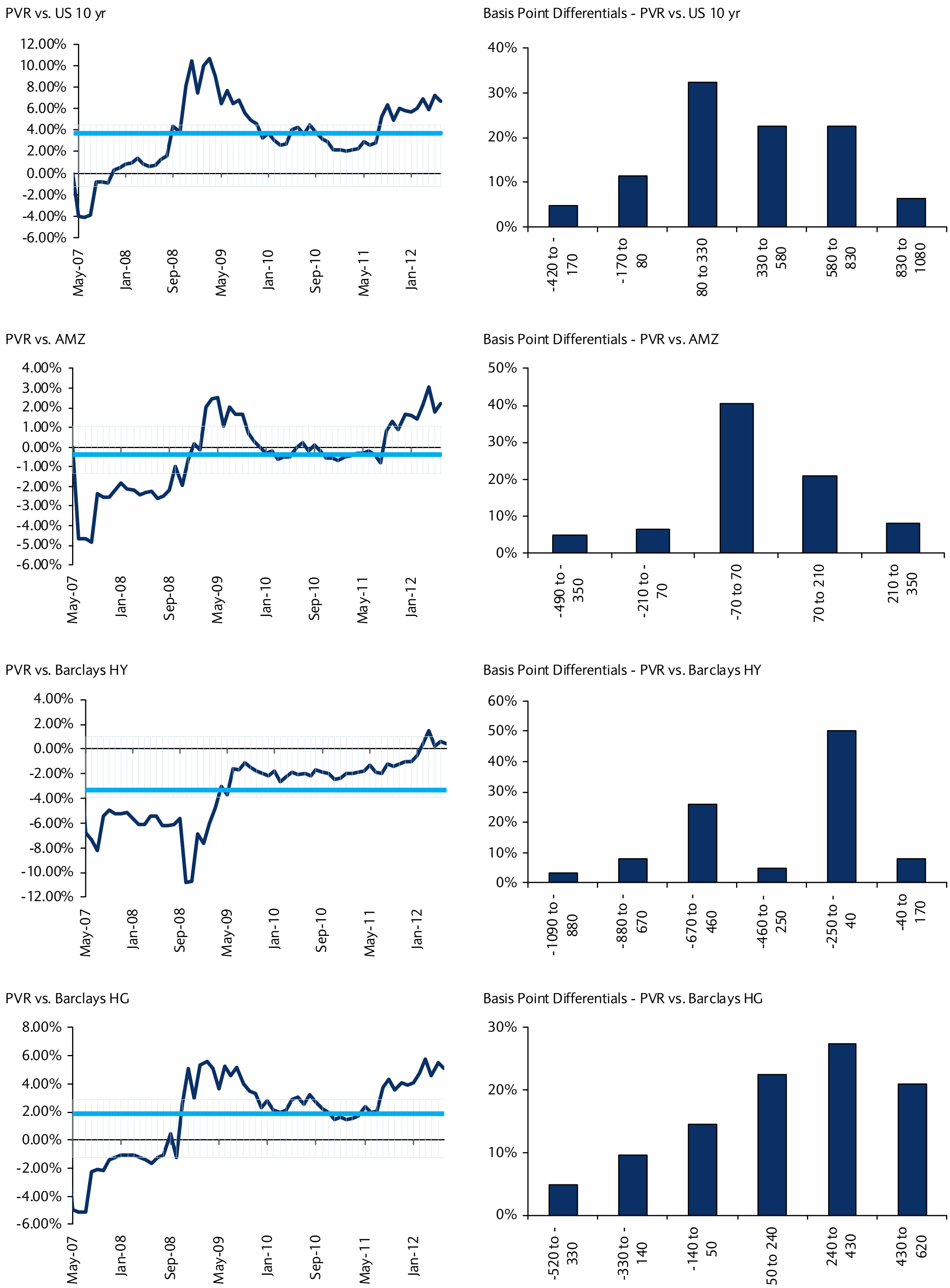
Penn Virginia Resource Partners has an estimated 893 million tons of coal reserves, over 4,500 miles of natural gas gathering pipelines, and 7 processing facilities with 480MMcfd of capacity. Its midstream assets are located in Texas, Oklahoma, and Pennsylvania.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Penn Virginia Resource Partners L.P. (PVR)	13.4x	13.9x	8.7x	0.8x	0.9x	0.5x	10.8x	12.7x	8.7x
Gathering, Processing & Compression	13.2x	13.2x	12.3x	1.0x	0.9x	0.9x	14.3x	13.0x	10.3x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.7x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 194: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our price target is $29 per common unit based on a 12 month distribution run rate of $2.20 per unit and a target yield of 7.50%.

Investment Thesis

Penn Virginia Resource will transition from a coal royalty business to a growing fee based natural gas midstream MLP. We estimate distributions will grow ~8% over the duration of our forecast with potential for upside if the company is successful in executing on its growth initiatives in the dry gas NE Marcellus. The coal royalty assets will have an increasingly diminished impact on PVR going forward. As the company continues to execute on its growth plan, we expect valuation metrics closely in line with midstream MLP peers.

Potential Catalysts / Timeline

With the transformational PVR/Chief deal closed and the company evaluating resources to pursue the attractive growth opportunities in the dry gas Marcellus midstream space, potential catalysts are: 1) announcement of progress in constructing the 850 mmcf/d Lycoming system and the 750 mmcf/d Wyoming pipeline system; 2) announcement of new pipeline laterals to expand the Marcellus platform; 3) acquisition(s) in the Panhandle region; 4) divestitures of non core assets; and 5) large swings in natural gas or oil prices.

Penn Virginia Resource has rapidly grown its midstream platform over the last few years. The company started the Lycoming County system in early 2011 and acquired Chief Gathering in spring 2012 for ~$1 billion with expectations to spend substantial additional capital expenditures to continue its development. The Company recently sold Crossroad gathering system to DCP Midstream Partners for $63mm in summer 2012.

Fundamental Drivers

- Level of natural gas price and drilling activities behind the pipelines
- Level of coal production on the PVR owned land in Central App, Northern App, and Illinois River Basin
- Ability to contract capacity for natural gas transportation
- Demand for natural gas in the North and Southeastern regions of the United States
- Ability to develop and integrate expansion projects
- Basis differentials between natural gas markets and specifically, TGP Line 300 and Transco in northeast Pennsylvania

Risk Profile: Low

Our low risk is connected to the partnership's asset base generating stable cash flows tied to long term fixed fee contracts with large natural gas producers. In addition, expansion projects under development are supported by long term customer contracts. We believe the partnership's low risk profile is further underpinned by a strong management team and credit profile.

Regency Energy Partners, LP (RGP)

Figure 195: Regency Energy Partners, LP (RGP)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$1.84
Price Target:	$26.00		**Yield:**	7.70%
Current Price:	$23.90	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.72%
Potential Upside to Target:	8.8%		**Dist. CAGR (Next 3 Yrs):**	2.46%
52 Week High / Low:	$27.4 - $20.2		**Tax Deferral:**	100%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	1.78	$1.81	$0.46	$0.46	$0.46	$0.46	$1.84	$1.89
Growth (YoY)	0%	2%	3%	2%	1%	0%	2%	3%
Total Distribution Receiving Units	121.27	151.53	170.10	170.10	170.10	178.44	172.19	195.37
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	($10.59)	$73.62	$28.90	$12.24	$9.11	$9.78	$60.02	$150.59
Interest Expense	$84.75	$102.47	$29.56	$27.24	$29.54	$29.79	$116.14	$140.63
Depreciation and Amortization	$122.73	$168.68	$51.51	$52.00	$52.00	$52.00	$207.51	$180.00
Others	$128.44	$77.59	$24.09	$25.00	$26.00	$26.00	$101.09	$107.04
Adjusted EBITDA	$325.32	$422.37	$134.05	$116.48	$116.65	$117.57	$484.75	$578.25
Net Interest Expense	($79.15)	($113.12)	($35.23)	($27.24)	($29.54)	($29.79)	($121.81)	($140.63)
Maintenance Capital Expenditures	($14.91)	($20.25)	($7.18)	($7.00)	($8.00)	($8.00)	($30.18)	($36.00)
Others	$2.03	($3.91)	$11.40	$0.00	$0.00	$0.00	$11.40	$0.00
Distributable Cash flow	$233.29	$285.09	$103.04	$82.24	$79.11	$79.78	$344.16	$401.62
General Partner Cut	$8.19	$11.79	$3.72	$3.72	$3.72	$3.91	$15.08	$20.36
Distributable Cash Flow (LP)	$225.09	$273.30	$99.32	$78.51	$75.38	$75.87	$329.08	$381.26
Distributable Cash Flow Per Unit	$1.86	$1.80	$0.58	$0.46	$0.44	$0.43	$1.91	$1.95
Total Distribution Coverage	104%	99%	127%	100%	96%	92%	104%	103%

Business Description

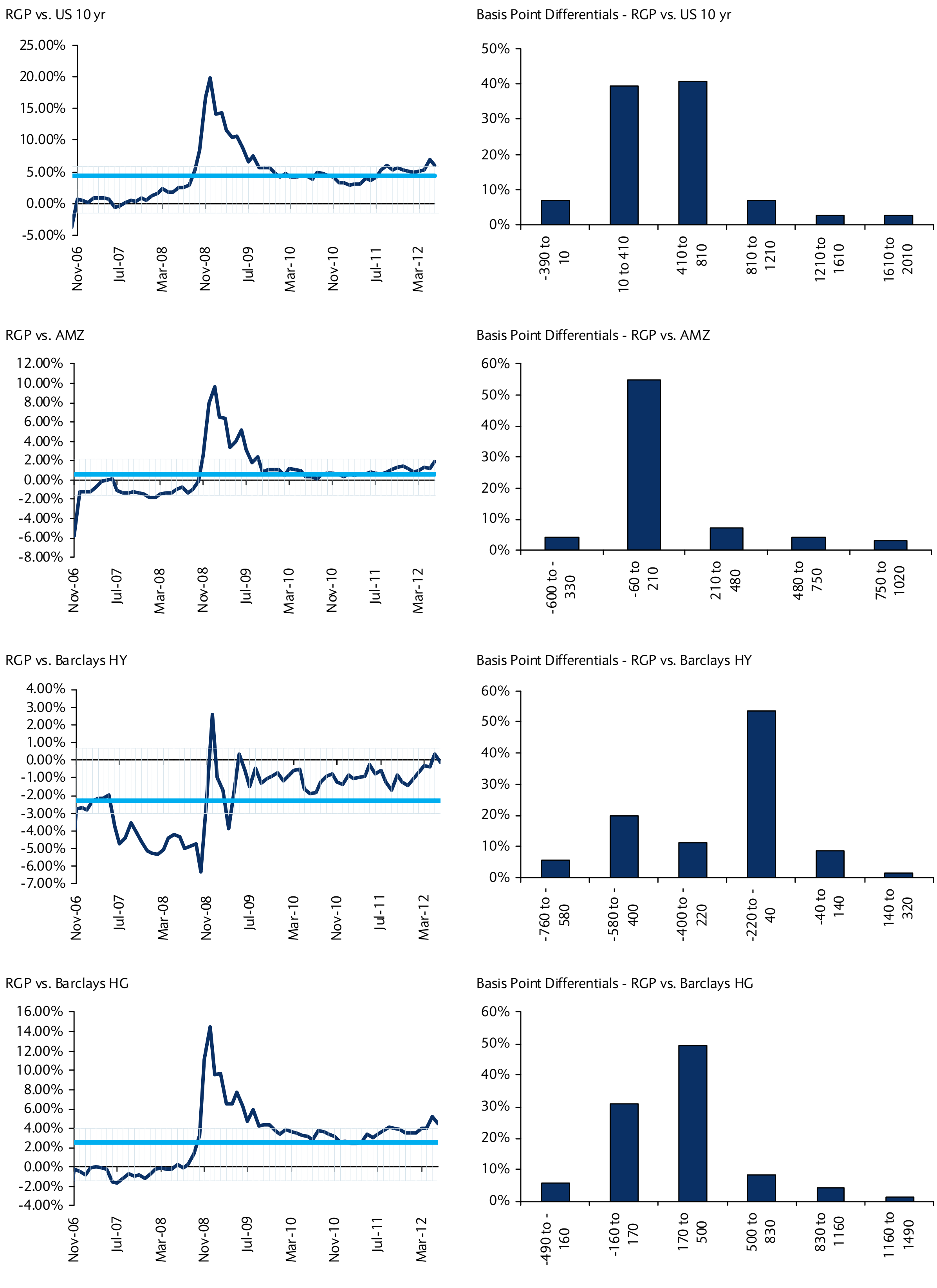
Regency Energy Partners LP is a growth-oriented, midstream energy partnership engaged in the gathering and processing, treating, compression, and transporting of natural gas and natural gas liquids. Regency's general partner is owned by Energy Transfer Equity, L.P.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Regency Energy Partners L.P. (RGP)	13.7x	12.5x	12.2x	1.3x	1.2x	1.2x	15.0x	12.8x	10.7x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 196: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $26 price target is based on a 12-month distribution run rate of $1.86 and a target yield of 7.25%.

Investment Thesis

We estimate that RGP will grow distributions at a CAGR of 2.7% over the next five years. Our forecast reflects flat distribution growth until 2014 due to tight coverage maintained by the company. While RGP's relative commodity price exposure is amongst the lowest in the group, RGP has maintained tight coverage in 2011 (~100%), providing little room to raise distribution in an environment that will put pressure on commodity exposed margins, which account for 18% of the business. While the company has a strong hedge position in 2012 leading to ~6% of margin exposed to commodity prices, the company has less volumes hedged for 2013 and onwards. Given more than $1.1 billion of committed capex, we forecast $200 mm of equity issuance in 2H 2012, which should bring RGP's 2013 leverage ratio to ~4.0x, after capex spending.

RGP has a well diversified asset base with 80% of margin generated from fixed fee business, which could lead to an improved valuation in the longer term, in our view. We recommend accumulation of RGP units for investors seeking yield without excessive risk.

Potential Catalysts / Timeline

- Timing / size of acquisitions, timing or large organic projects.
- Q2 2012 earnings release.

Fundamental Drivers

- Level of natural gas prices and drilling activities behind the pipelines.
- Ability to diversify supply of growth opportunities.
- Basis differentials between natural gas markets.
- Ability to secure new well connections.

Risk: Medium

Regency carries an average risk profile connected to movements in natural gas and NGL prices. A sharp decline in natural gas prices could impair volumes on gathering systems and a drop in NGL prices would crimp processing margins. While pure play G&P MLPs carry higher than average risk, Regency has lower than average exposure to commodity price in the group which supports our medium risk rating. Other risks include level of drilling activities, successfully identifying and executing accretive organic projects, and ability to raise capital to fund projects and acquisitions.

Rose Rock Midstream L.P. (RRMS)

Figure 197: Rose Rock Midstream L.P. (RRMS

Sub Sector: Refined Products & Crude Oil

Rating:	1-Overweight		**Annualized Distribution:**	$1.49
Price Target:	$27.00		**Yield:**	5.62%
Current Price:	$26.50	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	1.9%		**Dist. CAGR (Next 3 Yrs):**	10.52%
52 Week High / Low:	$27.09 - $19		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	FY 2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e	2014e
Cash Distribution Per Unit	$0.07	$0.37	$0.38	$0.39	$0.40	$1.55	$1.72	$1.96
Growth (YoY)	na					6.9%	11.0%	13.8%
Total Distribution Receiving Units (in mm)	16.78	16.78	16.78	16.78	16.78	16.78	20.66	22.34

Distributable Cash flow Calculation	FY 2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e	2014e
Net income	$23.24	$7.76	$6.11	$6.76	$6.51	$27.15	$37.74	$41.58
Depreciation expense	$11.38	$2.97	$3.00	$3.10	$4.71	$13.78	$25.50	$28.83
Interest expense	$1.82	$0.48	$0.51	$0.60	$2.44	$4.03	$15.75	$21.72
Other	($1.64)	$0.21	$0.00	$0.00	$0.00	$0.21	$0.00	$0.00
Adjusted EBITDA	$34.80	$11.41	$9.63	$10.47	$13.66	$45.16	$79.00	$92.14
Interest expense	($2.18)	($0.39)	($0.36)	($0.50)	($2.34)	($3.60)	($15.75)	($21.72)
Maintenance capex	($3.38)	($0.48)	($0.90)	($1.00)	($1.60)	($3.98)	($6.68)	($8.38)
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash flow	$29.23	$10.54	$8.36	$8.96	$9.72	$37.59	$56.57	$62.04
General Partner Cut	($0.02)	($0.13)	($0.13)	($0.13)	($0.14)	($0.53)	($0.91)	($2.41)
DCF prior to Dec 2011 IPO	($27.92)							
Distributable Cash Flow (LP)	$1.29	$10.41	$8.23	$8.83	$9.58	$37.06	$55.66	$59.63
Distributable Cash Flow Per Unit	$0.08	$0.62	$0.49	$0.53	$0.57	$2.21	$2.69	$2.67
Total Distribution Coverage	115%	167%	128%	134%	142%	142%	157%	136%

Business Description

Rose Rock Midstream, L.P. is a growth-oriented Delaware limited partnership recently formed by SemGroup® Corporation to own, operate, develop and acquire a diversified portfolio of midstream energy assets. Rose Rock Midstream provides crude oil gathering, transportation, storage and marketing services.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Rose Rock Midstream LP (RRMS)	na	12.0x	9.8x	na	0.7x	0.6x	na	15.7x	9.0x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $27 price target is based on a 12-month cash distribution run rate of $1.64 and a target yield of 6%. RRMS has stable cash flows and visible growth prospects from both organic projects and dropdowns, supporting our three-year distribution CAGR estimate of 9.6%.

Investment Thesis

We carry a 1-OW rating on RRMS. The Partnership is a crude oil pipeline and storage MLP with strategically located assets and an attractive 9.6% growth (3-year CAGR). Growth visibility supported by organic projects, including the Rockies, Mid-continent and Cushing plus dropdown opportunities. Cash flow stability is supported by 77% of gross margin generated from 64% fee-based and 13% fixed margin storage and pipeline services. Stability underpinned by take-or-pay contracts for storage capacity until 2016.

Potential Catalysts / Timeline

- Early August – second quarter earnings release.
- 2H12 – expected in-service date of Platteville, CO truck unloading and Cushing, OK terminal expansions.
- Late 2012 – potential update on White Cliffs crude oil pipeline dropdown.

Fundamental Drivers

- Crude oil production in the Rockies, Midcontinent and Bakken.
- Crude oil demand impacts refinery utilization rates.
- Storage rates for Cushing, OK terminal.
- Tariff rates on pipelines.
- Utilization of CO-OK White Cliffs crude oil pipeline.
- Pace of acquisitions and organic growth projects.

Risk: Low

RRMS has a relatively low risk profile due its stable, primarily fee-based cash flow stream generated from its midstream asset base. Approximately 77% of 2012e gross margin is generated from fee-based (64%) and fixed margin (13%) storage and pipeline services. The Partnership's stability is underpinned by take-or-pay contracts for its Cushing storage and a portion of its KS-OK pipeline capacity. In addition, RRMS' current Cushing expansion project is backed by five-year contracts. The remaining 23% of gross margin is comprised by marketing services.

Spectra Energy Partners, LP (SEP)

Figure 198: Spectra Energy Partners, LP (SEP)

Sub Sector: <--ENTER YOUR TICKER HERE

Rating:	2-Equal Weight		**Annualized Distribution:**	$1.92
Price Target:	$34.00		**Yield:**	5.99%
Current Price:	$32.07	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	6.0%		**Dist. CAGR (Next 3 Yrs):**	5.42%
52 Week High / Low:	$33.27 - $25.53		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$1.70	$1.85	$0.48	$0.48	$0.49	$0.49	$1.93	$2.04
Growth (YoY)	11.5%	7.5%	4.3%	4.3%	4.3%	4.2%	4.3%	6.0%
Total Distribution Receiving Units	80.93	93.08	96.30	96.30	100.00	100.00	98.15	103.51

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$147.93	$172.01	$52.40	$43.14	$48.05	$42.17	$185.76	$227.70
Interest Expense	$16.20	$25.00	$7.70	$7.57	$11.32	$11.32	$37.92	$42.35
Depreciation and Amortization	$29.40	$33.20	$9.30	$8.36	$10.66	$8.30	$36.63	$39.49
Others	$12.12	$18.16	$6.10	$8.19	$6.34	$5.17	$25.85	$34.67
Adjusted EBITDA	$205.65	$248.37	$75.50	$67.27	$76.37	$66.97	$286.16	$344.21
Net Interest Expense	($15.70)	($22.95)	($7.70)	($7.57)	($11.32)	($11.32)	($37.92)	($38.35)
Cash Paid for Income Tax	($0.65)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Maintenance Capital Expenditures	($14.80)	($13.06)	($1.70)	($7.38)	($6.68)	($3.80)	($19.55)	($21.55)
Distributable Cash flow	$174.50	$212.36	$66.10	$52.33	$58.37	$51.84	$228.69	$284.31
General Partner Cut	($10.48)	($20.48)	($6.48)	($6.97)	($7.73)	($8.23)	($29.42)	($43.09)
Distributable Cash Flow (LP)	$164.02	$191.88	$59.62	$45.36	$50.64	$43.61	$199.27	$241.21
Distributable Cash Flow Per Unit	$2.03	$2.06	$0.62	$0.47	$0.51	$0.44	$2.03	$2.33
Common Distribution Coverage	134%	110%	129%	97%	103%	88%	104%	113%
Total Distribution Coverage	116%	110%	129%	97%	103%	88%	104%	113%

Business Description

Spectra Energy Partners, LP owns interests in natural gas transportation and storage assets in the United States, including more than 3,200 miles of transmission and gathering pipelines and approximately 57 billion cubic feet (Bcf) of natural gas storage. These assets are capable of transporting 3.6 Bcf of natural gas per day from growing supply areas to high-demand markets.

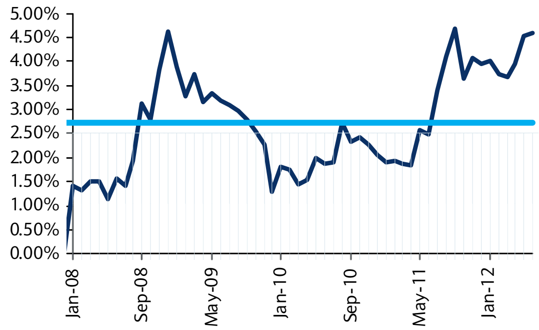
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Spectra Energy Partners L.P. (SEP)	15.4x	15.8x	13.8x	1.3x	1.4x	1.2x	17.8x	15.9x	13.8x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

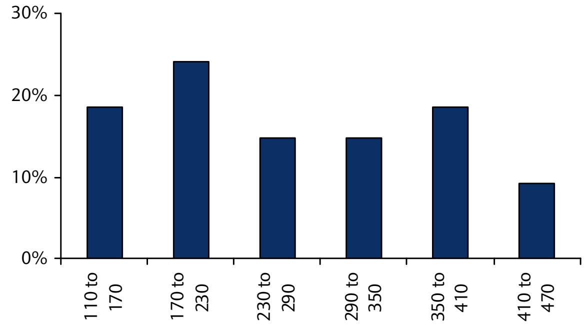
Source: Company filings, FactSet, Barclays Research

Figure 199: Historical Yield Spreads

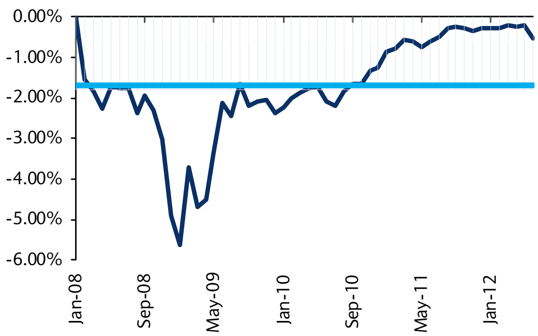
SEP vs. US 10 yr



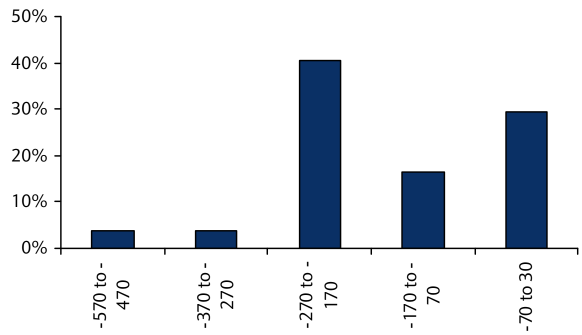
Basis Point Differentials - SEP vs. US 10 yr



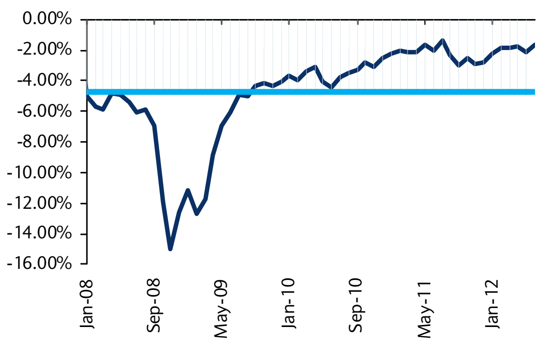
SEP vs. AMZ



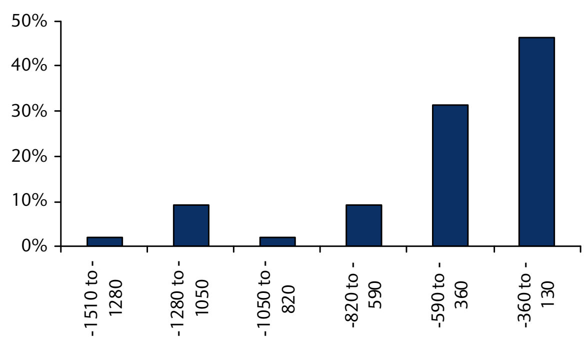
Basis Point Differentials - SEP vs. AMZ



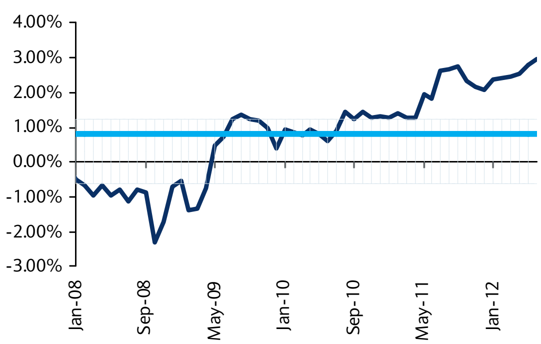
SEP vs. Barclays HY



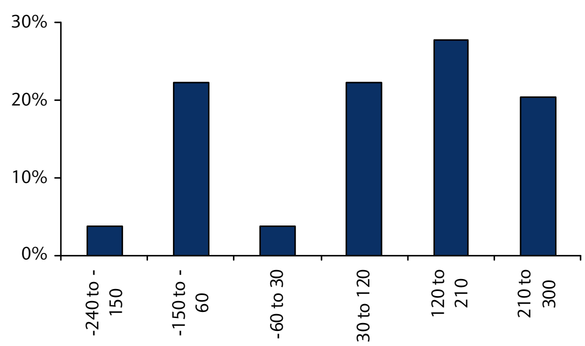
Basis Point Differentials - SEP vs. Barclays HY



SEP vs. Barclays HG



Basis Point Differentials - SEP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our price target of $34 is based on an estimated 12-month distribution run rate of $2.04 and a yield of 6.0%. Our present forecast incorporates organic growth tied to expansions for Egan, Moss Bluff, Gulfstream and East Tennessee as well as our expectations for annual third party acquisitions in 2013–16 to drive 6% distribution growth.

Investment Thesis

Spectra Energy Partners was formed by Spectra Energy for strategic purposes and should benefit from SE's scale, physical footprint and relationships. Spectra's asset base serves as a gateway to premium-priced, growing gas markets which sets up an extensive array of organic growth opportunities that we believe are capable of driving unit distribution growth at high single digit growth with annual third-party acquisitions.

Potential Catalysts / Timeline

SEP has indicated that the growth strategy employed by the MLP is underpinned by 1) organic expansions, 2) M&A transactions 3) dropdowns from the general partner. On 7/1/11, SEP's acquisition of the Big Sandy pipeline was completed, nicely complementing the partnership's existing footprint while providing an incremental steady and visible stream of cash flow.

We think the MLP will continue this approach and have assumed yearly organic expansions of $200 million in addition to the already announced projects and annual acquisitions of $250 million during the 2012-2016 timeframe, all of which should push the IDR deeper into the 50% splits.

Fundamental Drivers

- Level of natural gas price and drilling activities behind the pipelines
- Dropdowns from the GP
- Ability to recontract capacity
- Ability to develop and integrate expansion projects
- Basis differentials between natural gas markets

Risk Profile: Low

Our risk profile is supported by several items including a strong GP with a large inventory of high quality assets suitable for drop-downs and exposure to high growth markets. Interstate pipeline assets have a blended contract life of over 12 years exceeding the typical 3–5 year duration evidenced in competitive or declining markets. Capacity payments comprise over 90% of cash flows. We expect capacity expansion opportunities to arise beyond current projects under development given SEP's strategic locations in high growth areas.

Suburban Propane Partners, LP (SPH)

Figure 200: Suburban Propane Partners, LP (SPH)

Sub Sector: Wholesale Distribution

Rating:	3-Underweight	**Annualized Distribution:**	$3.41
Price Target:	$42.00	**Yield:**	7.78%
Current Price:	$43.82 (as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	5.75%
Potential Upside to Target:	-4.2%	**Dist. CAGR (Next 3 Yrs):**	1.71%
52 Week High / Low:	$51.5 - $34.58	**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12e	4Q12e	FY2012e	FY2013e
Cash Distribution Per Unit	$3.37	$3.41	$0.85	$0.85	$0.85	$0.85	$3.41	$3.50
Growth (YoY)	2.7%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%
Total Distribution Receiving Units	35.49	35.63	35.78	35.84	35.84	41.70	37.29	55.46
Distributable Cash Flow Calculation	**FY2010**	**FY2011**	**1Q12**	**2Q12**	**3Q12e**	**4Q12e**	**FY2012e**	**FY2013e**
EBIT	$153.37	$143.23	$30.29	$56.13	$1.84	($13.59)	$74.66	$274.92
Depreciation and Amortization	$30.83	$35.63	$7.79	$7.65	$9.00	$9.00	$33.43	$60.00
Restructuring Charges	$2.82	$2.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Others	$0.00	$0.00	$1.05	$2.08	$0.00	$0.00	$3.13	$0.00
Adjusted EBITDA	$187.02	$180.86	$39.12	$65.85	$10.84	($4.59)	$111.22	$334.92
Net Interest Expense	$27.40	$27.38	$6.84	$6.43	$6.79	$6.79	$26.85	$97.08
Maintenance Capital Expenditures	$9.70	$10.13	$1.86	$3.37	$2.85	$2.90	$10.98	$18.00
Others	$0.00	($0.15)	$0.00	$0.00	$0.00	$0.00	$0.00	$25.00
Distributable Cash flow	$149.92	$143.50	$30.42	$56.06	$1.19	($14.28)	$73.40	$194.85
Distributable Cash Flow (LP)	$149.92	$143.50	$30.42	$56.06	$1.19	($14.28)	$73.40	$194.85
Distributable Cash Flow Per Unit	$4.22	$4.03	$0.85	$1.56	$0.03	($0.34)	$1.97	$3.51
Total Distribution Coverage	125%	118%	100%	183%	4%	-40%	58%	100%

Business Description

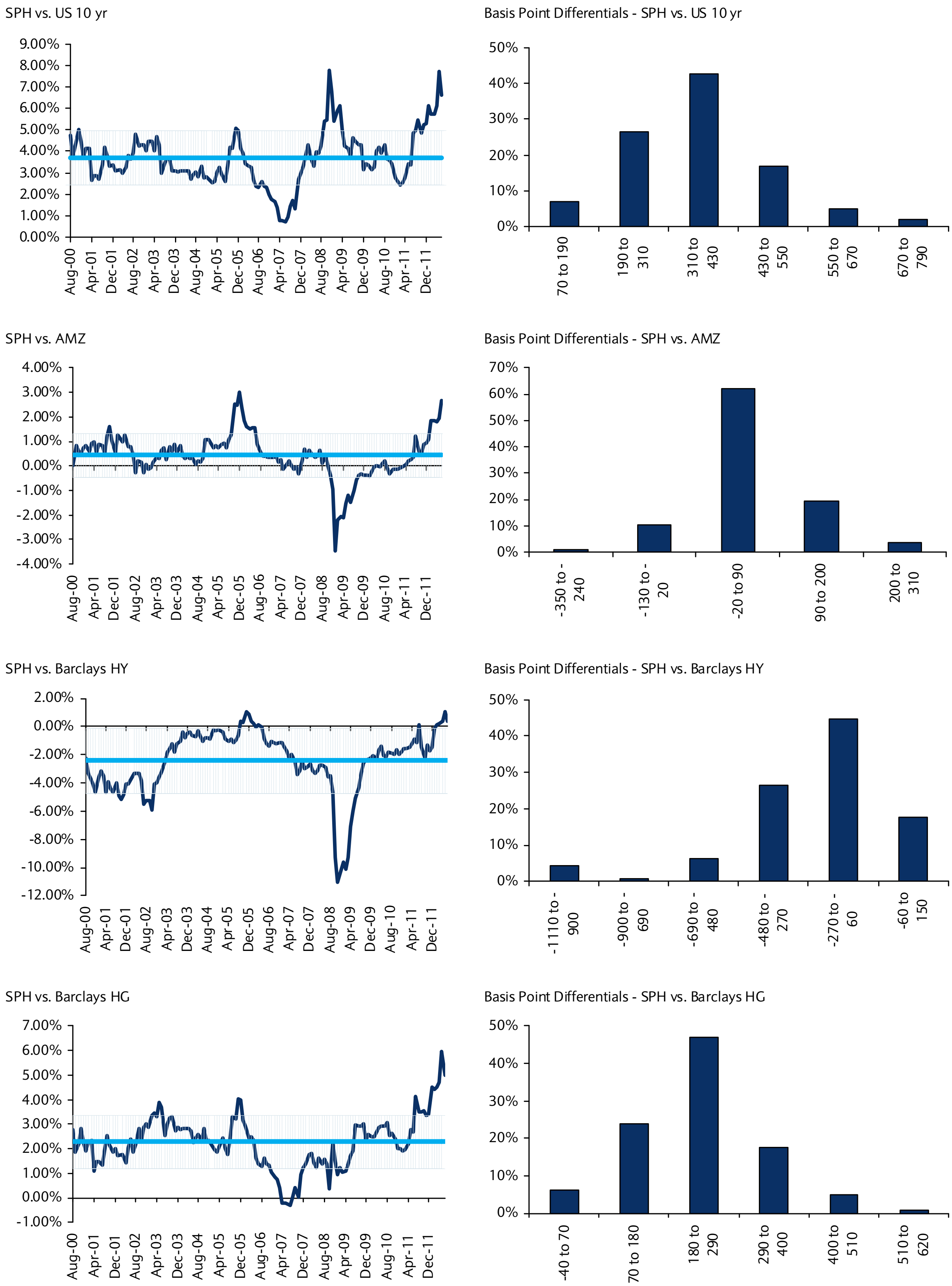
Suburban Propane Partners, L.P., through its subsidiaries, engages in the retail marketing and distribution of propane, fuel oil, and refined fuels, and the marketing of natural gas and electricity in the United States. The Partnership serves the energy needs of approximately 750,000 residential, commercial, industrial and agricultural customers through more than 300 locations in 30 states.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Suburban Propane Partners L.P. (SPH)	12.1x	22.3x	12.5x	1.5x	2.3x	1.3x	12.2x	18.1x	5.7x
Wholesale Distribution	11.0x	18.6x	12.0x	1.1x	1.9x	1.1x	12.8x	15.7x	11.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 201: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $42 price target is based on a 12-month cash distribution run rate of $3.50 and a target yield of 8.25%.

Investment Thesis

We expect the propane sector to continue to face margin and volume pressures due to rising wholesale propane prices and customer conservation. We believe SPH can use its strong balance sheet and no IDR structure to achieve acquisition-led growth and offset volume declines in the base business. We believe the recently announced acquisition of NRGY's retail propane assets is positive by increasing consolidation in the fragmented US retail propane industry and supports 2% distribution CAGR at SPH.

Potential Catalysts / Timeline

- August 2 – third quarter earnings release
- Potential acquisitions that would provide both economies of scale and operating synergies.
- 2H12 – Expected close of NRGY retail propane acquisition

Fundamental Drivers

- Cold weather drives propane and heating oil sales.
- Gross profit and EBITDA per retail gallon margins are affected by propane prices and procurement costs.
- Customer retention rates and ability to expand margins in heating oil business.

Risk: Medium

In general, weather conditions have a significant effect on propane demand for heating and agricultural purposes. As such, propane partnerships tend to have a higher risk profile than pipelines, given propane's seasonality of operations and vulnerability to warm temperatures in the winter. We believe the partnership's strong liquidity and leverage profile helps mitigate these risks in the near term.

Sunoco Logistics Partners, LP (SXL)

Figure 202: Sunoco Logistics Partners, LP (SXL)

Sub Sector: Refined Products & Crude Oil

Rating:	2-Equal Weight		**Annualized Distribution:**	$1.71
Price Target:	$39.00		**Yield:**	4.49%
Current Price:	$38.05	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	11.49%
Potential Upside to Target:	2.5%		**Dist. CAGR (Next 3 Yrs):**	7.16%
52 Week High / Low:	$42.11 - $24.4		**Tax Deferral:**	75%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12e**	**3Q12e**	**4Q12e**	**2012e**	**2013e**
Cash Distribution Per Unit	$1.54	$1.64	$0.43	$0.44	$0.44	$0.45	$1.76	$1.88
Growth (YoY)	-63.5%	6.6%	7.3%	7.4%	7.1%	7.1%	7.2%	7.3%
Total Distribution Receiving Units (in mm)	95.7	101.9	103.9	103.9	103.9	106.7	104.6	109.3

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12e**	**3Q12e**	**4Q12e**	**2012e**	**2013e**
Operating Income	$300.6	$436.0	$129.0	$104.9	$101.9	$110.2	$445.9	$496.5
Depreciation, Depletion & Amortization	$64.0	$86.0	$25.0	$28.0	$28.0	$28.0	$109.0	$114.2
Other	$1.0	$22.0	$7.0	$0.0	$0.0	$0.0	$7.0	$0.0
Adjusted EBITDA	$365.5	$544.0	$161.0	$132.9	$129.9	$138.2	$561.9	$610.6
Net Interest Expense	$73.1	$89.0	$24.0	$23.3	$24.3	$23.7	$95.4	$106.4
Maintenance Capital Expenditures	$37.0	$42.0	$7.0	$11.0	$12.0	$20.0	$50.0	$55.0
Other	$7.0	$25.0	$8.0	$7.3	$7.0	$7.8	$30.1	$27.3
Distributable Cash flow	$248.5	$388.0	$122.0	$91.2	$86.6	$86.7	$386.5	$421.9
General Partner Cut	$44.6	$50.0	$14.0	$14.3	$14.8	$17.0	$60.1	$75.1
Distributable Cash Flow (LP)	$203.9	$338.0	$108.0	$76.9	$71.8	$69.6	$326.3	$346.9
Distributable Cash Flow Per Unit	$2.13	$3.32	$1.04	$0.74	$0.69	$0.65	$3.12	$3.17
Total Distribution Coverage	139%	203%	243%	170%	156%	145%	178%	169%

Business Description

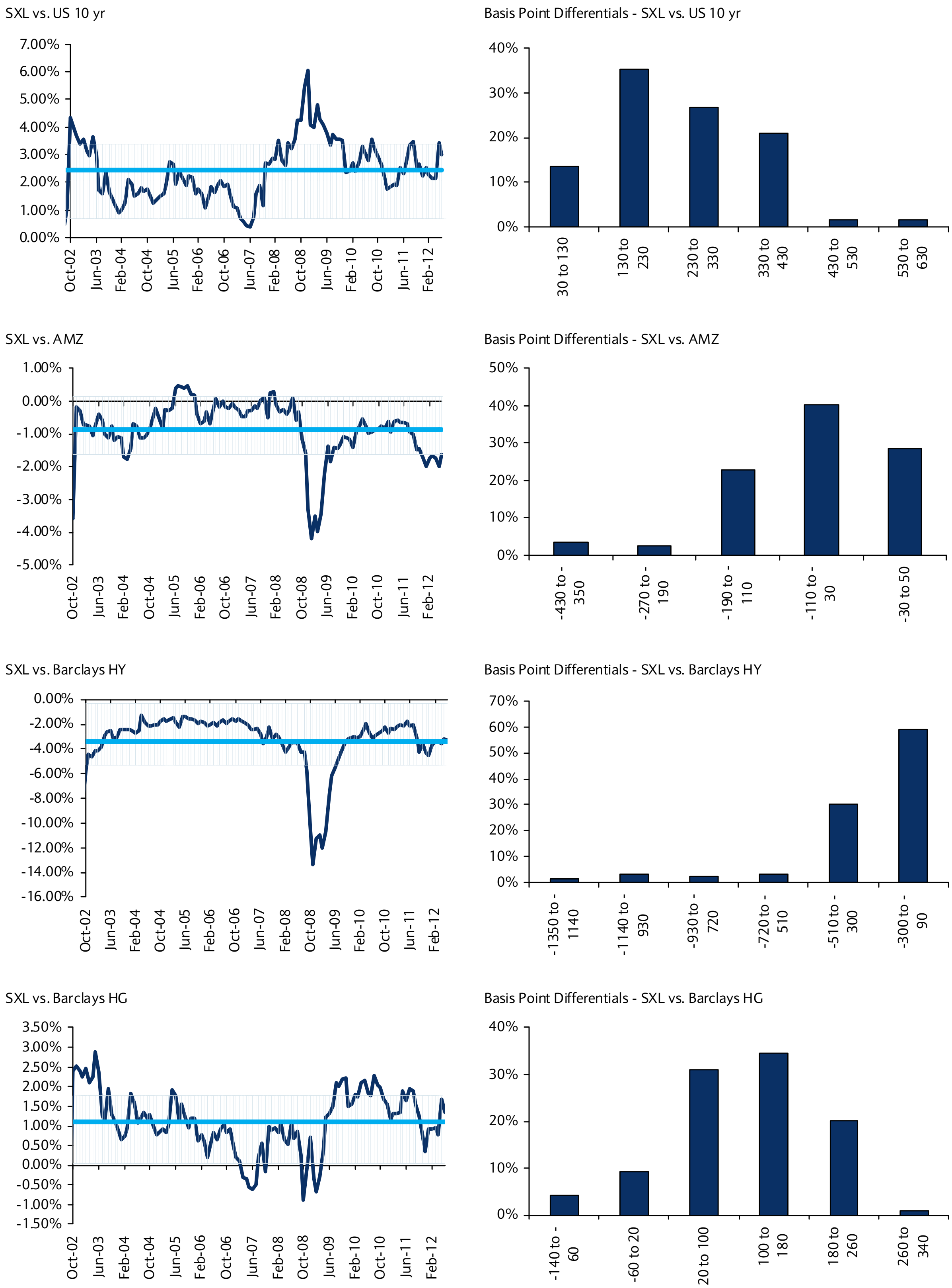
Sunoco Logistics Partners L.P. owns and operates a logistics business consisting of a geographically diverse portfolio of complementary pipeline, terminalling and crude oil acquisition and marketing assets.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Sunoco Logistics Partners L.P. (SXL)	12.9x	12.2x	12.0x	1.2x	1.0x	1.0x	13.7x	11.9x	11.2x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 203: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $39 price target is based on a 12-month cash distribution run rate of $1.83 and a target yield of 4.7%. With the support of a primarily stable, fee-based businesses, attractive liquids growth projects and low cost of capital (investment grade credit rating and reduction in IDRs), we believe SXL has solid long-term growth prospects.

Investment Thesis

We carry a 2-Equal Weight rating on SXL. The Partnership has a modestly above-average distribution growth rate and a relatively low risk profile. However, we believe the favorable characteristics are largely reflected in the current valuation as SXL trades at a premium to our MLP coverage universe. We view acquisitions as a likely call option that could drive stronger-than-targeted distribution growth and upside to our expected value proposition return.

Potential Catalysts / Timeline

- Late July – second quarter earnings release.
- 1Q13 – expected in-service date of 30,000 bpd West TX-Houston crude pipe expansion and 40,000 bpd West TX-Nederland expansion
- Mid 2013 – expected in-service date of 50,000 bpd Mariner West ethane pipeline

Fundamental Drivers

- Refined product consumption/refinery utilization rates drive pipeline and terminal volumes.
- Tariff rates on pipelines and terminals.
- Third party demand for crude oil storage.
- Lease gathering and marketing operations are driven by the volatility and forward slope of crude oil prices.
- Acquisitions and organic growth projects drive distribution growth

Risk: Low

The low risk profile is supported by a high-quality asset base serving core refining markets and strategically located storage assets primarily under long-term contracts. The growing need for crude oil imports, given the supply/demand imbalance in the Northeast and Midwest markets, underpins stable demand levels for products on its systems. The strategic relationship with independent refiner Sunoco adds to SXL's low-risk profile, in our view. A key risk is a decline in refined product consumption. It is worth noting that refined product demand is fairly stable historically. Although cash flows generated from the Crude Oil Pipeline Segment could be volatile on a quarterly basis, management's ability to successfully integrate acquisitions has dampened the volatility in this business, which is the only segment in its portfolio that carries an above-average risk profile.

Targa Resources Partners, LP (NGLS)

Figure 204: Targa Resources Partners, LP (NGLS)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$2.57
Price Target:	$49.00		**Yield:**	6.80%
Current Price:	$37.79	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	14.74%
Potential Upside to Target:	29.7%		**Dist. CAGR (Next 3 Yrs):**	8.41%
52 Week High / Low:	$45.42 - $28.83		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$2.13	$2.31	$0.62	$0.64	$0.66	$0.68	$2.61	$2.74
Growth (YoY)	2.90%	8.57%	11.66%	12.72%	13.73%	13.28%	12.86%	5.00%
Total Distribution Receiving Units	74.41	87.24	90.89	90.89	90.89	90.89	90.89	95.95

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12E**	**3Q12E**	**4Q12E**	**2012E**	**2013E**
Net Income	$82.30	$214.80	$70.10	$56.69	$46.98	$53.65	$227.43	$269.41
Interest Expense	$85.20	$107.70	$29.40	$28.55	$29.68	$32.59	$120.22	$152.84
Depreciation and Amortization	$149.70	$178.20	$46.70	$45.44	$45.44	$45.44	$183.02	$186.68
Others	$31.00	$0.50	($0.80)	($1.25)	($1.25)	($1.25)	($4.55)	$5.00
Adjusted EBITDA	$348.20	$501.20	$145.40	$129.44	$120.85	$130.43	$526.12	$613.94
Net Interest Expense	($85.20)	($107.70)	($29.40)	($28.55)	($29.68)	($32.59)	($120.22)	($152.84)
Maintenance Capital Expenditures	($44.50)	($83.70)	($16.50)	($20.00)	($20.00)	($20.00)	($76.50)	($85.00)
Others	$14.10	$32.30	$6.20	$0.00	$0.00	$0.00	$6.20	$0.00
Distributable Cash flow	$232.60	$342.10	$105.70	$80.88	$71.18	$77.84	$335.60	$376.10
General Partner Cut	$20.60	$39.84	$14.38	$16.20	$18.02	$19.84	$68.44	$84.78
Distributable Cash Flow (LP)	$212.00	$302.26	$91.32	$64.68	$53.16	$58.00	$267.16	$291.32
Distributable Cash Flow Per Unit	$2.85	$3.46	$1.00	$0.71	$0.58	$0.64	$2.94	$3.04
Total Distribution Coverage	134%	150%	161%	111%	88%	94%	113%	111%

Business Description

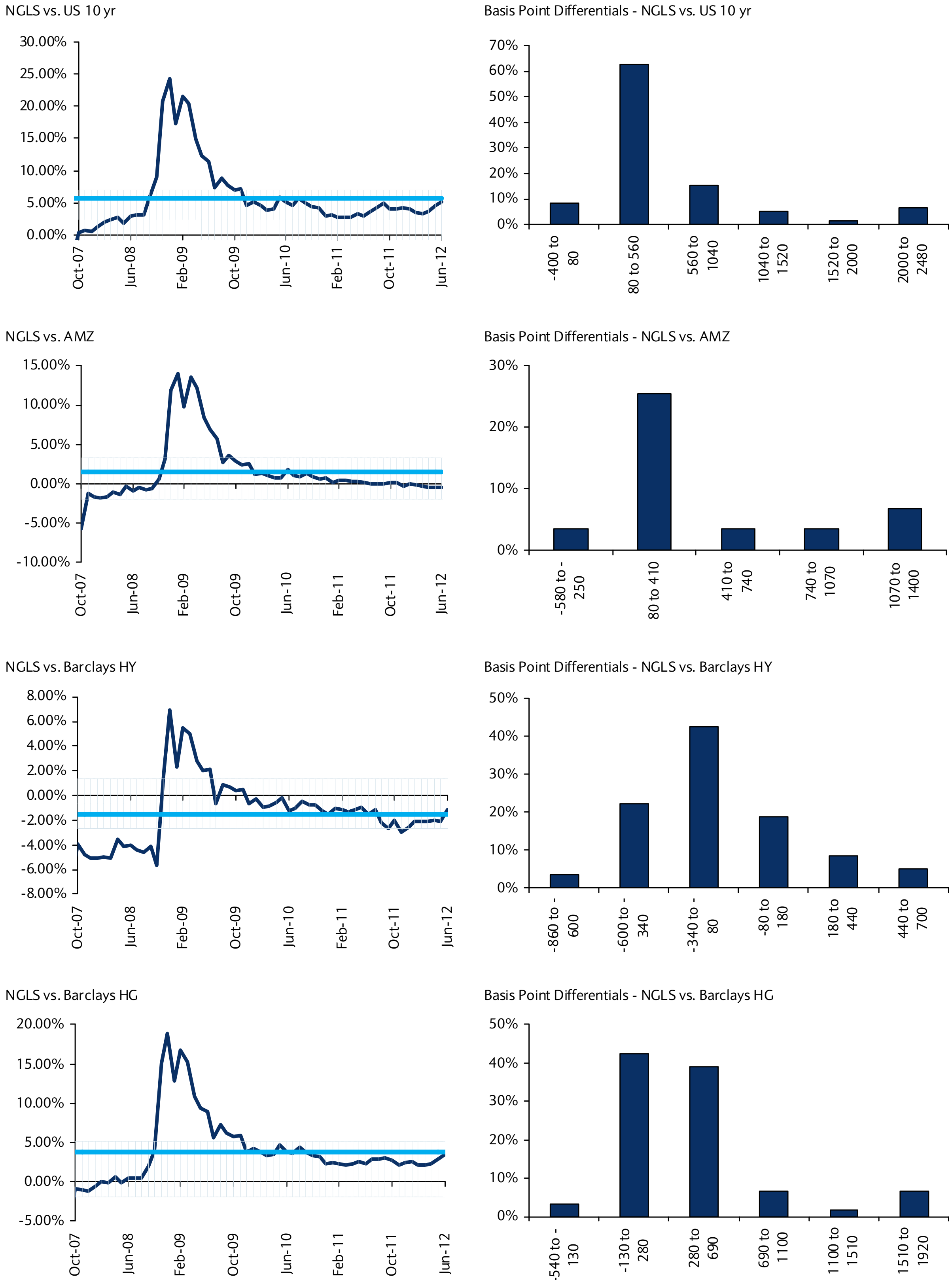
Targa Resources Partners is engaged in the business of gathering, compressing, treating, processing and selling natural gas and storing, fractionating, treating, transporting and selling natural gas liquids, or NGLs, and NGL products.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Targa Resources Partners L.P. (NGLS)	11.7x	12.9x	12.4x	0.8x	0.8x	0.8x	12.8x	12.2x	10.5x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 205: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $49 price target is based on a 12-month distribution run rate of $2.79 and a target yield of 5.75%

Investment Thesis

We continue to believe NGLS has solid distribution growth prospects given the favorable positioning of its asset base. Targa's G&P assets are in regions experiencing strong drilling activity driven by favorable NGL economics. We believe Targa should be able to deliver its 10-15% guided distribution growth (we have 13%), given strong coverage maintained (Q1 was 150%). While we expect 2013 growth to slow, we expect 2014 growth to pick up due to contributions from organic projects.

We recently adjusted our 5-year distribution growth forecast to 7.8% CAGR, from 8.5% previously, driven by reduced commodity price estimates. We forecast 7% growth in 2013 and 8% in 2014, driven by major new projects making full year contributions during the year. Targa is currently executing over $1 billion of organic projects, ~$800 mm of which will come into service in 2013, resulting in $100+ mm of incremental EBITDA in 2014 vs. 2013. These projects (fractionation plants, propane export terminal, petroleum logistics, etc.) have fee-based contracts whose economics are less dependent on commodity prices.

Targa also has a very strong balance sheet, with a leverage ratio of ~2.6x in 1Q 2012. With $160 mm of equity capital raised in Q1, we do not forecast additional equity issuance for the remainder of 2012. We forecast Targa to exit 2012 with a relatively low leverage ratio of 3.3x, providing ample financing flexibility for 2013. We believe Targa is one of the better positioned mid-cap G&P MLPs to weather more bearish commodity price scenarios. As indicated by the company, we believe NGLS will be able to maintain better than 1.0x coverage in 2012 and 2013, even under lower commodity price scenarios. Our 2013 coverage estimate takes into account 10-15% guided 2012 distribution growth.

Potential Catalysts / Timeline

- Ability to source and close accretive acquisitions.
- Announcement of accretive projects.
- August 6 – Q2 2012 earnings release.

Fundamental Drivers

- Commodity prices and production activities.
- Ability to grow customer base with the support of acquisitions.

Risk: Medium/High

Targa carries an above-average risk profile connected to movements in natural gas and NGL prices in the long term. On the other hand, the partnership's 2012 volumes are substantially hedged with commodity derivatives (74% NGL, 75% Gas, 74% Condensate) providing protection against commodity price volatility. When hedges roll off, a sharp decline in natural gas prices could impair volumes on gathering systems and a drop in NGL prices would crimp processing margins.

TC Pipelines, LP (TCP)

Figure 206: TC Pipelines, LP (TCP)

Sub Sector:

Rating:	2-Equal Weight		**Annualized Distribution:**	$3.08
Price Target:	$45.00		**Yield:**	6.92%
Current Price:	$44.54	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	4.02%
Potential Upside to Target:	1.0%		**Dist. CAGR (Next 3 Yrs):**	2.43%
52 Week High / Low:	$49.04 - $38.2		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.96	$3.06	$0.77	$0.77	$0.78	$0.78	$3.10	$3.19
Growth (YoY)	2.2%	3.4%	2.7%	0.0%	1.3%	1.3%	1.3%	3.0%
Total Distribution Receiving Units	46.20	51.04	53.50	53.50	53.50	53.50	53.50	53.50

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$137.21	$157.43	$39.37	$33.92	$34.20	$31.96	$139.45	$143.74
Cash Flows Provided by Tuscarora	$23.94	$45.51	$6.30	$11.18	$13.16	$10.23	$40.86	$44.59
Cash Distribution from Great Lakes	$69.16	$73.04	$11.01	$12.12	$14.55	$11.43	$49.10	$47.22
Cash Distribution from Northern Border	$86.09	$98.97	$24.99	$27.63	$19.87	$24.14	$96.63	$100.75
Cash Distributions from North Baja	$29.50	$6.80	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cash Distributions from GTN and Bison	$0.00	$38.20	$9.00	$10.00	$10.00	$10.00	$39.00	$40.00
	$345.89	$419.96	$90.66	$94.85	$91.78	$87.75	$365.04	$376.30
Tuscarora's Net Income	($16.20)	($35.31)	($1.04)	($7.98)	($8.20)	($7.89)	($25.10)	($32.43)
North Baja's Net Income	($20.70)	($5.60)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Equity Income from Great Lakes	($58.77)	($59.49)	($8.83)	($10.68)	($8.59)	($4.64)	($32.74)	($35.95)
Equity Income from GTN and Bison	$0.00	($18.60)	($9.00)	($8.84)	($8.60)	($8.70)	($35.14)	($35.14)
Equity Income from Northern Border	($67.34)	($75.52)	($20.50)	($15.69)	($18.07)	($20.00)	($74.26)	($76.83)
Distributable Cash flow	$182.88	$225.44	$51.30	$51.65	$48.31	$46.53	$197.79	$195.95
General Partner Cut	$2.81	$3.06	$1.04	$0.94	$0.94	$1.04	$3.96	$4.61
Distributable Cash Flow (LP)	$180.07	$222.38	$50.26	$50.71	$47.37	$45.49	$193.83	$191.34
Distributable Cash Flow Per Unit	$3.90	$4.36	$0.94	$0.95	$0.89	$0.85	$3.62	$3.58
Total Distribution Coverage	132%	142%	122%	123%	114%	109%	117%	112%

Business Description

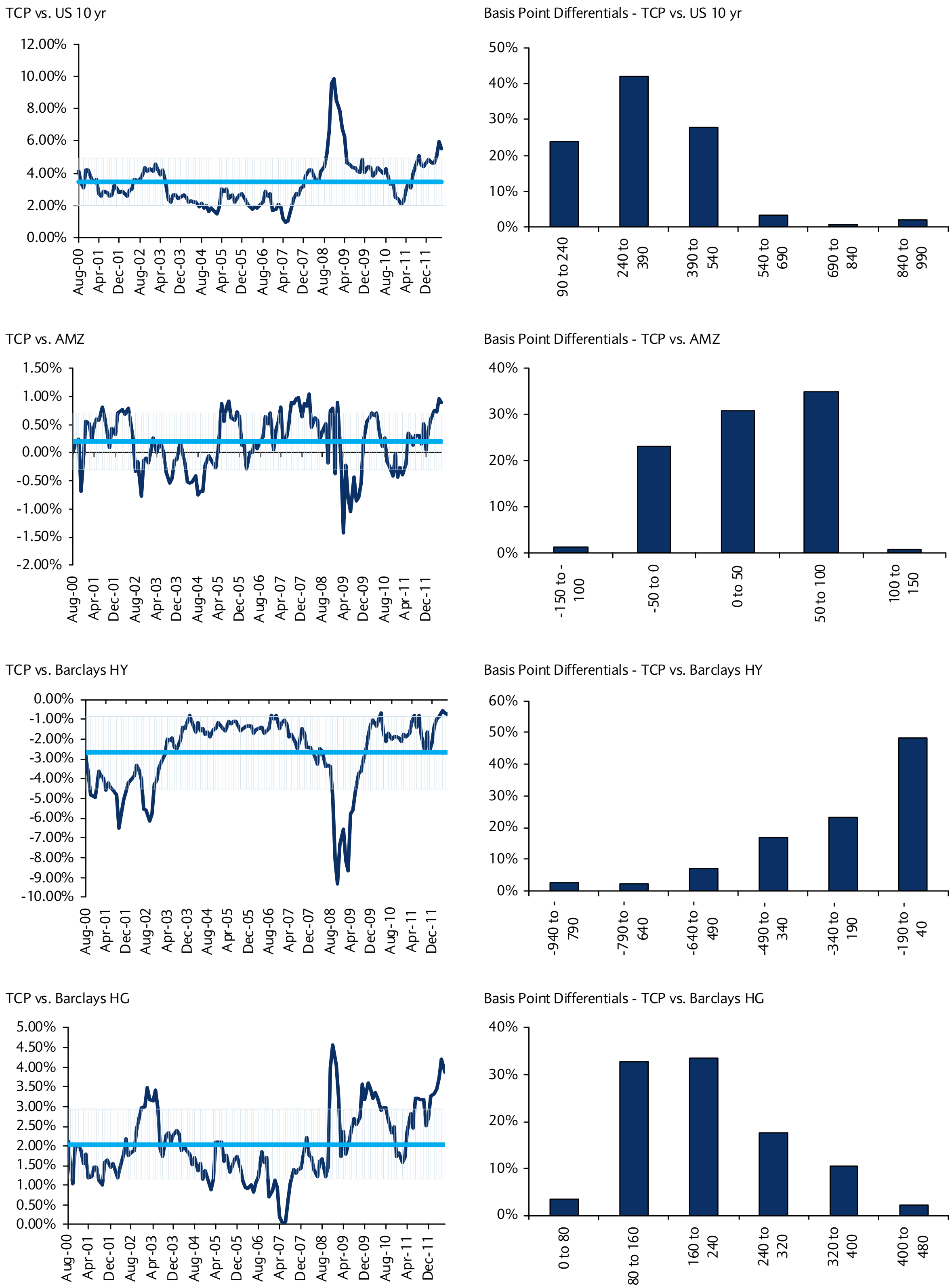
TC PipeLines, LP has interests in over 5,550 miles of federally regulated U.S. interstate natural gas pipelines which serve markets across the United States and Eastern Canada. This includes significant interests in Great Lakes Gas Transmission Limited Partnership and Northern Border Pipeline Company as well as 25 percent ownership interest in each of Gas Transmission Northwest LLC, and Bison Pipeline LLC. TC PipeLines, LP also has 100 percent ownership of North Baja Pipeline, LLC and Tuscarora Gas Transmission Company.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
TC PipeLines L.P. (TCP)	12.9x	12.3x	12.5x	1.2x	1.3x	1.3x	11.1x	12.4x	12.2x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Figure 207: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $45 price target is based on a 12-month annualized cash distribution run rate of $3.12 and a target yield of 7.0%.

Investment Thesis

We estimate the current asset base can support organic distribution growth of 3% over the duration of our forecast given niche expansion projects and the maintenance of a healthy coverage ratio. As TransCanada works through a $20 billion multi-year capital program, TCP has the potential to play a key role in the general partner's financing needs. TransCanada has a large portfolio of assets suitable for dropdowns into the MLP as illustrated by the $605 million dropdowns of GTN and Bison, which was financed at the MLP with an equity offering of $338M in May 2011 and $350 million in senior notes. We believe management will look for third party acquisitions as well for growth.

Potential Catalysts / Timeline

Approximately 78% of contract capacity on the Great Lakes is expected to expire in October 2012. The current contracts in place are short term and at rates substantially lower than prices in 2011. It remains to be seen if TCP can secure long term contracts on Great Lakes and at what prices. We expect more color on future conference calls. At this time, we expect the pipeline may experience some headwinds as shippers have negotiating leverage and could potentially receive better netbacks by sending their supply down the Canadian Mainline depending on how the TransCanada toll situation works out.

While Northern Border faced some challenges tied to the commencement of Rockies Express in the past, the overhang issues tied to the oversupply seen in their end markets has diminished due to the Eastern extension of REX, positioning the pipeline to benefit as shippers opt for transporting supplies via Northern Border vs. taking it to eastern Canadian markets. As of July 2012, Northern Border is fully sold out of its capacity until March 2013 and two-thirds contracted through 2014.

Fundamental Drivers

- Natural gas production levels in western Canada.
- Natural gas consumption levels in the Midwest and Pacific Northwest regions which are driven by weather (heating/cooling load), economic conditions, conservation and potential fuel switching.
- We believe acquisitions or potential dropdowns from the GP are required to drive growth as on-system expansions appear relatively limited.

Risk Profile: Low/Medium

Strong balance sheet and distribution coverage ratio, stable cash flows secured by fee-based contracts, and synergistic relationship with its GP underpin the historically low risk profile. The "medium" taint reflects the higher risks related to exposure to natural gas imports from Western Canada and uncontracted Great Lakes pipeline capacity. Although the Midwest region continues to sustain its historical average market share of natural gas imports, there are concerns connected to the drilling activities in western Canada and the level of imports given a growing percentage of supplies retained in the region for the production of crude oil.

Tesoro Logistics LP (TLLP)

Figure 208: Tesoro Logistics LP (TLLP)

Sub Sector: Refined Products & Crude Oil

Rating:	1-Overweight		**Annualized Distribution:**	$1.51
Price Target:	$38.00		**Yield:**	4.08%
Current Price:	$37.00	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	2.7%		**Dist. CAGR (Next 3 Yrs):**	15.27%
52 Week High / Low:	$37.36 - $21.07		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010 PF	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Cash Distribution Per Unit	na	$1.39	$0.38	$0.39	$0.41	$0.42	$1.60	$1.85
Growth (YoY)							15.32%	15.47%
Total Distribution Receiving Units (in mm)	na	30.51	30.55	30.55	30.55	30.55	30.55	32.55

Distributable Cash flow Calculation	2010 PF	2011	1Q12	2Q12e	3Q12e	4Q12e	2012e	2013e
Net income	$42.47	$27.95	$11.56	$12.27	$13.45	$13.52	$50.79	$84.17
Depreciation expense	$8.01	$8.08	$2.00	$2.50	$2.70	$2.70	$9.90	$13.90
Interest expense	$2.41	$1.61	$0.51	$0.99	$1.17	$1.52	$4.19	$8.87
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted EBITDA	$52.89	$37.63	$14.07	$15.75	$17.32	$17.74	$64.88	$106.94
Interest expense	($2.01)	($1.17)	($0.37)	($0.89)	($1.07)	($1.42)	($3.74)	($8.87)
Maintenance capex	($1.70)	($1.88)	$0.07	($1.70)	($1.70)	($1.70)	($5.03)	($6.50)
Other	($3.23)	$0.49	($0.15)	$0.00	$0.00	$0.00	($0.15)	$0.00
Distributable Cash flow	$45.95	$35.07	$13.62	$13.17	$14.55	$14.62	$55.95	$91.57
General Partner Cut	na	($0.89)	($0.24)	($0.27)	($0.35)	($0.43)	($1.28)	($3.54)
Distributable Cash Flow (LP)	na	$34.18	$13.38	$12.90	$14.20	$14.19	$54.67	$88.03
Distributable Cash Flow Per Unit	na	$1.12	$0.44	$0.42	$0.46	$0.46	$1.79	$2.70
Total Distribution Coverage	na	118%	116%	107%	114%	110%	112%	144%

Business Description

Tesoro Logistics LP, is a fee-based, growth-oriented Delaware limited partnership formed by Tesoro Corporation to own, operate, develop and acquire crude oil and refined products logistics assets.

	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Tesoro Logistics LP (TLLP)	20.7x	20.7x	13.7x	1.4x	1.1x	0.7x	21.3x	19.8x	11.9x
Refined Products & Crude Oil	20.5x	14.9x	13.3x	1.3x	1.2x	1.1x	15.2x	14.6x	12.1x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $38 price target is based on a 12-month cash distribution run rate of $1.75 and a target yield of 4.6%. The low yield is based on strong growth prospects due to dropdown and Bakken Shale exposure and a below-average risk profile.

Investment Thesis

We carry a 1-OW rating on TLLP. The Partnership is a high-growth, relatively low-risk crude oil/refined products pipeline MLP with attractive 14% growth (3-year CAGR). Growth visibility supported by organic projects, including the emerging Bakken Shale, dropdown opportunities and increased asset utilization by third parties. Cash flow stability is supported by 84% of revenues backed by minimum pipeline and storage volume commitments and long-term contracts.

Potential Catalysts / Timeline

- August 6 – second quarter earnings release.

Fundamental Drivers

- Refined product consumption/refinery utilization rates drive pipeline and terminal volumes.
- Tariff rates on pipelines and terminals.
- Increasing third party demand for crude oil/refined products pipelines and storage.
- Pace of acquisitions and organic growth projects.

Risk: Low

The low risk profile is supported by a stable, fee-based cash flow stream backed by long-term minimum volume commitments from TSO. Approximately 84% of TLLP revenues are backed by minimum pipeline and storage volume commitments from TSO. Stability is underpinned by 10-year that provide minimal direct commodity price exposure (nearly 100% fee-based revenue) and inflation protection (fees adjusted by PPI, CPI).

Western Gas Partners, LP (WES)

Figure 209: Western Gas Partners, LP (WES)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$1.84
Price Target:	$52.00		**Yield:**	4.05%
Current Price:	$45.40	(as of 7/23/2012)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	14.5%		**Dist. CAGR (Next 3 Yrs):**	15.45%
52 Week High / Low:	$47.97 - $30.75		**Tax Deferral:**	75%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$1.44	$1.66	$0.46	$0.48	$0.50	$0.52	$1.96	$2.25
Growth (YoY)	14%	15%	18%	19%	19%	18%	18%	15%
Total Distribution Receiving Units	71.28	88.44	92.63	92.63	99.29	99.29	95.96	105.02

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$112.9	$140.2	$48.2	$54.2	$61.3	$68.3	$231.9	$337.5
Interest Expense	$11.7	$30.3	$9.6	$11.2	$11.2	$11.2	$43.2	$66.6
Interest Income - APC Note	($9.1)	($16.9)	($4.2)	($4.2)	($4.2)	($4.2)	($16.9)	($16.9)
Depreciation and Amortization	$61.9	$84.1	$25.9	$23.0	$23.0	$23.0	$94.9	$100.0
Others	$8.5	$16.6	$5.4	$0.5	$0.5	$0.5	$6.9	$3.0
Adjusted EBITDA	$185.9	$254.3	$84.8	$84.6	$91.8	$98.8	$360.0	$490.2
Net Interest Expense	($11.7)	($30.3)	($9.6)	($11.2)	($11.2)	($11.2)	($43.2)	($66.6)
Maintenance Capital Expenditures	($19.2)	($25.7)	($5.8)	($9.0)	($12.0)	($9.0)	($35.8)	($48.0)
Interest Income - APC Note	$9.1	$16.9	$4.2	$4.2	$4.2	$4.2	$16.9	$16.9
Others	($0.1)	($0.6)	($0.6)	$0.0	$0.0	$0.0	($0.6)	$0.0
Distributable Cash flow	$164.0	$214.6	$73.1	$68.7	$72.8	$82.8	$297.3	$392.5
General Partner Cut	$2.93	$8.96	$4.38	$6.24	$8.67	$10.66	$29.95	$63.36
Distributable Cash Flow (LP)	$161.10	$205.61	$68.67	$62.42	$64.12	$72.13	$267.34	$329.17
Distributable Cash Flow Per Unit	$2.26	$2.32	$0.74	$0.67	$0.65	$0.73	$2.79	$3.13
Total Distribution Coverage	160%	143%	164%	143%	132%	142%	145%	142%

Business Description

Western Gas Partners LP is a growth-oriented Delaware limited partnership formed by Anadarko Petroleum Corporation to own, operate, acquire and develop midstream energy assets. With midstream assets in East and West Texas, the Rocky Mountains and the Mid-Continent, the Partnership is engaged in the business of gathering, compressing, processing, treating and transporting natural gas for Anadarko and other producers and customers.

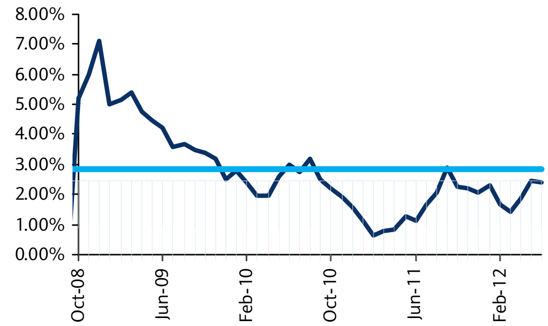
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Western Gas Partners L.P. (WES)	17.4x	16.0x	14.2x	1.0x	0.8x	0.7x	20.3x	18.0x	14.0x
Gathering, Processing & Compression	13.2x	13.3x	12.4x	1.0x	0.9x	0.9x	14.3x	13.2x	10.4x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.8x

Sector View: 2-Neutral

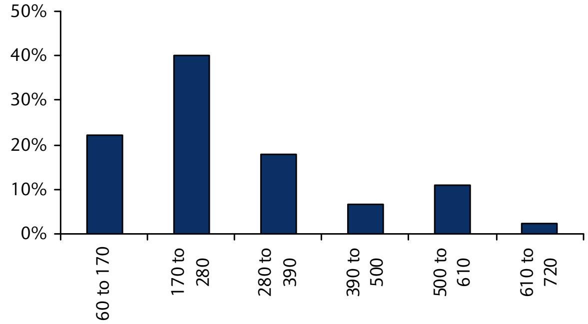
Source: Company filings, FactSet, Barclays Research

Figure 210: Historical Yield Spreads

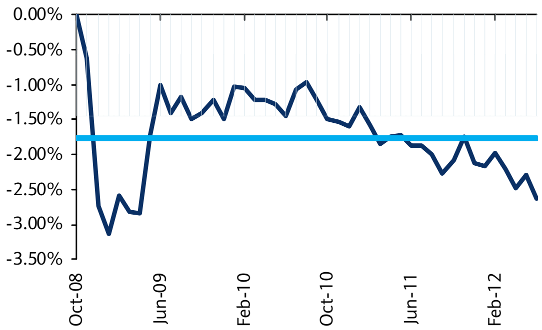
WES vs. US 10 yr



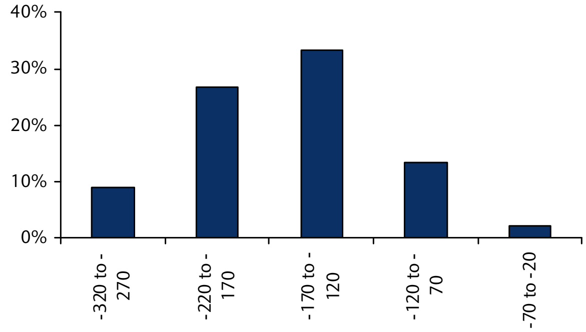
Basis Point Differentials - WES vs. US 10 yr



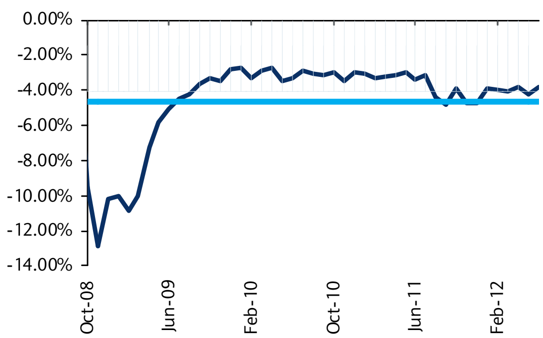
WES vs. AMZ



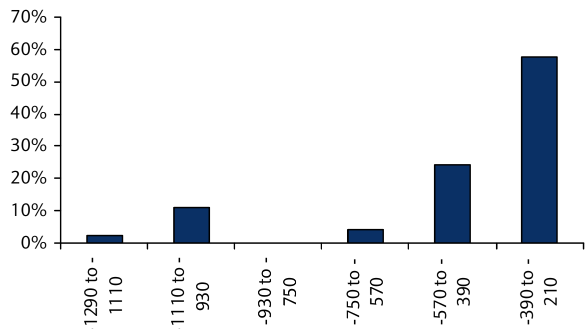
Basis Point Differentials - WES vs. AMZ



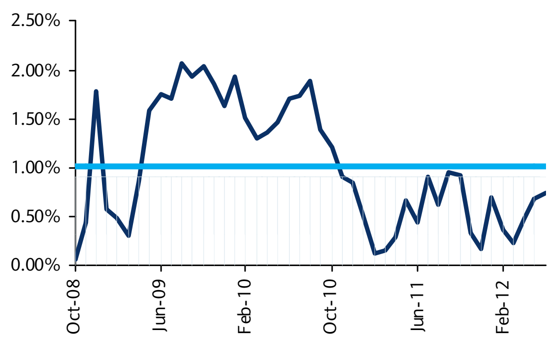
WES vs. Barclays HY



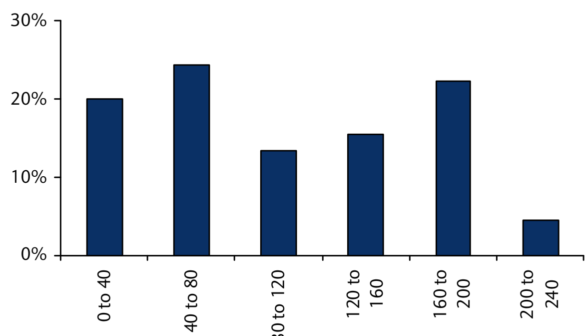
Basis Point Differentials - WES vs. Barclays HY



WES vs. Barclays HG



Basis Point Differentials - WES vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $52 price target is based on a 12-month distribution run rate of $2.22 and a target yield of 4.25%.

Investment Thesis

We continue to believe investing in WES will generate close to 20% annual total return while taking limited commodity price risk. Our 18% distribution growth forecast for 2012 (vs. 16-20% company guidance) positions WES as the highest grower in the MLP space. WES's growth forecast has little direct commodity price exposure, as its contracts are virtually all fee-based. We recently reiterated our 5-year distribution growth forecast of 14.1%.

Our growth forecast is driven by the assumption of $500 mm/year of asset dropdowns from its parent, coupled with $50-$125 mm per year of organic capex. We note 95% of the company's gross margins come from fixed fee-based contracts or fixed priced contracts (via swap agreements with APC through year 2015), and therefore margins have minimal direct exposure to commodity prices. While the company has indirect commodity price exposure through its volumes, we note that the company has been carrying better than 140% coverage, providing more than enough cushion to absorb any potential volume weakness. We see little risk of the company not meeting its distribution growth guidance of 16-20% in 2012. We also see relatively low risk for our longer term forecast, given APC's track record of strong sponsorship, Western's under levered balance sheet, strong coverage, as well as the company's organic growth prospects in liquids rich basins (which account for 77% of 2012 gross margin).

Potential Catalysts / Timeline

- Announcement of asset dropdown by APC.
- Third party acquisitions.
- August 2 – Q2 2012 earnings release.

Fundamental Drivers

- Ability to grow customer base with the support of acquisitions.

Risk: Low

Western Gas carries a below-average risk profile connected to commodity price given it has limited direct exposure to natural gas and NGL price movement on its margins. The majority of the cash flow is based on fixed fee contracts, leading to relatively modest commodity price exposure. While lower gas drilling can affect WES's systems exposed to dry gas production fields, the majority of WES volumes come from liquids rich plays.

Williams Partners L.P. (WPZ)

Figure 211: Williams Partners L.P. (WPZ)

Sub Sector: Gathering and Processing

Rating:	1-Overweight		**Annualized Distribution:**	$3.11
Price Target:	$66.00		**Yield:**	5.77%
Current Price:	$53.92	(as of 07/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	8.10%
Potential Upside to Target:	22.4%		**Dist. CAGR (Next 3 Yrs):**	8.70%
52 Week High / Low:	$65.4 - $45.39		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.72	$2.96	$0.78	$0.79	$0.81	$0.82	$3.20	$3.49
Growth (YoY)	7%	9%	8%	8%	8%	8%	8%	9%
Total Distribution Receiving Units	270.02	289.84	304.34	342.53	342.53	342.53	332.98	359.73

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$1,050.0	$1,378.0	$348.0	$195.3	$318.9	$371.4	$1,233.5	$1,522.8
Depreciation and Amortization	$551.0	$611.0	$156.0	$166.8	$170.8	$170.8	$664.3	$690.3
Equity earnings from investments	($109.0)	($142.0)	($30.0)	($27.0)	($41.0)	($47.0)	($145.0)	($150.0)
Maintenance Capex	($301.0)	($414.0)	($61.0)	($110.0)	($140.0)	($130.0)	($441.0)	($385.0)
Others	($5.0)	$48.0	$10.0	$16.0	$0.0	$0.0	$26.0	$0.0
DCF excluding equity investments	$1,186.0	$1,481.0	$423.0	$241.0	$308.7	$365.1	$1,337.8	$1,678.1
Equity investments cash distributions to WPZ	$133.0	$169.0	$52.0	$48.0	$48.0	$50.0	$198.0	$165.0
Pre-Partnership DCF	$155.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Maintenance Capex	($301.0)	($414.0)	($61.0)	($110.0)	($140.0)	($130.0)	($441.0)	($385.0)
Others	($9.0)	$414.0	$61.0	$110.0	$140.0	$130.0	$441.0	$385.0
Distributable Cash flow	$1,164.0	$1,650.0	$475.0	$289.0	$356.7	$415.1	$1,535.8	$1,843.1
General Partner Cut	$214.46	$299.77	$90.10	$97.81	$102.52	$107.24	$397.66	$519.98
Distributable Cash Flow (LP)	$1,104.54	$1,350.23	$384.90	$191.21	$254.14	$307.87	$1,138.12	$1,323.11
Distributable Cash Flow Per Unit	$4.09	$4.66	$1.26	$0.56	$0.74	$0.90	$3.42	$3.68
Total Distribution Coverage	136%	143%	145%	78%	94%	107%	105%	104%

Business Description

Williams Partners L.P. is a leading diversified MLP focused on natural gas transportation; gathering, treating, and processing; storage; natural gas liquid (NGL) fractionation; and oil transportation. The partnership owns interests in three major interstate natural gas pipelines that, combined, deliver 14 percent of the natural gas consumed in the United States. The partnership's gathering and processing assets include large-scale operations in the U.S. Rocky Mountains and both onshore and offshore along the Gulf of Mexico.

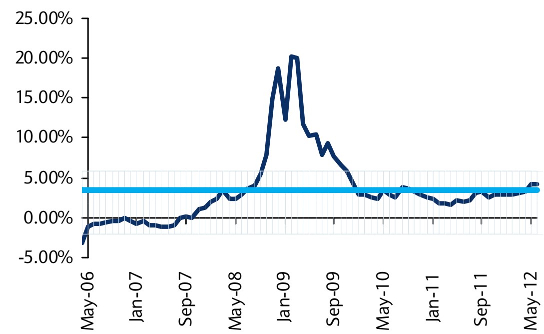
	FCF Multiple			FCF Multiple / Expected Return			EV / EBITDA-Maintenance Capital		
Comp Set	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Williams Partners L.P. (WPZ)	14.2x	15.8x	14.7x	1.2x	1.1x	1.0x	14.8x	17.2x	13.9x
Natural Gas - NGL Pipelines and Storage	13.6x	14.3x	13.4x	0.8x	1.2x	1.1x	15.5x	14.5x	12.7x
Core Average MLPs	15.4x	14.7x	12.9x	1.1x	1.2x	1.0x	14.8x	14.3x	11.7x

Sector View: 2-Neutral

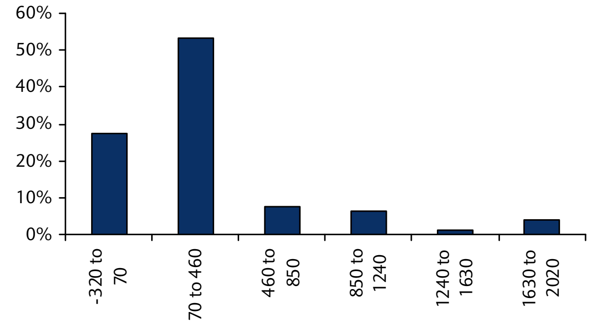
Source: Company filings, FactSet, Barclays Research

Figure 212: Historical Yield Spreads

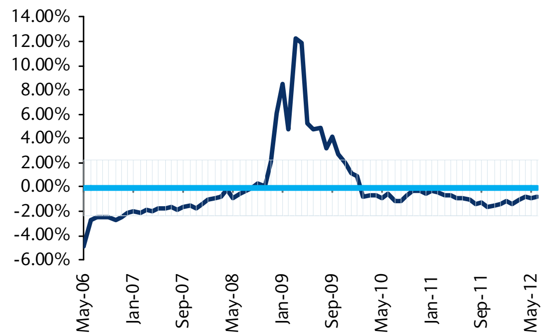
WPZ vs. US 10 yr



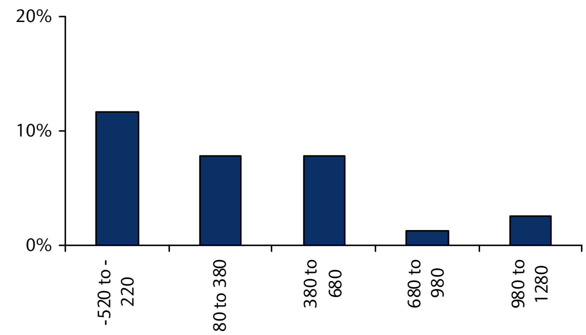
Basis Point Differentials - WPZ vs. US 10 yr



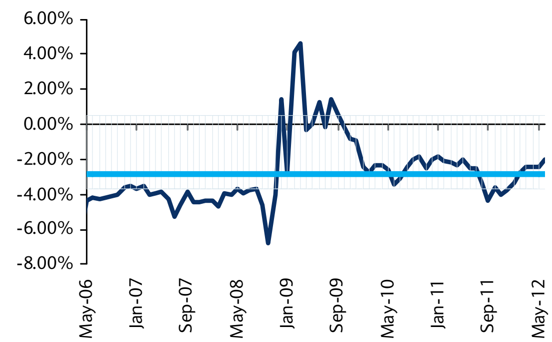
WPZ vs. AMZ



Basis Point Differentials - WPZ vs. AMZ



WPZ vs. Barclays HY



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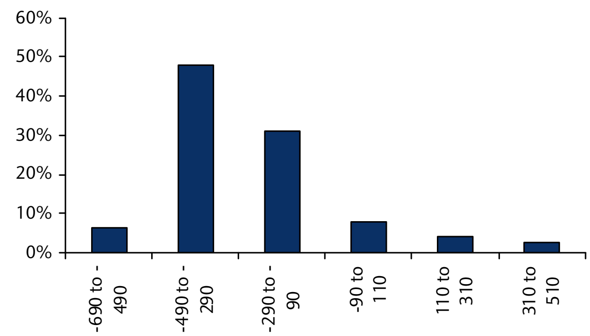
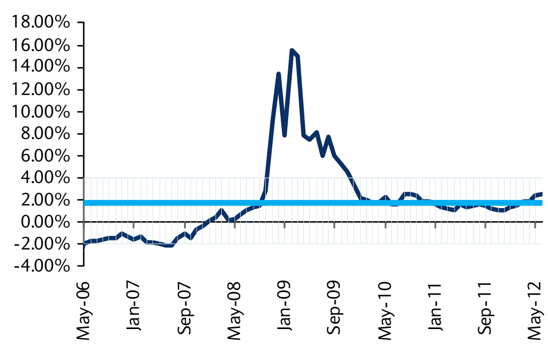


WPZ vs. Barclays HG



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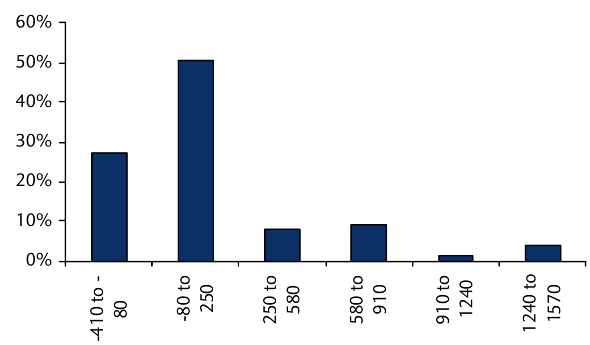


Source: FactSet

Valuation Discussion

Our $66 price target is based on a 12-month distribution run rate of $3.41 and a target yield of 5.2%.

Investment Thesis

We view WPZ as one of the fastest-growing MLPs in the large-cap space.

We forecast WPZ's distribution to grow by 8.0% in 2012 (in-line with company guidance) and at a 5-year CAGR of 7.4%, supported by a large inventory of organic projects under development and consideration, including the Marcellus, Eagle Ford, GOM, and the Rockies. We modestly reduced our forecast for 2013-2016 to the 7-8% range. Our 2013-2014 growth is in-line with the low end of the company's guidance range of 8-9%.

WPZ has an asset mix that provides cash flow stability (pipeline segment, 45% of total) and commodity upside (midstream) in a strong frac spread environment. While WPZ does not pay out this upside, excess cash flow reduces funding needs and bolsters the company's financial position. Commodity price exposure (25% of total cash flow) has been managed by maintaining high coverage. With $2.8 billion of equity issued during 1H 2012 (which includes $1 billion of public offering), we are not forecasting additional equity issuance for the remainder of the year. Williams spent $2.9 billion in acquisitions this year, mainly focused on its fast-growing Marcellus/Utica shale assets. The acquisitions enhanced growth visibility for the company, driven by opportunities to build midstream systems in growing shale plays that lack gathering, processing, fractionation and NGL takeaway pipeline infrastructure. Williams is in the process of investing $2.2 billion of organic capex for 2012 and $2.1 billion for 2013, which should drive distribution growth for the company. WPZ has a healthy balance sheet with a leverage ratio of ~3.0x, which we believe will increase to ~3.8x by the end of 2012, without equity issuance, given $1.8 billion of remaining growth capex.

Potential Catalysts / Timeline

- Q2 2012 earnings release.
- Potential dropdowns from parent (Olefin and Canadian business)
- New organic project announcements

Fundamental Drivers

- Level of natural gas and drilling activities behind the pipelines.
- Competition in core markets
- Spread between NGL and gas prices (frac spread)

Risk: Medium

WPZ carries average / moderate levels of risk related to commodity prices. Around 75% of WPZ's gross margins are low-risk fee-based, while the exposed portion is managed by the company by maintaining high coverage. Considering that a majority of the new midstream projects have fee-based contracts, we expect WPZ's commodity exposed cash flow mix to be flat or slightly lower going forward.

Figure 213: MLP Valuation Comps

MLP Valuation Comps (Sector View = 2-Neutral)																		07/2
														FCF Multiple / Expected Return			EV / Adj EBITI Main Cap (3	
			Price	Current	Expected Return (1)			Yield Spread to AMZ			FCF Multiple (2)							
Company	Rating (5)	Ticker	07/26/12	Dist.	Yield	Growth	Total	Current	Avg (4)	Avg - Curr	2011	2012e	2013e	2011	2012e	2013e	2011	2012e
Refined Products & Crude Oil																		
Buckeye Partners L.P.	2-EW	BPL	$53.84	$4.15	7.71%	2.98%	10.69%	1.53%	-0.18%	-1.72%	16.2	14.6	12.5	1.4	1.4	1.2	17.4	15.9
Blueknight Energy Partners, L.P.	3-UW	BKEP	$6.45	$0.44	6.82%	6.22%	13.04%	0.65%	na	na	78.5	9.2	10.6	na	0.7	0.8	8.8	7.2
Calumet Specialty Products Partners	2-EW	CLMT	$24.74	$2.24	9.05%	6.39%	15.45%	2.88%	2.60%	-0.28%	6.7	8.3	7.7	0.5	0.5	0.5	9.3	8.4
Enbridge Energy Partners L.P.	2-EW	EEP	$28.97	$2.13	7.35%	2.69%	10.05%	1.18%	0.65%	-0.53%	14.8	18.0	13.4	1.5	1.8	1.3	14.4	14.9
Holly Energy Partners L.P.	2-EW	HEP	$62.89	$3.58	5.69%	4.88%	10.58%	-0.48%	0.19%	0.67%	15.5	15.7	14.8	1.4	1.5	1.4	10.1	14.0
Magellan Midstream Partners L.P.	2-EW	MMP	$77.72	$3.36	4.32%	8.35%	12.68%	-1.85%	-0.79%	1.06%	17.4	18.0	16.4	1.5	1.4	1.3	18.1	17.9
NuStar Energy L.P.	2-EW	NS	$52.75	$4.38	8.30%	1.65%	9.95%	2.13%	0.24%	-1.89%	12.6	13.8	11.6	1.2	1.4	1.2	16.0	16.5
Oiltanking Partners L.P.	1-OW	OILT	$33.70	$1.40	4.15%	9.59%	13.74%	-2.02%	-1.15%	0.86%	17.8	19.2	17.8	1.5	1.4	1.3	17.3	17.8
Plains All American Pipeline L.P.	1-OW	PAA	$85.96	$4.18	4.86%	7.60%	12.46%	-1.31%	-0.38%	0.93%	14.6	14.2	15.5	1.5	1.1	1.2	na	14.5
Rose Rock Midstream LP	1-OW	RRMS	$26.15	$1.49	5.70%	10.52%	16.22%	-0.48%	na	na	na	11.8	9.7	na	0.7	0.6	na	15.6
Sunoco Logistics Partners L.P.	2-EW	SXL	$38.34	$1.71	4.46%	7.16%	11.63%	-1.71%	-0.72%	1.00%	12.9	12.3	12.1	1.2	1.1	1.0	13.7	12.0
Tesoro Logistics LP	1-OW	TLLP	$36.99	$1.51	4.08%	15.27%	19.35%	-2.09%	-1.14%	0.96%	20.7	20.7	13.7	1.4	1.1	0.7	21.3	19.8
Average Sub Sector					**6.02%**	**6.94%**	**12.99%**	**-0.15%**	**-0.09%**	**0.10%**	**20.5x**	**14.8x**	**13.2x**	**1.3x**	**1.2x**	**1.0x**	**15.2x**	**14.6x**
Gathering, Processing & Compression																		
Atlas Pipeline Partners L.P.	1-OW	APL	$32.73	$2.24	6.84%	8.09%	14.93%	0.67%	-0.56%	-1.23%	16.2	12.5	12.7	1.0	0.8	0.9	15.1	12.5
Access Midstream Partners L.P.	1-OW	ACMP	$28.35	$1.62	5.71%	11.86%	17.57%	-0.46%	2.48%	2.94%	16.3	13.0	12.5	1.1	0.7	0.7	17.2	13.2
Copano Energy L.L.C.	2-EW	CPNO	$29.48	$2.30	7.80%	0.66%	8.47%	1.63%	0.80%	-0.83%	15.5	14.0	13.6	1.7	1.7	1.6	16.2	13.7
Crestwood Midstream Partners LP	2-EW	CMLP	$25.65	$2.00	7.80%	4.12%	11.91%	1.62%	2.60%	0.97%	10.4	12.8	13.8	0.9	1.1	1.2	13.5	11.8
Crosstex Energy L.P.	2-EW	XTEX	$16.86	$1.32	7.83%	5.36%	13.19%	1.66%	-0.52%	-2.18%	7.1	12.4	11.6	0.5	0.9	0.9	8.2	9.5
DCP Midstream Partners L.P.	1-OW	DPM	$41.09	$2.64	6.42%	6.33%	12.75%	0.25%	0.20%	-0.05%	16.5	15.9	13.3	1.4	1.2	1.0	17.9	14.3
Eagle Rock Energy Partners L.P.	2-EW	EROC	$8.93	$0.88	9.85%	6.29%	16.14%	3.68%	0.42%	-3.26%	11.5	11.8	12.1	na	0.7	0.7	13.6	12.5
Exterran Partners L.P.	2-EW	EXLP	$20.95	$1.99	9.50%	4.50%	14.00%	3.33%	0.91%	-2.41%	8.3	9.0	8.9	0.6	0.6	0.6	12.1	12.1
MarkWest Energy Partners L.P.	1-OW	MWE	$52.42	$3.16	6.03%	9.51%	15.54%	-0.15%	0.69%	0.83%	13.0	14.1	13.6	0.8	0.9	0.9	13.5	13.7
Penn Virginia Resource Partners L.P.	1-OW	PVR	$24.83	$2.08	8.38%	7.85%	16.23%	2.20%	-0.38%	-2.59%	13.4	13.9	8.7	0.8	0.9	0.5	10.8	12.7
Targa Resources Partners L.P.	1-OW	NGLS	$37.47	$2.57	6.86%	8.41%	15.26%	0.69%	1.19%	0.50%	11.7	12.7	12.3	0.8	0.8	0.8	12.8	12.2
Western Gas Partners L.P.	1-OW	WES	$45.08	$1.84	4.08%	15.45%	19.54%	-2.09%	-1.34%	0.75%	17.4	15.9	14.1	1.0	0.8	0.7	20.3	17.9
Average Sub Sector					**7.26%**	**7.37%**	**14.63%**	**1.09%**	**0.54%**	**-0.55%**	**13.2x**	**13.2x**	**12.3x**	**1.0x**	**0.9x**	**0.9x**	**14.3x**	**13.0x**
Natural Gas - NGL Pipelines and Storage																		
Boardwalk Pipeline Partners L.P.	2-EW	BWP	$28.99	$2.13	7.35%	1.87%	9.21%	1.17%	-0.12%	-1.30%	13.8	14.8	13.7	1.4	1.6	1.5	16.5	16.4
Energy Transfer Partners L.P.	2-EW	ETP	$45.07	$3.58	7.93%	2.39%	10.32%	1.76%	0.48%	-1.28%	13.0	13.0	11.6	1.3	1.3	1.1	14.2	13.8
Enterprise Products Partners L.P.	1-OW	EPD	$53.90	$2.51	4.66%	6.54%	11.20%	-1.52%	-0.51%	1.01%	14.0	16.9	15.4	1.3	1.5	1.4	16.0	16.1
EQT Midstream Partners, L.P.	1-OW	EQM	$26.60	$1.40	5.26%	15.00%	20.26%	-0.91%	na	na	na	16.1	15.5	na	0.8	0.8	na	15.3
Inergy Midstream LP	1-OW	NRGM	$22.05	$1.48	6.71%	8.01%	14.72%	0.54%	na	na	na	14.6	11.2	na	1.0	0.8	na	15.0
Niska Gas Storage Partners	3-UW	NKA	$13.07	$1.40	10.71%	0.00%	10.71%	4.54%	-0.09%	-4.63%	12.5	13.1	13.4	-2.6	1.2	1.2	11.2	11.3
ONEOK Partners L.P.	1-OW	OKS	$57.27	$2.54	4.44%	11.86%	16.29%	-1.74%	-0.44%	1.30%	16.4	16.3	17.1	1.4	1.0	1.0	16.2	16.1
PAA Natural Gas Storage L.P.	2-EW	PNG	$18.35	$1.43	7.79%	3.22%	11.01%	1.62%	-0.09%	-1.71%	13.6	12.1	11.6	1.2	1.1	1.1	20.0	13.7
Regency Energy Partners L.P.	1-OW	RGP	$23.80	$1.84	7.73%	2.46%	10.19%	1.56%	0.59%	-0.97%	13.7	12.4	12.2	1.3	1.2	1.2	15.0	12.7
Spectra Energy Partners L.P.	2-EW	SEP	$31.86	$1.92	6.03%	5.42%	11.45%	-0.15%	-1.21%	-1.06%	15.4	15.7	13.7	1.3	1.4	1.2	17.8	15.8
TC PipeLines L.P.	2-EW	TCP	$44.58	$3.08	6.91%	2.43%	9.34%	0.74%	0.20%	-0.54%	12.9	12.3	12.5	1.2	1.3	1.3	11.1	12.4
Williams Partners L.P.	1-OW	WPZ	$53.92	$3.11	5.77%	8.70%	14.47%	-0.41%	-0.10%	0.31%	14.2	15.8	14.7	1.2	1.1	1.0	14.8	17.2
Average Sub Sector					**6.70%**	**5.83%**	**12.53%**	**0.52%**	**-0.30%**	**-0.95%**	**13.6x**	**14.3x**	**13.4x**	**0.8x**	**1.2x**	**1.1x**	**15.5x**	**14.5x**
Wholesale Distribution																		
Amerigas Partners L.P.	3-UW	APU	$41.28	$3.20	7.75%	5.36%	13.11%	1.58%	0.28%	-1.30%	11.7	30.7	11.6	1.0	2.3	0.9	12.0	15.9
Ferrellgas Partners L.P.	3-UW	FGP	$19.89	$2.00	10.06%	0.00%	10.06%	3.88%	2.29%	-1.60%	11.3	18.8	12.1	1.1	1.9	1.2	12.7	15.7
Global Partners LP	2-EW	GLP	$24.02	$2.00	8.33%	1.50%	9.82%	2.15%	1.69%	-0.46%	10.9	10.1	8.4	1.1	1.0	0.9	16.3	16.1
Inergy L.P.	2-EW	NRGY	$19.31	$1.50	7.77%	na	na	1.59%	0.96%	-0.63%	9.0	11.2	15.5	0.6	na	na	11.0	12.9
Suburban Propane Partners L.P.	3-UW	SPH	$43.61	$3.41	7.82%	1.71%	9.53%	1.65%	0.09%	-1.55%	12.1	22.2	12.4	1.5	2.3	1.3	12.2	18.0
Average Sub Sector					**8.34%**	**2.14%**	**10.63%**	**2.17%**	**1.06%**	**-1.11%**	**11.0x**	**18.6x**	**12.0x**	**1.1x**	**1.9x**	**1.1x**	**12.8x**	**15.7x**
Core Average					**6.75%**	**6.40%**	**13.15%**	**0.58%**	**0.20%**	**-0.44%**	**15.4x**	**14.7x**	**12.9x**	**1.1x**	**1.2x**	**1.0x**	**14.8x**	**14.3x**
E&P Sector																		
BreitBurn Energy Partners L.P.	2-EW	BBEP	$18.39	$1.82	9.90%	1.80%	11.70%	3.72%	-1.18%	-4.90%	8.7	7.2	7.8	0.7	0.6	0.7	9.8	8.4
Memorial Production Partners LP	2-EW	MEMP	$17.74	$1.92	10.82%	0.00%	10.82%	4.65%	na	na	na	8.0	6.6	na	0.7	0.6	na	12.1
Vanguard Natural Resources LLP	1-OW	VNR	$27.94	$2.37	8.48%	0.57%	9.06%	2.31%	3.51%	1.20%	8.6	8.2	7.6	0.8	0.9	0.8	12.1	9.8
Average Sub Sector					**9.15%**	**0.68%**	**9.83%**	**2.98%**	**1.43%**	**-0.99%**	**9.6x**	**8.9x**	**8.1x**	**0.9x**	**1.0x**	**0.9x**	**11.4x**	**10.7x**
Non-Core Average					**9.15%**	**0.68%**	**9.83%**	**2.98%**	**1.43%**	**-0.99%**	**9.6x**	**8.9x**	**8.1x**	**0.9x**	**1.0x**	**0.9x**	**11.4x**	**10.7x**
Total Universe					6.96%	5.88%	**12.85%**	0.78%	0.29%	-0.48%	**14.9x**	**14.2x**	**12.4x**	**1.1x**	**1.2x**	**1.0x**	**14.5x**	**14.0x**

(1) Expected Return = Yield plus 3-year expected growth rate in distributions
(2) FCF Multiple = Current unit price / DCF per share
(3) Adjusted EBITDA is after GP cut
(4) 5 yr average or since IPO; average excludes October 2008 to March 2009
(5) 1-OW = 1-Overweight; 2-EW = 2-Equal Weight; 3-UW = 3-Underweight
Source: FactSet, Barclays Research

Figure 214: MLP per Share Comps, $ per unit

MLP Per Share Comps															07/26/12
	Units Outstanding (2)			EBITDA (1)			Interest			Maintenance Capital			Distributable Cash Flow		
Company	Common	Sub	Total	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e
Refined Products & Crude Oil															
Blueknight Energy Partners, L.P.	22.06	12.60	30.91	2.21	3.01	2.89	1.06	0.65	0.70	0.33	0.75	0.71	0.28	0.70	0.61
Buckeye Partners L.P.	90.77	0.00	90.77	5.38	5.55	6.34	1.32	1.26	1.40	0.63	0.62	0.63	3.49	3.68	4.30
Calumet Specialty Products Partners L.P.	42.54	0.00	42.54	4.96	4.93	4.97	1.06	1.26	1.12	0.56	0.45	0.47	2.94	2.97	3.23
Enbridge Energy Partners L.P. (Cl A)	217.47	0.00	262.25	4.46	3.89	4.45	1.22	1.20	1.19	0.38	0.39	0.37	2.13	1.61	2.17
Holly Energy Partners L.P.	22.84	0.00	22.84	6.52	6.77	7.46	1.57	1.63	1.75	0.24	0.30	0.37	3.65	4.00	4.26
Magellan Midstream Partners L.P.	112.99	0.00	112.99	5.58	5.91	6.51	0.96	1.01	1.15	0.62	0.62	0.63	4.08	4.31	4.73
NuStar Energy L.P.	65.01	0.00	65.01	7.54	6.62	7.38	1.29	1.25	1.25	0.77	0.69	0.72	4.75	3.81	4.56
Oiltanking Partners L.P.	19.45	19.45	38.90	1.73	2.03	2.42	0.09	0.11	0.32	0.11	0.14	0.16	1.44	1.76	1.89
Plains All American Pipeline L.P.	149.50	0.00	149.50	10.70	11.32	11.11	1.69	1.86	1.92	0.80	0.91	0.93	6.22	6.03	5.55
Rose Rock Midstream LP	8.39	8.39	16.78	na	2.69	3.82	na	0.24	0.76	na	0.24	0.32	na	2.21	2.69
Sunoco Logistics Partners L.P.	101.85	0.00	101.85	5.34	5.37	5.59	0.87	0.91	0.97	0.41	0.48	0.50	3.32	3.12	3.17
Tesoro Logistics LP	15.25	15.25	30.51	1.23	2.12	3.29	0.04	0.12	0.27	0.06	0.16	0.20	1.12	1.79	2.70
Average Sub Sector				**5.49**	**5.47**	**5.98**	**1.07**	**1.02**	**1.12**	**0.47**	**0.49**	**0.52**	**3.18**	**3.15**	**3.46**
Gathering and Processing															
Atlas Pipeline Partners L.P.	53.61	0.00	53.61	3.38	4.05	4.30	0.59	0.68	0.93	0.34	0.38	0.38	2.33	2.61	2.58
Access Midstream Partners L.P.	69.08	69.00	140.97	2.48	3.15	3.52	0.10	0.49	0.62	0.53	0.48	0.53	1.83	2.19	2.26
Copano Energy L.L.C.	72.17	0.00	72.17	3.83	3.93	3.75	0.73	1.10	1.01	0.19	0.17	0.16	2.22	2.11	2.17
Crestwood Midstream Partners LP	32.54	0.00	32.54	3.38	3.15	3.72	0.85	0.75	0.85	0.04	0.17	0.18	1.87	2.01	2.01
Crosstex Energy L.P.	50.14	0.00	50.14	4.26	2.93	2.74	1.58	1.26	1.00	0.25	0.21	0.19	2.36	1.36	1.45
DCP Midstream Partners L.P.	44.46	0.00	44.46	4.03	4.48	5.40	0.76	1.05	0.99	0.21	0.25	0.37	2.81	2.58	3.09
Eagle Rock Energy Partners L.P.*	115.55	0.00	115.55	1.80	1.73	1.68	0.41	0.41	0.46	0.37	0.55	0.49	1.02	0.75	0.74
Exterran Partners L.P.	31.24	4.74	35.98	3.87	3.99	4.24	0.84	0.77	0.88	0.80	0.95	1.02	2.39	2.32	2.36
MarkWest Energy Partners L.P.	81.11	0.00	81.11	5.56	5.04	5.68	1.35	1.22	1.58	0.18	0.19	0.25	4.10	3.73	3.85
Penn Virginia Resource L.P.	66.75	0.00	66.75	3.64	3.97	4.57	0.66	0.80	0.81	0.17	0.10	0.10	2.11	1.79	2.86
Targa Resources Partners L.P.	87.24	0.00	87.24	5.75	5.79	6.40	1.23	1.32	1.59	0.96	0.84	0.89	3.46	2.94	3.04
Western Gas Partners L.P.	73.42	26.54	88.44	2.88	3.75	4.67	0.34	0.45	0.63	0.29	0.37	0.46	2.37	2.84	3.19
Average Sub Sector				**3.74**	**3.83**	**4.22**	**0.79**	**0.86**	**0.95**	**0.36**	**0.39**	**0.42**	**2.41**	**2.27**	**2.47**
Natural Gas - NGL Pipelines and Storage															
Boardwalk Pipeline Partners L.P.	175.70	22.87	198.57	3.11	3.35	3.59	0.86	0.78	0.81	0.48	0.45	0.44	1.82	1.96	2.12
Energy Transfer Partners L.P.	206.60	0.00	206.60	8.43	8.28	7.79	2.29	2.22	1.61	0.65	0.49	0.45	3.40	3.47	3.88
Enterprise Products Partners L.P.	853.85	5.90	859.75	4.48	4.65	4.85	0.88	0.85	0.96	0.34	0.36	0.35	3.14	3.18	3.49
EQT Midstream Partners, L.P.	17.34	17.34	34.68	na	2.12	2.70	na	0.04	0.39	na	0.37	0.55	na	1.65	1.71
Inergy Midstream LP	74.51	0.00	74.51	na	1.60	2.56	na	0.04	0.35	na	0.03	0.05	na	1.51	1.96
Niska Gas Storage Partners	34.32	35.10	69.50	1.96	2.00	1.95	1.01	0.94	0.90	0.03	0.02	0.03	0.88	0.99	0.98
ONEOK Partners L.P.	203.82	0.00	203.82	6.09	5.93	6.29	1.09	0.98	1.01	0.46	0.49	0.47	3.94	3.52	3.36
PAA Natural Gas Storage	56.28	11.93	68.22	1.57	1.69	1.80	0.08	0.12	0.15	0.01	0.01	0.01	1.43	1.52	1.59
Regency Energy Partners L.P.	151.53	0.00	151.53	2.79	2.82	2.82	0.68	0.68	0.68	0.13	0.18	0.18	1.80	1.91	1.95
Spectra Energy Partners L.P.	93.08	0.00	93.08	3.07	3.30	3.69	0.27	0.39	0.41	0.18	0.24	0.26	2.06	2.03	2.33
TC PipeLines L.P.	51.04	0.00	51.04	5.81	5.24	5.36	0.55	0.55	0.58	0.26	0.25	0.26	4.36	3.62	3.58
Williams Partners L.P.	289.84	0.00	289.84	7.77	6.69	7.30	1.40	1.43	1.57	1.43	1.32	1.07	4.66	3.42	3.68
Average Sub Sector				**4.51**	**4.05**	**4.31**	**0.94**	**0.79**	**0.82**	**0.41**	**0.36**	**0.35**	**2.74**	**2.42**	**2.58**
Wholesale Distribution															
Amerigas Partners L.P.	57.15	0.00	57.15	5.87	4.74	6.63	1.11	1.77	1.77	0.67	0.82	0.70	3.94	1.35	3.56
Ferrellgas Partners L.P.	72.32	0.00	72.32	3.15	2.43	3.06	1.29	1.14	1.17	0.21	0.19	0.21	1.68	1.06	1.65
Global Partners LP	21.81	0.00	21.81	3.99	4.50	5.25	1.45	1.55	1.79	0.20	0.49	0.51	2.13	2.37	2.85
Inergy L.P.	108.70	0.00	108.70	3.42	2.71	1.81	0.99	0.72	0.24	0.13	0.09	0.04	2.30	1.73	1.24
Suburban Propane Partners L.P.	0.00	0.00	35.63	4.98	2.98	6.04	0.77	0.72	1.75	0.28	0.29	0.32	3.93	1.97	3.51
Average Sub Sector				**4.28**	**3.47**	**4.56**	**1.12**	**1.18**	**1.34**	**0.30**	**0.38**	**0.36**	**2.80**	**1.69**	**2.56**
E&P Sector															
BreitBurn Energy Partners L.P.	57.88	0.00	57.88	3.89	4.45	4.35	0.73	0.84	0.86	0.86	1.02	1.13	2.29	2.55	2.35
Memorial Production Partners LP	22.19	0.00	22.19	na	2.69	3.82	na	0.24	0.76	na	0.24	0.32	na	2.21	2.69
Vanguard Natural Resources LLP	31.67	0.00	31.67	5.18	5.20	6.00	0.73	0.86	1.09	0.77	0.94	1.18	3.47	3.40	3.70
Average Sub Sector				**4.95**	**4.75**	**5.42**	**0.99**	**0.95**	**1.18**	**0.87**	**0.97**	**1.12**	**3.07**	**2.84**	**3.14**
Total Universe				**4.57**	**4.38**	**4.87**	**0.96**	**0.93**	**1.02**	**0.43**	**0.46**	**0.48**	**2.80**	**2.54**	**2.84**

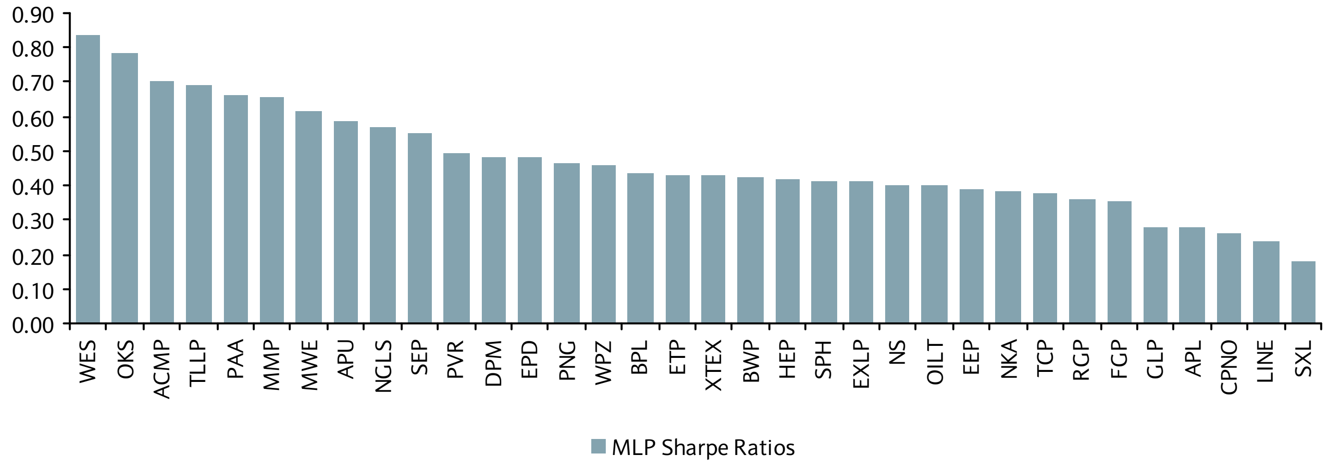
(1) adjusted for non cash items
(2) uses 2010 estimated units; Units in mm
* Note: Total units represent distribution paying units.
Source: FactSet, Barclays Research

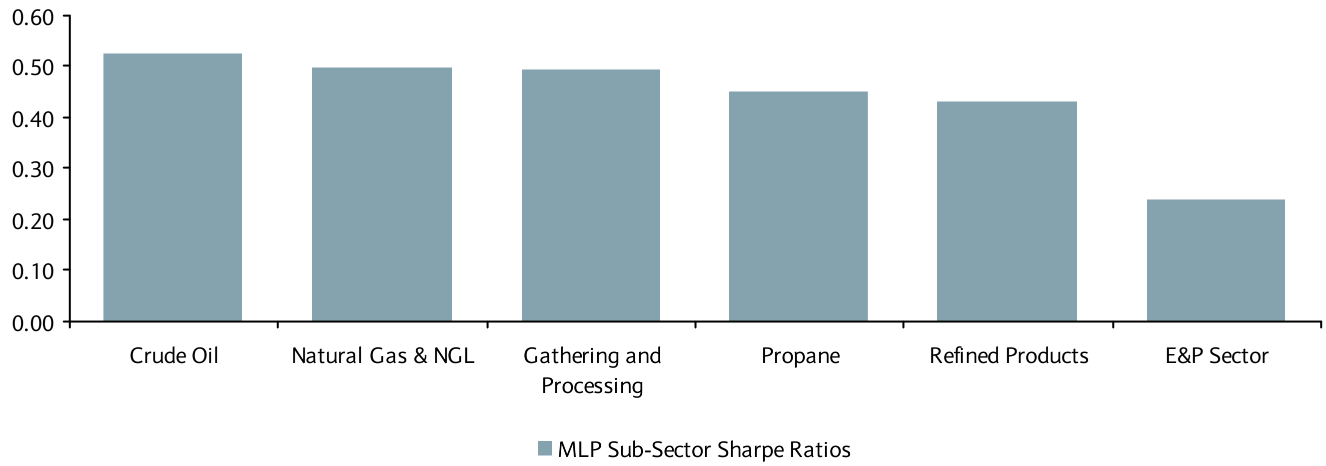
Figure 215: Balance Sheet Comps ($ in millions)

MLP Balance Sheet Comps								Common Dist Coverage			Total Dist Coverage			EBITDA / Interest			Debt / EBITDA			07/26/12
Company	Common Equity	Debt & Preferred	Book Cap	Debt & Pfd / Cap	Equity Mkt Cap	Enterprise Value	Debt & Pfd / EV	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e	S&P Rating
Refined Products & Crude Oil																				
Blueknight Energy Partners, L.P.	$58	$218	$276	79.0%	$146	$364	60%	352%	160%	124%	252%	160%	124%	2.1	4.6	4.1	3.2	3.3	3.3	NR
Buckeye Partners L.P.	$2,317	$2,386	$5,128	46.5%	$5,264	$7,649	31%	86%	89%	101%	86%	89%	101%	4.1	4.4	4.5	4.9	5.0	4.5	BBB
Calumet Specialty Products Partners	$729	$660	$1,316	50.2%	$1,423	$2,084	32%	147%	131%	138%	147%	131%	138%	4.7	3.9	4.4	2.8	3.0	2.8	B
Enbridge Energy Partners L.P. (Cl A)	$4,812	$5,162	$9,858	52.4%	$8,258	$13,419	38%	101%	75%	98%	101%	75%	98%	3.7	3.2	3.7	4.3	5.3	4.8	BBB
Holly Energy Partners L.P.	$329	$586	$935	62.6%	$1,721	$2,306	25%	105%	110%	112%	105%	110%	112%	4.1	4.1	4.3	4.1	3.7	3.4	BB
Magellan Midstream Partners L.P.	$1,502	$1,951	$3,655	53.4%	$8,790	$10,741	18%	129%	125%	126%	129%	125%	126%	5.8	5.9	5.7	3.4	3.5	3.3	BBB
NuStar Energy L.P.	$2,786	$2,484	$5,082	48.9%	$3,732	$6,216	40%	109%	87%	103%	109%	87%	103%	5.9	5.3	5.9	4.7	4.8	4.3	BBB-
Oiltanking Partners L.P.	$280	$9	$301	2.9%	$1,284	$1,292	1%	426%	241%	226%	106%	120%	117%	19.2	18.9	7.5	0.4	1.7	2.0	NR
Rose Rock Midstream LP	$311	$195	$506	38.5%	$439	$634	31%	na	289%	268%	na	142%	157%	na	11.2	5.0	na	4.3	3.8	NR
Sunoco Logistics Partners L.P.	$1,189	$1,581	$2,887	54.8%	$3,819	$5,400	29%	203%	178%	169%	203%	178%	169%	6.1	5.9	5.7	3.1	3.0	3.1	BBB
Tesoro Logistics LP	$107	$29	$157	18.5%	$1,129	$1,158	3%	162%	223%	275%	81%	112%	146%	32.3	17.3	12.1	1.3	2.0	1.8	NR
Plains All American Pipeline L.P.	$5,974	$6,537	$11,173	58.5%	$13,865	$20,402	32%	157%	140%	120%	157%	140%	120%	6.3	6.1	5.8	2.8	3.1	3.2	BBB-
Total Sub Sector	**$28,838**	**$33,933**	**$61,855**	**54.9%**	**$69,795**	**$103,728**	**33%**	**173%**	**150%**	**151%**	**131%**	**121%**	**124%**	**8.4x**	**7.5x**	**5.8x**	**3.2x**	**3.6x**	**3.4x**	
Gathering, Processing & Compression																				
Atlas Pipeline Partners L.P.	$1,236	$609	$1,758	34.6%	$1,755	$2,364	26%	119%	116%	109%	119%	116%	109%	5.7	5.9	4.6	2.9	3.9	3.6	B+
Access Midstream Partners L.P.	$2,136	$1,063	$0	na	$4,195	$5,258	20%	124%	129%	120%	124%	129%	120%	24.8	6.4	5.7	3.0	3.2	3.1	BB+
Copano Energy L.L.C.	$872	$840	$1,711	49.1%	$2,129	$2,969	28%	96%	92%	94%	96%	92%	94%	5.2	3.6	3.7	4.1	4.9	4.4	BB-
Crestwood Midstream Partners LP	$456	$552	$968	57.1%	$937	$1,490	37%	132%	100%	92%	132%	100%	92%	4.0	4.2	4.4	4.7	4.4	4.5	B
Crosstex Energy L.P.	$900	$832	$1,733	48.0%	$1,006	$1,838	45%	294%	183%	160%	192%	103%	106%	2.7	2.3	2.7	3.7	4.8	3.9	B+
DCP Midstream Partners L.P.	$629	$859	$1,488	57.8%	$2,141	$3,000	29%	110%	96%	108%	110%	96%	108%	5.3	4.3	5.4	4.2	4.6	3.9	BBB-
Eagle Rock Energy Partners L.P.	$1,007	$814	$1,821	44.7%	$1,201	$2,015	40%	136%	86%	84%	136%	86%	84%	4.4	4.2	3.7	3.7	7.8	6.9	B
Exterran Partners L.P.	$424	$635	$991	64.1%	$885	$1,521	42%	128%	117%	110%	128%	117%	110%	4.6	5.2	4.8	3.9	3.7	3.7	NR
MarkWest Energy Partners L.P.	$1,502	$1,429	$2,932	48.8%	$5,803	$7,232	20%	143%	115%	111%	143%	115%	111%	4.1	4.1	3.6	3.3	4.4	4.3	BB
Penn Virginia Resource L.P.	$1,139	$1,129	$2,269	49.8%	$2,996	$4,126	27%	211%	249%	365%	107%	116%	173%	5.5	4.2	4.9	3.4	5.0	3.4	BB-
Targa Resources Partners L.P.	$1,362	$1,294	$2,656	48.7%	$3,341	$4,635	28%	150%	113%	111%	150%	113%	111%	4.7	4.4	4.0	2.9	3.3	3.3	BB
Western Gas Partners L.P.	$1,648	$948	$2,596	36.5%	$4,318	$5,266	18%	169%	145%	142%	143%	145%	142%	8.4	8.3	7.4	2.6	2.9	2.6	BB+
Total Sub Sector	**$13,310**	**$11,006**	**$20,922**	**52.6%**	**$30,707**	**$41,713**	**26%**	**151%**	**128%**	**134%**	**132%**	**111%**	**113%**	**6.6x**	**4.8x**	**4.6x**	**3.5x**	**4.4x**	**4.0x**	
Natural Gas - NGL Pipelines and Storage																				
Boardwalk Pipeline Partners L.P.	$3,205	$3,199	$6,404	49.9%	$6,025	$9,223	35%	98%	103%	109%	86%	91%	97%	3.6	4.3	4.4	5.2	4.8	4.6	BBB
Energy Transfer Partners L.P.	$6,543	$8,585	$14,355	59.8%	$10,968	$19,553	44%	95%	97%	105%	95%	97%	105%	3.7	3.7	4.8	3.9	4.1	3.2	BBB-
Enterprise Products Partners L.P.	$11,829	$14,482	$26,311	55.0%	$47,636	$62,118	23%	129%	124%	127%	129%	124%	127%	5.1	5.5	5.1	3.7	3.8	3.7	BBB
EQT Midstream Partners, L.P.	$452	$0	$452	0.0%	$922	$922	0%	na	106%	111%	na	106%	111%	na	60.0	6.9	na	na	3.2	NR
Inergy Midstream LP	$645	$97	$984	9.9%	$1,639	$1,736	6%	na	101%	117%	na	101%	117%	na	38.0	7.4	na	2.8	2.7	NR
Niska Gas Storage Partners	$690	$630	$1,321	47.7%	$902	$1,532	41%	127%	143%	141%	60%	70%	71%	2.0	2.1	2.2	4.7	5.3	5.3	BB-
ONEOK Partners L.P.	$3,447	$2,766	$6,962	39.7%	$12,589	$15,355	18%	166%	131%	109%	166%	131%	109%	5.6	6.1	6.2	3.7	3.4	3.4	BBB
PAA Natural Gas Storage	$1,286	$516	$1,739	29.7%	$1,086	$1,602	32%	200%	218%	234%	101%	106%	107%	20.0	14.3	12.2	4.2	4.2	4.2	NR
Regency Energy Partners L.P.	$3,531	$1,539	$5,070	30.3%	$4,048	$5,587	28%	100%	100%	100%	99%	104%	103%	4.1	4.1	4.1	3.8	3.8	3.8	BB
Spectra Energy Partners L.P.	$1,707	$1,213	$2,356	51.5%	$3,070	$4,283	28%	110%	104%	113%	110%	104%	113%	11.4	8.5	9.0	2.3	2.0	2.3	BBB
TC PipeLines L.P.	$1,333	$1,040	$2,375	43.8%	$2,384	$3,424	30%	142%	117%	112%	142%	117%	112%	10.6	9.6	9.3	3.5	3.7	3.6	BBB
Williams Partners L.P.	$5,228	$6,913	$12,141	56.9%	$17,042	$23,955	28.9%	143%	105%	104%	143%	105%	104%	5.5	4.7	4.7	3.1	3.1	3.9	BBB
Total Sub Sector	**$41,949**	**$44,819**	**$86,388**	**51.9%**	**$115,739**	**$160,558**	**28%**	**131%**	**121%**	**124%**	**115%**	**106%**	**108%**	**6.8x**	**12.7x**	**6.2x**	**3.9x**	**3.7x**	**3.7x**	
Wholesale Distribution																				
Amerigas Partners L.P.	$339	$929	$1,272	73.0%	$3,829	$4,758	20%	135%	43%	108%	135%	43%	108%	5.3	2.7	3.7	3.1	5.1	4.0	NR
Ferrellgas Partners L.P.	$86	$1,102	$1,201	91.8%	$1,571	$2,673	41%	113%	73%	119%	84%	53%	82%	2.4	2.1	2.6	4.9	4.9	4.2	B+
Global Partners LP	$315	$1,032	$1,109	93.1%	$659	$1,691	61%	107%	118%	139%	107%	118%	139%	2.7	2.9	2.9	9.3	8.7	7.2	NR
Inergy L.P.	$1,146	$1,681	$2,999	56.1%	$2,542	$4,223	40%	82%	95%	107%	82%	95%	107%	3.5	3.8	7.4	5.0	5.3	2.6	NR
Suburban Propane Partners L.P.	$358	$252	$706	35.7%	$1,550	$1,802	14%	115%	58%	100%	115%	58%	100%	6.5	4.1	3.5	2.0	3.1	4.0	BB
Total Sub Sector	**$2,244**	**$4,997**	**$7,288**	**68.6%**	**$10,151**	**$15,147**	**33%**	**110%**	**77%**	**115%**	**104%**	**73%**	**107%**	**4.1x**	**3.1x**	**4.0x**	**4.8x**	**5.4x**	**4.4x**	
E&P Sector																				
BreitBurn Energy Partners L.P.	$1,421	$634	$2,055	30.8%	$1,272	$1,905	33%	133%	140%	129%	133%	140%	129%	5.3	5.3	5.1	3.6	3.2	3.2	NR
Memorial Production Partners LP	$322	$120	$442	27.1%	$299	$419	29%	na	123%	132%	na	123%	132%	na	13.2	12.2	na	2.9	2.7	NR
Vanguard Natural Resources LLP	$844	$771	$1,615	47.7%	$1,441	$2,212	35%	150%	144%	157%	150%	144%	157%	7.1	6.0	5.5	3.4	4.0	3.5	B
Total Sub Sector	**$6,016**	**$5,518**	**$11,534**	**47.8%**	**$10,831**	**$16,349**	**34%**	**136%**	**131%**	**139%**	**136%**	**131%**	**139%**	**5.4x**	**7.0x**	**6.6x**	**3.7x**	**3.5x**	**3.3x**	
Total Universe	**$92,357**	**$100,273**	**$187,988**	**48.1%**	**$237,223**	**$337,496**	**30%**	**146%**	**127%**	**134%**	**125%**	**110%**	**117%**	**6.8x**	**7.7x**	**5.5x**	**3.7x**	**4.0x**	**3.7x**	

Source: FactSet, Barclays Research

Figure 216: Sharpe Ratios





Source: FactSet, Barclays Research

Figure 217: Credit Spreads

	Yield				Spread Basis Points				
	10 Yr Treasury	Barclays High Yield	Alerian	Moody's Baa	HY - 10Yr	IG - 10 Yr	AMZ - 10Yr	HY - AMZ	IG - AMZ
09/30/08	3.83%	13.92%	9.31%	7.74%	1,010	392	549	461	-157
12/31/08	2.25%	19.43%	12.14%	8.28%	1,718	603	989	729	-386
03/31/09	2.69%	18.13%	10.90%	8.88%	1,544	619	821	723	-202
06/30/09	3.52%	12.79%	9.16%	7.39%	927	387	564	363	-177
09/30/09	3.31%	10.40%	8.42%	6.29%	709	298	511	198	-213
12/31/09	3.84%	9.20%	7.38%	6.48%	536	264	354	182	-90
03/31/10	3.83%	8.66%	7.00%	6.41%	483	258	317	166	-59
06/30/10	2.95%	9.28%	7.02%	6.13%	633	318	407	226	-89
09/30/10	2.52%	8.18%	6.52%	5.58%	566	306	400	166	-94
12/31/10	3.29%	7.90%	6.20%	5.98%	460	269	291	169	-22
03/31/11	3.47%	7.49%	5.97%	6.05%	402	258	250	152	8
06/30/11	3.16%	7.67%	6.19%	5.90%	451	274	303	147	-29
09/30/11	1.92%	9.63%	6.88%	5.22%	771	330	496	275	-166
12/30/11	1.88%	8.66%	6.09%	5.16%	679	328	421	257	-93
03/30/12	2.21%	7.73%	6.13%	5.30%	552	309	392	160	-83
06/29/12	1.64%	7.88%	6.41%	5.06%	623	342	477	147	-135
07/18/12	1.49%	7.68%	6.10%	4.85%	619	336	460	159	-125
Historical Averages (10 Yrs)					**594**	**276**	**319**	**275**	**-43**
Historical Average 10 Year Treasury < 4.0%					**754**	**357**	**439**	**300**	**-95**
1 Std. Deviation from midpoint					**369**	**112**	**176**	**227**	**93**
Historical Average 10 Year Treasury > 4.0%					**524**	**231**	**258**	**254**	**-41**
1 Std. Deviation from midpoint					**182**	**47**	**90**	**149**	**86**

Qtr / Qtr Change In Spreads (basis points)

	10 Yr Treasury	Barclays High Yield	Alerian	Moody's Baa	HY - 10Yr	IG - 10 Yr	AMZ - 10Yr	HY - AMZ	IG - AMZ
12/31/08	2.25%	19.43%	12.14%	8.28%	708	212	441	268	-229
03/31/09	2.69%	18.13%	10.90%	8.88%	-174	16	-168	-6	184
06/30/09	3.52%	12.79%	9.16%	7.39%	-617	-232	-257	-360	24
09/30/09	3.31%	10.40%	8.42%	6.29%	-218	-89	-53	-165	-35
12/31/09	3.84%	9.20%	7.38%	6.48%	-173	-34	-157	-15	123
03/31/10	3.83%	8.66%	7.00%	6.41%	-53	-6	-37	-16	31
06/30/10	2.95%	9.28%	7.02%	6.13%	150	60	90	60	-30
09/30/10	2.52%	8.18%	6.52%	5.58%	-67	-12	-7	-60	-5
12/31/10	3.29%	7.90%	6.20%	5.98%	-106	-37	-109	3	72
03/31/11	3.47%	7.49%	5.97%	6.05%	-58	-11	-41	-18	30
06/30/11	3.16%	7.67%	6.19%	5.90%	49	16	53	-4	-37
09/30/11	1.92%	9.63%	6.88%	5.22%	320	56	193	128	-136
12/30/11	1.88%	8.66%	6.09%	5.16%	-93	-2	-75	-18	73
03/30/12	2.21%	7.73%	6.13%	5.30%	-127	-19	-29	-97	10
06/29/12	1.64%	7.88%	6.41%	5.06%	72	32	85	-13	-53
YTD	1.49%	7.68%	6.10%	4.85%	-60	7	39	-99	-32
YTD (BP)	-38	-98	1	-31					

Source: Barclays Fixed Income, Alerian Capital Management, Bloomberg

Figure 218: Quarterly Distribution Increases, 2009

Quarterly Distribution Increases (2009)

First Quarter

LPs	New	Old	Growth
EPB	$0.3200	$0.3000	6.67%
KGS	$0.3700	$0.3500	5.71%
NMM	$0.4000	$0.3850	3.90%
KMP	$1.0500	$1.0200	2.94%
SEP	$0.3600	$0.3500	2.86%
SXL	$0.9900	$0.9650	2.59%
GEL	$0.3300	$0.3225	2.33%
ARLP	$0.7150	$0.7000	2.14%
NRP	$0.5350	$0.5250	1.90%
DEP	$0.4275	$0.4200	1.79%
WMZ	$0.3200	$0.3150	1.59%
NRGY	$0.6450	$0.6350	1.57%
EPD	$0.5300	$0.5225	1.44%
BPL	$0.8875	$0.8750	1.43%
HEP	$0.7650	$0.7550	1.32%
MMP	$0.7100	$0.7025	1.07%
BWP	$0.4800	$0.4750	1.05%
CPNO	$0.5750	$0.5700	0.88%
SPH	$0.8100	$0.8050	0.62%
EVEP	$0.7510	$0.7500	0.13%
Average:			**2.2%**
GPs	**New**	**Old**	**Growth**
ETE	$0.5100	$0.4800	6.25%
NRGP	$0.6750	$0.6500	3.85%
EPE	$0.4700	$0.4550	3.30%
AHGP	$0.4025	$0.3900	3.21%
BGH	$0.3300	$0.3200	3.13%
MGG	$1.4360	$1.4160	1.41%
Average:			**3.5%**

Second Quarter

LPs	New	Old	Growth
APU	$0.6700	$0.6400	4.69%
SEP	$0.3700	$0.3600	2.78%
SXL	$1.0150	$0.9900	2.53%
GEL	$0.3375	$0.3300	2.27%
ARLP	$0.7300	$0.7150	2.10%
EPB	$0.3250	$0.3200	1.56%
WMZ	$0.3250	$0.3200	1.56%
NRGY	$0.6550	$0.6450	1.55%
EPD	$0.5375	$0.5300	1.42%
BPL	$0.9000	$0.8875	1.41%
PAA	$0.9050	$0.8925	1.40%
HEP	$0.7750	$0.7650	1.31%
BWP	$0.4850	$0.4800	1.04%
NRP	$0.5400	$0.5350	0.93%
SPH	$0.8150	$0.8100	0.62%
DEP	$0.4300	$0.4275	0.58%
EVEP	$0.7520	$0.7510	0.13%
Average:			**1.6%**
GPs	**New**	**Old**	**Growth**
NRGP	$0.7500	$0.6750	11.11%
EPE	$0.4850	$0.4700	3.19%
AHGP	$0.4150	$0.4025	3.11%
Average:			**5.8%**

Third Quarter

LPs	New	Old	Growth
TCLP	$0.7300	$0.7050	3.55%
WES	$0.3100	$0.3000	3.33%
SEP	$0.3800	$0.3700	2.70%
ENP	$0.5125	$0.5000	2.50%
SXL	$1.0400	$1.0150	2.46%
GEL	$0.3450	$0.3375	2.22%
ARLP	$0.7450	$0.7300	2.05%
EPB	$0.3300	$0.3250	1.54%
WMZ	$0.3300	$0.3250	1.54%
NRGY	$0.6650	$0.6550	1.53%
EPD	$0.5450	$0.5375	1.40%
BPL	$0.9125	$0.9000	1.39%
HEP	$0.7850	$0.7750	1.29%
SPH	$0.8250	$0.8150	1.23%
DEP	$0.4350	$0.4300	1.16%
BWP	$0.4900	$0.4850	1.03%
EVEP	$0.7530	$0.7520	0.13%
Average:			**1.8%**
GPs	**New**	**Old**	**Growth**
AHGP	$0.4275	$0.4150	3.01%
BGH	$0.3700	$0.3500	5.71%
EPE	$0.5000	$0.4850	3.09%
NRGP	$0.7800	$0.7500	4.00%
Average:			**4.0%**

Fourth Quarter

LPs	New	Old	Growth
EPB	$0.3500	$0.3300	6.06%
KGS	$0.3900	$0.3700	5.41%
SEP	$0.4000	$0.3800	5.26%
ENP	$0.5375	$0.5125	4.88%
WES	$0.3200	$0.3100	3.23%
SXL	$1.0650	$1.0400	2.40%
GEL	$0.3525	$0.3450	2.17%
ARLP	$0.7600	$0.7450	2.01%
PAA	$0.9200	$0.9050	1.66%
WMZ	$0.3350	$0.3300	1.52%
NRGY	$0.6750	$0.6650	1.50%
EPD	$0.5525	$0.5450	1.38%
BPL	$0.9250	$0.9125	1.37%
HEP	$0.7950	$0.7850	1.27%
NMM	$0.4050	$0.4000	1.25%
DEP	$0.4400	$0.4350	1.15%
BWP	$0.4950	$0.4900	1.02%
OKS	$1.0900	$1.0800	0.93%
NS	$1.0650	$1.0575	0.71%
SPH	$0.8300	$0.8250	0.61%
Average:			**2.3%**
GPs	**New**	**Old**	**Growth**
NRGP	$0.8500	$0.7800	8.97%
BGH	$0.3900	$0.3700	5.41%
EPE	$0.5150	$0.5000	3.00%
AHGP	$0.4400	$0.4275	2.92%
NSH	$0.4350	$0.4300	1.16%
Average:			**4.3%**

Source: Company filings

Figure 219: Quarterly Distribution Increases, 2010

Quarterly Distribution Increases (2010)

First Quarter

LPs	New	Old	Growth
SGU	$0.0725	$0.0675	7.41%
VNR	$0.5250	$0.5000	5.00%
WES	$0.3300	$0.3200	3.13%
EPB	$0.3600	$0.3500	2.86%
SEP	$0.4100	$0.4000	2.50%
SXL	$1.0900	$1.0650	2.35%
GEL	$0.3600	$0.3525	2.13%
ARLP	$0.7750	$0.7600	1.97%
NRGY	$0.6850	$0.6750	1.48%
EPD	$0.5600	$0.5525	1.36%
BPL	$0.9375	$0.9250	1.35%
HEP	$0.8050	$0.7950	1.26%
NMM	$0.4100	$0.4050	1.23%
DEP	$0.4450	$0.4400	1.14%
CLMT	$0.4550	$0.4500	1.11%
BWP	$0.5000	$0.4950	1.01%
OKS	$1.1000	$1.0900	0.92%
PAA	$0.9275	$0.9200	0.82%
SPH	$0.8350	$0.8300	0.60%
EVEP	$0.7550	$0.7540	0.13%
Average:			**2.0%**
GPs	**New**	**Old**	**Growth**
NRGP	$0.9400	$0.8500	10.59%
BGH	$0.4100	$0.3900	5.13%
EPE	$0.5300	$0.5150	2.91%
AHGP	$0.4525	$0.4400	2.84%
ETE	$0.5400	$0.5350	0.93%
Average:			**4.5%**

Second Quarter

LPs	New	Old	Growth
EPB	$0.3800	$0.3600	5.56%
TOO	$0.4750	$0.4500	5.56%
TGP	$0.6000	$0.5700	5.26%
APU	$0.7050	$0.6700	5.22%
WPZ	$0.6575	$0.6350	3.54%
WES	$0.3400	$0.3300	3.03%
SEP	$0.4200	$0.4100	2.44%
SXL	$1.1150	$1.0900	2.29%
GEL	$0.3675	$0.3600	2.08%
ARLP	$0.7900	$0.7750	1.94%
KMP	$1.0700	$1.0500	1.90%
TLP	$0.6000	$0.5900	1.69%
NRGY	$0.6950	$0.6850	1.46%
MMP	$0.7200	$0.7100	1.41%
EPD	$0.5675	$0.5600	1.34%
BPL	$0.9500	$0.9375	1.33%
EEP	$1.0025	$0.9900	1.26%
HEP	$0.8150	$0.8050	1.24%
NMM	$0.4150	$0.4100	1.22%
BWP	$0.5050	$0.5000	1.00%
OKS	$1.1100	$1.1000	0.91%
PAA	$0.9350	$0.9275	0.81%
SPH	$0.8400	$0.8350	0.60%
DEP	$0.4475	$0.4450	0.56%
EVEP	$0.7560	$0.7550	0.13%
Average:			**2.2%**
GPs	**New**	**Old**	**Growth**
BGH	$0.4300	$0.4100	4.88%
NRGP	$0.9750	$0.9400	3.72%
NSH	$0.4500	$0.4350	3.45%
EPE	$0.5450	$0.5300	2.83%
AHGP	$0.4650	$0.4525	2.76%
PVG	$0.3900	$0.3800	2.63%
Average:			**3.4%**

Third Quarter

LPs	New	Old	Growth
KGS	$0.4200	$0.3900	7.69%
EPB	$0.4000	$0.3800	5.26%
VNR	$0.5500	$0.5250	4.76%
WES	$0.3500	$0.3400	2.94%
ARLP	$0.8100	$0.7900	2.53%
EEP	$1.0275	$1.0025	2.49%
SEP	$0.4300	$0.4200	2.38%
WPZ	$0.6725	$0.6575	2.28%
SXL	$1.1400	$1.1150	2.24%
GEL	$0.3750	$0.3675	2.04%
BBEP	$0.3825	$0.3750	2.00%
NGLS	$0.5275	$0.5175	1.93%
KMP	$1.0900	$1.0700	1.87%
MMP	$0.7325	$0.7200	1.74%
DPM	$0.6100	$0.6000	1.67%
NRGY	$0.7050	$0.6950	1.44%
EPD	$0.5750	$0.5675	1.32%
BPL	$0.9625	$0.9500	1.32%
HEP	$0.8250	$0.8150	1.23%
NMM	$0.4200	$0.4150	1.20%
BWP	$0.5100	$0.5050	0.99%
OKS	$1.1200	$1.1100	0.90%
PAA	$0.9425	$0.9350	0.80%
SPH	$0.8450	$0.8400	0.60%
DEP	$0.4500	$0.4475	0.56%
EVEP	$0.7570	$0.7560	0.13%
Average:			**2.1%**
GPs	**New**	**Old**	**Growth**
BGH	$0.4500	$0.4300	4.65%
NRGP	$0.3400	$0.3250	4.62%
AHGP	$0.4825	$0.4650	3.76%
EPE	$0.5600	$0.5450	2.75%
NSH	$0.4600	$0.4500	2.22%
Average:			**3.6%**

Fourth Quarter

LPs	New	Old	Growth
WES	$0.3700	$0.3500	5.71%
LINE	$0.6600	$0.6300	4.76%
GEL	$0.3875	$0.3750	3.33%
TCLP	$0.7500	$0.7300	2.74%
SXL	$1.1700	$1.1400	2.63%
EPB	$0.4100	$0.4000	2.50%
ARLP	$0.8300	$0.8100	2.47%
SEP	$0.4400	$0.4300	2.33%
WPZ	$0.6875	$0.6725	2.23%
BBEP	$0.3900	$0.3825	1.96%
NGLS	$0.5375	$0.5275	1.90%
KMP	$1.1100	$1.0900	1.83%
MMP	$0.7450	$0.7325	1.71%
GLP	$0.4950	$0.4875	1.54%
EPD	$0.5825	$0.5750	1.30%
BPL	$0.9750	$0.9625	1.30%
HEP	$0.8350	$0.8250	1.21%
CLMT	$0.4600	$0.4550	1.10%
EXLP	$0.4675	$0.4625	1.08%
BWP	$0.5150	$0.5100	0.98%
NS	$1.0750	$1.0650	0.94%
OKS	$1.1300	$1.1200	0.89%
PAA	$0.9500	$0.9425	0.80%
SPH	$0.8500	$0.8450	0.59%
DEP	$0.4525	$0.4500	0.56%
EVEP	$0.7580	$0.7570	0.13%
Average:			**1.9%**
GPs	**New**	**Old**	**Growth**
BGH	$0.4700	$0.4500	4.44%
NSH	$0.4800	$0.4600	4.35%
AHGP	$0.5000	$0.4825	3.63%
EPE	$0.5750	$0.5600	2.68%
Average:			**3.8%**

Source: Company filings

Figure 220: Quarterly Distribution Increases, 2011

Quarterly Distribution Increases (2010)															
First Quarter				Second Quarter				Third Quarter				Fourth Quarter			
LPs	New	Old	Growth	LPs	New	Old	Growth	LPs	New	Old	Growth	LPs	New	Old	Growth
EPB	$0.4400	$0.4100	7.32%	XTEX	$0.2900	$0.2600	11.54%	APL	$0.4700	$0.4000	17.50%	APL	$0.5400	$0.4700	14.89%
SGU	$0.0775	$0.0725	6.90%	RNO	$0.4550	$0.4208	8.13%	XTEX	$0.3100	$0.2900	6.90%	RNO	$0.4800	$0.4550	5.49%
BBEP	$0.4125	$0.3900	5.77%	APL	$0.4000	$0.3700	8.11%	CMLP	$0.4600	$0.4400	4.55%	MWE	$0.7300	$0.7000	4.29%
APL	$0.3700	$0.3500	5.71%	TOO	$0.5000	$0.4750	5.26%	LINE	$0.6900	$0.6600	4.55%	TLLP	$0.3500	$0.2448	42.97%
TGP	$0.6300	$0.6000	5.00%	APU	$0.7400	$0.7050	4.96%	MWE	$0.7000	$0.6700	4.48%	WES	$0.4200	$0.4050	3.70%
XTEX	$0.2600	$0.2500	4.00%	EPB	$0.4600	$0.4400	4.55%	EPB	$0.4800	$0.4600	4.35%	PNG	$0.3575	$0.3450	3.62%
ARLP	$0.8600	$0.8300	3.61%	CHKM	$0.3500	$0.3375	3.70%	CLMT	$0.4950	$0.4750	4.21%	CHKM	$0.3750	$0.3625	3.45%
GEL	$0.4000	$0.3875	3.23%	ARLP	$0.8900	$0.8600	3.49%	WES	$0.4050	$0.3900	3.85%	GEL	$0.4275	$0.4150	3.01%
WES	$0.3800	$0.3700	2.70%	MWE	$0.6700	$0.6500	3.08%	ARLP	$0.9225	$0.8900	3.65%	BBEP	$0.4350	$0.4225	2.96%
CMLP	$0.4300	$0.4200	2.38%	WES	$0.3900	$0.3800	2.63%	EEP	$0.5325	$0.5138	3.65%	NGLS	$0.5825	$0.5700	2.19%
NMM	$0.4300	$0.4200	2.38%	CMLP	$0.4400	$0.4300	2.33%	CHKM	$0.3625	$0.3500	3.57%	EPB	$0.4900	$0.4800	2.08%
SEP	$0.4500	$0.4400	2.27%	SEP	$0.4600	$0.4500	2.22%	TCLP	$0.7700	$0.7500	2.67%	SXL	$1.2400	$1.2150	2.06%
PNG	$0.3450	$0.3375	2.22%	WPZ	$0.7175	$0.7025	2.14%	NMM	$0.4400	$0.4300	2.33%	WPZ	$0.7475	$0.7325	2.05%
WPZ	$0.7025	$0.6875	2.18%	PVR	$0.4800	$0.4700	2.13%	NGLS	$0.5700	$0.5575	2.24%	PVR	$0.5000	$0.4900	2.04%
CLMT	$0.4700	$0.4600	2.17%	PSE	$0.5100	$0.5000	2.00%	WPZ	$0.7325	$0.7175	2.09%	MMP	$0.8000	$0.7850	1.91%
NGLS	$0.5475	$0.5375	1.86%	GEL	$0.4075	$0.4000	1.87%	PVR	$0.4900	$0.4800	2.08%	NRP	$0.5500	$0.5400	1.85%
VNR	$0.5600	$0.5500	1.82%	NGLS	$0.5575	$0.5475	1.83%	MMP	$0.7850	$0.7700	1.95%	OKS	$0.5950	$0.5850	1.71%
KMP	$1.1300	$1.1100	1.80%	VNR	$0.5700	$0.5600	1.79%	LGCY	$0.5400	$0.5300	1.89%	PAA	$0.9950	$0.9825	1.27%
MMP	$0.7575	$0.7450	1.68%	MMP	$0.7700	$0.7575	1.65%	NS	$1.0950	$1.0750	1.86%	EPD	$0.6125	$0.6050	1.24%
TLP	$0.6100	$0.6000	1.67%	PAA	$0.9700	$0.9575	1.31%	GEL	$0.4150	$0.4075	1.84%	DPM	$0.6400	$0.6325	1.19%
MWE	$0.6500	$0.6400	1.56%	EPD	$0.5975	$0.5900	1.27%	OKS	$0.5850	$0.5750	1.74%	HEP	$0.8750	$0.8650	1.16%
MMLP	$0.7600	$0.7500	1.33%	SXL	$1.1950	$1.1800	1.27%	SXL	$1.2150	$1.1950	1.67%	RGP	$0.4550	$0.4500	1.11%
EPD	$0.5900	$0.5825	1.29%	BPL	$1.0000	$0.9875	1.27%	TLP	$0.6200	$0.6100	1.64%	SEP	$0.4700	$0.4650	1.08%
BPL	$0.9875	$0.9750	1.28%	DPM	$0.6250	$0.6175	1.21%	PAA	$0.9825	$0.9700	1.29%	EXLP	$0.4875	$0.4825	1.04%
DPM	$0.6175	$0.6100	1.23%	BBEP	$0.4175	$0.4125	1.21%	EPD	$0.6050	$0.5975	1.26%	CLMT	$0.5000	$0.4950	1.01%
HEP	$0.8450	$0.8350	1.20%	HEP	$0.8550	$0.8450	1.18%	BPL	$1.0125	$1.0000	1.25%	LGCY	$0.5450	$0.5400	0.93%
EXLP	$0.4725	$0.4675	1.07%	CLMT	$0.4750	$0.4700	1.06%	DPM	$0.6325	$0.6250	1.20%	KMP	$1.1600	$1.1500	0.87%
GLP	$0.5000	$0.4950	1.01%	EXLP	$0.4775	$0.4725	1.06%	BBEP	$0.4225	$0.4175	1.20%	BWP	$0.5275	$0.5250	0.48%
BWP	$0.5200	$0.5150	0.97%	LGCY	$0.5300	$0.5250	0.95%	HEP	$0.8650	$0.8550	1.17%	VNR	$0.5775	$0.5750	0.43%
LGCY	$0.5250	$0.5200	0.96%	KMP	$1.1400	$1.1300	0.88%	RGP	$0.4500	$0.4450	1.12%	EVEP	$0.7620	$0.7610	0.13%
OKS	$1.1400	$1.1300	0.88%	OKS	$1.1500	$1.1400	0.88%	SEP	$0.4650	$0.4600	1.09%				
SXL	$1.1800	$1.1700	0.85%	DEP	$0.4575	$0.4550	0.55%	EXLP	$0.4825	$0.4775	1.05%				
PAA	$0.9575	$0.9500	0.79%	BWP	$0.5225	$0.5200	0.48%	KMP	$1.1500	$1.1400	0.88%				
DEP	$0.4550	$0.4525	0.55%	MMLP	$0.7625	$0.7600	0.33%	VNR	$0.5750	$0.5700	0.88%				
SPH	$0.8525	$0.8500	0.29%	EVEP	$0.7600	$0.7590	0.13%	DEP	$0.4600	$0.4575	0.55%				
EVEP	$0.7590	$0.7580	0.13%					BWP	$0.5250	$0.5225	0.48%				
								EVEP	$0.7610	$0.7600	0.13%				
Average:			2.3%	Average:			2.5%	Average:			2.7%	Average:			3.7%
GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth
ATLS	$0.0700	$0.0500	40.00%	ATLS	$0.1100	$0.0700	57.14%	ATLS	$0.2200	$0.1100	100.00%	ATLS	$0.2400	$0.2200	9.09%
XTXI	$0.0800	$0.0700	14.29%	XTXI	$0.0900	$0.0800	12.50%	ETE	$0.6250	$0.5600	11.61%	AHGP	$0.6100	$0.5825	4.72%
AHGP	$0.5275	$0.5000	5.50%	AHGP	$0.5550	$0.5275	5.21%	XTXI	$0.1000	$0.0900	11.11%	ETE	$0.6250	$0.6250	0.00%
ETE	$0.5400	$0.5400	0.00%	ETE	$0.5600	$0.5400	3.70%	AHGP	$0.5825	$0.5550	4.95%	NSH	$0.4950	$0.4950	0.00%
NSH	$0.4800	$0.4800	0.00%	NSH	$0.4800	$0.4800	0.00%	NSH	$0.4950	$0.4800	3.13%	XTXI	$0.1000	$0.1000	0.00%
PVG	$0.3900	$0.3900	0.00%												
Average:			10.0%	Average:			15.7%	Average:			26.2%	Average:			2.8%

Source: Company filings

Figure 221: MLP Cash Distribution History

Refined Product Pipelines and Terminals

BPL	Buckeye Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1995	$0.350	$0.350	$0.350	$0.350	$1.400	
		1996	$0.375	$0.375	$0.375	$0.375	$1.500	7.1%
		1997	$0.375	$0.375	$0.440	$0.525	$1.715	14.3%
		1998	$0.525	$0.525	$0.525	$0.525	$2.100	22.4%
		1999	$0.525	$0.550	$0.550	$0.550	$2.175	3.6%
		2000	$0.600	$0.600	$0.600	$0.600	$2.400	10.3%
		2001	$0.600	$0.600	$0.625	$0.625	$2.450	2.1%
		2002	$0.625	$0.625	$0.625	$0.625	$2.500	2.0%
		2003	$0.625	$0.638	$0.638	$0.638	$2.538	1.5%
		2004	$0.650	$0.650	$0.663	$0.675	$2.638	3.9%
		2005	$0.688	$0.700	$0.713	$0.725	$2.825	7.1%
		2006	$0.738	$0.750	$0.763	$0.775	$3.025	7.1%
		2007	$0.788	$0.800	$0.813	$0.825	$3.225	6.6%
		2008	$0.838	$0.850	$0.863	$0.875	$3.425	6.2%
		2009	$0.888	$0.900	$0.913	$0.925	$3.625	5.8%
		2010	$0.938	$0.950	$0.963	$0.975	$3.825	5.5%
		2011	$0.988	$1.000	$1.013	$1.025	$4.025	5.2%
		2012	$1.038	$1.038				

CLMT	Calumet Specialty Products Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	$0.300	$0.450	$0.550	$1.300	
		2007	$0.600	$0.600	$0.630	$0.630	$2.460	89.2%
		2008	$0.630	$0.450	$0.450	$0.450	$1.980	-19.5%
		2009	$0.450	$0.450	$0.450	$0.450	$1.800	-9.1%
		2010	$0.455	$0.455	$0.455	$0.460	$1.825	1.4%
		2011	$0.470	$0.475	$0.495	$0.500	$1.940	6.3%
		2012	$0.530	$0.560				

GLP	Global Partners LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	$0.411	$0.425	$0.438	$0.445	$1.719	
		2007	$0.455	$0.465	$0.473	$0.480	$1.873	9.0%
		2008	$0.488	$0.488	$0.488	$0.488	$1.950	4.1%
		2009	$0.488	$0.488	$0.488	$0.488	$1.950	0.0%
		2010	$0.488	$0.488	$0.488	$0.495	$1.958	0.4%
		2011	$0.500	$0.500	$0.500	$0.500	$2.000	2.2%
		2012	$0.500	$0.500				

HEP	Holly Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2004	-	-	-	$0.435	$0.435	
		2005	$0.500	$0.550	$0.575	$0.600	$2.225	
		2006	$0.625	$0.640	$0.655	$0.665	$2.585	16.2%
		2007	$0.675	$0.690	$0.705	$0.715	$2.785	7.7%
		2008	$0.725	$0.735	$0.745	$0.755	$2.960	6.3%
		2009	$0.765	$0.775	$0.785	$0.795	$3.120	5.4%
		2010	$0.805	$0.815	$0.825	$0.835	$3.280	5.1%
		2011	$0.845	$0.855	$0.865	$0.875	$3.440	4.9%
		2012	$0.885	$0.895				

KMP	Kinder Morgan Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1995	$0.158	$0.158	$0.158	$0.158	$0.630	
		1996	$0.158	$0.158	$0.158	$0.158	$0.630	0.0%
		1997	$0.158	$0.158	$0.250	$0.250	$0.815	29.4%
		1998	$0.281	$0.281	$0.315	$0.315	$1.193	46.3%
		1999	$0.325	$0.350	$0.350	$0.363	$1.388	16.4%
		2000	$0.363	$0.388	$0.425	$0.425	$1.600	15.3%
		2001	$0.475	$0.525	$0.525	$0.550	$2.075	29.7%
		2002	$0.550	$0.590	$0.610	$0.610	$2.360	13.7%
		2003	$0.625	$0.640	$0.650	$0.660	$2.575	9.1%
		2004	$0.680	$0.690	$0.710	$0.730	$2.810	9.1%
		2005	$0.740	$0.760	$0.780	$0.790	$3.070	9.3%
		2006	$0.800	$0.810	$0.810	$0.810	$3.230	5.2%
		2007	$0.830	$0.830	$0.850	$0.880	$3.390	5.0%
		2008	$0.920	$0.960	$0.990	$1.020	$3.890	14.7%
		2009	$1.050	$1.050	$1.050	$1.050	$4.200	8.0%
		2010	$1.050	$1.070	$1.090	$1.110	$4.320	2.9%
		2011	$1.130	$1.140	$1.150	$1.160	$4.580	6.0%
		2012	$1.160	$1.200				

Source: FactSet, company filings

Figure 222: MLP Cash Distribution History (continued)

MMP	Magellan Midstream Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2001	$0.146	$0.281	$0.289	$0.295	$1.011	
		2002	$0.306	$0.338	$0.350	$0.363	$1.356	34.1%
		2003	$0.375	$0.390	$0.405	$0.415	$1.585	16.9%
		2004	$0.425	$0.435	$0.445	$0.456	$1.761	11.1%
		2005	$0.480	$0.498	$0.531	$0.553	$2.061	17.0%
		2006	$0.565	$0.610	$0.590	$0.603	$2.368	14.9%
		2007	$0.616	$0.630	$0.644	$0.658	$2.548	7.6%
		2008	$0.673	$0.688	$0.703	$0.710	$2.773	8.8%
		2009	$0.710	$0.710	$0.710	$0.710	$2.840	2.4%
		2010	$0.710	$0.720	$0.733	$0.745	$2.908	2.4%
		2011	$0.758	$0.770	$0.785	$0.800	$3.113	7.1%
		2012	$0.815	$0.840				

NS	NuStar Energy L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2001	-	$0.501	$0.600	$0.600	$1.701	
		2002	$0.650	$0.700	$0.700	$0.700	$2.750	61.7%
		2003	$0.700	$0.750	$0.750	$0.750	$2.950	7.3%
		2004	$0.800	$0.800	$0.800	$0.800	$3.200	8.5%
		2005	$0.800	$0.860	$0.855	$0.855	$3.370	5.3%
		2006	$0.885	$0.885	$0.915	$0.915	$3.600	6.8%
		2007	$0.915	$0.950	$0.985	$0.985	$3.835	6.5%
		2008	$0.985	$0.985	$1.058	$1.058	$4.085	13.5%
		2009	$1.058	$1.058	$1.058	$1.065	$4.238	10.5%
		2010	$1.065	$1.065	$1.065	$1.075	$4.270	0.8%
		2011	$1.075	$1.075	$1.095	$1.095	$4.340	1.6%
		2012	$1.095	$1.095				

SXL	Sunoco Logistics Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2002	-	$0.0867	$0.1500	$0.1500	$0.387	
		2003	$0.1625	$0.1625	$0.1667	$0.1708	$0.663	71.3%
		2004	$0.1833	$0.1900	$0.1958	$0.2042	$0.773	16.7%
		2005	$0.2083	$0.2083	$0.2133	$0.2250	$0.855	10.6%
		2006	$0.2375	$0.2500	$0.2583	$0.2625	$1.008	17.9%
		2007	$0.2708	$0.2750	$0.2792	$0.2833	$1.108	9.9%
		2008	$0.290	$0.298	$0.312	$0.322	$1.222	10.2%
		2009	$0.330	$0.338	$0.347	$0.355	$1.370	12.1%
		2010	$0.363	$0.372	$0.380	$0.390	$1.505	9.9%
		2011	$0.393	$0.398	$0.405	$0.413	$1.610	7.0%
		2012	$0.420	$0.428				

TLP	Transmontaigne Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	-	-	$0.150	$0.400	$0.55	
		2006	$0.400	$0.430	$0.430	$0.430	$1.69	207.3%
		2007	$0.430	$0.470	$0.500	$0.500	$1.90	12.4%
		2008	$0.520	$0.570	$0.580	$0.590	$2.260	18.9%
		2009	$0.590	$0.590	$0.590	$0.590	$2.360	4.4%
		2010	$0.590	$0.600	$0.600	$0.600	$2.390	1.3%
		2011	$0.610	$0.610	$0.620	$0.620	$2.460	2.9%
		2012	$0.630	$0.630				

TLLP	Tesoro Logistics LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2011	-	-	$0.245	$0.350	$0.595	
		2012	$0.363	$0.378				

Source: FactsSet, company filings

Figure 223: MLP Cash Distribution History (continued)

Natural Gas - Gathering and Processing

APL	Atlas Pipeline Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2000	-	$0.295	$0.450	$0.535	$1.280	
		2001	$0.560	$0.650	$0.670	$0.600	$2.480	93.7%
		2002	$0.580	$0.520	$0.535	$0.540	$2.175	-12.3%
		2003	$0.540	$0.560	$0.580	$0.620	$2.300	5.7%
		2004	$0.625	$0.630	$0.630	$0.690	$2.575	12.0%
		2005	$0.720	$0.750	$0.770	$0.810	$3.050	18.4%
		2006	$0.830	$0.840	$0.850	$0.850	$3.370	10.5%
		2007	$0.860	$0.860	$0.870	$0.910	$3.500	3.9%
		2008	$0.930	$0.940	$0.960	$0.960	$3.790	8.3%
		2009	$0.380	$0.150	$0.000	$0.000	$0.530	-86.0%
		2010	$0.000	$0.000	$0.000	$0.350	$0.350	-34.0%
		2011	$0.370	$0.400	$0.470	$0.540	$1.780	408.6%
		2012	$0.550	$0.560				

CHKM	Chesapeake Midstream Partners		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2010	-	-	-	$0.217	$0.217	
		2011	$0.338	$0.350	$0.363	$0.375	$1.425	
		2012	$0.390	$0.405				

CPNO	Copano Energy L.L.C.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	$0.100	$0.210	$0.225	$0.250	$0.785	
		2006	$0.275	$0.300	$0.338	$0.375	$1.288	64.0%
		2007	$0.400	$0.420	$0.440	$0.470	$1.730	34.4%
		2008	$0.510	$0.530	$0.560	$0.570	$2.170	25.4%
		2009	$0.575	$0.575	$0.575	$0.575	$2.300	6.0%
		2010	$0.575	$0.575	$0.575	$0.575	$2.300	0.0%
		2011	$0.575	$0.575	$0.575	$0.575	$2.300	0.0%
		2012	$0.575	$0.575				

XTEX	Crosstex Energy L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2003		$0.288	$0.275	$0.350	$1.400	
		2004	$0.375	$0.400	$0.420	$0.430	$1.625	16.1%
		2005	$0.450	$0.460	$0.470	$0.490	$1.870	15.1%
		2006	$0.510	$0.530	$0.540	$0.550	$2.130	13.9%
		2007	$0.560	$0.560	$0.570	$0.590	$2.280	7.0%
		2008	$0.610	$0.620	$0.630	$0.500	$2.360	3.5%
		2009	$0.250	$0.000	$0.000	$0.000	$0.25	-89.4%
		2010	$0.000	$0.000	$0.000	$0.250	$0.250	0.0%
		2011	$0.260	$0.290	$0.310	$0.310	$1.170	368.0%
		2012	$0.320	$0.330				

DPM	DCP Midstream Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	$0.095	$0.350	$0.380	$0.405	$1.230	
		2007	$0.430	$0.465	$0.530	$0.550	$1.975	60.6%
		2008	$0.570	$0.590	$0.600	$0.600	$2.360	19.5%
		2009	$0.600	$0.600	$0.600	$0.600	$2.40	1.7%
		2010	$0.600	$0.600	$0.610	$0.610	$2.420	0.8%
		2011	$0.618	$0.625	$0.633	$0.640	$2.515	3.9%
		2012	$0.650	$0.660				

EROC	Eagle Rock Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.268	$0.363	$0.363	$0.368	$1.360	
		2008	$0.393	$0.400	$0.410	$0.410	$1.613	18.5%
		2009	$0.410	$0.025	$0.025	$0.025	$0.49	-69.9%
		2010	$0.025	$0.025	$0.025	$0.025	$0.100	-79.4%
		2011	$0.150	$0.150	$0.188	$0.200	$0.688	587.5%
		2012	$0.210	$0.220				

EXLP	Exterran Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.278	$0.350	$0.350	$0.400	$1.378	
		2008	$0.425	$0.425	$0.425	$0.463	$1.738	26.1%
		2009	$0.463	$0.463	$0.463	$0.463	$1.850	6.5%
		2010	$0.463	$0.463	$0.463	$0.468	$1.855	0.3%
		2011	$0.473	$0.478	$0.483	$0.488	$1.920	3.5%
		2012	$0.493	$0.498				

Source: FactsSet, company filings

Figure 224: MLP Cash Distribution History (continued)

MWE	MarkWest Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2002	-	-	$0.105	$0.250	$0.355	
		2003	$0.260	$0.290	$0.290	$0.320	$1.280	260.6%
		2004	$0.335	$0.345	$0.370	$0.380	$1.430	11.7%
		2005	$0.390	$0.400	$0.400	$0.410	$1.600	11.9%
		2006	$0.410	$0.435	$0.460	$0.485	$1.790	11.9%
		2007	$0.500	$0.510	$0.530	$0.550	$2.090	16.8%
		2008	$0.570	$0.600	$0.630	$0.640	$2.440	16.7%
		2009	$0.640	$0.640	$0.640	$0.640	$2.560	4.9%
		2010	$0.640	$0.640	$0.640	$0.640	$2.560	0.0%
		2011	$0.650	$0.670	$0.700	$0.730	$2.750	7.4%
		2012	$0.760	$0.790				

MMLP	Martin Midstream Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2003	$0.308	$0.500	$0.500	$0.500	$2.000	
		2004	$0.525	$0.525	$0.525	$0.525	$2.100	5.0%
		2005	$0.535	$0.535	$0.550	$0.570	$2.190	4.3%
		2006	$0.610	$0.610	$0.610	$0.610	$2.440	11.4%
		2007	$0.620	$0.640	$0.660	$0.680	$2.600	6.6%
		2008	$0.700	$0.720	$0.740	$0.750	$2.910	11.9%
		2009	$0.750	$0.750	$0.750	$0.750	$3.000	3.1%
		2010	$0.750	$0.750	$0.750	$0.750	$3.000	0.0%
		2011	$0.760	$0.763	$0.763	$0.763	$3.048	1.6%
		2012	$0.763	$0.763				

KGS/ CMLP	Quicksilver Gas / Crestwood Midstream		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	-	-	$0.168	$0.168	
		2008	$0.300	$0.315	$0.350	$0.350	$1.315	
		2009	$0.370	$0.370	$0.370	$0.390	$1.500	14.1%
		2010	$0.390	$0.390	$0.420	$0.420	$1.620	8.0%
		2011	$0.430	$0.440	$0.460	$0.480	$1.810	11.7%
		2012	$0.490	$0.500				

RGP	Regency Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	$0.222	$0.350	$0.370	$0.942	
		2007	$0.370	$0.380	$0.380	$0.390	$1.520	61.4%
		2008	$0.400	$0.420	$0.445	$0.445	$1.710	12.5%
		2009	$0.445	$0.445	$0.445	$0.445	$1.780	4.1%
		2010	$0.445	$0.445	$0.445	$0.445	$1.780	0.0%
		2011	$0.445	$0.445	$0.450	$0.455	$1.795	0.8%
		2012	$0.460	$0.460				

NGLS	Targa Resources Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	$0.169	$0.338	$0.338	$0.844	
		2008	$0.398	$0.418	$0.513	$0.518	$1.846	118.7%
		2009	$0.518	$0.518	$0.518	$0.518	$2.070	12.2%
		2010	$0.518	$0.518	$0.528	$0.538	$2.100	1.4%
		2011	$0.548	$0.558	$0.570	$0.583	$2.258	7.5%
		2012	$0.603	$0.623				

WES	Western Gas Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	-	-	$0.158	$0.300	$0.458	
		2009	$0.300	$0.300	$0.310	$0.320	$1.230	168.4%
		2010	$0.330	$0.340	$0.350	$0.370	$1.390	13.0%
		2011	$0.380	$0.390	$0.405	$0.420	$1.595	14.7%
		2012	$0.440	$0.460				

WPZ	Williams Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	-	-	-	$0.148	$0.148	
		2006	$0.350	$0.380	$0.425	$0.450	$1.605	
		2007	$0.470	$0.500	$0.525	$0.550	$2.045	27.4%
		2008	$0.575	$0.600	$0.625	$0.635	$2.435	19.1%
		2009	$0.635	$0.635	$0.635	$0.635	$2.540	4.3%
		2010	$0.635	$0.658	$0.673	$0.688	$2.653	4.4%
		2011	$0.703	$0.718	$0.733	$0.748	$2.900	9.3%
		2012	$0.763	$0.778				

Source: FactSet, company filings

Figure 225: MLP Cash Distribution History (continued)

Natural Gas - NGL Pipelines

BWP	Boardwalk Pipeline Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	$0.179	$0.360	$0.380	$0.400	$1.319	
		2007	$0.415	$0.430	$0.440	$0.450	$1.735	31.6%
		2008	$0.460	$0.465	$0.470	$0.475	$1.870	7.8%
		2009	$0.480	$0.485	$0.490	$0.495	$1.950	4.3%
		2010	$0.500	$0.505	$0.510	$0.515	$2.030	4.1%
		2011	$0.520	$0.523	$0.525	$0.528	$2.095	3.2%
		2012	$0.530	$0.533				

CQP	Cheniere Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	$0.028	$0.425	$0.425	$0.878	
		2008	$0.425	$0.425	$0.425	$0.425	$1.700	
		2009	$0.425	$0.425	$0.425	$0.425	$1.700	0.0%
		2010	$0.425	$0.425	$0.425	$0.425	$1.700	0.0%
		2011	$0.425	$0.425	$0.425	$0.425	$1.700	0.0%
		2012	$0.425	$0.425				

DEP	Duncan Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	$0.244	$0.400	$0.410	$1.054	
		2008	$0.410	$0.410	$0.420	$0.420	$1.660	
		2009	$0.428	$0.430	$0.435	$0.440	$1.733	4.4%
		2010	$0.445	$0.448	$0.450	$0.453	$1.795	3.6%
		2011	$0.455	$0.458	$0.460		$1.373	-23.5%

EPB	El Paso Pipeline Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	$0.128	$0.288	$0.295	$0.300	$1.011	
		2009	$0.320	$0.325	$0.330	$0.350	$1.325	31.1%
		2010	$0.360	$0.380	$0.400	$0.410	$1.550	17.0%
		2011	$0.440	$0.460	$0.480	$0.490	$1.870	20.6%
		2012	$0.500	$0.510				

ETP	Energy Transfer Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1996	-	-	-	$0.177	$0.177	
		1997	$0.250	$0.250	$0.250	$0.250	$1.000	
		1998	$0.250	$0.250	$0.250	$0.250	$1.000	0.0%
		1999	$0.256	$0.281	$0.281	$0.281	$1.100	10.0%
		2000	$0.281	$0.281	$0.281	$0.288	$1.131	2.8%
		2001	$0.294	$0.300	$0.306	$0.313	$1.213	7.2%
		2002	$0.319	$0.319	$0.319	$0.319	$1.275	5.2%
		2003	$0.319	$0.319	$0.319	$0.325	$1.281	0.5%
		2004	$0.325	$0.350	$0.375	$0.413	$1.463	14.1%
		2005	$0.438	$0.463	$0.488	$0.500	$1.888	29.1%
		2006	$0.550	$0.588	$0.670	$0.750	$2.558	35.5%
		2007	$0.769	$0.788	$0.806	$0.825	$3.188	24.6%
		2008	$1.125	$0.869	$0.894	$0.894	$3.781	18.6%
		2009	$0.894	$0.894	$0.894	$0.894	$3.575	-5.5%
		2010	$0.894	$0.894	$0.894	$0.894	$3.575	0.0%
		2011	$0.894	$0.894	$0.894	$0.894	$3.575	0.0%
		2012	$0.894	$0.894				

EPD	Enterprise Products Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1998	-	-	-	$0.160	$0.160	
		1999	$0.225	$0.225	$0.225	$0.225	$0.900	
		2000	$0.250	$0.250	$0.263	$0.263	$1.025	13.9%
		2001	$0.275	$0.275	$0.294	$0.313	$1.156	12.8%
		2002	$0.313	$0.335	$0.335	$0.345	$1.328	14.8%
		2003	$0.345	$0.363	$0.363	$0.373	$1.443	8.7%
		2004	$0.373	$0.373	$0.373	$0.395	$1.513	4.9%
		2005	$0.400	$0.410	$0.420	$0.430	$1.660	9.8%
		2006	$0.438	$0.445	$0.453	$0.460	$1.795	8.1%
		2007	$0.468	$0.475	$0.483	$0.490	$1.916	6.7%
		2008	$0.500	$0.508	$0.515	$0.523	$2.045	6.8%
		2009	$0.530	$0.538	$0.545	$0.553	$2.165	5.9%
		2010	$0.560	$0.568	$0.575	$0.583	$2.285	5.5%
		2011	$0.590	$0.598	$0.605	$0.613	$2.405	5.3%
		2012	$0.620	$0.628				

Source: FactSet, company filings

Figure 226: MLP Cash Distribution History (continued)

NKA	Niska Gas Storage Partners		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2010	-	-	$0.173	$0.350	$0.523	
		2011	$0.350	$0.350	$0.350	$0.350	$1.400	
		2012	$0.350	$0.350				

OKS	ONEOK Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1994	$0.275	$0.275	$0.275	$0.275	$1.100	
		1995	$0.275	$0.275	$0.275	$0.275	$1.100	0.0%
		1996	$0.275	$0.275	$0.275	$0.275	$1.100	0.0%
		1997	$0.275	$0.275	$0.275	$0.275	$1.100	0.0%
		1998	$0.288	$0.288	$0.288	$0.288	$1.150	4.5%
		1999	$0.305	$0.305	$0.305	$0.305	$1.220	6.1%
		2000	$0.325	$0.325	$0.325	$0.350	$1.325	8.6%
		2001	$0.350	$0.381	$0.381	$0.381	$1.494	12.7%
		2002	$0.400	$0.400	$0.400	$0.400	$1.600	7.1%
		2003	$0.400	$0.400	$0.400	$0.400	$1.600	0.0%
		2004	$0.400	$0.400	$0.400	$0.400	$1.600	0.0%
		2005	$0.400	$0.400	$0.400	$0.400	$1.600	0.0%
		2006	$0.400	$0.440	$0.475	$0.485	$1.800	12.5%
		2007	$0.490	$0.495	$0.500	$0.505	$1.990	10.6%
		2008	$0.513	$0.520	$0.530	$0.540	$2.103	5.7%
		2009	$0.540	$0.540	$0.540	$0.545	$2.165	3.0%
		2010	$0.550	$0.555	$0.560	$0.565	$2.230	3.0%
		2011	$0.570	$0.575	$0.585	$0.595	$2.325	4.3%
		2012	$0.610	$0.635				

PNG	PAA Natural Gas Storage		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2010			$0.338	$0.338	$0.675	
		2011	$0.345	$0.345	$0.345	$0.358	$1.393	
		2012	$0.358	$0.358				

SEP	Spectra Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	-	-	$0.300	$0.300	
		2008	$0.320	$0.330	$0.340	$0.350	$1.340	
		2009	$0.360	$0.370	$0.380	$0.400	$1.510	12.7%
		2010	$0.410	$0.420	$0.430	$0.440	$1.700	12.6%
		2011	$0.450	$0.460	$0.465	$0.470	$1.845	8.5%
		2012	$0.475	$0.480				

TCLP	TC PipeLines L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1999	-	-	$0.168	$0.000	$0.17	
		2000	$0.450	$0.450	$0.450	$0.475	$1.83	
		2001	$0.475	$0.475	$0.500	$0.500	$1.95	6.8%
		2002	$0.500	$0.500	$0.525	$0.525	$2.050	5.1%
		2003	$0.525	$0.525	$0.550	$0.550	$2.150	4.9%
		2004	$0.550	$0.550	$0.575	$0.575	$2.250	4.7%
		2005	$0.575	$0.575	$0.575	$0.575	$2.300	2.2%
		2006	$0.575	$0.575	$0.575	$0.600	$2.325	1.1%
		2007	$0.600	$0.650	$0.655	$0.660	$2.565	10.3%
		2008	$0.665	$0.700	$0.705	$0.705	$2.775	8.2%
		2009	$0.705	$0.705	$0.730	$0.730	$2.870	3.4%
		2010	$0.730	$0.730	$0.730	$0.750	$2.940	2.4%
		2011	$0.750	$0.750	$0.770	$0.770	$3.040	3.4%
		2012	$0.770	$0.770				

WMZ	Williams Pipeline Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	-	$0.224	$0.310	$0.315	$0.849	
		2009	$0.320	$0.325	$0.330	$0.335	$1.310	
		2010	$0.335	$0.335	$0.335	na	$1.005	-23.3%

Source: FactSet, company filings

Figure 227: MLP Cash Distribution History (continued)

Crude Oil

EEP	Enbridge Energy Partners L.P. (Cl A)		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1993	$0.30	$0.30	$0.30	$0.30	$1.180	
		1994	$0.30	$0.32	$0.32	$0.32	$1.255	6.4%
		1995	$0.32	$0.32	$0.32	$0.32	$1.280	2.0%
		1996	$0.320	$0.320	$0.320	$0.340	$1.300	1.6%
		1997	$0.340	$0.340	$0.390	$0.390	$1.460	12.3%
		1998	$0.390	$0.430	$0.430	$0.430	$1.680	15.1%
		1999	$0.430	$0.438	$0.438	$0.438	$1.743	3.7%
		2000	$0.438	$0.438	$0.438	$0.438	$1.750	0.4%
		2001	$0.438	$0.438	$0.438	$0.438	$1.750	0.0%
		2002	$0.450	$0.450	$0.450	$0.450	$1.800	2.9%
		2003	$0.463	$0.463	$0.463	$0.463	$1.850	2.8%
		2004	$0.463	$0.463	$0.463	$0.463	$1.850	0.0%
		2005	$0.463	$0.463	$0.463	$0.463	$1.850	0.0%
		2006	$0.463	$0.463	$0.463	$0.463	$1.850	0.0%
		2007	$0.463	$0.463	$0.463	$0.475	$1.863	0.7%
		2008	$0.475	$0.475	$0.495	$0.495	$1.940	4.2%
		2009	$0.495	$0.495	$0.495	$0.495	$1.980	2.1%
		2010	$0.495	$0.501	$0.514	$0.514	$2.024	2.2%
		2011	$0.514	$0.514	$0.533	$0.533	$2.093	3.4%
		2012	$0.533	$0.533				

GEL	Genesis Energy L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1997	-	$0.660	$0.500	$0.500	$1.660	
		1998	$0.500	$0.500	$0.500	$0.500	$2.000	
		1999	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2000	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2001	$0.500	$0.500	$0.500	$0.280	$1.780	-11.0%
		2002	$0.200	$0.200	$0.200	$0.200	$0.800	-55.1%
		2003	$0.200	$0.050	$0.050	$0.050	$0.350	-56.3%
		2004	$0.150	$0.150	$0.150	$0.150	$0.600	71.4%
		2005	$0.150	$0.150	$0.150	$0.160	$0.610	1.7%
		2006	$0.170	$0.180	$0.190	$0.200	$0.740	21.3%
		2007	$0.210	$0.220	$0.230	$0.270	$0.930	25.7%
		2008	$0.285	$0.300	$0.315	$0.323	$1.223	31.5%
		2009	$0.330	$0.338	$0.345	$0.353	$1.365	11.7%
		2010	$0.360	$0.368	$0.375	$0.388	$1.490	9.2%
		2011	$0.400	$0.408	$0.415	$0.428	$1.650	10.7%
		2012	$0.440	$0.450				

PAA	Plains All American Pipeline L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1999	$0.193	$0.450	$0.463	$0.481	$1.587	
		2000	$0.450	$0.450	$0.463	$0.463	$1.826	15.1%
		2001	$0.463	$0.475	$0.500	$0.513	$1.950	6.8%
		2002	$0.513	$0.525	$0.538	$0.538	$2.113	8.3%
		2003	$0.538	$0.550	$0.550	$0.550	$2.188	3.6%
		2004	$0.563	$0.563	$0.578	$0.600	$2.303	5.3%
		2005	$0.613	$0.638	$0.650	$0.675	$2.575	11.8%
		2006	$0.688	$0.708	$0.725	$0.750	$2.870	11.5%
		2007	$0.800	$0.813	$0.830	$0.840	$3.283	14.4%
		2008	$0.850	$0.865	$0.888	$0.893	$3.495	6.5%
		2009	$0.893	$0.905	$0.905	$0.920	$3.623	3.6%
		2010	$0.928	$0.935	$0.943	$0.950	$3.755	3.7%
		2011	$0.958	$0.970	$0.983	$0.995	$3.905	4.0%
		2012	$1.025	$1.045				

BKEP	Blueknight Energy Partners, L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	-	-	$0.24		
		2008	$0.338	$0.400	$0.000	$0.000	$0.738	
		2009	$0.000	$0.000	$0.000	$0.000	$0.000	
		2010	$0.000	$0.000	$0.000	$0.000	$0.000	
		2011	$0.000	$0.000	$0.000	$0.000	$0.000	
		2012	$0.110	$0.110				

Source: FactSet, company filings

Figure 228: MLP Cash Distribution History (continued)

Marine Transportation

CPLP	Capital Product Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	-	$0.36	$0.39	$0.75	
		2008	$0.40	$0.40	$0.41	$0.41	$1.62	
		2009	$1.05	$0.41	$0.41	$0.41	$2.28	41.2%
		2010	$0.410	$0.225	$0.225	$0.233	$1.093	-52.1%
		2011	$0.233	$0.233	$0.233	$0.233	$0.930	-14.9%
		2012	$0.233	$0.233				

KSP	K-Sea Transportation Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2004	-	$0.43	$0.53	$0.54	$1.50	
		2005	$0.54	$0.54	$0.56	$0.57	$2.21	
		2006	$0.59	$0.60	$0.62	$0.64	$2.45	10.9%
		2007	$0.66	$0.68	$0.70	$0.72	$2.76	12.7%
		2008	$0.74	$0.76	$0.77	$0.77	$3.04	10.1%
		2009	$0.77	$0.77	$0.77	$0.45	$2.76	-9.2%
		2010	$0.000	$0.000	$0.000	$0.000	$0.00	

NMM	Navios Maritime Partners, L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	$0.18	$0.35	$0.35	$0.39	$1.26	
		2009	$0.40	$0.40	$0.40	$0.41	$1.61	27.4%
		2010	$0.410	$0.415	$0.420	$0.430	$1.675	4.4%
		2011	$0.430	$0.430	$0.440	$0.440	$1.740	3.9%
		2012	$0.440	$0.440				

TGP	Teekay LNG Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	-	-	$0.24	$0.41	$0.65	
		2006	$0.41	$0.46	$0.46	$0.46	$1.80	
		2007	$0.46	$0.46	$0.53	$0.53	$1.99	10.3%
		2008	$0.53	$0.53	$0.55	$0.57	$2.18	9.8%
		2009	$0.57	$0.57	$0.57	$0.57	$2.28	4.6%
		2010	$0.570	$0.600	$0.600	$0.600	$2.370	3.9%
		2011	$0.630	$0.630	$0.630	$0.630	$2.520	6.3%
		2012	$0.630	$0.675				

TOO	Teekay Offshore Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.050	$0.350	$0.350	$0.385	$1.14	
		2008	$0.400	$0.400	$0.400	$0.450	$1.65	45.4%
		2009	$0.450	$0.450	$0.450	$0.450	$1.80	9.1%
		2010	$0.450	$0.475	$0.475	$0.475	$1.875	4.2%
		2011	$0.475	$0.500	$0.500	$0.500	$1.975	5.3%
		2012	$0.500	$0.513				

Source: FactSet, company filings

Figure 229: MLP Cash Distribution History (continued)

Propane

APU	Amerigas Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1996	$0.550	$0.550	$0.550	$0.550	$2.200	
		1997	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		1998	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		1999	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2000	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2001	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2002	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2003	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2004	$0.550	$0.550	$0.550	$0.550	$2.200	0.0%
		2005	$0.550	$0.560	$0.560	$0.560	$2.230	1.4%
		2006	$0.560	$0.580	$0.580	$0.580	$2.300	3.1%
		2007	$0.580	$0.610	$0.610	$0.610	$2.410	4.8%
		2008	$0.610	$0.640	$0.640	$0.640	$2.530	5.0%
		2009	$0.640	$0.670	$0.670	$0.670	$2.650	4.7%
		2010	$0.670	$0.705	$0.705	$0.705	$2.785	5.1%
		2011	$0.705	$0.740	$0.740	$0.740	$2.925	5.0%
		2012	$0.763	$0.800				

FGP	Ferrellgas Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1996	$0.500	$0.500	$0.500	$0.500	$2.000	
		1997	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		1998	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		1999	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2000	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2001	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2002	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2003	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2004	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2005	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2006	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2007	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2008	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2009	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2010	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2011	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2012	$0.500	$0.500				

NRGY	Inergy L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2002	$0.313	$0.330	$0.338	$0.350	$1.330	
		2003	$0.358	$0.365	$0.375	$0.385	$1.483	11.5%
		2004	$0.395	$0.405	$0.415	$0.425	$1.640	10.6%
		2005	$0.475	$0.500	$0.510	$0.520	$2.005	22.3%
		2006	$0.530	$0.540	$0.545	$0.555	$2.170	8.2%
		2007	$0.565	$0.575	$0.585	$0.595	$2.320	6.9%
		2008	$0.605	$0.615	$0.625	$0.635	$2.480	6.9%
		2009	$0.645	$0.655	$0.665	$0.675	$2.640	6.5%
		2010	$0.685	$0.695	$0.705	$0.705	$2.790	5.7%
		2011	$0.705	$0.705	$0.705	$0.705	$2.820	1.1%
		2012	$0.705	$0.375				

SPH	Suburban Propane Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1997	$0.500	$0.500	$0.500	$0.500	$2.000	
		1998	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		1999	$0.500	$0.500	$0.500	$0.513	$2.013	0.6%
		2000	$0.513	$0.525	$0.525	$0.525	$2.088	3.7%
		2001	$0.538	$0.550	$0.550	$0.563	$2.200	5.4%
		2002	$0.563	$0.563	$0.575	$0.575	$2.275	3.4%
		2003	$0.575	$0.575	$0.588	$0.588	$2.325	2.2%
		2004	$0.588	$0.600	$0.613	$0.613	$2.413	3.8%
		2005	$0.613	$0.613	$0.613	$0.613	$2.450	1.6%
		2006	$0.613	$0.613	$0.638	$0.663	$2.525	3.1%
		2007	$0.688	$0.700	$0.713	$0.750	$2.850	12.9%
		2008	$0.763	$0.775	$0.800	$0.805	$3.143	10.3%
		2009	$0.810	$0.815	$0.825	$0.830	$3.280	4.4%
		2010	$0.835	$0.840	$0.845	$0.850	$3.370	2.7%
		2011	$0.853	$0.853	$0.853	$0.853	$3.410	1.2%
		2012	$0.853	$0.853				

Source: FactSet, company filings

Figure 230: MLP Cash Distribution History (continued)

Coal

ARLP	Alliance Resource Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1999	-	-	-	$0.115	$0.115	
		2000	$0.250	$0.250	$0.250	$0.250	$1.000	
		2001	$0.250	$0.250	$0.250	$0.250	$1.000	0.0%
		2002	$0.250	$0.250	$0.250	$0.250	$1.000	0.0%
		2003	$0.263	$0.263	$0.263	$0.263	$1.050	5.0%
		2004	$0.281	$0.313	$0.325	$0.325	$1.244	18.5%
		2005	$0.375	$0.375	$0.413	$0.413	$1.575	26.6%
		2006	$0.460	$0.460	$0.500	$0.500	$1.920	21.9%
		2007	$0.540	$0.540	$0.560	$0.560	$2.200	14.6%
		2008	$0.585	$0.585	$0.660	$0.700	$2.530	15.0%
		2009	$0.715	$0.730	$0.745	$0.760	$2.950	16.6%
		2010	$0.775	$0.790	$0.810	$0.830	$3.205	8.6%
		2011	$0.860	$0.890	$0.923	$0.955	$3.628	13.2%
		2012	$0.990	$1.025				

NRP	Natural Resource Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2003	$0.212	$0.261	$0.261	$0.269	$1.003	
		2004	$0.281	$0.288	$0.300	$0.319	$1.188	18.4%
		2005	$0.331	$0.344	$0.356	$0.369	$1.400	17.9%
		2006	$0.381	$0.395	$0.410	$0.425	$1.611	15.1%
		2007	$0.440	$0.455	$0.465	$0.475	$1.835	13.9%
		2008	$0.485	$0.495	$0.515	$0.525	$2.020	10.1%
		2009	$0.535	$0.540	$0.540	$0.540	$2.155	6.7%
		2010	$0.540	$0.540	$0.540	$0.540	$2.160	0.2%
		2011	$0.540	$0.540	$0.540	$0.550	$2.170	0.5%
		2012	$0.550	$0.550				

OXF	Oxford Resource Partners LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2010	-	-	-	$0.352	$0.352	
		2011	$0.438	$0.438	$0.438	$0.438	$1.750	
		2012	$0.438	$0.438				

PVR	Penn Virginia Resource L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2002	$0.170	$0.250	$0.250	$0.250	$0.920	
		2003	$0.250	$0.260	$0.260	$0.260	$1.030	12.0%
		2004	$0.260	$0.260	$0.270	$0.270	$1.060	2.9%
		2005	$0.281	$0.310	$0.325	$0.325	$1.241	17.1%
		2006	$0.350	$0.350	$0.375	$0.400	$1.475	18.8%
		2007	$0.400	$0.410	$0.420	$0.430	$1.660	12.5%
		2008	$0.440	$0.450	$0.460	$0.470	$1.820	9.6%
		2009	$0.470	$0.470	$0.470	$0.470	$1.880	3.3%
		2010	$0.470	$0.470	$0.470	$0.470	$1.880	0.0%
		2011	$0.470	$0.480	$0.490	$0.500	$1.940	3.2%
		2012	$0.510	$0.520				

Source: FactSet, company filings

Figure 231: MLP Cash Distribution History (continued)

Exploration & Production

BBEP	BreitBurn Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.399	$0.413	$0.423	$0.443	$1.677	
		2008	$0.453	$0.500	$0.520	$0.520	$1.993	18.8%
		2009	$0.520	$0.000	$0.000	$0.000	$0.520	-73.9%
		2010	$0.000	$0.375	$0.383	$0.390	$1.148	120.7%
		2011	$0.413	$0.418	$0.423	$0.435	$1.688	47.1%
		2012	$0.450	$0.455				

CEP	Constellation Energy Partners LLC		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.211	$0.463	$0.463	$0.563	$1.699	
		2008	$0.563	$0.563	$0.563	$0.563	$2.250	32.5%
		2009	$0.130	$0.130	$0.000	$0.000	$0.260	-88.4%

ENP	Encore Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	-	-	$0.053	$0.053	
		2008	$0.388	$0.576	$0.688	$0.660	$2.311	
		2009	$0.500	$0.500	$0.513	$0.538	$2.050	-11.3%
		2010	$0.538	$0.500	$0.500	$0.500	$2.038	-0.6%
		2011	$0.500	$0.490	$0.470	$0.470	$1.930	-5.3%

EVEP	EV Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.400	$0.460	$0.500	$0.560	$1.920	
		2008	$0.600	$0.620	$0.700	$0.750	$2.670	39.1%
		2009	$0.751	$0.752	$0.753	$0.754	$3.010	12.7%
		2010	$0.755	$0.756	$0.757	$0.758	$3.026	0.5%
		2011	$0.759	$0.760	$0.761	$0.762	$3.042	0.5%
		2012	$0.763	$0.764				

LGCY	Legacy Reserves L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	-	$0.410	$0.420	$0.430	$1.260	
		2008	$0.450	$0.490	$0.520	$0.520	$1.980	57.1%
		2009	$0.520	$0.520	$0.520	$0.520	$2.080	5.1%
		2010	$0.520	$0.520	$0.520	$0.520	$2.080	0.0%
		2011	$0.525	$0.530	$0.540	$0.545	$2.140	2.9%
		2012	$0.550	$0.555				

LINE	Linn Energy LLC		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	$0.320	$0.400	$0.430	$1.150	
		2007	$0.520	$0.520	$0.570	$0.570	$2.18	89.6%
		2008	$0.630	$0.630	$0.630	$0.630	$2.52	15.6%
		2009	$0.630	$0.630	$0.630	$0.630	$2.520	0.0%
		2010	$0.630	$0.630	$0.630	$0.660	$2.550	1.2%
		2011	$0.660	$0.660	$0.690	$0.690	$2.700	5.9%
		2012	$0.690	$0.725				

PSE	Pioneer Southwest Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	-	-	$0.310	$0.500	$0.810	
		2009	$0.500	$0.500	$0.500	$0.500	$2.000	146.9%
		2010	$0.500	$0.500	$0.500	$0.500	$2.000	0.0%
		2011	$0.500	$0.510	$0.510	$0.510	$2.030	1.5%
		2012	$0.510	$0.520				

QELP	Quest Energy Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	$0.204	$0.410	$0.430	$0.400	$1.444	
		2009	$0.000	$0.000	$0.000	$0.000	$0.000	-100.0%

VNR	Vanguard Natural Resources LLP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2008	$0.291	$0.445	$0.445	$0.500	$1.681	
		2009	$0.500	$0.500	$0.500	$0.500	$2.000	19.0%
		2010	$0.525	$0.525	$0.550	$0.550	$2.150	7.5%
		2011	$0.560	$0.570	$0.575	$0.578	$2.283	6.2%
		2012	$0.588	$0.593				

Source: FactSet, company filings

Figure 232: MLP Cash Distribution History (continued)

General Partners

AHGP	Alliance Holdings GP L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	-	$0.215	$0.215	$0.430	
		2007	$0.250	$0.250	$0.265	$0.265	$1.030	
		2008	$0.288	$0.288	$0.353	$0.390	$1.318	27.9%
		2009	$0.403	$0.415	$0.428	$0.440	$1.685	27.9%
		2010	$0.453	$0.465	$0.483	$0.500	$1.900	12.8%
		2011	$0.528	$0.555	$0.583	$0.610	$2.275	19.7%
		2012	$0.638	$0.668				

ATLS	Atlas Energy L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	-	-	$0.170	$0.170	
		2007	$0.250	$0.250	$0.260	$0.320	$1.080	
		2008	$0.340	$0.430	$0.510	$0.510	$1.790	65.7%
		2009	$0.060	$0.000	$0.000	$0.000	$0.060	-96.6%
		2010	$0.000	$0.000	$0.000	$0.050	$0.050	-16.7%
		2011	$0.070	$0.110	$0.220	$0.240	$0.640	1180.0%
		2012	$0.240	$0.250				

BGH	Buckeye GP Holdings L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	-	-	$0.217	$0.217	
		2007	$0.225	$0.240	$0.250	$0.265	$0.980	
		2008	$0.285	$0.300	$0.310	$0.320	$1.215	24.0%
		2009	$0.330	$0.350	$0.370	$0.390	$1.440	18.5%
		2010	$0.410	$0.430	$0.450	$0.470	$1.760	22.2%

XTXI	Crosstex Energy Inc.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2004	-	$0.100	$0.110	$0.117	$0.327	
		2005	$0.130	$0.137	$0.143	$0.153	$0.563	
		2006	$0.187	$0.200	$0.207	$0.213	$0.807	43.2%
		2007	$0.220	$0.220	$0.230	$0.240	$0.910	12.8%
		2008	$0.260	$0.360	$0.380	$0.320	$1.320	45.1%
		2009	$0.090	$0.000	$0.000	$0.000	$0.090	-93.2%
		2010	$0.000	$0.000	$0.000	$0.070	$0.070	-22.2%
		2011	$0.080	$0.090	$0.100	$0.100	$0.370	428.6%
		2012	$0.110	$0.120				

ETE	Energy Transfer Equity L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	$0.058	$0.238	$0.313	$0.608	
		2007	$0.340	$0.356	$0.373	$0.390	$1.459	
		2008	$0.550	$0.440	$0.480	$0.480	$1.950	33.7%
		2009	$0.510	$0.525	$0.535	$0.535	$2.105	7.9%
		2010	$0.540	$0.540	$0.540	$0.540	$2.160	2.6%
		2011	$0.540	$0.560	$0.625	$0.625	$2.350	8.8%
		2012	$0.625	$0.625				

EPE	Enterprise GP Holdings L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	-	-	-	$0.265	$0.265	
		2006	$0.280	$0.295	$0.310	$0.335	$1.220	
		2007	$0.350	$0.365	$0.380	$0.395	$1.490	22.1%
		2008	$0.410	$0.425	$0.440	$0.455	$1.730	16.1%
		2009	$0.470	$0.485	$0.500	$0.515	$1.970	13.9%
		2010	$0.530	$0.545	$0.560	$0.575	$2.210	12.2%

NRGP	Inergy Holdings L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2005	-	-	-	$0.095	$0.095	
		2006	$0.097	$0.107	$0.117	$0.125	$0.445	
		2007	$0.133	$0.160	$0.170	$0.178	$0.642	44.2%
		2008	$0.187	$0.195	$0.203	$0.217	$0.802	24.9%
		2009	$0.187	$0.195	$0.203	$0.217	$0.802	0.0%
		2010	$0.313	$0.325	$0.340	$0.340	$1.318	64.4%

NSH	NuSTAR GP Holdings LLC		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2006	-	-	-	$0.257	$0.257	
		2007	$0.320	$0.320	$0.340	$0.360	$1.340	
		2008	$0.360	$0.360	$0.360	$0.430	$1.510	12.7%
		2009	$0.430	$0.430	$0.430	$0.435	$1.725	14.2%
		2010	$0.435	$0.450	$0.460	$0.480	$1.825	5.8%
		2011	$0.480	$0.480	$0.495	$0.495	$1.950	6.8%
		2012	$0.510	$0.510				

PVG	Penn Virginia GP Holdings L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2007	$0.070	$0.260	$0.280	$0.300	$0.910	
		2008	$0.320	$0.340	$0.360	$0.380	$1.400	53.8%
		2009	$0.380	$0.380	$0.380	$0.380	$1.520	8.6%
		2010	$0.380	$0.390	$0.390	$0.390	$1.550	2.0%
		2011	$0.390	na	na	na	na	na

Source: FactSet, company filings

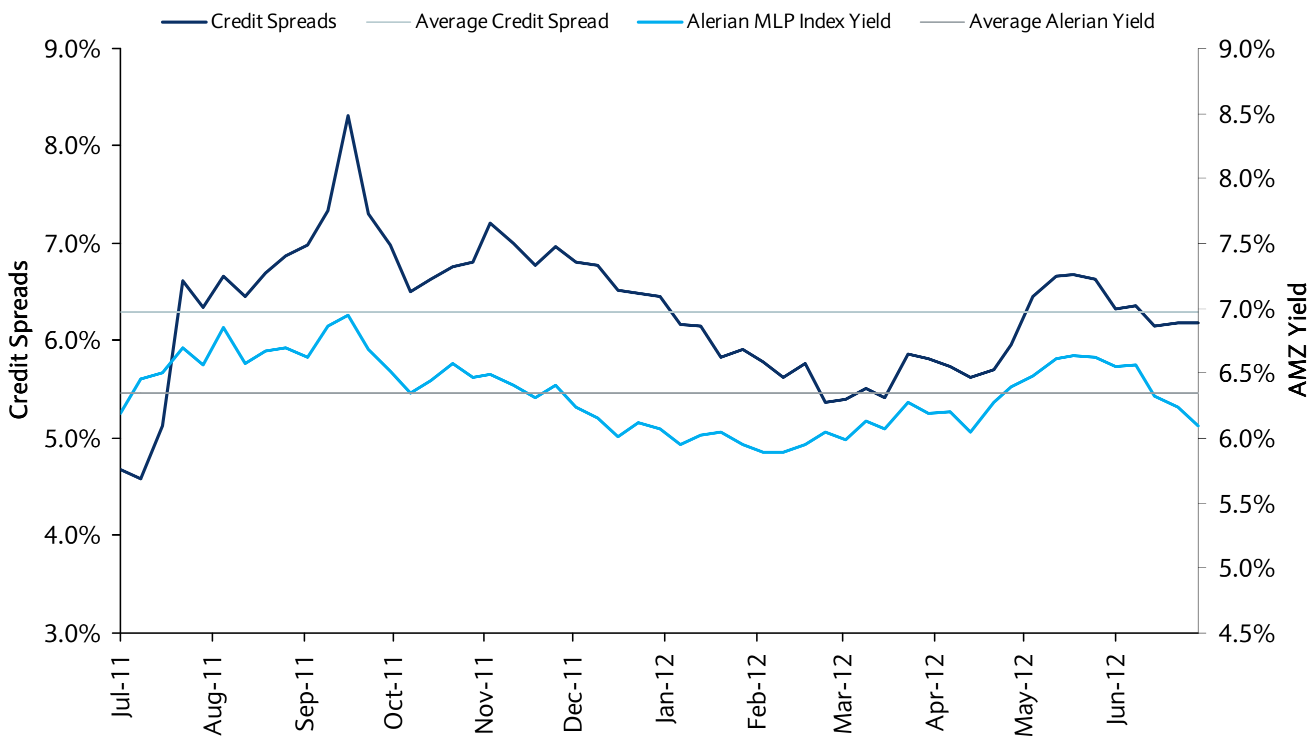
Figure 233: Commodity Price Deck

Long Term Oil & Gas Price Trends / Forecast

Price / Ratio	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e	2015e	2016e	Average 02-06	Average 07-11	Average 12-16
Upstream																		
HH Gas $/Mcf	$3.33	$5.63	$5.85	$8.79	$6.76	$6.95	$8.85	$3.89	$4.40	$4.01	$2.60	$3.35	$4.00	$4.25	$4.25	$5.74	$5.62	$3.69
Gas $/Mcf (average)	$3.10	$5.35	$5.69	$8.35	$6.42	$6.64	$8.36	$3.78	$4.33	$3.97	$2.54	$3.25	$3.90	$4.15	$4.15	$5.46	$5.41	$3.60
Ratio (Barclays estimate)	7.0x	4.9x	6.5x	6.0x	9.7x	10.2x	11.3x	15.6x	17.9x	23.7x	34.9x	26.9x	25.0x	23.5x	23.5x	6.7x	15.8x	26.8x
WTI $/Bbl	$23.23	$27.82	$38.18	$52.97	$65.92	$71.17	$100.22	$60.84	$78.85	$95.23	$90.60	$90.00	$100.00	$100.00	$100.00	$38.89	$81.26	$96.12
Brent $/Bbl				$55.22	$66.03	$74.72	$96.71	$63.07	$79.82	$114.20	$103.50	$100.00	$110.00	$110.00	$110.00	$60.63	$85.70	$106.70
Differential				-$2.25	-$0.11	-$3.55	$3.51	-$2.23	-$0.97	-$18.98	-$12.90	-$10.00	-$10.00	-$10.00	-$10.00	-$1.18	-$4.44	-$10.58
Forward Curve													Forward Curve 07-24-12					
Oil - WTI										$94.01	$95.82	$94.12	$91.44	$88.67	$86.84			$91.38
Oil - Brent											$109.70	$103.37	$99.23	$95.28	$92.52			$100.02
Differential											$13.88	$9.26	$7.80	$6.61	$5.69			$8.65
Gas										$4.04	$2.76	$3.60	$3.98	$4.18	$4.35			$3.77
Ratio (Forward Curve)										23.3x	34.7x	26.1x	23.0x	21.2x	20.0x		23.3x	25.0x
Processing Margins																		
Frac Spread $/bbl	$5.45	$3.08	$8.92	$6.58	$18.05	$25.06	$25.23	$19.33	$29.16	$43.05	$32.35	$30.93	$34.25	$33.74	$35.18	$7.77	$28.37	$33.29
Frac Spread $/Gal	$0.13	$0.07	$0.21	$0.16	$0.43	$0.60	$0.60	$0.46	$0.69	$1.02	$0.77	$0.74	$0.82	$0.80	$0.84	$0.19	$0.68	$0.79
Oil/Gas (average)	7.5x	5.2x	6.7x	6.3x	10.3x	10.7x	12.0x	16.1x	18.2x	24.0x	35.7x	27.7x	25.6x	24.1x	24.1x	7.1x	16.2x	27.4x
NGL / WTI - Brent	63.2%	74.9%	71.8%	65.2%	61.1%	64.4%	56.5%	55.8%	57.3%	51.0%	40.6%	43.3%	44.7%	45.1%	46.4%	68.5%	57.0%	44.0%
NGL $/BBL	$17.30	$23.52	$30.65	$38.46	$42.58	$45.86	$57.18	$33.76	$45.69	$58.22	$42.05	$43.35	$49.15	$49.60	$51.04	$28.65	$48.14	$47.04
NGL $/Gal	$0.41	$0.56	$0.73	$0.92	$1.01	$1.09	$1.36	$0.80	$1.09	$1.39	$1.00	$1.03	$1.17	$1.18	$1.22	$0.68	$1.15	$1.12
Mt Belvieu - Conway Ethane	$0.02	$0.02	$0.04	$0.05	$0.05	$0.06	$0.17	$0.13	$0.14	$0.30	$0.25	$0.15	$0.08	$0.08	$0.08	$0.03	$0.16	$0.13
Gas Basis																		
Interregional																		
Appalachia - Rockies	$1.57	$1.35	$0.96	$1.91	$1.64	$3.13	$2.66	$1.01	$0.59	$0.26	$0.11	$0.09	$0.04	$0.00	-$0.06	$1.36	$1.53	$0.04
East Texas - Permian	$0.10	$0.08	$0.19	$0.19	$0.29	$0.31	$0.85	$0.09	$0.01	-$0.02	$0.04	$0.11	$0.15	$0.15	$0.16	$0.13	$0.25	$0.12
Socal Border - SJB	$0.51	$0.38	$0.33	$0.42	$0.39	$0.31	$0.68	$0.45	$0.17	$0.23	$0.27	$0.25	$0.30	$0.33	$0.32	$1.06	$0.37	$0.29
Chicago - AECO	$0.72	$0.80	$0.78	$1.13	$0.69	$0.65	$0.76	$0.49	$0.77	$0.63	$0.35	$0.48	$0.44	$0.41	$0.33	$0.76	$0.66	$0.40
Supply Areas																		
Rockies	-$1.40	-$1.13	-$0.66	-$1.59	-$1.37	-$2.87	-$2.32	-$0.85	-$0.44	-$0.20	-$0.13	-$0.16	-$0.15	-$0.14	-$0.14	-$1.11	-$1.34	-$0.14
MidCont	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.62	-$0.51	-$0.23	-$0.16	-$0.12	-$0.15	-$0.20	-$0.21	-$0.22	-$0.51	-$0.67	-$0.18
E Texas	-$0.13	-$0.20	-$0.22	-$1.04	-$0.51	-$0.51	-$0.43	-$0.37	-$0.17	-$0.14	-$0.07	-$0.07	-$0.08	-$0.09	-$0.09	-$0.38	-$0.32	-$0.08
Permian Basin	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.28	-$0.46	-$0.18	-$0.12	-$0.11	-$0.18	-$0.23	-$0.24	-$0.25	-$0.51	-$0.57	-$0.20
San Juan Basin	-$0.67	-$0.88	-$0.66	-$1.66	-$0.99	-$0.85	-$1.67	-$0.51	-$0.28	-$0.19	-$0.14	-$0.15	-$0.16	-$0.16	-$0.16	-$0.89	-$0.70	-$0.15
Appalachia	$0.17	$0.22	$0.30	$0.32	$0.27	$0.26	$0.34	$0.16	$0.15	$0.06	-$0.03	-$0.07	-$0.11	-$0.14	-$0.20	$0.25	$0.19	-$0.11
AECO	-$0.72	-$0.87	-$0.78	-$1.55	-$0.85	-$0.80	-$0.85	-$0.49	-$0.70	-$0.54	-$0.28	-$0.42	-$0.39	-$0.36	-$0.31	-$0.85	-$0.67	-$0.35
End Markets																		
Chicago	$0.00	-$0.07	$0.00	-$0.42	-$0.16	-$0.15	-$0.09	$0.00	$0.08	$0.09	$0.08	$0.06	$0.05	$0.05	$0.02	-$0.09	-$0.01	$0.05
New York (Transco 6)	$0.47	$0.79	$0.93	$1.67	$1.02	$1.73	$1.71	$0.97	$1.01	$1.01	$0.53	$0.74	$0.49	$0.33	$0.33	$0.90	$1.28	$0.48
Dawn										$0.34	$0.29	$0.21	$0.18	$0.16	$0.14		$0.34	$0.20
SoCal Border	-$0.16	-$0.51	-$0.33	-$1.24	-$0.60	-$0.54	-$0.99	-$0.06	-$0.11	$0.04	$0.13	$0.10	$0.14	$0.17	$0.16	$0.17	-$0.33	$0.14
Houston Ship Channel	-$0.03	-$0.31	-$0.22	-$0.84	-$0.48	-$0.38	-$0.39	-$0.20	-$0.08	-$0.10	-$0.05	-$0.05	-$0.06	-$0.06	-$0.07	-$0.34	-$0.23	-$0.06

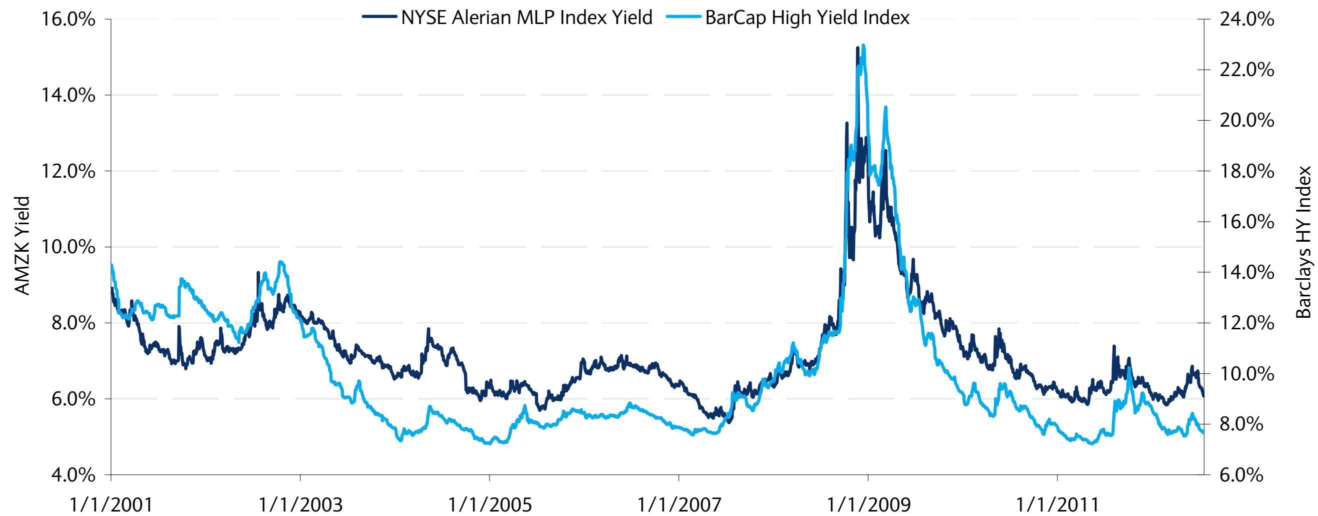
Source: *Natural Gas Week*, *Midstream Monitor*, Bloomberg, Barclays Research

Figure 234: One Year Spread History



Source: Alerian Capital Management, Bloomberg, Barclays Fixed Income

Figure 235: MLP Peaks and Troughs



Ups From	To	AMZK Beg	AMZK End	AMZK Chg	US10YR Beg	US10YR End	US10YR Chg	HY Beg	HY End	HY Chg	Num. Days	AMZK Chg per Day
12/30/1999	1/19/2000	94.75	110.51	16.6%	6.38	6.73	0.36	na	na	na	20	0.832%
4/17/2000	10/2/2000	101.98	128.38	25.9%	6.00	5.82	-0.18	na	na	na	168	0.154%
11/30/2000	8/22/2001	119.44	180.75	51.3%	5.45	4.90	-0.55	14.57%	12.25%	-2.33%	265	0.194%
11/11/2002	4/1/2004	152.22	220.60	44.9%	3.84	3.90	0.06	13.85%	7.68%	-6.17%	507	0.089%
5/10/2004	8/2/2005	186.27	271.66	45.8%	4.78	4.34	-0.45	8.46%	7.88%	-0.59%	449	0.102%
12/27/2005	7/13/2007	238.68	342.14	43.3%	4.34	5.11	0.77	8.44%	8.36%	-0.07%	563	0.077%
10/3/2007	10/31/2007	291.01	313.23	7.6%	4.54	4.47	-0.08	8.68%	8.81%	0.13%	28	0.273%
3/20/2008	5/21/2008	266.01	300.25	12.9%	3.33	3.83	0.50	11.06%	9.93%	-1.13%	62	0.208%
8/13/2008	8/29/2008	264.80	273.31	3.2%	3.94	3.81	-0.13	11.53%	11.60%	0.06%	16	0.201%
10/10/2008	10/31/2008	163.22	223.43	36.9%	3.85	3.98	0.13	17.94%	18.68%	0.73%	21	1.757%
11/21/2008	12/10/2008	152.68	182.34	19.4%	3.18	2.69	-0.49	22.04%	22.36%	0.32%	19	1.022%
12/24/2008	2/13/2009	166.70	205.18	23.1%	2.19	2.88	0.69	21.37%	17.65%	-3.72%	51	0.453%
3/9/2009	8/3/2009	166.27	251.85	51.5%	2.89	3.64	0.75	20.52%	11.44%	-9.08%	147	0.350%
9/2/2009	10/22/2009	233.27	266.69	14.3%	3.30	3.42	0.12	11.58%	10.13%	-1.45%	50	0.287%
11/4/2009	1/20/2010	255.72	300.04	17.3%	3.55	3.66	0.11	10.01%	8.84%	-1.17%	77	0.225%
2/5/2010	3/17/2010	276.09	305.42	10.6%	3.55	3.64	0.10	9.29%	8.79%	-0.50%	40	0.265%
3/26/2010	4/26/2010	296.84	318.11	7.2%	3.85	3.82	-0.04	8.68%	8.32%	-0.36%	31	0.231%
5/6/2010	5/12/2010	281.92	303.57	7.7%	3.40	3.57	0.17	8.75%	8.82%	0.07%	6	1.280%
5/20/2010	7/26/2010	274.89	334.15	21.6%	3.26	2.99	-0.27	9.34%	8.67%	-0.66%	67	0.322%
8/25/2010	11/09/10	319.48	365.85	14.5%	2.54	2.66	0.12	8.71%	7.60%	-1.11%	76	0.191%
12/17/2010	02/28/11	349.99	382.20	9.2%	3.33	3.43	0.10	8.03%	7.43%	-0.61%	73	0.126%
3/15/2011	04/28/11	359.25	390.02	8.6%	3.30	3.31	0.01	7.62%	7.34%	-0.28%	44	0.195%
5/17/2011	07/19/11	351.19	374.00	6.5%	3.12	2.88	-0.24	7.24%	7.63%	0.38%	63	0.103%
10/5/2011	7/19/2012	336.78	399.95	18.8%	1.89	1.51	-0.38	10.20%	7.64%	-2.56%	288	0.065%
										Average Run-up Days:	124	

Downs From	To	AMZK Beg	AMZK End	AMZK Chg	US10YR Beg	US10YR End	US10YR Chg	HY Beg	HY End	HY Chg	Num. Days	AMZK Chg Per Day
8/26/1999	12/30/1999	122.07	94.75	-22.4%	5.75	6.38	0.63	na	na	na	126	-0.178%
4/24/2002	7/23/2002	177.99	139.69	-21.5%	5.10	4.43	-0.67	11.53%	12.97%	1.44%	90	-0.239%
4/1/2004	5/10/2004	220.60	186.27	-15.6%	3.90	4.78	0.88	7.68%	8.46%	0.79%	39	-0.399%
8/2/2005	12/27/2005	271.66	238.68	-12.1%	4.34	4.34	0.01	7.88%	8.44%	0.56%	147	-0.083%
7/13/2007	8/16/2007	342.14	290.88	-15.0%	5.11	4.60	-0.51	8.36%	9.23%	0.86%	34	-0.441%
10/31/2007	12/21/2007	313.23	293.63	-6.3%	4.47	4.17	-0.30	8.81%	9.67%	0.85%	51	-0.123%
1/3/2008	3/20/2008	303.99	266.01	-12.5%	3.90	3.33	-0.58	9.74%	11.06%	1.32%	77	-0.162%
5/21/2008	8/12/2008	300.25	262.18	-12.7%	3.83	3.92	0.09	9.93%	11.52%	1.59%	83	-0.153%
8/29/2008	10/10/2008	273.31	163.22	-40.3%	3.81	3.85	0.03	11.60%	17.94%	6.35%	42	-0.959%
10/31/2008	11/21/2008	223.43	152.68	-31.7%	3.98	3.18	-0.80	18.68%	22.04%	3.36%	21	-1.508%
12/10/2008	12/24/2008	182.34	166.70	-8.6%	2.69	2.19	-0.50	22.36%	21.37%	-0.99%	14	-0.613%
2/13/2009	3/9/2009	205.18	166.27	-19.0%	2.88	2.89	0.01	17.65%	20.52%	2.87%	24	-0.790%
8/3/2009	9/2/2009	251.85	233.27	-7.4%	3.64	3.30	-0.34	11.44%	11.58%	0.14%	30	-0.246%
10/22/2009	11/4/2009	266.69	255.72	-4.1%	3.42	3.55	0.13	10.13%	10.01%	-0.12%	13	-0.316%
1/20/2010	2/5/2010	300.04	276.09	-8.0%	3.66	3.55	-0.11	8.84%	9.29%	0.45%	16	-0.499%
3/17/2010	3/26/2010	305.42	296.84	-2.8%	3.64	3.85	0.21	8.79%	8.68%	-0.11%	9	-0.312%
4/26/2010	5/6/2010	318.11	281.92	-11.4%	3.82	3.40	-0.42	8.32%	8.75%	0.43%	10	-1.138%
5/12/2010	5/20/2010	303.57	274.89	-9.4%	3.57	3.26	-0.31	8.82%	9.34%	0.52%	8	-1.181%
7/26/2010	8/25/2010	334.15	319.48	-4.4%	2.99	2.54	-0.45	8.67%	8.71%	0.04%	30	-0.146%
11/09/10	12/17/2010	365.85	349.99	-4.3%	2.66	3.33	0.67	7.60%	8.03%	0.43%	38	-0.114%
02/28/11	3/15/2011	382.20	359.25	-6.0%	3.43	3.30	-0.12	7.43%	7.62%	0.19%	15	-0.400%
04/28/11	5/17/2011	390.02	351.19	-10.0%	3.31	3.12	-0.19	7.34%	7.24%	-0.09%	19	-0.524%
07/19/11	10/4/2011	374.00	331.10	-11.5%	2.88	1.82	-1.06	7.63%	10.23%	2.61%	77	-0.149%
										Average Run-down Days:	44	
										Average Rebound Cycle Days:	80	

Source: Alerian Capital Management, Bloomberg, Barclays Fixed Income

Figure 236: Distribution Tiers and Current Splits

MLP	Distribution Tiers	
Atlas Pipeline Partners	< $.42	2%
	$.42 to $.52	15%
	$.52 to $.60	25%
	> $0.60	50%
Amerigas Partners	<$.605	2%
	$.605 to $.696	15%
	$.696 to $.904	25%
	>$0.904	50%
Boardwalk Pipelines	< $.4025	2%
	$.4026 to $.4375	15%
	$.4375 to $.525	25%
	> $0.525	50%
Blue Knight Energy Partners	< $0.3594	2%
	$0.3594 to $0.3906	15%
	$0.3906 to $0.4688	25%
	>$.4688	50%
Calumet Specialty Products	< $0.45	2%
	$0.45 to $0.495	2%
	$0.495 to $0.563	15%
	$0.563 to $0.675	25%
	>$0.675	50%
Access Midstream Partners	< $0.3375	2%
	$0.3375 to $0.3881	2%
	$0.3881 to $0.4219	15%
	$0.4219 to $0.506	25%
	> $0.5063	50%
Crestwood Midstream Partners	< $0.30	2%
	$0.30 to $0.345	2%
	$0.345 to $0.375	15%
	$0.375 to $0.450	25%
	> $0.450	50%
Crosstex Energy Partners	< $.25	2%
	$.26 to $.3125	15%
	$.3125 to $.374	25%
	>$.375	50%
DCP Midstream Partners	< $.4025	2%
	$.4025 to $.4375	15%
	$.4375 to $.525	25%
	>$.525	50%
Eagle Rock Energy Partners	< $0.4169	2%
	$.4169 to $.4531	15%
	$.4531 to $.5438	25%
	>$.5438	50%
El Paso Pipeline Partners L.P.	<$0.33063	2%
	$0.33064 to $0.35938	15%
	$0.35939 to $0.43125	25%
	> $0.43125	50%
Enbridge Energy Partners	< $0.295	2%
	$0.295 to $0.35	15%
	$0.35 to $0.495	25%
	>$.495	50%
Energy Transfer Partners	< $.27	2%
	$.275 to $.3175	15%
	$.318 to $.4125	25%
	> $.413	50%
Exterran Partners	< $0.4025	2%
	$.4025 to $.4375	15%
	$.4375 to $.525	25%
	>$.525	50%
Ferrellgas Partners	<$.55	2%
	$.56 to $.63	15%
	$.64 to $.82	25%
	>$.82	50%
Global Partners	< $0.4625	1.73%
	$0.4626 to $0.5375	14.73%
	$0.5376 to $0.6625	24.73%
	>$.6625	49.73%
Holly Energy Partners	< $.549	2%
	$.55 to $.6249	15%
	$.625 to $.75	25%
	>$.75	50%
Inergy Midstream LP	< $0.37	0%
	> $0.37	50%

Note: BPL, CPNO, EPD, MWE, NRGY, MMP, PVR and SPH have no IDRs.
Source: Company filings

MLP	Distribution Tiers	
Kinder Morgan Energy	< $.1513	2%
	$.1514 to $.1786	15%
	$.1787 to $.2338	25%
	>$.2338	50%
Niska Gas Storage	< $0.35	2%
	$0.35 to $0.4025	2%
	$0.4025 to $0.4375	15%
	$0.4375 to $0.525	25%
	> $0.525	50%
NuStar Energy	< $0.60	2%
	$0.61 to $0.66	10%
	$0.67 to $0.90	25%
Oiltanking Partners	< $0.3375	2%
	$0.3375 to $0.38813	2%
	$0.38813 to $0.42188	15%
	$0.42188 to $0.50625	25%
	> $0.50625	50%
ONEOK Partners	<$0.3025	2%
	$0.3025 to $0.3575	15%
	$0.3575 to $0.4675	25%
	>$0.4675	50%
Plains All American Pipelines	<$0.45	2%
	$0.451 to $0.495	15%
	$0.496 to $0.675	25%
	> $0.676	50%
PAA Natural Gas Storage	< $0.34	2%
	$0.34 to $0.3713	15%
	$0.3713 to $0.5063	25%
	> $0.5063	50%
Regency Energy Partners	<$0.4025	2%
	$0.4026 to $0.4375	15%
	$0.4376 to $0.525	25%
	> $0.525	50%
Rose Rock Midstream LP	< $0.3625	2%
	$0.3625 to $0.41678	2%
	$0.41678 to $0.453125	15%
	$0.453125 to $0.54375	25%
	> $0.54375	50%
Spectra Energy Partners L.P.	<$0.345	2%
	$0.346 to $0.375	15%
	$0.376 to $0.45	25%
	> $0.45	50%
Sunoco Logistics	<$0.1667	2%
	$0.1667 to $0.1917	15%
	$0.1917 to $0.5275	37%
	> $0.5275	50%
Targa Resources Partners	<$.3881	2%
	$.3881 to $.4219	15%
	$.4219 to $.5063	25%
	>.$5063	50%
TC Pipelines	<$0.45	2%
	$0.45 to $0.81	2%
	$0.81 to $0.88	15%
	> $0.88	25%
Teekay Offshore Partners	<$0.35	2%
	$0.35 to $0.4025	2%
	$0.4025 to $0.4375	15%
	$0.4375 to $0.525	25%
	> $0.525	50%
Tesoro Logistics LP	<$0.3375	2%
	$0.3375 to $0.388125	2%
	$0.388125 to $0.421875	15%
	$0.421875 to $0.50625	25%
	>$0.50625	50%
Western Gas Partners	<$0.345	2%
	$0.346 to $0.375	15%
	$0.376 to $0.45	25%
	> $0.45	50%
Williams Partners	< $0.4025	2%
	$0.4025 to $0.4375	15%
	$0.4375 to $0.525	25%
	>$.525	50%

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Materially Mentioned Stocks (Ticker, Date, Price)

Access Midstream Partners LP (ACMP, 26-Jul-2012, USD 28.35), 1-Overweight/2-Neutral

AmeriGas Partners, L.P. (APU, 26-Jul-2012, USD 41.28), 3-Underweight/2-Neutral

Atlas Pipeline Partners LP (APL, 26-Jul-2012, USD 32.73), 1-Overweight/2-Neutral

Blueknight Energy Partners, L.P. (BKEP, 26-Jul-2012, USD 6.45), 3-Underweight/2-Neutral

Boardwalk Pipeline Partners LP (BWP, 26-Jul-2012, USD 28.99), 2-Equal Weight/2-Neutral

Buckeye Partners, L.P. (BPL, 26-Jul-2012, USD 53.84), 2-Equal Weight/2-Neutral

Calumet Specialty Products Partners, L.P. (CLMT, 26-Jul-2012, USD 24.74), 2-Equal Weight/2-Neutral

Copano Energy LLC (CPNO, 26-Jul-2012, USD 29.48), 2-Equal Weight/2-Neutral

Crestwood Midstream Partners LP (CMLP, 26-Jul-2012, USD 25.65), 2-Equal Weight/2-Neutral

Crosstex Energy LP (XTEX, 26-Jul-2012, USD 16.86), 2-Equal Weight/2-Neutral

DCP Midstream Partners LP (DPM, 26-Jul-2012, USD 41.09), 1-Overweight/2-Neutral

Eagle Rock Energy Partners LP (EROC, 26-Jul-2012, USD 8.93), 2-Equal Weight/2-Neutral

Enbridge Energy Partners (EEP, 26-Jul-2012, USD 28.97), 2-Equal Weight/2-Neutral

Energy Transfer Equity LP (ETE, 26-Jul-2012, USD 41.89), 1-Overweight/2-Neutral

Energy Transfer Partners LP (ETP, 26-Jul-2012, USD 45.07), 2-Equal Weight/2-Neutral

Enterprise Products Prtns LP (EPD, 26-Jul-2012, USD 53.90), 1-Overweight/2-Neutral

EQT Midstream Partners LP (EQM, 26-Jul-2012, USD 26.60), 1-Overweight/2-Neutral

Exterran Partners LP (EXLP, 26-Jul-2012, USD 20.95), 2-Equal Weight/2-Neutral

Ferrellgas Partners (FGP, 26-Jul-2012, USD 19.89), 3-Underweight/2-Neutral

Global Partners LP (GLP, 26-Jul-2012, USD 24.02), 2-Equal Weight/2-Neutral

Holly Energy Partners LP (HEP, 26-Jul-2012, USD 62.89), 2-Equal Weight/2-Neutral

Inergy L.P. (NRGY, 26-Jul-2012, USD 19.31), 2-Equal Weight/2-Neutral

Inergy Midstream, L.P. (NRGM, 26-Jul-2012, USD 22.05), 1-Overweight/2-Neutral

Magellan Midstream Partners, LP (MMP, 26-Jul-2012, USD 77.72), 2-Equal Weight/2-Neutral

Markwest Energy Partners, LP (MWE, 26-Jul-2012, USD 52.42), 1-Overweight/2-Neutral

Niska Gas Storage Partners LLC (NKA, 26-Jul-2012, USD 13.07), 3-Underweight/2-Neutral

NuStar Energy LP (NS, 26-Jul-2012, USD 52.75), 2-Equal Weight/2-Neutral

Oiltanking Partners LP (OILT, 26-Jul-2012, USD 33.70), 1-Overweight/2-Neutral

ONEOK Partners LP (OKS, 26-Jul-2012, USD 57.27), 1-Overweight/2-Neutral

IMPORTANT DISCLOSURES CONTINUED

PAA Natural Gas Storage LP (PNG, 26-Jul-2012, USD 18.35), 2-Equal Weight/2-Neutral

Plains All American Pipeline (PAA, 26-Jul-2012, USD 85.96), 1-Overweight/2-Neutral

Regency Energy Partners LP (RGP, 26-Jul-2012, USD 23.80), 1-Overweight/2-Neutral

Rose Rock Midstream, L.P. (RRMS, 26-Jul-2012, USD 26.15), 1-Overweight/2-Neutral

Spectra Energy Partners, LP (SEP, 26-Jul-2012, USD 31.86), 2-Equal Weight/2-Neutral

Suburban Propane Partners (SPH, 26-Jul-2012, USD 43.61), 3-Underweight/2-Neutral

Sunoco Logistics Partners L.P. (SXL, 26-Jul-2012, USD 38.34), 2-Equal Weight/2-Neutral

Targa Resources Partners LP (NGLS, 26-Jul-2012, USD 37.47), 1-Overweight/2-Neutral

TC Pipelines, LP (TCP, 26-Jul-2012, USD 44.58), 2-Equal Weight/2-Neutral

Tesoro Logistics LP (TLLP, 26-Jul-2012, USD 36.99), 1-Overweight/2-Neutral

Western Gas Partners LP (WES, 26-Jul-2012, USD 45.08), 1-Overweight/2-Neutral

Williams Partners LP (WPZ, 26-Jul-2012, USD 53.92), 1-Overweight/2-Neutral

Other Material Conflicts

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Access Midstream Partners LP (ACMP)	AmeriGas Partners, L.P. (APU)	Atlas Pipeline Partners LP (APL)
Blueknight Energy Partners, L.P. (BKEP)	Boardwalk Pipeline Partners LP (BWP)	Breitburn Energy Partners L.P. (BBEP)
Buckeye Partners, L.P. (BPL)	Calumet Specialty Products Partners, L.P. (CLMT)	Constellation Energy Partners LLC (CEP)
Copano Energy LLC (CPNO)	Crestwood Midstream Partners LP (CMLP)	Crosstex Energy LP (XTEX)
DCP Midstream Partners LP (DPM)	Eagle Rock Energy Partners LP (EROC)	El Paso Pipeline Partners, L.P. (EPB)
Enbridge Energy Partners (EEP)	Enduro Royalty Trust (NDRO)	Energy Transfer Equity LP (ETE)
Energy Transfer Partners LP (ETP)	Enterprise Products Prtns LP (EPD)	EQT Midstream Partners LP (EQM)
Exterran Partners LP (EXLP)	Ferrellgas Partners (FGP)	Global Partners LP (GLP)
Holly Energy Partners LP (HEP)	Inergy L.P. (NRGY)	Inergy Midstream, L.P. (NRGM)

IMPORTANT DISCLOSURES CONTINUED

Kinder Morgan Energy Prtnrs LP (KMP)	Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)
Markwest Energy Partners, LP (MWE)	Memorial Production Partners (MEMP)	Niska Gas Storage Partners LLC (NKA)
NuStar Energy LP (NS)	Oiltanking Partners LP (OILT)	ONEOK Partners LP (OKS)
PAA Natural Gas Storage LP (PNG)	Pacific Coast Oil Trust (ROYT)	Penn Virginia Resource Partners (PVR)
Plains All American Pipeline (PAA)	Regency Energy Partners LP (RGP)	Rose Rock Midstream, L.P. (RRMS)
Spectra Energy Partners, LP (SEP)	Suburban Propane Partners (SPH)	Sunoco Logistics Partners L.P. (SXL)
Targa Resources Partners LP (NGLS)	TC Pipelines, LP (TCP)	Teekay Offshore Partners LP (TOO)
Tesoro Logistics LP (TLLP)	Vanguard Natural Resources (VNR)	Western Gas Partners LP (WES)
Williams Partners LP (WPZ)		

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