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MLP Quarterly Monitor

Dancing on the Edge of the Yield Bubble?

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Yield bubble has entered the investment vernacular. Quality income has been bid up. The 10-Year Treasury hovers near all-time low yields. Credit indices are at all-time highs. Income sectors of the S&P all trade at rich historical relationships to the benchmark. The Alerian MLP Index (AMZ) has just punctured its previous ceiling. Credit spreads have tightened well inside historical norms. However, AMZ valuation metrics argue the sector is attractive on both an absolute and relative basis. The basic value proposition is 12% to 13%. Our five-year IRR projection is a healthy 11.6%.

- Fundamentals appear solid. Despite a wobbling domestic and global economy and the slowing pace of S&P earnings expansion, MLP distribution growth is poised to accelerate. Incremental project announcements, coupled with persistent basis/price distortions across the energy value chain (crude, condensate, NGL, natural gas), imply the current building cycle has legs. Capital spending is forecast to expand 54% in 2012 vs. the record set in 2011. Cash flow generation lags spending so the surge in expenditures is set to drive visible growth over the next 12 to 24 months.

- The IPO market has rebounded strongly since early summer. Cyclical, contractually circumscribed, conventionally structured MLPs have been well received. Traditional asset classes have been heavily subscribed by dedicated funds. The IRS continues to issue private letter rulings (PLRs), implying further expansion of the MLP space. Most notably, an ethylene plant ruling coupled with the successful IPO of a contract drilling business has set the stage for further migration into non-traditional assets.

- MLP valuation has become increasingly centered on growth. Our scatter plot of yield vs. expected growth has a current R squared of 55% (vs. the historical range of 72% during 2007 to -4% in early 2009). With valuation so dependent on growth, risk has escalated. Fundamentally the sector's direct and indirect exposure to oil prices has heightened. This is particularly the case for MLPs at the high end of the growth spectrum.

- For the last several quarters, we have struggled with the widening gap in valuation between partnerships benefitting from the shale explosion and those struggling with the implications. We have advocated paying up for visible growth and argued against the "mean reversion" trade. This argument is getter harder to make. As a result, we think we may be nearing the inflection point where the spread has gone too far.

- The Fed continues to minimize rates. Growth rates for the haves appear to be understated. With many of the have-nots hovering at 100% distribution coverage, we aren't ready for a wholesale change in thesis. In fact, we believe the Fed's actions aren't prodding investors in the sector into higher yields with more risk but are pushing up the valuation of the best-positioned partnerships as the yields are still attractive versus market alternatives. As a result, we're still a reluctant advocate of the momentum trade (paying up for growth), but the changes we are making to our highlighted group of names reflect a slight migration in the other direction.

- We are removing four names from our highlighted list (DPM, EPD, MMP, and RRMS) and replacing them with three new names (ETE, GEL, and KMP). The new list, assuming a 65% weight of conservative names and 35% weight of aggressive names, reduces the yield spread paid over the historical norm from 98 basis points last quarter to 57 basis points this quarter.

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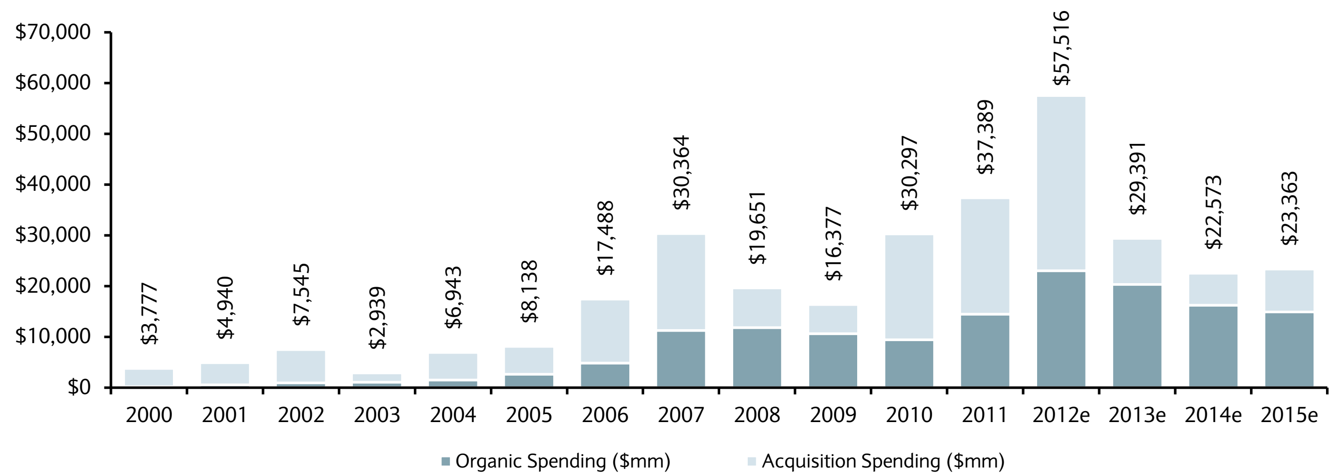
Outlook

We keep starting the outlook section of the Monitor with this spending graph. In an industry that grows principally by placing earning assets into service, it carries a lot of explanatory power. First, it provides a nice visual as to why we have had consistent growth in the sector. Second, it provides an equally powerful visual on why we are projecting that growth will accelerate for the next few years. We would note that both the organic and M&A forecasts for 2013 through 2015 are likely to be understated. M&A deal flow remains quite strong, fed by big oil downstream restructuring, the maturation of private equity portfolios and upstream capital realignment. While unannounced at this juncture, we estimate there will be another round of liquids infrastructure spending in the 2014 through 2016 period that hasn't fully been captured in our projections.

Figure 1: MLP Growth Spending

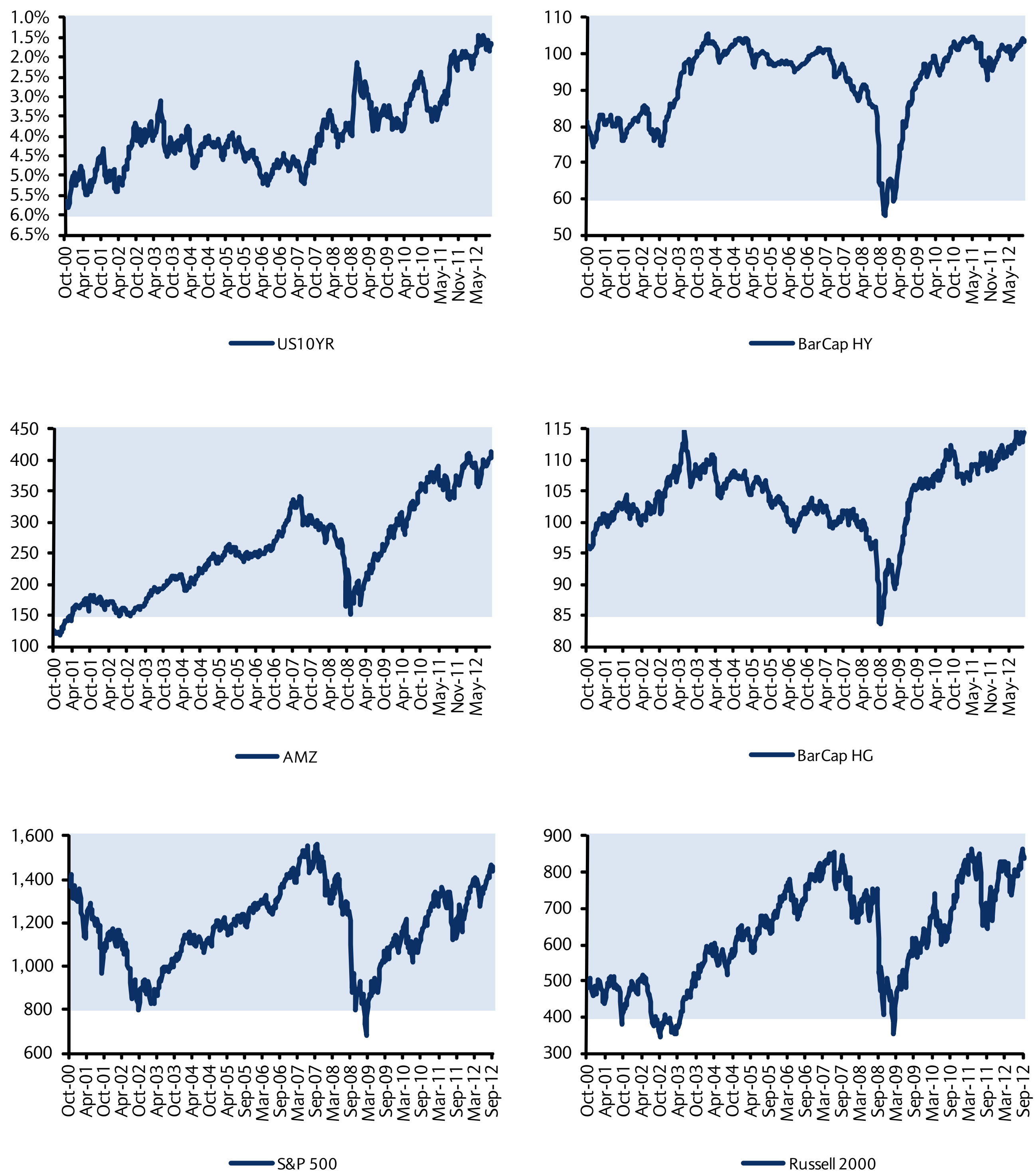


Source: Company data, Barclays Research

Are We There Yet? (In Other Words, Do New Highs Infer a Peak?)

Credit indices have rallied to set new highs. Equity indices are nearing all-time highs. The AMZ has also just hit new highs. The macro backdrop is mixed. The S&P growth rate in earnings is decelerating with some calling for a decline in earnings in 2013. On the other hand, we estimate MLP distribution growth will modestly accelerate in 2013 driven by the large ramp in the sector's capital spending in 2012. The Fed has implemented QE3 with the intent of keeping rates low well into 2015. Fat tail risks (think fiscal cliff, Europe, a China hard landing, etc.) persist. As we will discuss in the valuation section of this report, despite hitting new highs in the AMZ, valuation is not stretched. This cannot be said for a wide swath of the credit market. Equity metrics are more mixed. As we will see in the performance section of the Monitor, the AMZ outperformed both equities and credit for the quarter. We think the answer to the question "Are we there yet?" is that credit and equities are closer than MLPs.

Figure 2: Index Performance

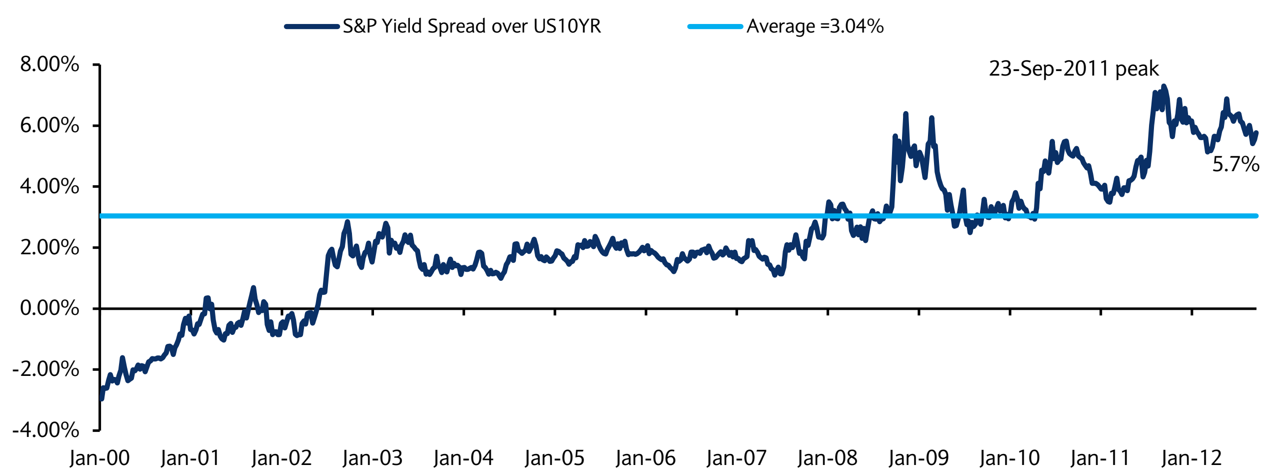


Source: Bloomberg, Barclays Fixed Income

Equities Look Cheap Vs. Quality Credit

As MLPs are a hybrid security offering investors credit-like income attributes plus equity-like growth, we continually monitor equity market valuation benchmarks along with yield spreads to establish targets on the AMZ. As we've noted before, the absolute low yields being generated in the Treasury market today are indicative of critical fundamental macro risks that persist across the globe. In this environment, governments have widely deployed fiscal mechanisms (QE 1,2,3, etc.) to depress base rates well below market clearing levels, resulting in what economists have called financial repression. Part of the bull case for equities highlights the historically high equity risk premium exhibited by the S&P. This wide relationship began in the 2008/2009 period when the Fed first initiated steps to stabilize credit markets. While down from the peak established in September 2011, the equity benchmark spread over Treasuries has remained stubbornly high. Historically, this is typical of periods of financial repression and we would observe that the market is looking at the attractiveness of both the equity and credit markets versus Treasuries as just a temporary artifice of the Fed pegging rates. This consistency in valuation across both debt and equity markets is one of the elements underpinning our inclination to hold our AMZ target yield spread above 400 bp despite strong absolute and relative fundamentals.

Figure 3: S&P Earnings Yield Spread



Source: FactSet, Bloomberg

Benchmark Interest Rate Outlook Repressed, Expect Wide Spread to AMZ to Persist

Barclays' economics team has forecast a marginal uptick in rates as we exit 2013. We have extrapolated a small bump in the 10-Year to 2.00% on the idea that the Fed has indicated they plan to keep rates low through 2015. While there is ample precedent for the AMZ to close more sharply against the benchmark, especially in light of the solid fundamental operating backdrop, we continue to believe that the Fed's push to lower rates is a function of the significant fat tail macro risks which should cap multiples (i.e. yield compression). As a result, our spread assumption over the 10-Year remains close to the average (439 bp) we've seen during periods when the benchmark trades below 4.00% yield. Capex continues to grow with visibility pushing out into the 2014/2015 period. On the margin, there is more potential for upside than downside in the next 12 to 24 months but as previously indicated, we are inclined to hold our current targets. Since the changes in growth rate have little impact on our target for the index, we are inclined to be conservative in projecting this figure, which rolls up in rounded form from our bottom-up estimates of the components of the AMZ.

Figure 4: Target Price Assumptions

		Jan '11	Apr' 11	Jul '11	Oct' 11	Jan' 12	Apr' 12	Jul' 12	Oct' 12
Distribution growth									
	2011	5%	5%	5%	5%	5%	5%	5%	5%
	2012	6%	6%	6%	6%	6%	6%	6%	6%
	2013					7%	7%	7%	7%
	2014								7%
10Yr Yield Exit Rate									
	2011	3.50%	3.75%	3.50%	2.75%				
	2012	4.00%	4.25%	4.00%	2.75%	2.00%	2.00%	1.50%	1.50%
	2013					2.25%	2.25%	1.50%	1.60%
	2014								2.00%
Spread Assumptions									
	12 months	275bp	225bp	250 bp	375bp	375bp	400bp	450bp	440bp
	24 months	225bp	200bp	225 bp	350bp	350bp	375bp	450bp	400bp
AMZ Target Yield									
	12 months	6.25%	6.00%	6.00%	6.50%	5.75%	6.00%	6.00%	6.00%
	24 months	6.25%	6.25%	6.25%	6.25%	5.75%	6.00%	6.00%	6.00%

Source: Barclays Economics Team, Barclays Research

Risk/Return Attractive Baseline Forecast Implies 14% Annualized Returns Next 24 Months

Our base case assumes distribution growth of 6% in the next 12 months modestly increasing to 7% predicated on the ramp in sector capital spending for the subsequent 12 months. Again, the interest rate outlook remains subdued given that QE3 would dampen the rate environment over this period. The risk/return given the array of outcomes presented in the following matrices remains very attractive. Sensitivities, as usual, are much greater across the yield assumptions as opposed to the growth rate changes. Over the next 12 months, each 25-basis-point change in the AMZ yield translates into a 3.4% to 6.1% change in implied return. Each 50 bp change in growth rate equates to a 0.5% to 0.6% change in implied return. The 12 month breakeven return would require the AMZ to rise to 6.75% and the aggregate growth rate to fall to 4.0%. Extended out over the 24 month period would require the AMZ to back up to 7.65% with the drop in growth to 4.0%. Conversely, over the next 12 months if the growth rate were to improve 50 basis points and the yield target on the AMZ drop 25 basis points to 5.75%, courtesy of further spread compression due to Fed activity, the implied upside would be just under 19% over this time period.

Figure 5: Hypothetical Rolling 12-Month Alerian MLP Index Values

AMZ: 412.29	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%	520.0	522.5	525.0	527.5	530.0	532.5	535.0	537.5	540.0
5.25%	495.3	497.6	500.0	502.4	504.8	507.2	509.5	511.9	514.3
5.50%	472.7	475.0	477.3	479.6	481.8	484.1	486.4	488.7	490.9
5.75%	452.2	454.4	456.5	**458.7**	**460.9**	**463.1**	465.2	467.4	469.6
6.00%	433.3	435.4	437.5	**439.6**	**441.7**	**443.8**	445.8	447.9	450.0
6.25%	416.0	418.0	420.0	**422.0**	**424.0**	**426.0**	428.0	430.0	432.0
6.50%	400.0	401.9	403.9	405.8	407.7	409.6	411.6	413.5	415.4
6.75%	385.2	387.0	388.9	390.8	392.6	394.5	396.3	398.2	400.0
7.00%	371.4	373.2	375.0	376.8	378.6	380.4	382.2	383.9	385.7

*Base Value: AMZK =412.29, Yield 6.06%, Implied Distribution= $25.00 - as of October 16th, 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%	32.4%	33.1%	33.7%	34.3%	35.0%	35.6%	36.3%	36.9%	37.5%
5.25%	26.4%	27.0%	27.6%	28.3%	28.9%	29.5%	30.1%	30.7%	31.3%
5.50%	21.0%	21.6%	22.1%	22.7%	23.3%	23.9%	24.5%	25.0%	25.6%
5.75%	16.0%	16.5%	17.1%	**17.7%**	**18.2%**	**18.8%**	19.3%	19.9%	20.4%
6.00%	11.4%	11.9%	12.5%	**13.0%**	**13.6%**	**14.1%**	14.6%	15.2%	15.7%
6.25%	7.2%	7.7%	8.2%	**8.8%**	**9.3%**	**9.8%**	10.3%	10.8%	11.3%
6.50%	3.3%	3.8%	4.3%	4.8%	5.3%	5.8%	6.3%	6.8%	7.3%
6.75%	-0.3%	0.2%	0.7%	1.2%	1.7%	2.1%	2.6%	3.1%	3.6%
7.00%	-3.6%	-3.1%	-2.7%	-2.2%	-1.7%	-1.3%	-0.8%	-0.4%	0.1%

Source: Alerian Capital Management, Barclays Research

Figure 6: Hypothetical Rolling 24-Month Alerian MLP Index Values

AMZ: 412.29	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%	556.5	559.2	561.8	564.5	567.1	569.8	572.4	575.1	577.7
5.25%	530.0	532.5	535.1	537.6	540.1	542.6	545.2	547.7	550.2
5.50%	505.9	508.3	510.7	513.2	515.6	518.0	520.4	522.8	525.2
5.75%	483.9	486.2	488.5	**490.8**	**493.1**	**495.4**	497.8	500.1	502.4
6.00%	463.8	466.0	468.2	**470.4**	**472.6**	**474.8**	477.0	479.2	481.4
6.25%	445.2	447.3	449.5	**451.6**	**453.7**	**455.8**	457.9	460.1	462.2
6.50%	428.1	430.1	432.2	434.2	436.2	438.3	440.3	442.4	444.4
6.75%	412.2	414.2	416.2	418.1	420.1	422.0	424.0	426.0	427.9
7.00%	397.5	399.4	401.3	403.2	405.1	407.0	408.9	410.8	412.7

*Base Value: AMZK =412.29, Yield 6.06%, Implied Distribution= $25.00 - as of October 16th, 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%	48.0%	48.7%	49.4%	50.2%	50.9%	51.6%	52.3%	53.0%	53.7%
5.25%	41.6%	42.3%	43.0%	43.6%	44.3%	45.0%	45.7%	46.3%	47.0%
5.50%	35.8%	36.4%	37.1%	37.7%	38.4%	39.0%	39.6%	40.3%	40.9%
5.75%	30.4%	31.1%	31.7%	**32.3%**	**32.9%**	**33.5%**	34.2%	34.8%	35.4%
6.00%	25.5%	26.1%	26.7%	**27.3%**	**27.9%**	**28.5%**	29.1%	29.7%	30.3%
6.25%	21.0%	21.6%	22.2%	**22.8%**	**23.3%**	**23.9%**	24.5%	25.1%	25.7%
6.50%	16.9%	17.4%	18.0%	18.6%	19.1%	19.7%	20.2%	20.8%	21.3%
6.75%	13.0%	13.6%	14.1%	14.7%	15.2%	15.7%	16.3%	16.8%	17.4%
7.00%	9.5%	10.0%	10.5%	11.0%	11.6%	12.1%	12.6%	13.1%	13.6%

Source: Alerian Capital Management, Barclays Research

Disparate Growth Rates Resulting in Disparate Valuations; Nearing Inflection Point in Spread?

For the last several quarters, we have struggled with the widening gap in valuation between partnerships benefitting from the shale explosion and those struggling with the implications. We have advocated paying up for visible growth and argued against the "mean reversion" trade. This argument is getter harder to make, and as a result we think we're nearing the inflection point where the spread has grown too great. With the Fed minimizing rates (allowing high-end valuations to creep higher), growth rates for the haves continuing to appear to be understated, and many of the have-nots hovering at 100% distribution coverage, we aren't ready for a wholesale change in thesis. As such, we're still an advocate of what has become the momentum trade (paying up for growth) but the changes we are making in our highlighted names reflect a slight skewing in the other direction. From a high level, the changes trade down the growth/premium value spectrum without fully reversing out of the thesis.

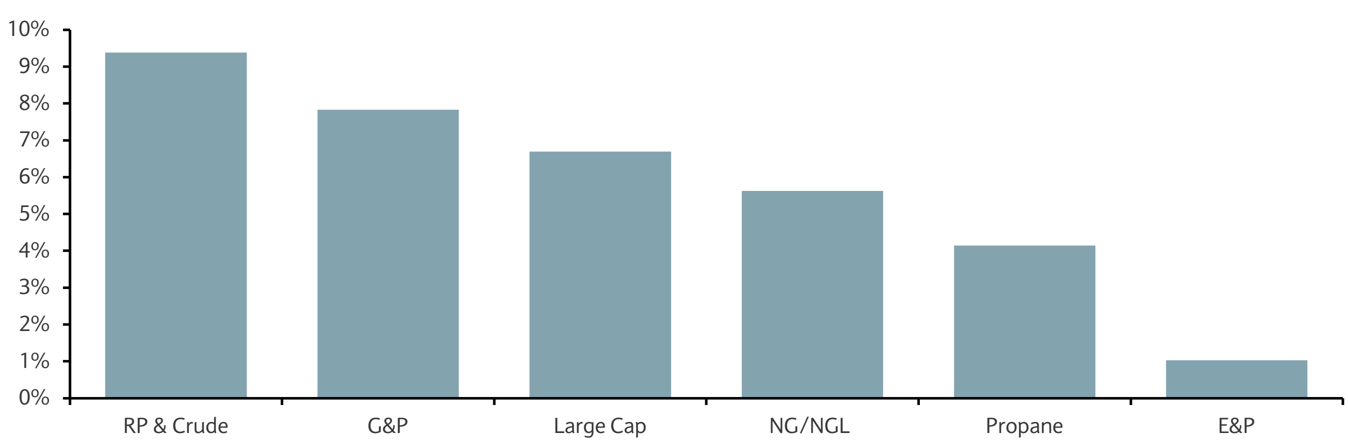
We still advocate what has become the momentum trade (i.e., paying up for growth), but we are starting to lean in the other direction.

High oil prices, the persistent wide spread between oil and gas prices, the subsequent skew toward liquids drilling and the fallout from robust supply on parts of the natural gas value chain have resulted in disparate growth outlooks and a widening spread in valuation across the MLP space.

The crude and NGL parts of the energy value chain, given the significant need to expand capacity, have superior intermediate outlooks than propane (conservation), refined products transportation (weak economy, conservation), gas storage (no seasonal spread, volatility), coal (impact natural gas on prices and volumes) and intrastate/interstate gas pipelines (compressed basis). Growth rates for the have categories have risen over the near term and appear increasingly extendible at robust rates over the intermediate term.

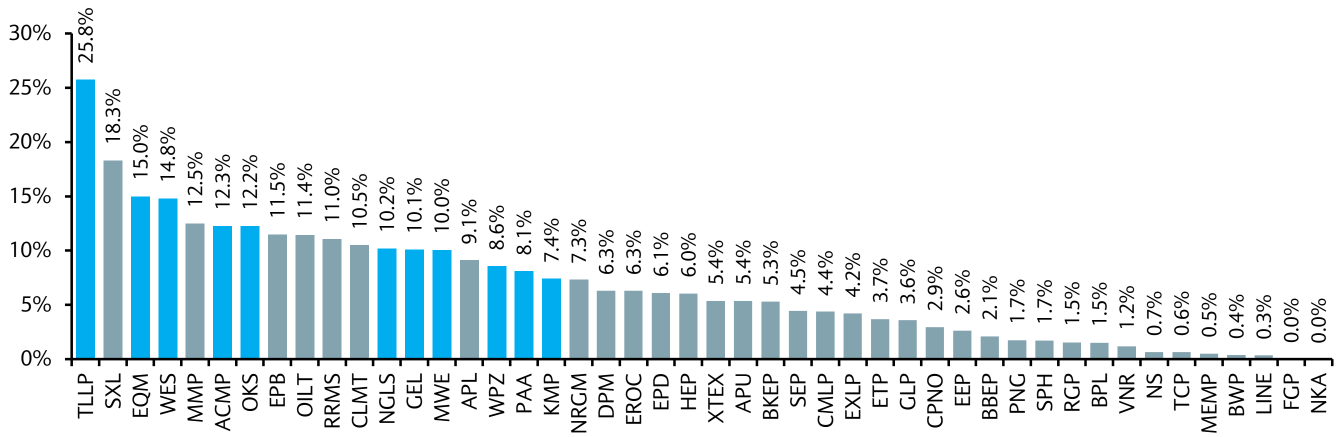
Meanwhile, in the have-not areas, many of the partnerships have seen growth rates compress with coverage retreating into the +/- 100% range, further crimping their relative outlook. This fundamental dichotomy has driven an ever-widening wedge in the valuation between the two groups. Figure 7 and Figure 8 summarize expected growth rates by segment and individual partnership. As can be seen, the segment data aligns across the macro hierarchy for infrastructure expansion needs. Five of the top 10 individual projected growth rates are oil-focused companies with four others being driven by a combination of wet gas and drops. At the slow growth end of the spectrum, we see partnerships levered to gas storage, propane and interstate/intrastate pipeline operations.

Figure 7: Subsector 3-Year Growth Rates



Source: Barclays Research

Figure 8: 3-Year Distribution Growth Rate

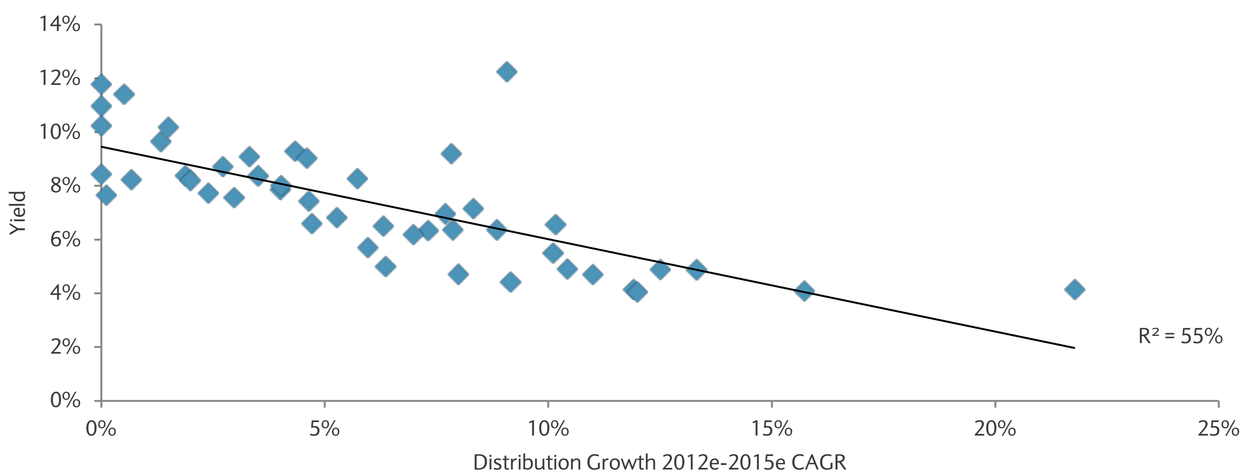


Source: Barclays Research

Investors Paying Up For Visible Growth

While not perfectly correlated, a quick screen of which segments and individual partnerships are trading above or below their historical yield relationship to the AMZ Figure 10 and Figure 11 reveal the results are definitely skewed toward relative expected growth rates. A scatter plot summarizing yield versus expected growth currently sports a fairly high R squared of 55% (historical range 72% during 2007 to -4% during early 2009).

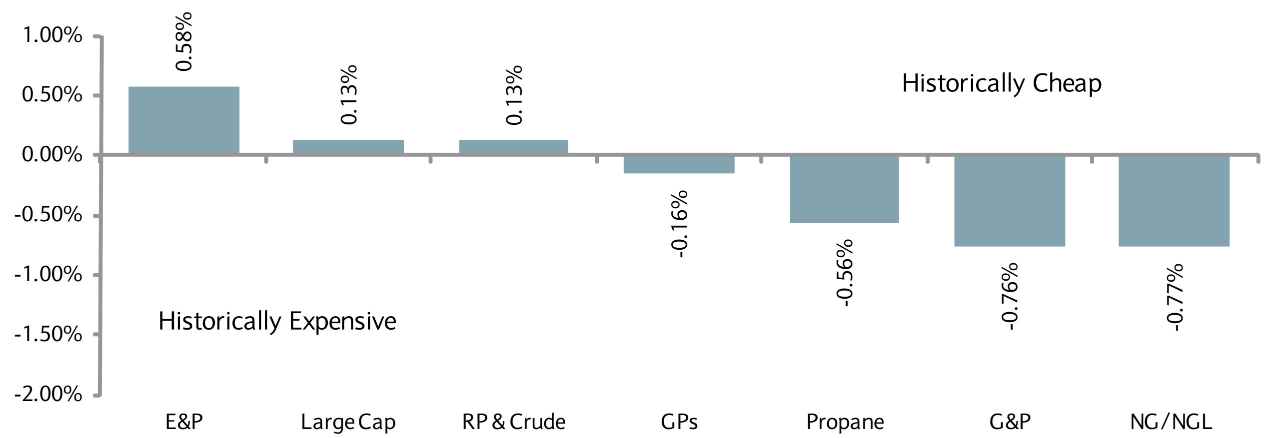
Figure 9: Scatter Plot



Source: Barclays Research

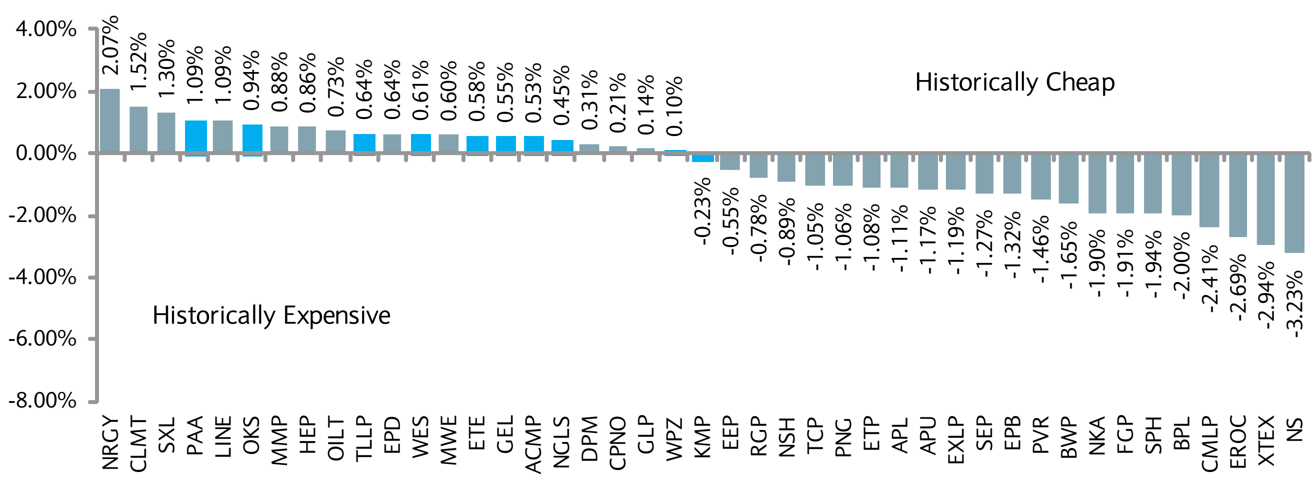
The subsector relative ranks exhibit wide disparities among categories, but with the exception of the G&P segment, they follow the general pattern of investors paying up for growth. The relative hierarchy also reflects changes in relative fundamentals in that momentum has shifted from gas to oil and NGLs. Within the refined products/crude group it's no surprise the crude-oriented names (MMP, TLLP, OILT, GEL, and SXL) are trading at premiums to history while the refined products names (NS and BPL) are trading at discounts. Smaller-cap, high-growth basin partnerships with complementary drop potential are trading at some of the highest premiums to history while sporting some of the highest projected growth rates. (TLLP, WES, and ACMP).

Figure 10: Yield Spread to AMZ vs. History (Sector)



Source: Alerian Capital Management, FactSet

Figure 11: Yield Spread to AMZ vs. History



Source: Alerian Capital Management, FactSet

Portfolio Construction – Trading Down the Growth/Valuation Spectrum

Our basic mantra has been to pay up for visible growth and skew the large-cap names and overall portfolio weightings toward oil and NGL infrastructure. However, after the strong relative and absolute performance of several names, the premium we are paying for growth has expanded to the point where we are reducing our valuation exposure. As a result, we are removing four names from our highlighted list (DPM, EPD, MMP, and RRMS) and replacing them with three new names (ETE, GEL, and KMP). The new list, assuming a 65% weight of conservative names and 35% weight of aggressive names, reduces the yield spread paid over the historical norm from 98 bp last quarter to 57 bp this quarter. The EV/EBITDA multiple premium paid for the highlighted list expanded from 5% to 13% Q/Q primarily due to the addition of a general partner (ETE) and the improvement in valuation across the industry seen in 3Q. The weighted average IRR of the group (which works to some degree as a reversion to the mean) is improved ~60 bp as at the end of 3Q the seven names swapped in the list have a differential of ~325 bp.

The highlighted list gives up 120 bp of yield to the AMZ. This gap is principally due to the fact that the AMZ has about 12% of its weight comprised of partnerships that have distributions hovering at +/- 100% with little or modest growth prospects. The average yield on this subset of names is 8.6%. On the growth side of the equation, the highlighted group has expected growth of 440 bp higher than the AMZ implying a total return of 16.1% which is 320 bp higher than the MLP benchmark. To be fair, this more fundamentally challenged, high-yield subset will also carry a subpar average growth rate of 3.8%.

Figure 12: Highlighted Partnerships Characteristics Vs. AMZ

Metrics	Highlight (1)	AMZ
Yield	5.0%	6.2%
Growth	11.1%	6.7%
Total Return	16.1%	12.9%
Coverage	114%	114%
EV/Adj EBITDA	14.5x	12.8x
IRR	12.95%	11.59%
Avg Spread History	0.57%	
Conservative		
Yield	5.1%	
Growth	10.3%	
Total Return	15.4%	
Coverage	111%	
EV/Adj EBITDA	14.7x	
IRR	13.23%	
Avg Spread History	0.51%	
Aggressive		
Yield	4.9%	
Growth	12.6%	
Total Return	17.5%	
Coverage	120%	
EV/Adj EBITDA	14.0x	
IRR	12.43%	
Avg Spread History	0.68%	

(1) Assumes 65% conservative, 35% aggressive
Source: Alerian Capital Management, Barclays Research estimates

Conservative/Aggressive Lists Cater to Diverse Range 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 very 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 the 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 – pipelines and related storage terminals) 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 group, 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 13: Relatively Defensive MLPs

Partnerships	Ticker	11/26/12 Yield	General Partner	S&P Credit Rating	2012e Growth Capex ($mm)	2013e Distribution Coverage	2013e EV/ Adjusted EBITDA (1)	11/26/12 Institutional Ownership
Interstate Gas Pipelines								
Boardwalk Pipelines	BWP	8.3%	Loews Corp.	BBB	1119	101%	13.7x	21%
El Paso Pipelines *	EPB	6.4%	El Paso Corp	BBB-	706	124%	13.2x	37%
Spectra Energy *	SEP	6.7%	Spectra Energy	BBB	254	102%	13.8x	27%
TC Pipelines	TCP	7.7%	Transcanada	BBB	0	104%	14.1x	39%
Refined Products & Crude								
Buckeye Pipeline	BPL	8.5%	None	BBB	524	102%	12.8x	46%
Magellan Midstream	MMP	4.5%	None	BBB	501	122%	16.7x	51%
NuStar Energy	NS	10.1%	Management	BB+	433	94%	13.8x	31%
Sunoco Logistics	SXL	4.1%	Sunoco Inc	BBB	371	159%	12.5x	40%
Large Cap Diversified								
Enbridge Energy	EEP	7.6%	Enbridge Inc.	BBB	1981	94%	12.1x	39%
Energy Transfer	ETP	8.3%	Energy Transfer Equity	BBB-	9209	105%	11.0x	44%
Energy Transfer Equity (GP)	ETE	8.8%	not applicable	BB	na	121%	12.9x	43%
Enterprise Products	EPD	5.1%	None	BBB	3628	134%	13.7x	25%
Kinder Morgan	KMP	6.2%	Mgt, Private Equity	BBB	7711	101%	13.3x	21%
ONEOK Partners	OKS	4.7%	ONEOK Inc.	BBB	1900	104%	17.3x	36%
Plains All American	PAA	4.7%	Mgt, Private Equity	BBB	2699	140%	14.5x	47%
Williams Partners	WPZ	6.4%	Williams Cos.	BBB	4669	106%	12.5x	18%

* all underlying pipes are investment grade

(1) Adjusted EBITDA = EBITDA - Maintenance Capital - GP Cut of DCF

Source: Company reports, FactSet and Barclays Research

Figure 14: Higher-Risk MLPs

Partnerships	Ticker	11/26/12 Yield	General Partner	S&P Credit Rating	2012e Growth Capex ($mm)	2013e Distribution Coverage	2013e EV/ Adjusted EBITDA (1)	11/26/12 Institutional Ownership
Refined Products & Crude								
Genesis Energy	GEL	5.5%	None	BB-	314	123%	13.9x	38%
Holly Energy Partners	HEP	5.7%	HollyFrontier Corp	BB	335	114%	14.5x	34%
Oiltanking	OILT	4.1%	Oiltanking Group	NR	142	124%	16.0x	56%
Rose Rock Midstream	RRMS	4.8%	Semgroup Corp.	NR	223	136%	14.6x	59%
Tesoro Logistics	TLLP	4.1%	Tesoro Corp.	BB-	486	133%	10.6x	59%
NG/NGL Pipelines & Storage								
EQT Midstream	EQM	4.7%	EQT Corp	NR	25	110%	14.3x	na
Inergy Midstream	NRGM	6.6%	Inergy	NR	351	114%	11.7x	20%
Niska Gas Storage	NKA	11.6%	Private Equity	BB-	51	77%	11.3x	12%
Plains Natural Gas	PNG	7.7%	Plains All-American	NR	58	113%	16.6x	28%
Regency	RGP	8.3%	Energy Transfer Equity	BB	603	101%	11.6x	52%
Gathering & Processing								
Atlas Pipeline	APL	6.8%	Atlas Energy	B+	342	102%	12.0x	36%
Access Midstream	ACMP	4.9%	GIP	BB-	827	116%	13.6x	44%
Copano Energy	CPNO	7.5%	None	B+	406	106%	11.6x	47%
Crestwood Midstream	CMLP	9.0%	Crestwood Holdings	B	171	96%	8.5x	36%
Crosstex Energy	XTEX	8.9%	Crosstex Energy Inc	B+	546	101%	8.8x	45%
DCP Midstream	DPM	6.5%	Spectra/ COP	BBB-	867	102%	12.6x	51%
Eagle Rock	EROC	10.6%	None	B	488	91%	10.6x	17%
MarkWest	MWE	6.4%	None	BB	1910	104%	12.4x	55%
PVR Partners	PVR	9.2%	None	BB-	1674	150%	10.3x	47%
Western Gas Partners	WES	4.1%	Anadarko	BB+	992	116%	16.4x	41%
Propane								
Amerigas	APU	7.8%	UGI Corp.	NR	2894	112%	8.8x	8%
Ferrellgas	FGP	10.6%	Management	B	43	85%	11.8x	5%
Inergy	NRGY	6.3%	None	NR	56	85%	18.9x	39%
Suburban Propane	SPH	8.7%	None	BB	1810	104%	7.6x	25%
Other								
Calumet Specialty Prod.	CLMT	8.0%	Calumet GP LLC	B	604	138%	9.7x	23%
Exterran	EXLP	9.2%	Exterran Holdings	NR	278	124%	10.6x	38%
Linn Energy	LINE	7.5%	None	B+	2800	138%	10.6x	24%

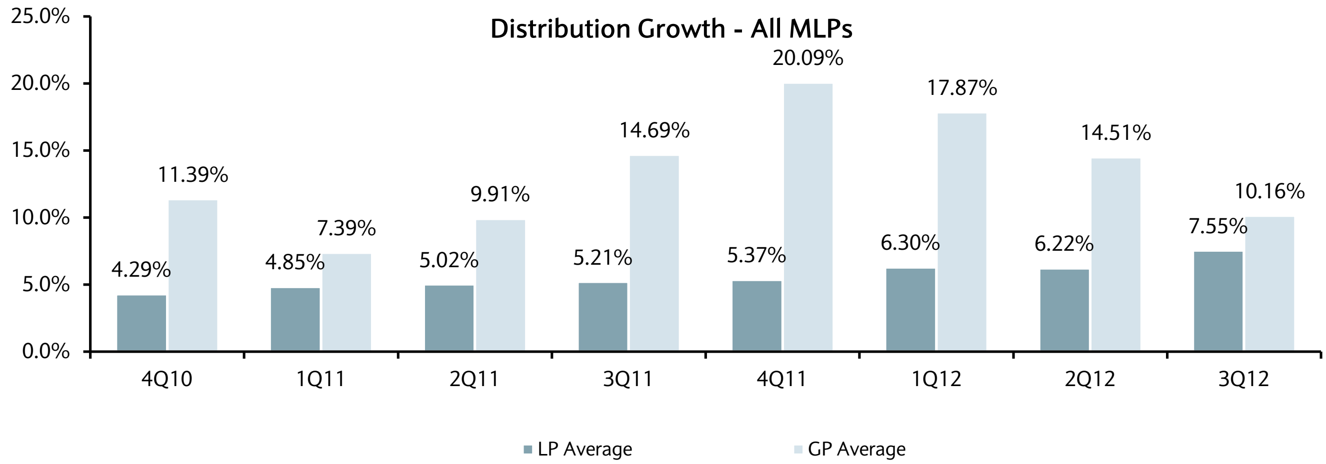
(1) Adjusted EBITDA = EBITDA - Maintenance Capital - GP Cut of DCF

Source: Company reports, FactSet and Barclays Research

Q2 Sequential Distribution Increases Break String of Accelerating Results

Since the trough in 2010, we have seen sequential acceleration in the Q/Q growth rate in distributions. The second quarter broke the string, as a sharp erosion in oil prices, an especially pronounced drop in ethane realizations, and warm weather impacts (gas, coal, propane) generated caution regarding 2Q distribution declarations. The most lasting impact of each of these factors has been a rerating of the ethane price in the guidance/outlook of partnerships exposed to this commodity. We still think the pattern of increases and fundamental backdrop support our projections for 2012 and 2013 distribution growth of 6% and 7%, respectively.

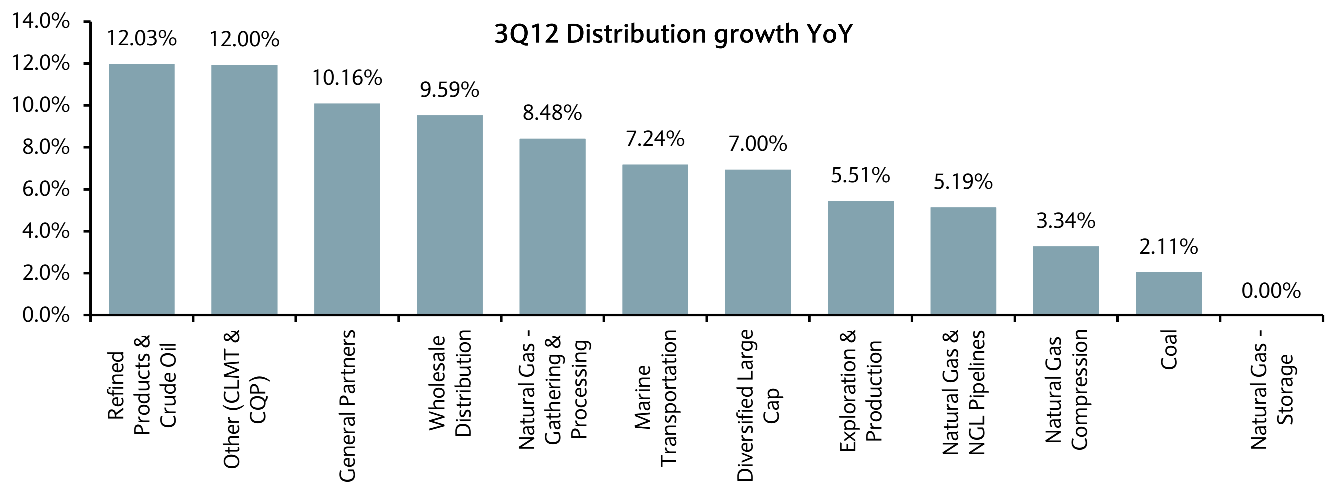
Figure 15: Sector Distribution Growth Accelerating



Source: Company filings, Barclays Research

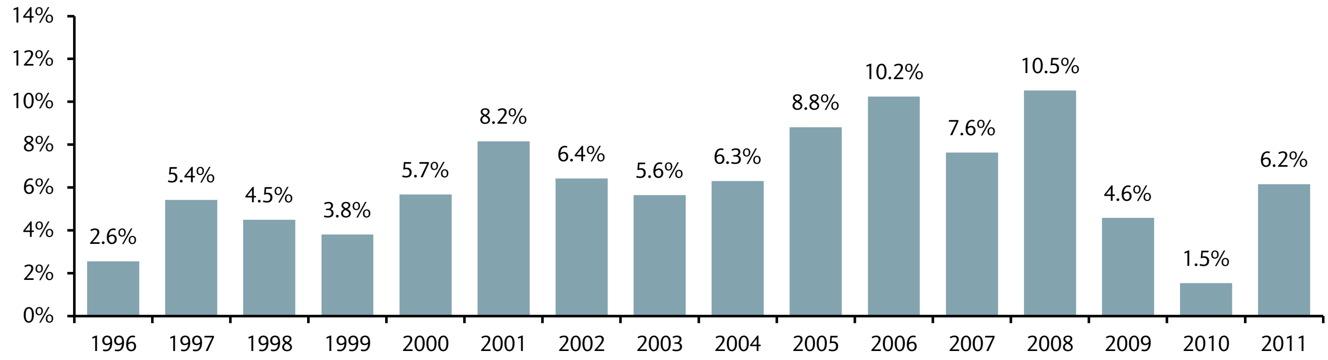
2Q declarations reinforce the fundamental split with crude and NGL infrastructure exposed partnerships underpinning the G&P and refined products/crude segments. It's also notable that the large-caps rank well in the current spectrum of relative growth.

Figure 16: Sub-sector Distribution Growth



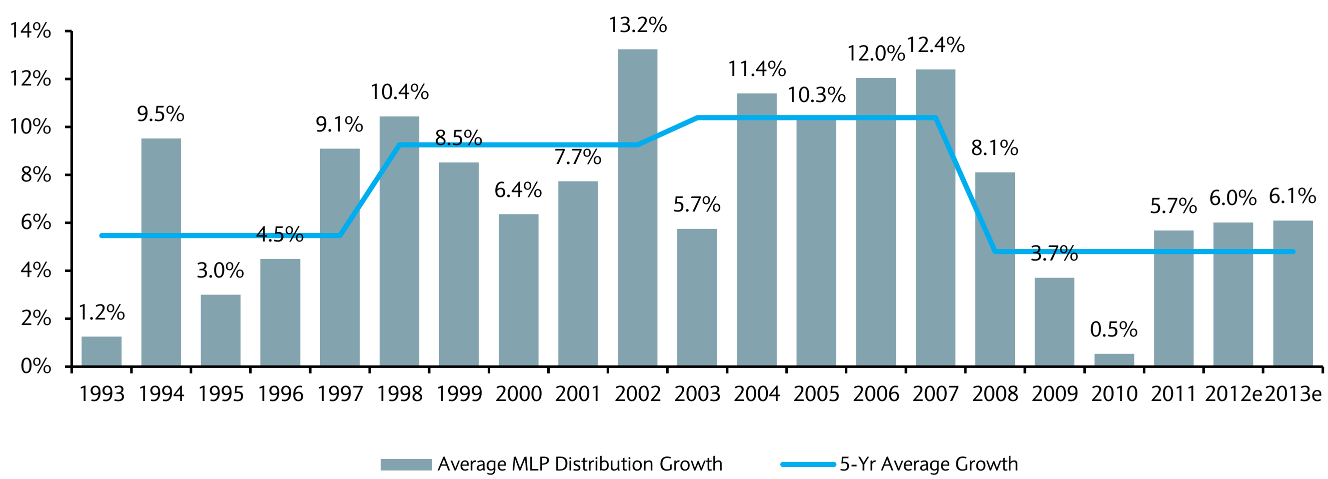
Source: Company filings, Barclays Research

Figure 17: Alerian MLP Index Distribution Growth



Source: Alerian Capital Management, Barclays Research

Figure 18: MLP Coverage Universe Cash Distribution Growth



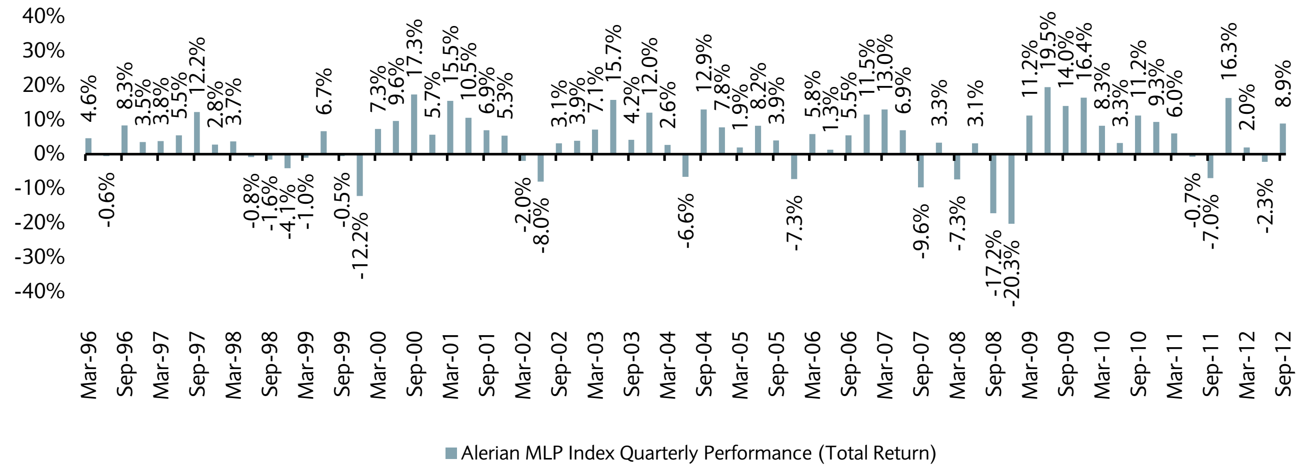
Source: Barclays Research

Performance Review

MLPs Register Solid Quarter, Outperforming Both Equities and Credit

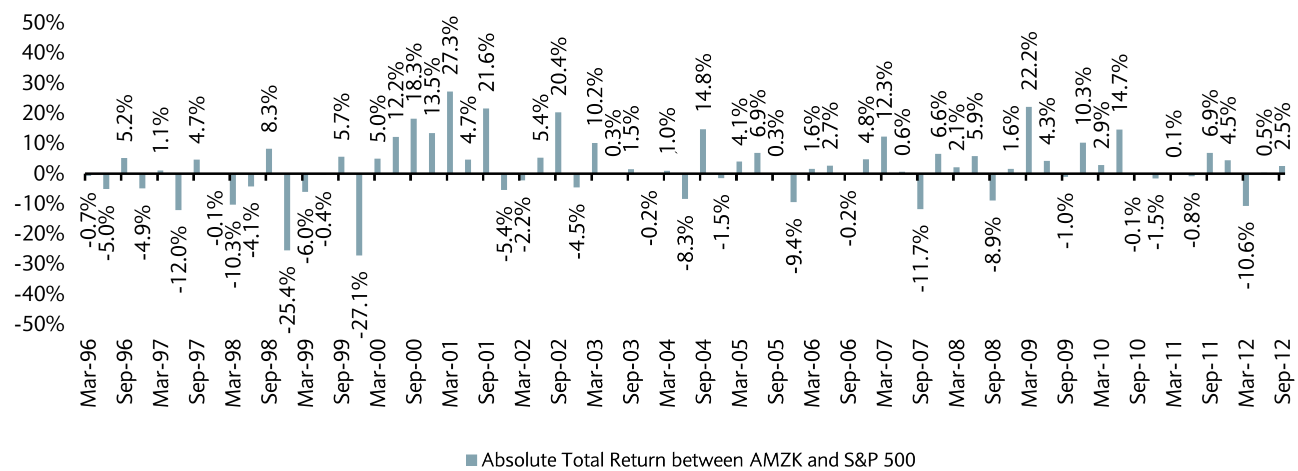
The AMZ registered an 8.9% return for the quarter, outpacing the S&P 500 benchmark by 250 bp. MLPs outperformed all the components of the S&P save energy and technology. MLPs have now outperformed the S&P benchmark in 5 of the last 8 quarters. Cumulatively over this two-year period MLPs have marginally outdistanced the S&P 500 by 160 bp or ~660 bp less than the yield differential between the two indices.

Figure 19: Alerian MLP Index Quarterly Performance (Total Return)



Source: Alerian Capital Management, FactSet

Figure 20: Absolute Total Return Between Alerian and S&P 500 (Quarterly)



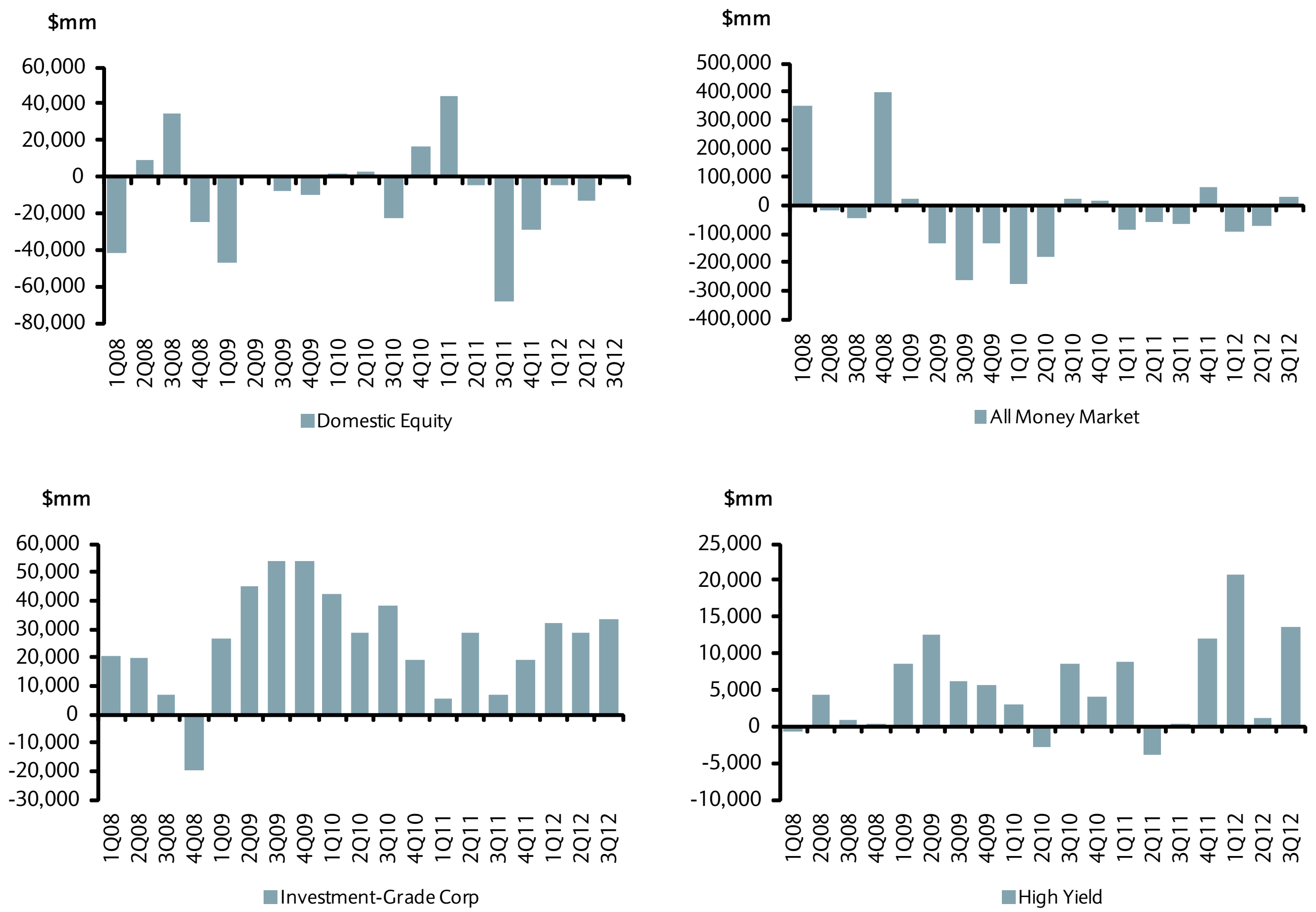
Source: Alerian Capital Management, FactSet

Money Continues to Flow Out of Equities and into Bonds

Retail investors remain risk averse, as they continue to pull money out of equities and put the proceeds into bonds. But they are also struggling with low interest rates, as they have progressively moved cash into the credit market as well. The high yield market has been a prime – albeit sporadic – beneficiary of these flows, with injections/withdrawals moving in tandem with the "risk on/risk off" sentiment in the marketplace. Notably, however, investors are willing to trade the safety of Treasuries and high quality credit. Investment-grade bonds remain the primary repository of mutual fund inflows. Currently, the US

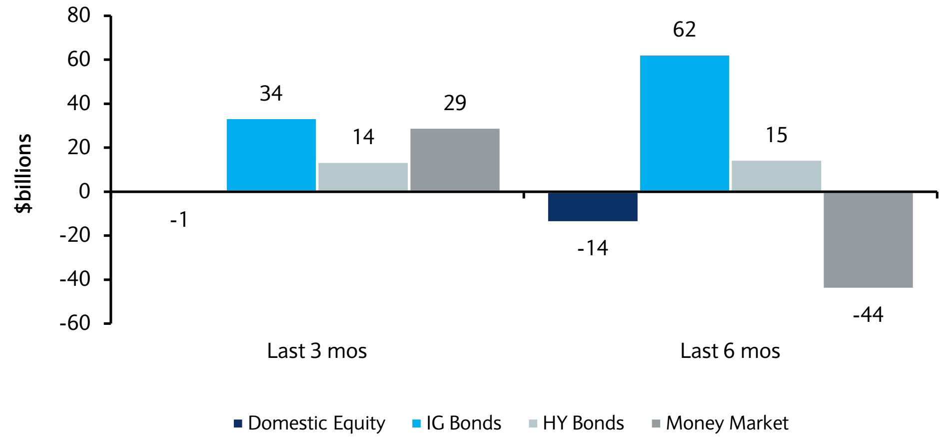
Treasury yield curve depicts a near perfect picture of financial repression; taking inflation into account, it is negative across virtually the entire maturity spectrum. High-quality corporates aren't much better relative to inflation. As hybrid securities (equities with credit-type yields), one could argue that MLPs are in the sweet spot of this asset allocation tendency. Anecdotally, we sense this is true, but believe the flows tend to mirror the high-yield market, especially among the more commodity-sensitive names in the MLP universe.

Figure 21: Mutual Fund Flows



Source: Thomson Reuters, Barclays Economics Research

Figure 22: Mutual Fund Cumulative Money Flows

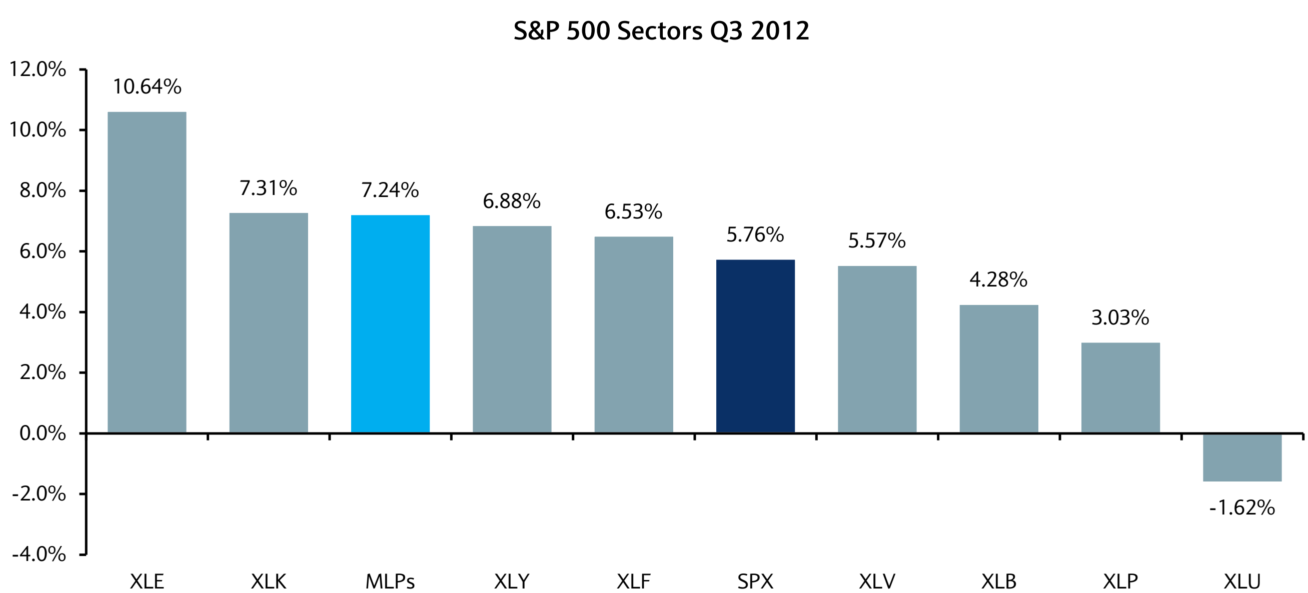


Source: Thomson Reuters, Barclays Economics Research

MLPs Take Direction From Energy, Higher-Beta S&P Sectors Registering Strong 3Q Results

Oil and NGL prices have moved front and center for MLP fundamentals. Direct influence on margins and indirect influence given the jump in liquids infrastructure requirements has raised the correlation of MLP performance to liquids prices. During 2Q, the weakest components of the MLP space were names tied to processing. Therefore, it's not surprising to see the MLP benchmark more closely track the recovery in oil/NGL prices witnessed in 3Q. Increasingly, because of this combined influence the AMZ has decoupled from traditional yield-oriented groups such as utilities or the lower-beta consumer staples segments of the S&P.

Figure 23: S&P 500 Sectors 3Q12 Performance

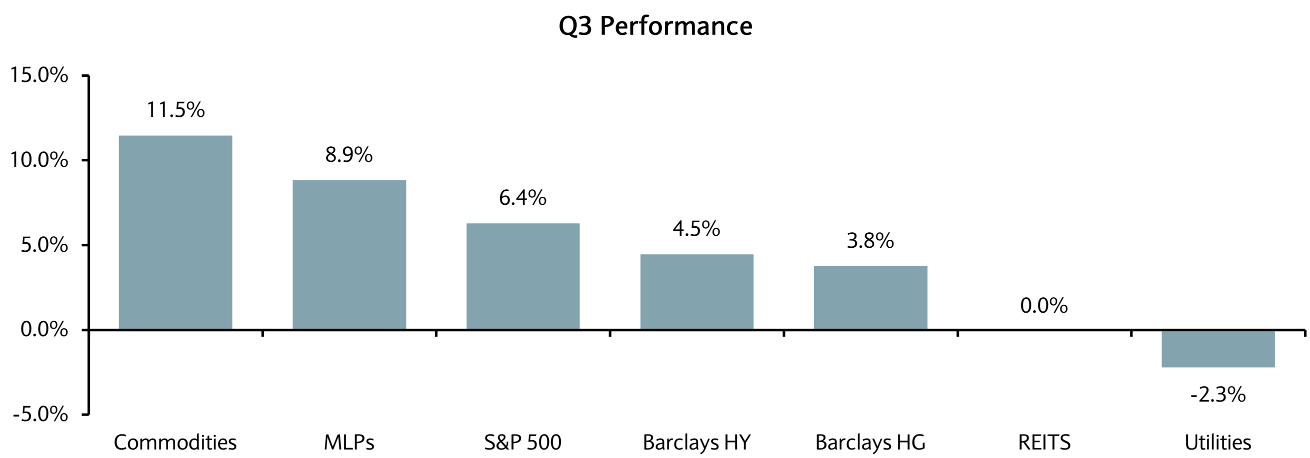


Source: Bloomberg

MLPs Make Up Performance Ground in 3Q

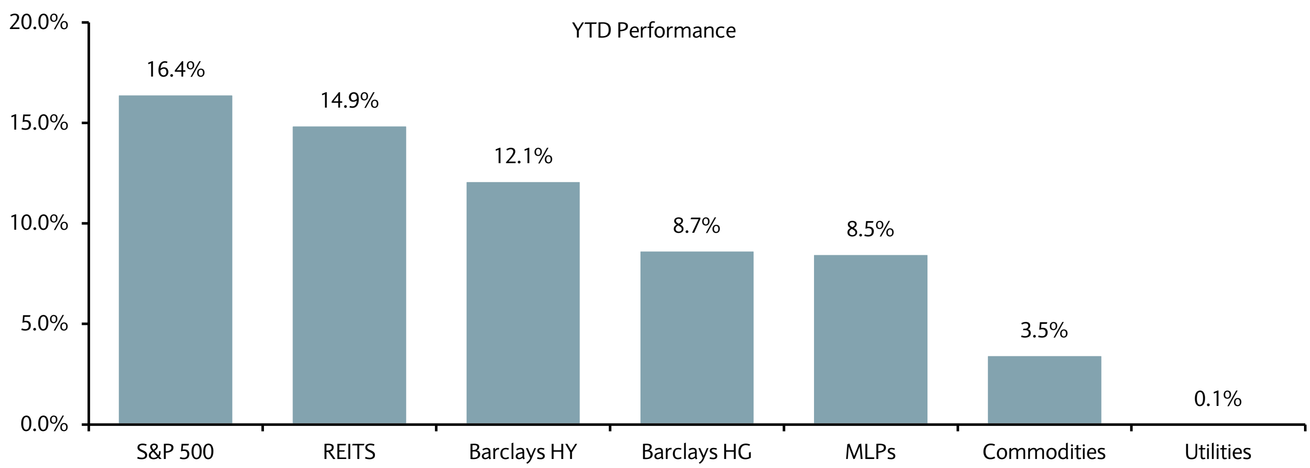
YTD, the relative performance of the MLP sector has been lackluster, trailing both equities (as represented by the S&P 500) and credit markets. As noted, we believe a big factor has been the tie to oil prices (and to gas prices, as dry gas components of the AMZ have struggled given the collapse in drilling in this part of the rig count). However, all of this reversed in 3Q as prices for oil (+16%), NGL (+15%) and natural gas (+18%) all recovered during the period and the market reverted to a "risk on" orientation. With this backdrop, the AMZ handily outperformed credit and the "risk off," yield-focused components of the S&P 500, allowing the AMZ to make up some of the YTD underperformance versus other asset classes.

Figure 24: 3Q12 Performance



Source: Bloomberg, Barclays Fixed Income

Figure 25: YTD Performance



Source: Bloomberg, Barclays Fixed Income

In line with the market once again embracing some risk, the components of the high yield bond market performance reversed from Q2 when the higher quality credits outperformed in a "risk off" environment. In 3Q, the "Caa" segment registered the best return.

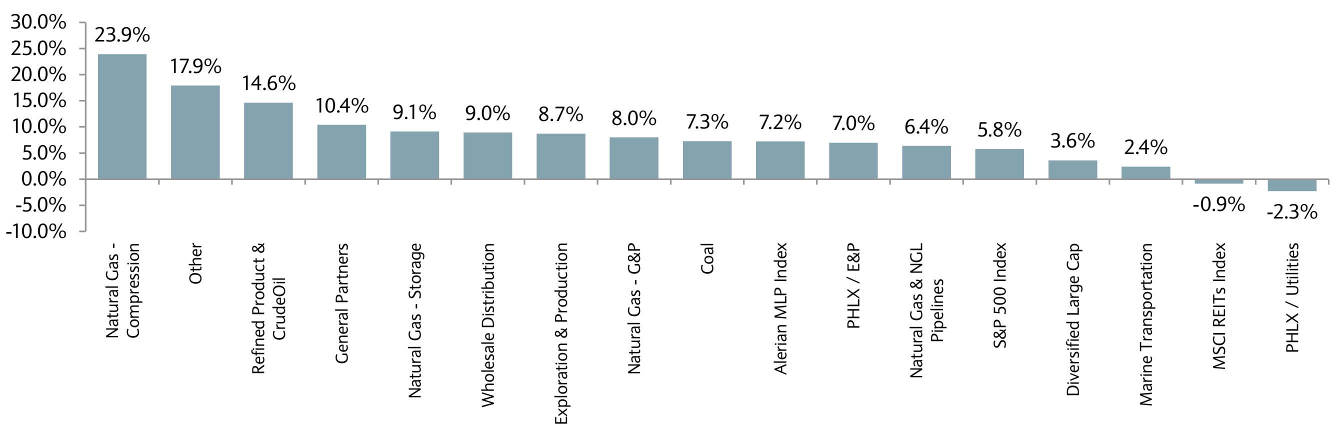
Figure 26: High Yield Total Return by Component

Source: Barclays Fixed Income

Segment Performance Another Reflection of Investors Embracing Risk During 3Q

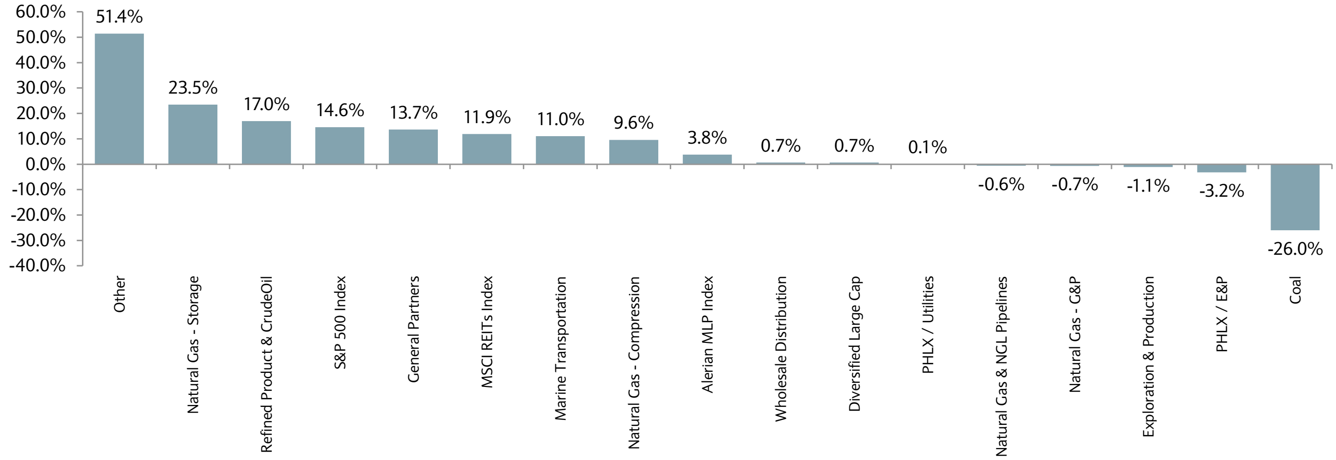
Compression, Other, and Gas Storage – all thinly traded smaller-cap segments which continue to exhibit some fundamental issues – led the performance ranks for the third quarter. Commodity price sensitive E&P, G&P and Coal were in the next band of the performance hierarchy. Large caps, with only two of the names (OKS +10.7% and PAA +9.1%) outperforming the AMZ, sharply lagged the sector's results.

Figure 27: 3Q12 Subsector and Index Performance



Source: FactSet

Figure 28: YTD Subsector and Index Performance

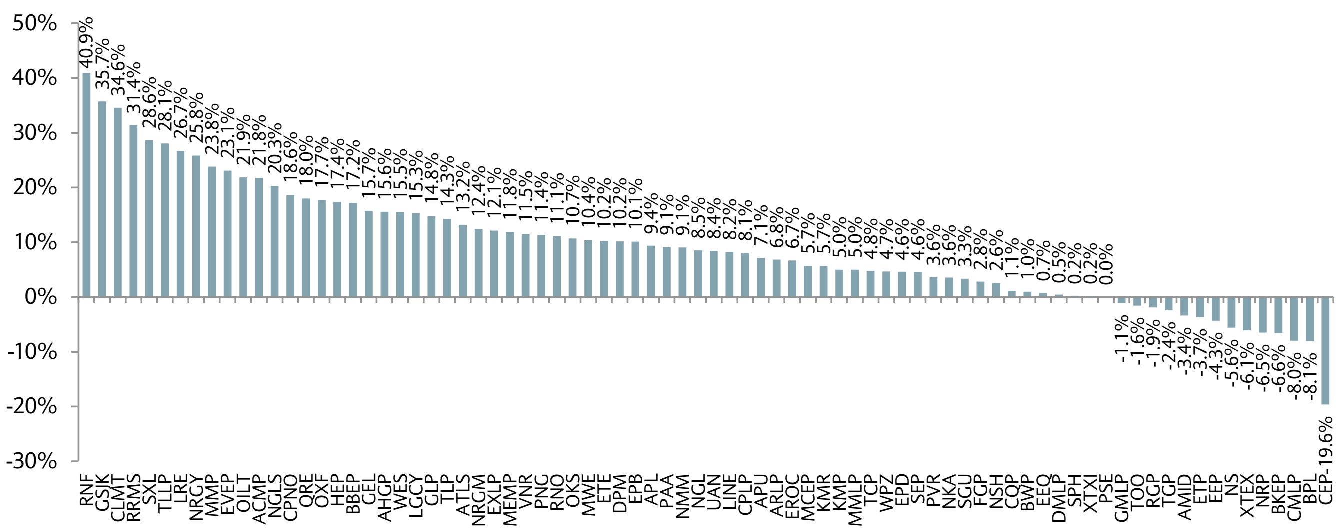


Source: FactSet

Individual Performance Ranks 3Q Dominated By Oil and Small Caps

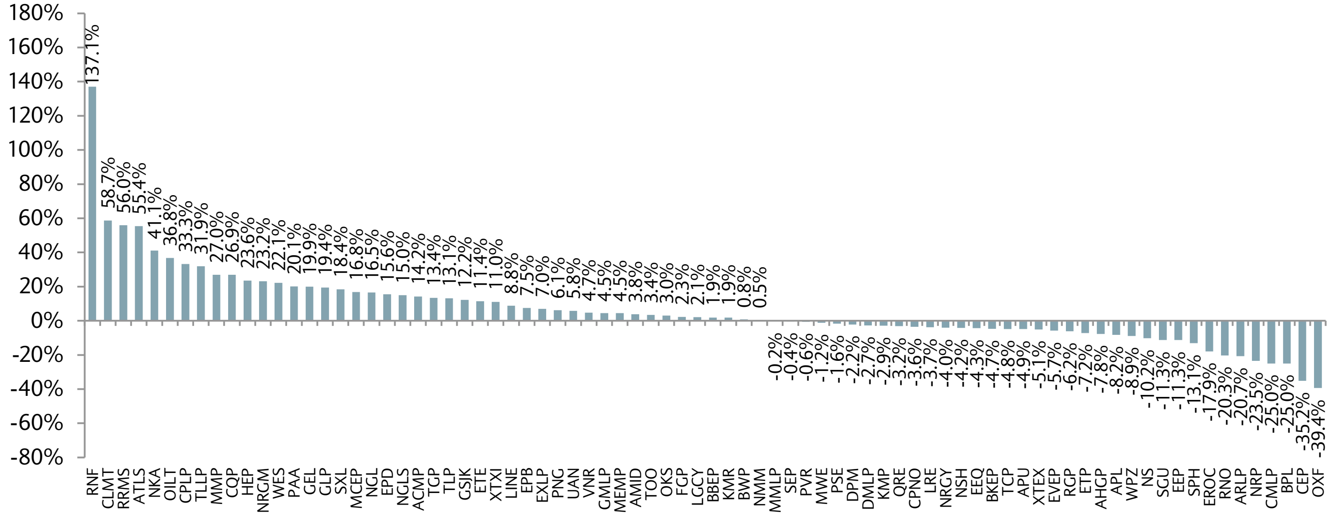
Oil and small-cap partnerships dominated sector performance in the third quarter. Unweighted, the sector was up 9.4% for the quarter while the AMZ recorded a 7.2% gain in value. The highest ranked large-cap was 33rd out of 82 energy MLPs. The average large cap rank was 54. Non-categorized "other" (RNF +40.9%, CLMT +34.6%, PDH +20.5%) cumulatively were up 17.9% for the period. Oil names comprised 35% of the of the top quintiles results. 22% had market caps below $1 billion. 30% rebounded from being in the worst performance quintile in 2Q and another 23% swung back from being in the 2nd worst performance quintile last quarter. With the exception of BKEP (-6.6%) and the large-cap diversified partnerships oriented toward crude, the remainder of the oil-focused names were up an average of 24.9% for the quarter. Growth expectations rank ordered the large caps with OKS, PAA, KMP, WPZ and EPD outpacing EEP and ETP. Weak pockets continued to be dry gas oriented with G&P, interstate gas, and E&P names exposed to the slowdown in drilling or lower prices/spreads all showing up in the bottom quintile of the rankings.

Figure 29: 3Q12 Performance



Source: FactSet

Figure 30: YTD Performance

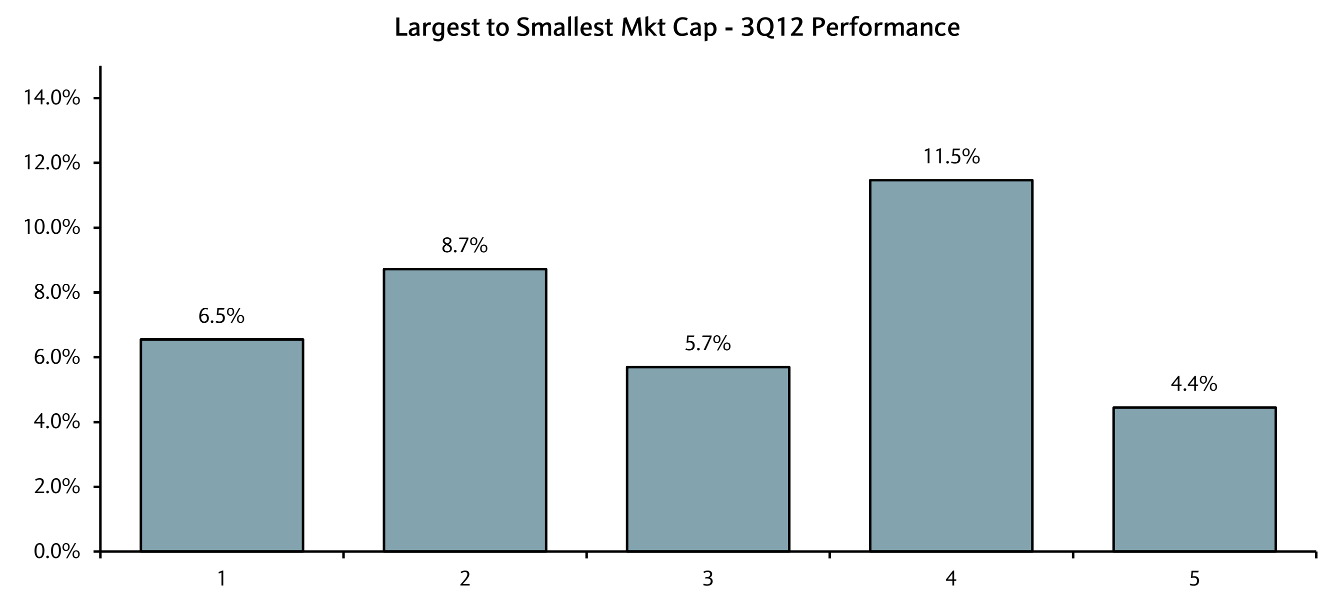


Source: FactSet

Strength of Mid-Cap G&P, Large-Cap Oil Names Obscures Cap-Weighted Performance Rankings

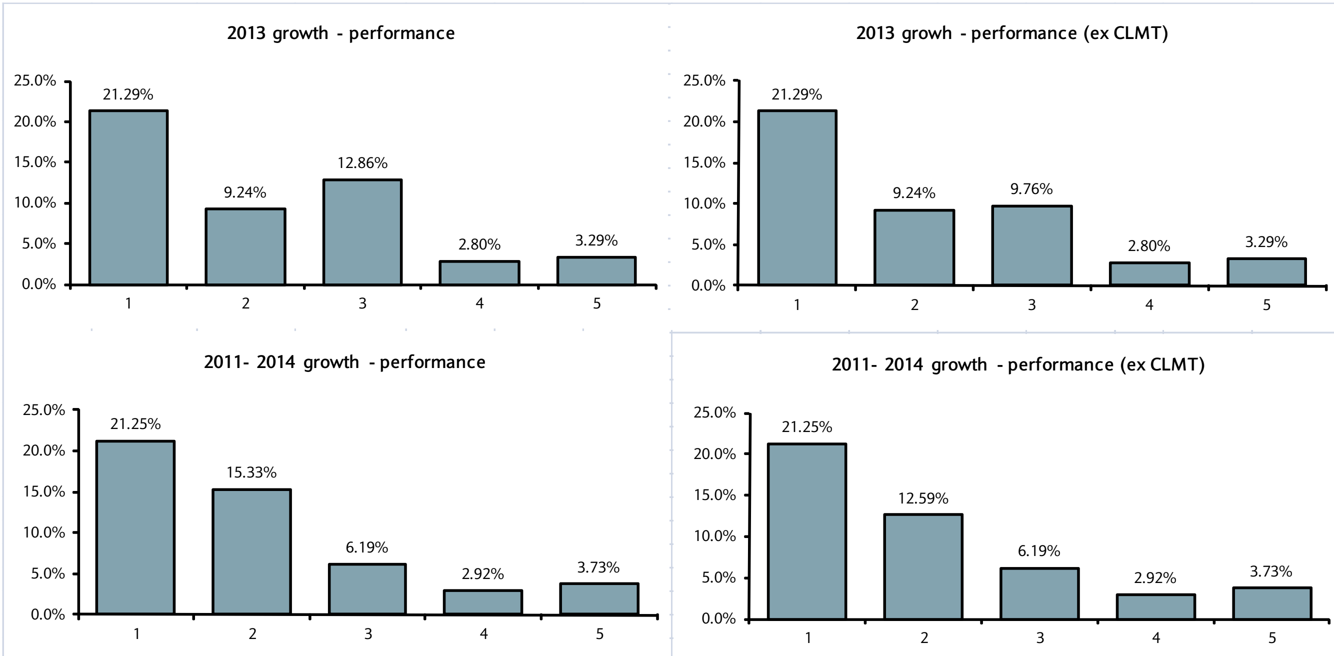
Given the sharp shift toward risk during the quarter, we were a bit surprised to see our market cap performance screen turn in a bit of a mixed result for the quarter. Upon disaggregating the data, however, it's apparent the skew biased in the direction of small caps would have materialized barring three factors. First, mid cap G&P names did very well during the quarter, skewing the second quintile results upward. Second, small cap dry gas and marine transportation units did poorly. Finally, oil infrastructure across the market cap spectrum was very strong (RRMS +31.4%, TLLP, +28.1%, MMP +23.8%, GEL +15.7%, and PAA +9.1%).

Figure 31: 3Q12 Performance by Market Cap Bucket



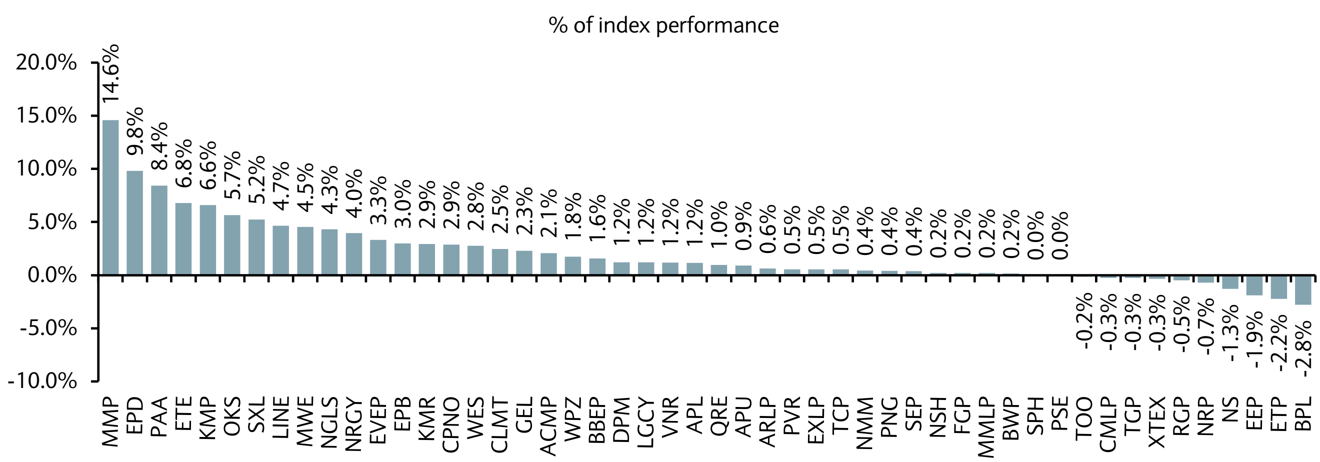
Largest to Smallest Market Cap: 1 to 5
Source: FactSet, Barclays Research

Figure 32: 3Q Performance Rankings by Growth Bucket



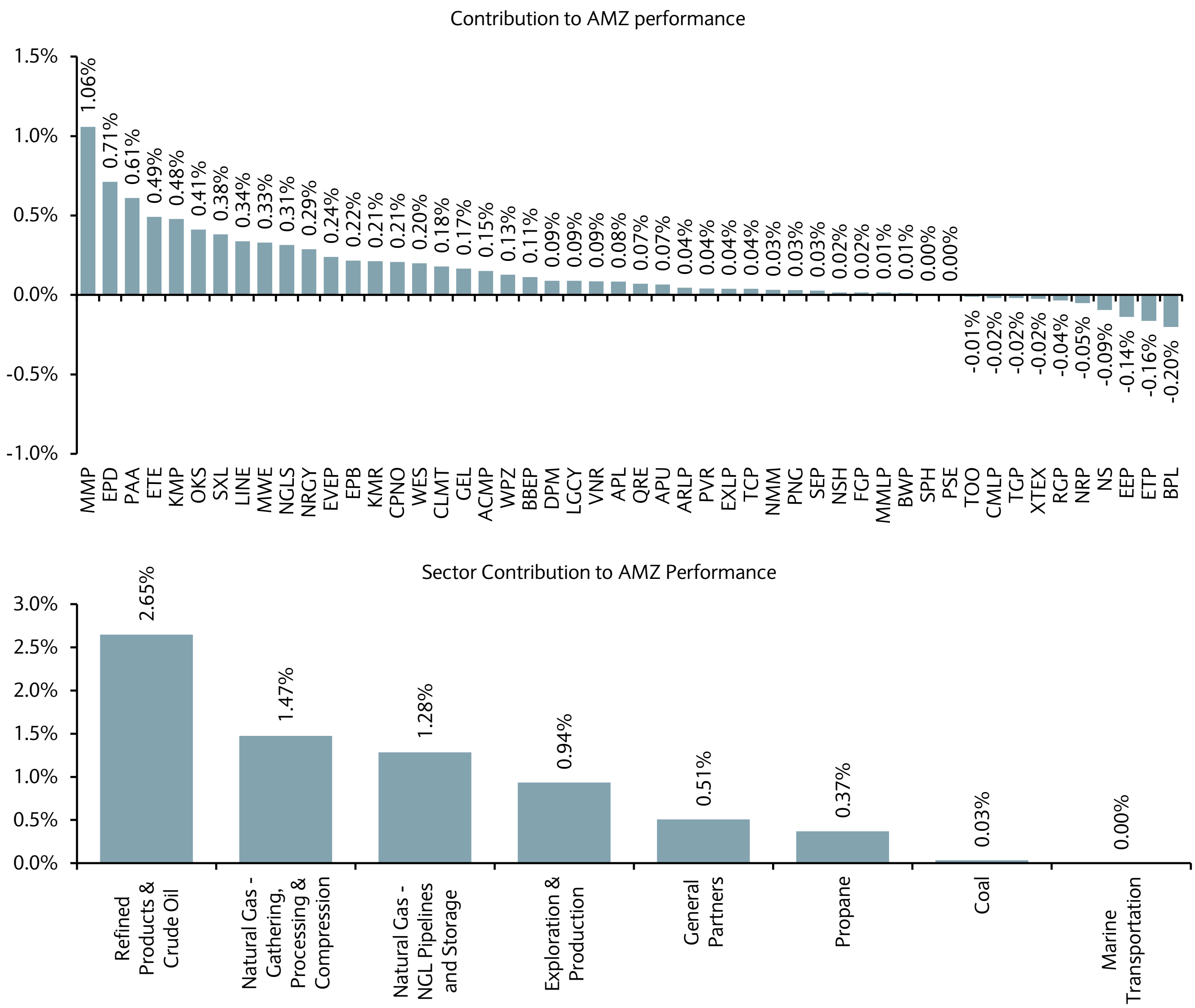
Highest to Lowest Growth: 1 to 5
Source: FactSet, Barclays Research

Figure 33: Change in Spread to AMZ in 3Q12



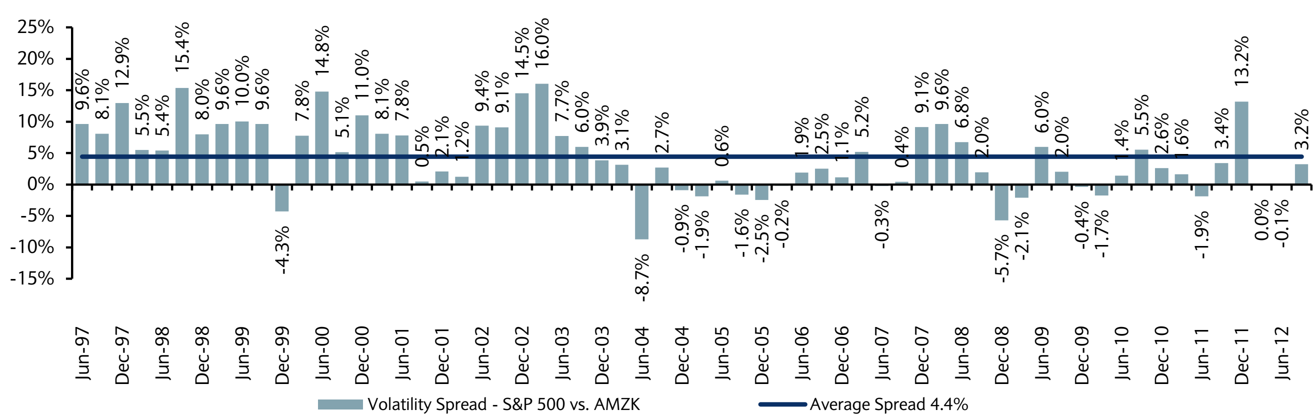
Source: FactSet, Alerian Capital Management

Figure 34: Alerian MLP Index Attribution Analysis



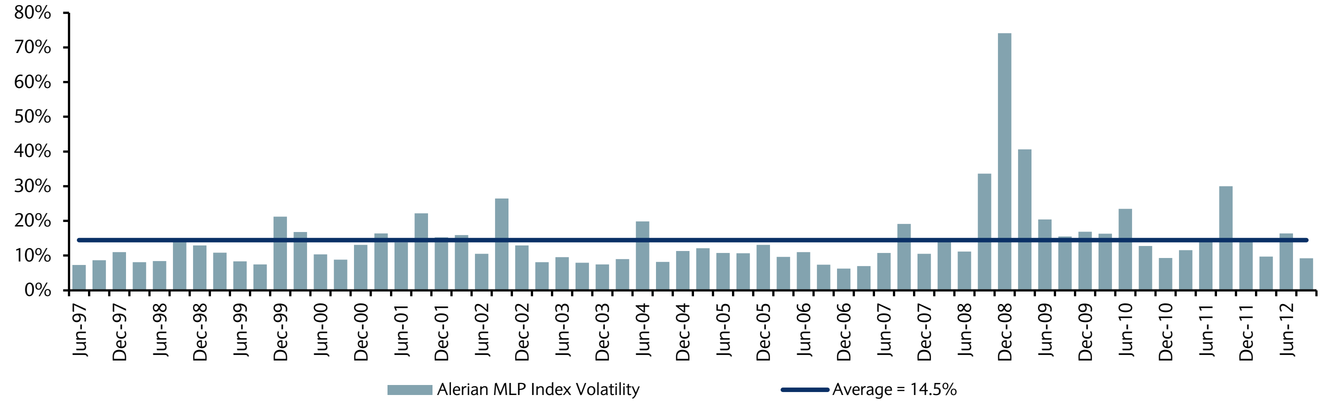
Source: Alerian Capital Management, FactSet, Barclays Research

Figure 35: Volatility Spread – S&P 500 Versus Alerian MLP Index



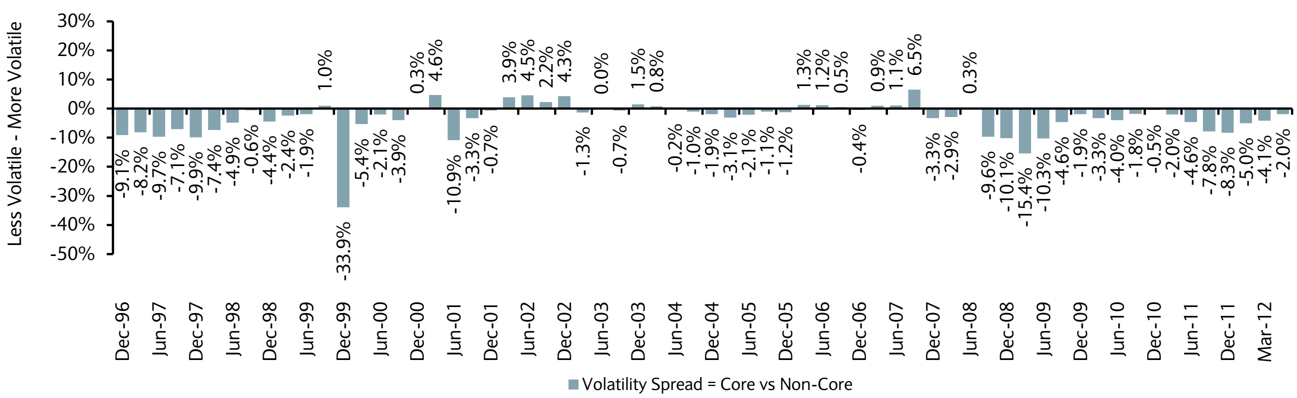
Source: FactSet

Figure 36: Alerian MLP Index Volatility



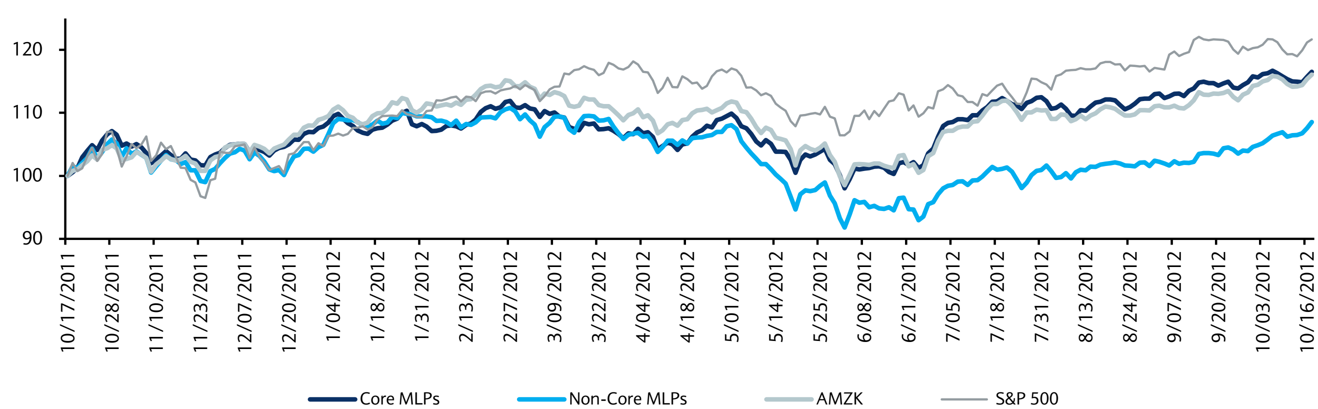
Source: FactSet

Figure 37: Core Versus Non-Core Group Volatility Spread



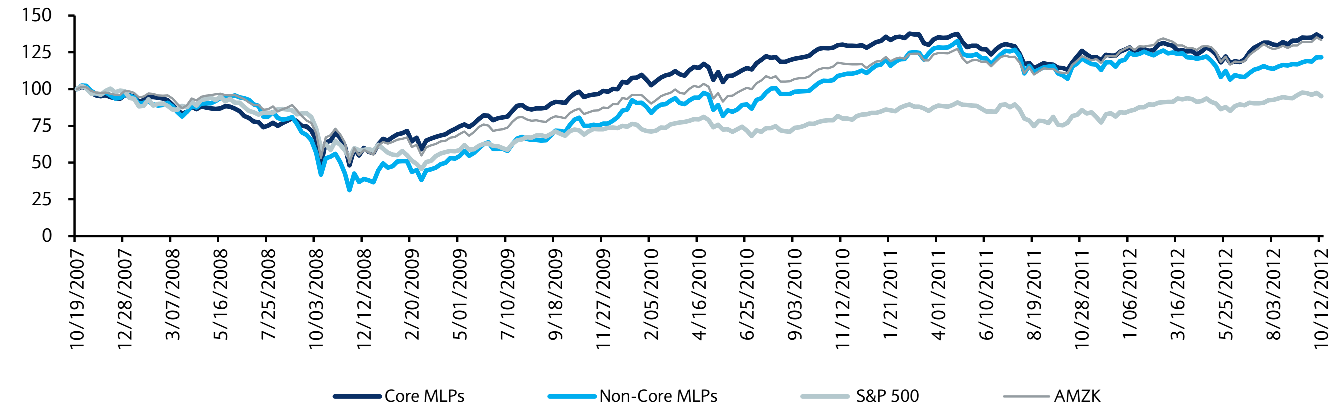
*Core MLP Group: Refined Products, Propane, and NGL Pipeline MLPs
*Non-Core MLP Group: Gathering & Processing, Exploration & Production, Marine Transportation, Coal and Crude Oil MLPs
Source: FactSet

Figure 38: 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 39: 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

MLPs Recover Three-Year Performance Crown As REITs Falter During 3Q

With the strong recovery in prices tied to reduced cap rates at the end of 2Q, REITs had edged out MLPs for the three-year performance crown. With REITs giving up a little ground in 3Q against the strong performance of the MLPs, the sector has recaptured the number one position for this time frame and has retained the 5- and 10-year number one ranking by wide margins.

Figure 40: Comparative Returns Across Asset Types (Averages Through September 28, 2012)

											Period Ending 9/28/12			
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 32.4%	MLPs 17.3%	MLPs 14.0%	MLPs 25.1%
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%	Small Cap 31.9%	REIT 11.3%	Barclays HY 9.3%	REIT 20.5%
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%	S&P 500 30.2%	Barclays HY 11.0%	Barclays HG 8.1%	S&P 500 13.2%
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 26.2%	Small Cap 10.2%	Small Cap 2.2%	Small Cap 13.0%
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 19.4%	Non US Equity 8.7%	REIT 2.1%	Barclays HY 12.9%
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%	Non US Equity 14.3%	S&P 500 8.0%	S&P 500 1.1%	Barclays HG 9.1%
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%	Commodities 12.7%	Utilities 6.7%	Utilities -2.0%	Utilities 6.7%
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%	Barclays HG 10.8%	Barclays HG 6.6%	Non US Equity -4.8%	Commodities 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%	Utilities 6.8%	Commodities 3.4%	Commodities -5.4%	Non US Equity 2.6%

Source: Bloomberg, Barclays Fixed Income

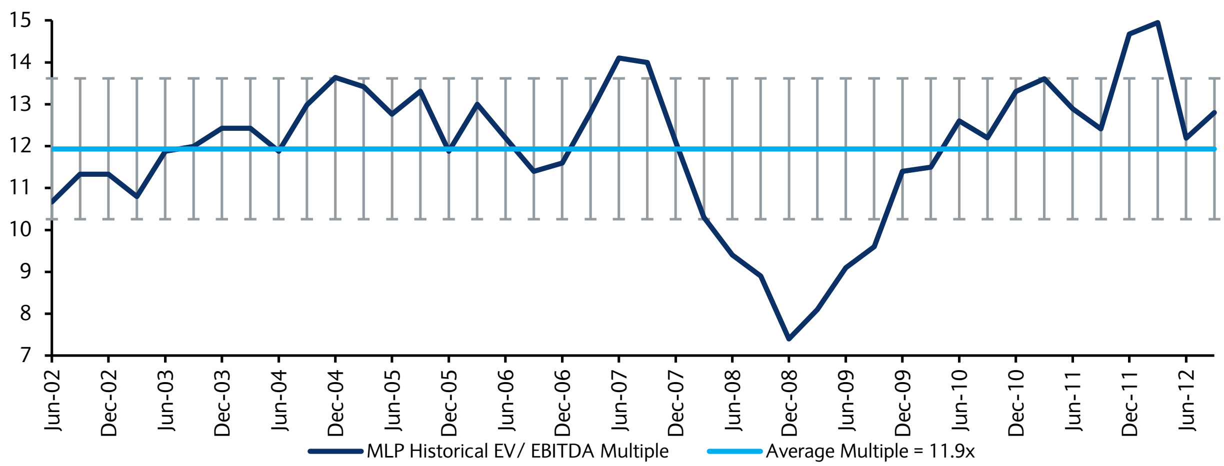
Valuation Review

Cash Flow Multiple Lifts Marginally Above Historical Average as AMZ Hits All-Time High

After receding to roughly the historical average at the end of Q2, our adjusted EBITDA (EBITDA less IDRs less maintenance capital) valuation metric has risen to 12.8x or just north of the average as the sector performed well in the third quarter. Furthermore, the dip in Q2 oil prices and swoon in ethane prices resulted in a sharp drop in G&P multiples owing to some skepticism regarding the forward looking cash flow estimates. During this quarter, the G&P weighting in the calculation rose from 12.0% to 14.5% while the forward multiple increased from 9.2x to 11.9x as estimates were trimmed and the units recovered. The other big contributor to the bump in multiple was the strong performance of oil oriented partnerships which were up more than 20% for the quarter while commanding a weighting of almost 9% in our weighted average sector multiple. The biggest drag on the increase was the large cap subsector, which remained flat at 13.0x from period to period.

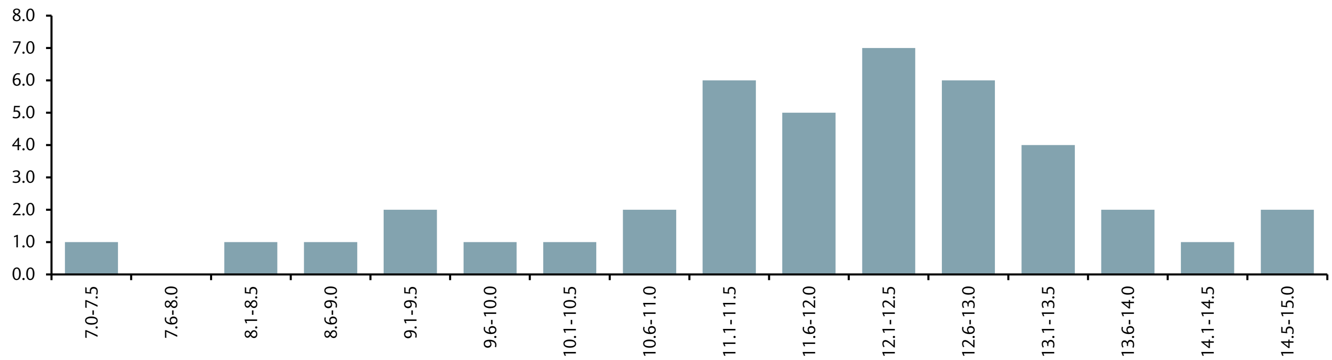
Notably, with the index hitting an all-time high, we have not seen valuations stretching to get there. In fact, excluding the de-leveraging induced sell off of the sector in 2008-2009, the current multiple of 12.8x is 9% lower than the average of 14.1x excluding this chaotic time frame and 15% below the historical peak of 15.0x. With inclusion we're still only 7% above the average including this dislocation in capital markets. In this context, we aren't worried about the "elevated" nature of the index as the underlying driver of the sector's performance has been the consistent growth in cash flow and corresponding distributions.

Figure 41: MLP Historical EV/Adjusted EBITDA Multiple (Mkt cap weighted)



Source: Company filings, Barclays Research

Figure 42: EV/ Adjusted EBITDA Multiples Histogram

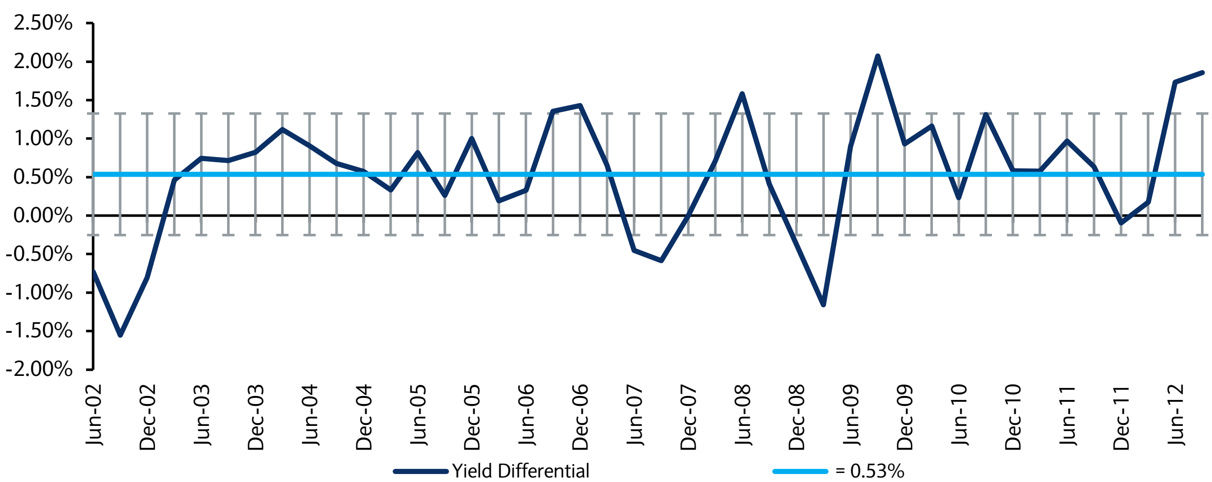


Source: Company filings, Barclays Research

WACC Adjusted Multiple Implies MLPs as Cheap as in 2009

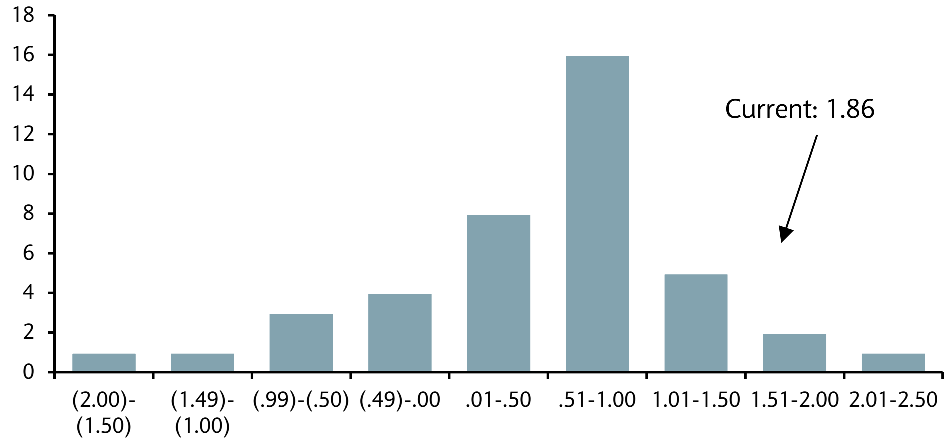
While our adjusted EBITDA multiple rose from 12.2x to 12.8x during the quarter, credit markets rallied. Our Baa index yield fell 38 bp to 4.72% and our HY proxy yield dropped 69 bp to 7.19%, taking the 50/50 blend of these two numbers down 51 bp to an average of 5.96%. Inverting the current 12.8x multiple results in a yield of 7.81%, or 39 bp lower than the 8.20% reported at the end of last quarter. As a result, the spread increased 12 bp to 1.85%. This represents the second widest differential we've ever measured (after 2.07% in mid-2009). This level of disparity (cheapness) has existed less than 7% of the time since the modern era of MLPs began in early 2000. Absolute valuations need to be placed in the context of a discount rate. Discount rates are low and are likely to move up over time. However, at this juncture our blended discount rate would have to move up 133 bp (the 10-Year Treasury would be well over 4% assuming normal credit spreads) to have this metric return to the historical average of 53 bp.

Figure 43: 50/50 Yield Differential



Source: Company filings, Barclays Research

Figure 44: 50/50 Yield Differential Histogram

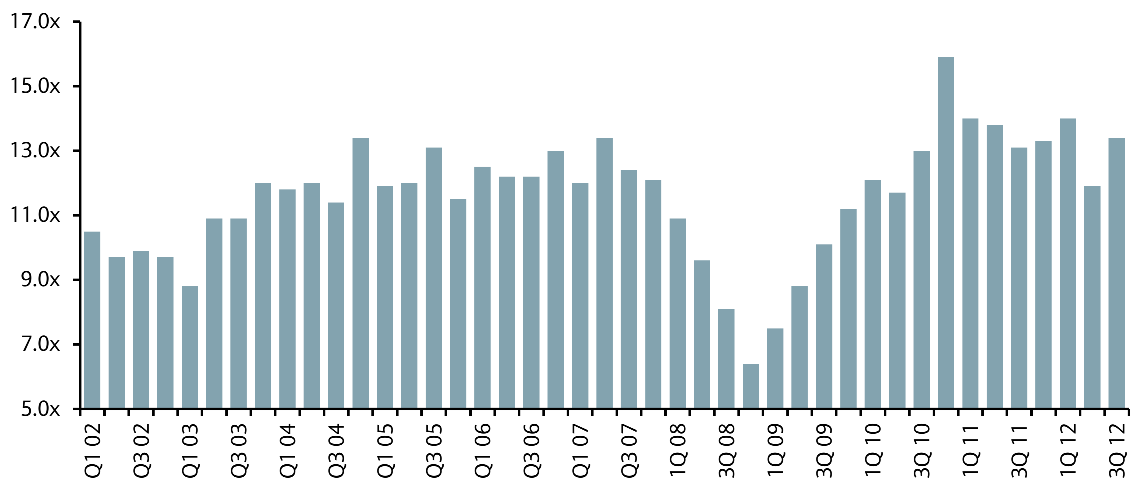


Source: Company filings, Barclays Research

DCF Multiple Escalates Above Historical Norm

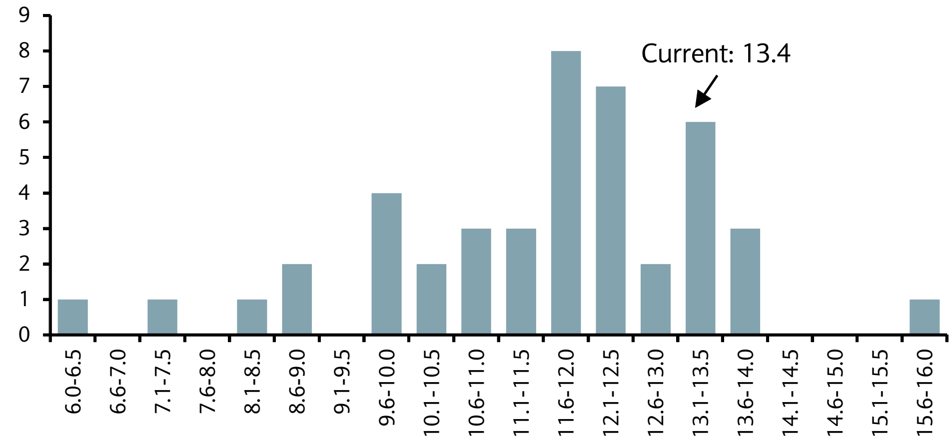
We are periodically asked whether we have a historical time series of DCF multiples; the following chart is our answer. While the DCF history (unweighted) that follows tends to trace the general direction of our more favored metric (EV/Adjusted EBITDA), there can be sharp departures in these figures as the smaller, more volatile components of this measure comprise a more meaningful component of the calculation (weighted vs. unweighted) and as the GP cut is moving rapidly through the splits as our adjusted EBITDA removes the GP cut from the calculation while the DCF covers the cash available to both GP and LP owners. At 13.4x, this metric is on the expensive shoulder of the frequency distribution of the historical valuation range. At this multiple, valuation is 12% higher than the norm but still 16% below the all time peak registered in 4Q 2010 (which didn't turn out to be a bad time to buy the sector as DCF grew nicely in the next two years, blunting the valuation "risk"). Adjusting for the cost of capital would reduce this premium to a small discount vs. history.

Figure 45: Historical DCF Multiples



Source: Company filings, Barclays Research

Figure 46: Historical DCF Multiples Frequency Distribution



Source: Company filings, Barclays Research

IRR Metrics Slip Q/Q, Low Growth Closing Gap Vs. High Growth Partnerships

The aggregate IRR for the AMZ (based on weighted estimates of all the component parts) dipped 37BP Q/Q. The bulk of the dip was from weighting changes in the constituent parts of the index. Exceptionally strong performance from the crude segment crimped the IRR calculation for this component of the aggregate IRR. A modest decline in the weighted growth rate in the G&P segment marginally clipped the implied returns in that segment. In all, the 11.6% IRR is slightly less than the basic value proposition of yield (6.0%) plus growth (6.4%), as we are calling for a 35 bp rise in the benchmark's yield, from 6.02% to 6.37%.

From a big picture perspective, the critical assumption being made in the following analysis is that we will see the typical spread compression that occurs across the credit spectrum and between credit and the AMZ that we have seen in every longer cycle rise in rates. At present, the spread between the 10-Year Treasury and the AMZ is almost 450 bp. When the credit benchmark is below 4.00%, the spread averages 439 bp. As the yield on the 10-Year rises, spreads contract sharply. Generally, the higher the yield goes, the sharper the contraction to the AMZ. For periods when the 10-Year is trading 4.00% or higher, the average spread is 258 bp, with the delta ranging between 150 and 200 bp over 50% of the time. This historical framework drives our bottom-up terminal yield target assumptions, with the ultimate crosscheck being that the weighted average AMZ spread in our model is presently 187 bp.

At a more micro level, the sharp disparity in performance between double-digit growers and low-single-digit growers, or partnerships struggling at +/- distribution coverage, has resulted in a valuation spread that appears close to overdone. Our IRR model implies we're getting closer to the breakeven point but we haven't quite gotten there. In general, the model has the pace of expansion slowing in the high-growth group (WES, TLLP, RRMS, MMP, OKS, etc.) and modest growth with adequate coverage resuming in many of the laggards (ETP, RGP, CPNO, CMLP, EEP, etc.). This results in terminal yields which are higher for the high-growth names (typically 100-200 bp) and lower for the group that is struggling (50 to 185 bp).

For example, the terminal yield we use for WES is 5.25% or 160 bp higher than the current yield of 3.65%. TLLP is projected to yield 5.50% or 185 bp higher than the current 3.65.

EQM's yield is projected to be 6.00% or 135 bp higher than the current 4.64% and the implied IRR is still in excess of 15%.

On the other end of the spectrum, lowering the yields of BWP (90 bp), RGP (91 bp), NS (96 bp) and ETP (185 bp) results in IRRs that compute to just above the average for the weighted AMZ. While the "reversion to the mean" call is getting closer, we don't think it's time to pull the trigger on this strategy, especially in light of the Fed's signal that low rates will continue through 2015 and fat tail macro risks could impact economic activity, hence energy prices and capital markets. While we are using 4.50% Treasuries as a "normalized" target in order to gain some insight regarding the long-term value of the sector, we think it might be longer than five years out before we get there.

Figure 47: 5-Year IRR Summary Inputs – Implied Return

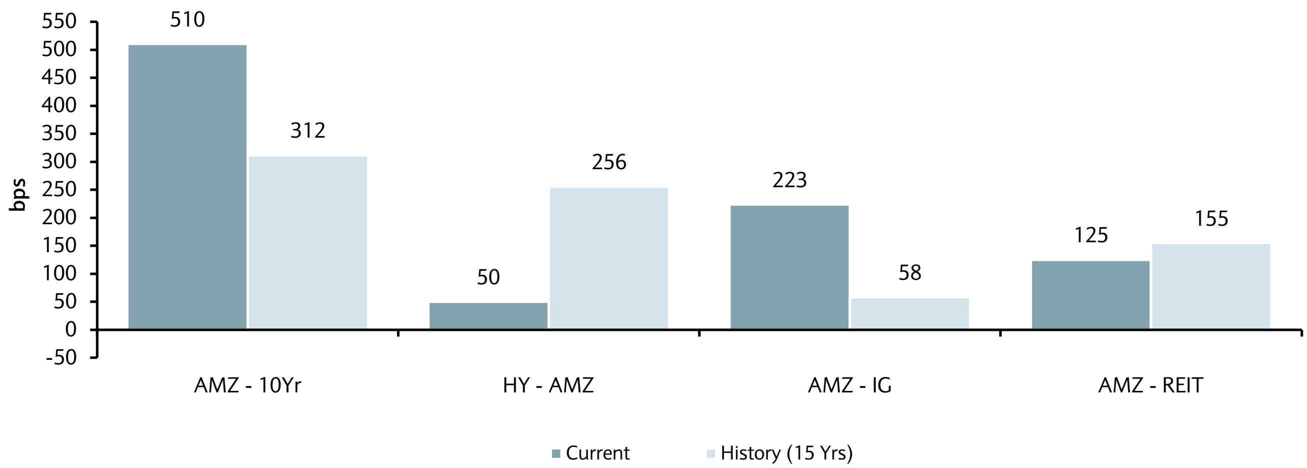
Subsector	Weight	Distribution Growth	Risk Premium	Risk Spread Vs. Avg	Terminal Yield	IRR	Current Yield	Terminal - Current Yield Spread
Large Caps	49%	6.4%	1.37%	-0.50%	5.87%	12.43%	5.47%	0.40%
Refined Products & Crude	12%	6.2%	1.90%	0.03%	6.40%	11.50%	5.83%	0.57%
Gathering, Processing	12%	7.2%	2.07%	0.21%	6.57%	15.03%	6.07%	0.51%
NG/NGL Pipes & Storage	7%	3.5%	2.04%	0.17%	6.54%	13.38%	6.86%	-0.32%
Retail Distribution	4%	3.5%	4.50%	2.64%	9.00%	10.93%	7.97%	1.03%
GPs	5%	14.3%	0.78%	-1.09%	5.28%	22.44%	5.69%	-0.42%
E&P	5%	6.5%	3.05%	1.19%	7.55%	10.39%	6.47%	1.08%
Other	6%	4.0%	3.50%	1.63%	8.00%	9.50%	8.47%	-0.47%
AMZ	100%	6.4%	1.87%	0.00%	6.37%	12.88%	6.02%	0.34%
10 Yr Treasury Yield	4.50%							

Source: Barclays Research

Yield Spreads Imply that AMZ Is Cheap Vs. HY and IG, but in Line With 10-Year During Periods of Flight to Safety

As was the case last quarter, we estimate that the AMZ yield spread over the 10-Year Treasury (+444 bp) is roughly in line with periods of flight to safety (+439 bp). While this looks disconcerting given that the 10-Year closed the quarter at only 1.63%, this spread retreats considerably under more normal circumstances, averaging only 258 bp, and is often well under 200 bp (thus our normalized, long-term outlook of an AMZ yield of 6.00% vs. the 10-Year at 4.00%). Similarly, the AMZ looks particularly attractive vs. the HY market. This was also the case at the end of 2Q and the HY index rallied 69 bp vs. the 26 bp decrease in the AMZ yield for the period. The current spread between the HY and AMZ benchmarks is just under 1 standard deviation. As would be expected in a yield-short world with investors shedding risk, the spread between the AMZ and IG proxy is in the middle of the 10-Year and HY valuation. While the AMZ appears attractive vs. the norm (138 bp vs. 95 bp), the difference vs. the HY benchmark is not as extreme. This metric, like the others previously reviewed, indicates absolute valuation is not excessive despite the index hitting all-time highs and on a relative basis the sector looks attractive vs. credit. Furthermore, viewed in this historical context, the MLPs should provide much greater protection to principal (aside from the fact the distribution growth will elevate unit prices) in the event that base Treasury rates escalate over the long run.

Figure 48: Current Spread Versus Historical Levels



Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 49: 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
09/28/12	1.63%	7.19%	6.15%	4.72%	555	309	451	104	-143
11/14/12	1.59%	7.19%	6.69%	4.46%	560	287	510	50	-223
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**

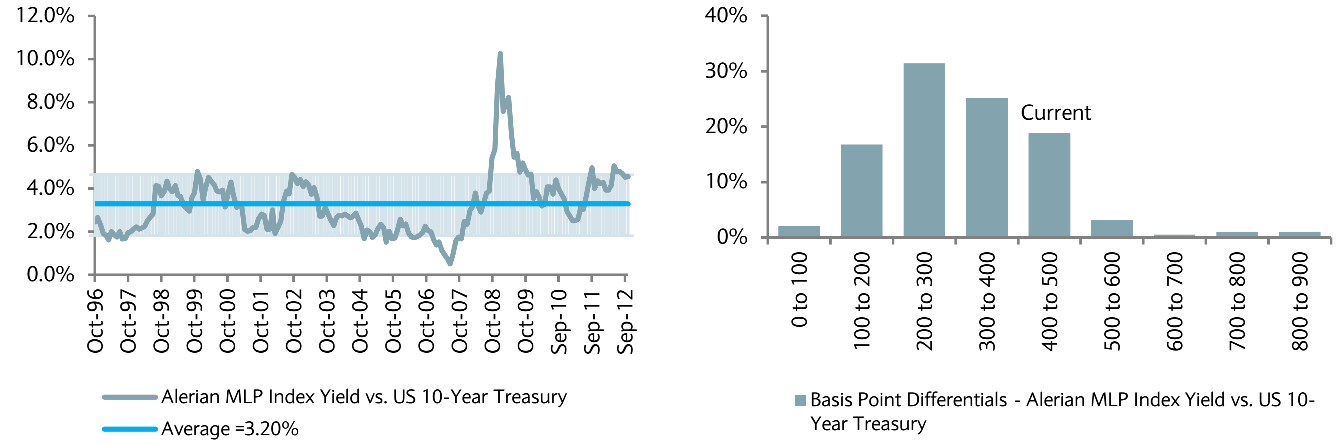
Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 50: 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
09/28/12	1.63%	7.19%	6.15%	4.72%	-68	-33	-25	-43	-7
YTD	1.59%	7.19%	6.69%	4.46%	-118	-41	89	-207	-130
YTD (BP)	-29	-147	60	-70					

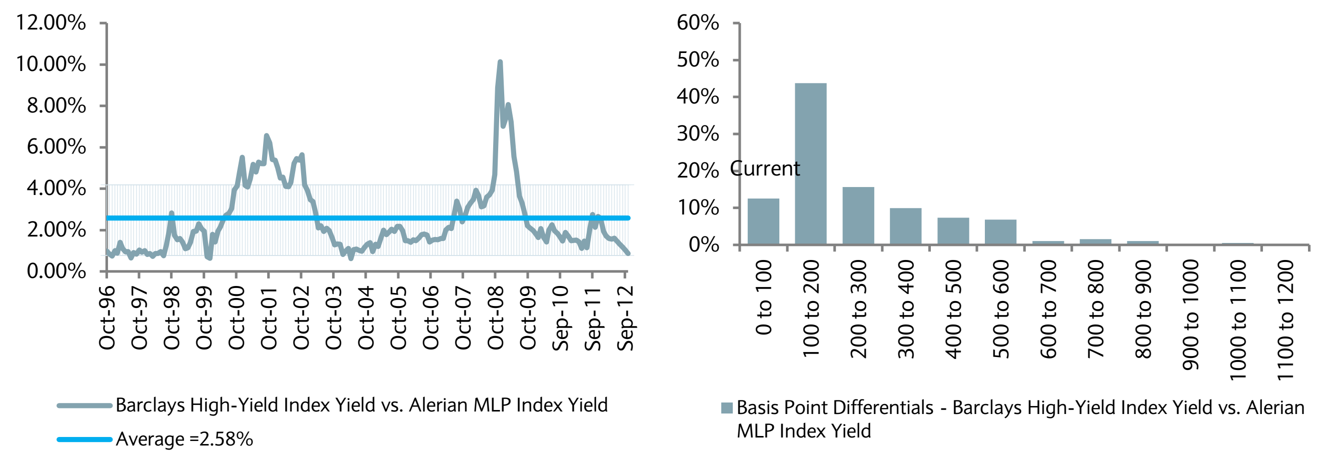
Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 51: Alerian MLP Index Yield Versus 10-Year Treasury



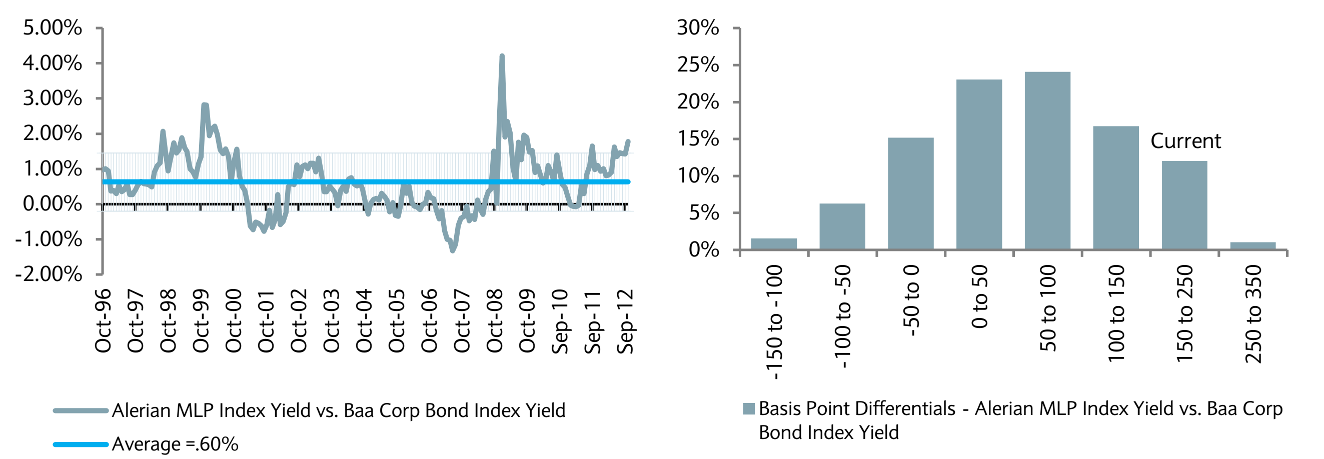
Source: Alerian Capital Management, FactSet

Figure 52: Barclays High-Yield Index Yield Versus Alerian MLP Index Yield



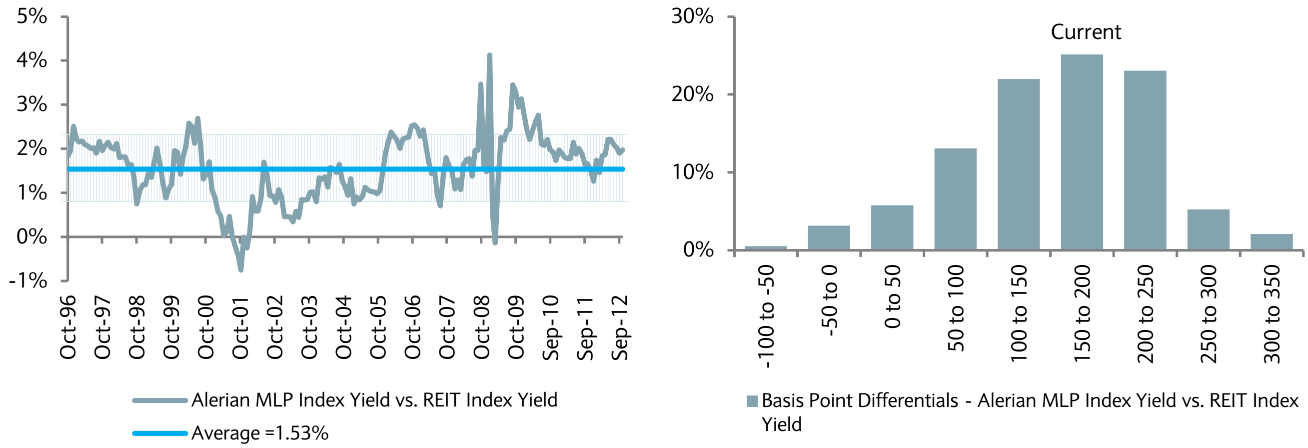
Source: Alerian Capital Management, Barclays Fixed Income

Figure 53: Alerian MLP Index Versus Moody's Baa Corporate Bond Index Yield



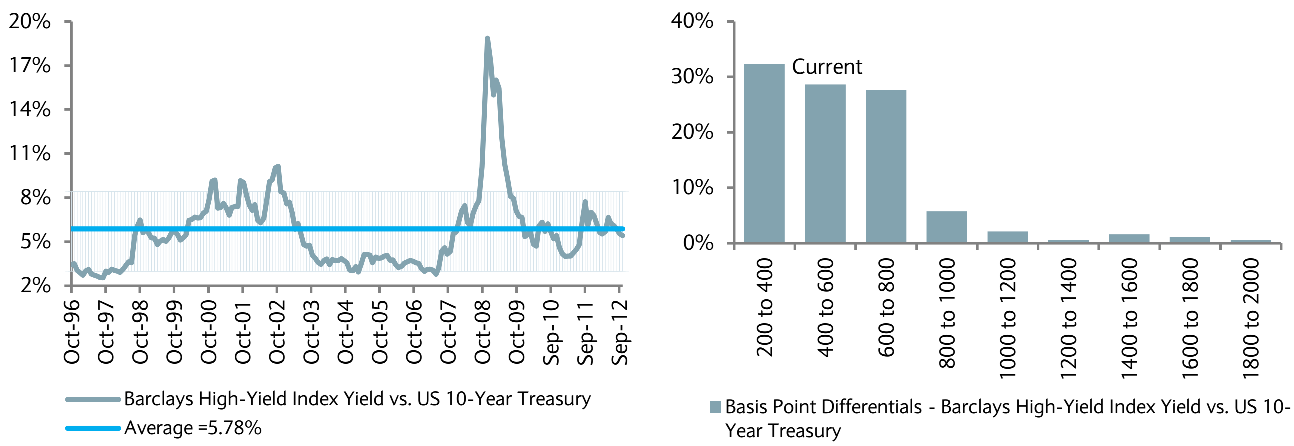
Source: Alerian Capital Management, Bloomberg

Figure 54: Alerian MLP Index Versus NAREIT REIT Index Yield



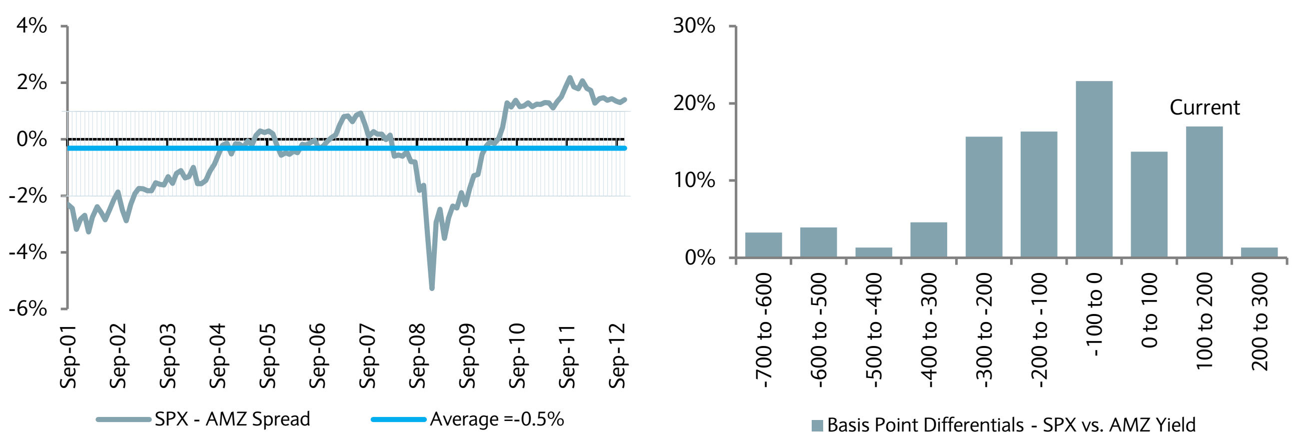
Source: Alerian Capital Management, NAREIT

Figure 55: Barclays High-Yield Index Yield Versus 10-Year Treasury



Source: Alerian Capital Management, FactSet, Barclays Fixed Income

Figure 56: S&P 500 Earnings Yield Versus Alerian MLP Index Yield



Source: Alerian Capital Management, FactSet, Reuters Estimates

Capital Markets Review

Spending Outlook Modestly Expands From 2Q – Update $57.5 Billion +54% Vs. 2011

While the 2012 organic spending outlook has budged minimally from our estimate and the end of 2Q, we have raised our estimates for 2013 and 2014 by 10% and 6%, respectively. Our M&A forecast for 2012 has been bumped 7.6% given the persistent level of activity registered during the quarter. In all, we are now projecting capital spending in 2012 to total $57.5 billion, up 54% year over year and 4% sequentially from our estimate last quarter. M&A activity is forecast to equate to 60% of the total. Both organic and M&A spending should grow a robust 59% and 50%, respectively, from 2011 to 2012. The organic ramp is directly attributable to the evolution of shale directed drilling from gas to liquids oriented targets, where there has been a dearth of infrastructure spending for several decades as volumes of domestic oil and NGL fell consistently during this period. Furthermore, much of the new drilling is being done in areas totally devoid of any infrastructure. As a startling case in point, before the Eagle Ford began to develop there was only 4,000 b/d of oil production in all of South Texas. This play is forecast to readily develop into 1.5 mmb/d over the next handful of years.

Ostensibly $57.5 billion in spending utilizing the 50% equity/50% debt rule of thumb for the sector implies the need to raise $28.75 billion in both equity and debt for the year. On the equity side of the equation, this derived target needs to be adjusted for some asset sales, cash retention and the healthy condition of the sector's balance sheet going into 2012. Timing also gets a bit muddied in that the bulk of the partnerships have considerable undrawn bank lines that can be tapped, giving the companies flexibility in approaching the market for funding. Year to date, $18.1 billion has been raised in follow-on or secondary offerings or about $6 billion per quarter. The year was jump-started with an equity raise of $7.6 billion in Q1, slightly behind what one might assume is the "required" quarterly allotment over the last two quarters. All things being equal, we foresee another active quarter with companies coming to market for about $2 billion in equity per month through the end of the year. The first week of October, in which three deals totaling $620mm came to market, appears representative.

Figure 57: MLP Capex Spending

	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	264	190	220	250	1,800	260	0	0	0	2,047	524	190	220	250
CLMT	Calumet Specialty Products Partners l	26	21	20	20	20	475	582	0	0	0	501	604	20	20	20
HEP	Holly Energy Partners L.P.	34	20	30	50	100	340	315	0	0	0	374	335	30	50	100
KMP	Kinder Morgan Energy Partners L.P.	987	1,481	1,356	1,800	1,850	1,179	6,230	3,200	0	3,000	2,166	7,711	4,556	1,800	4,850
MMP	Magellan Midstream Partners L.P.	270	501	250	150	175	18	0	0	100	125	288	501	250	250	300
SXL	Sunoco Logistics Partners L.P.	171	371	210	175	200	494	0	150	150	175	665	371	360	325	375
NS	NuStar Energy L.P.	285	433	270	275	325	101	0	0	0	0	386	433	270	275	325
OILT	Oiltanking Partners LP	34	142	70	55	60	0	0	0	35	45	34	142	70	90	105
RRMS	Rose Rock Midstream L.P.	28	33	25	25	30	0	190	0	280	100	28	223	25	305	130
TLLP	Tesoro Logistics LP	6	22	60	25	35	0	464	0	100	100	6	486	60	125	135
EEP	Enbridge Energy Partners L.P.	998	1,981	1,900	1,100	1,000	47	0	0	0	0	1,044	1,981	1,900	1,100	1,000
PAA	Plains All American Pipeline L.P.	515	1,099	820	735	620	1,390	1,600	250	300	400	1,905	2,699	1,070	1,035	1,020
BKEP	Blueknight Energy Partners, L.P.	8	47	15	20	0	0	0	25	0	20	8	47	40	20	20
	Total Sub Sector	3,609	6,417	5,216	4,650	4,665	5,843	9,641	3,625	965	3,965	9,452	16,058	8,841	5,615	8,630
	Gathering, Processing & Compression															
APL	Atlas Pipeline Partners L.P.	215	325	177	150	125	85	17	0	0	0	300	342	177	150	125
ACMP	Access Midstream Partners L.P.	345	527	600	500	500	1,365	300	300	300	300	1,710	827	900	800	800
CMLP	Crestwood Midstream Partners LP	47	32	100	100	100	408	139	200	300	200	455	171	300	400	300
CPNO	Copano Energy L.L.C.	375	406	270	200	200	16	0	0	0	0	391	406	270	200	200
XTEX	Crosstex Energy L.P.	120	284	150	150	150	0	262	0	0	100	120	546	150	150	250
DPM	DCP Midstream Partners L.P.	95	152	150	100	200	175	715	1,000	1,000	500	270	867	1,150	1,100	700
EROC	Eagle Rock Energy Partners L.P.	112	260	200	200	200	564	228	0	0	0	676	488	200	200	200
EXLP	Exterran Partners L.P.	21	94	10	10	10	228	184	200	200	200	249	278	210	210	210
MWE	MarkWest Energy Partners L.P.	537	1,398	1,200	1,200	800	2,231	512	0	0	0	2,767	1,910	1,200	1,200	800
NGLS	Targa Resources Partners L.P.	245	569	410	300	250	157	0	150	200	250	402	569	560	500	500
PVR	Penn Virginia Resource L.P.	219	674	249	341	171	97	1,000	0	0	0	316	1,674	249	341	171
WES	Western Gas Partners L.P.	110	392	253	200	200	331	600	400	400	400	441	992	653	600	600
	Total Sub Sector	2,441	5,114	3,769	3,451	2,906	5,656	3,956	2,250	2,400	1,950	8,096	9,070	6,019	5,851	4,856
	Natural Gas - NGL Pipelines and Storage															
BWP	Boardwalk Pipeline Partners L.P.	47	209	101	115	100	71	910	0	0	0	118	1,119	101	115	100
EPB	El Paso Pipeline Partners L.P.	163	71	150	150	150	2,900	635	700	0	0	3,063	706	850	150	150
EPD	Enterprise Products Partners L.P.	3,550	3,628	3,400	2,500	2,500	0	0	0	0	0	3,550	3,628	3,400	2,500	2,500
EQM	EQT Midstream Partners LP	na	25	28	35	40	na	0	200	200	200	na	25	228	235	240
ETP	Energy Transfer Partners L.P.	1,482	1,909	1,280	1,300	900	1,374	7,300	0	0	0	2,857	9,209	1,280	1,300	900
NKA	Niska Gas Storage Partners	34	51	25	0	0	0	0	0	0	0	34	51	25	0	0
NRGM	Inergy Midstream LP	98	159	150	150	250	67	193	175	250	250	165	351	325	400	500
OKS	ONEOK Partners L.P.	969	1,900	2,480	1,288	750	0	0	0	0	0	969	1,900	2,480	1,288	750
PNG	PAA Natural Gas Storage L.P.	81	58	35	25	35	744	0	0	330	0	825	58	35	355	35
RGP	Regency Energy Partners L.P.	386	603	407	350	350	594	0	300	300	300	980	603	707	650	650
SEP	Spectra Energy Partners L.P.	85	4	200	200	200	390	250	250	250	250	475	254	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	2,265	1,415	1,400	345	2,500	0	0	0	955	4,669	2,265	1,415	1,400
	Total Sub Sector	7,506	10,786	10,521	7,528	6,675	7,090	11,788	1,625	1,330	1,000	14,596	22,573	12,146	8,858	7,675
	Wholesale Distribution															
APU	Amerigas Partners L.P.	39	31	68	20	20	34	2,863	0	0	0	73	2,894	68	20	20
FGP	Ferrellgas Partners L.P.	34	33	27	25	25	7	10	16	15	15	42	43	43	40	40
GLP	Global Partners LP	12	11	7	8	8	0	392	0	50	50	12	403	7	58	58
NRGY	Inergy L.P.	167	36	0	0	0	825	20	0	0	0	992	56	0	0	0
SPH	Suburban Propane Partners L.P.	12	10	15	15	15	3	1,800	0	0	0	16	1,810	15	15	15
	Total Sub Sector	264	121	117	68	68	870	5,085	16	65	65	1,134	5,206	133	133	133
	Other MLPs	659	646	707	573	633	3,451	3,963	1,545	1,543	1,436	4,110	4,609	2,252	2,116	2,069
	Total	**14,479**	**23,083**	**20,330**	**16,270**	**14,947**	**22,909**	**34,433**	**9,061**	**6,303**	**8,416**	**37,389**	**57,516**	**29,391**	**22,573**	**23,363**

*Organic capex excludes maintenance capex

Source: Company filings, Barclays Research

Large Caps' Spending Proportional to Market Cap, Leading to Competitive Growth Rates

Large cap distribution growth rates typically lag those of the smaller MLPs in the expansion part of any building cycle. However, this has not been the case over the last year, and we are currently projecting competitive growth rates moving forward. Figure 58 , which highlights the large cap partnerships' spending outlook for 2012 vs. 2011, goes a long way toward explaining the closing of this historical gap. Large caps generally represent about 60% of the market cap of the MLP industry. In 2011, they represented only 36% of total spending. In 2012 they are projected to represent a more proportional 55% of the total. Importantly, they have been an estimated 63% and 61% of organic spending in 2011 and 2012, respectively. Given proportional spending (especially on higher-return organic projects) and an inherently lower cost of capital, we can see the underpinning of more equalized growth rates. Altogether, we are forecasting that capex for the large caps will increase 136% year/year vs. 54% for the sector in aggregate. From a capital markets perspective, we'd expect a proportional funding requirement. To date, excluding at the market (ATM) programs instituted by EPD, ETP and KMP, the big seven represent only about 40% of equity raised year to date. However, asset sales and cash retention (OKS, EPD in particular) place the group in good stead regarding equity funding for the year.

Notably, there has been a large dichotomy in the makeup of spending among the large caps, with EEP, EPD and OKS staying out of the acquisition market. ETP and KMP have been large incremental buyers with PAA and WPZ making more tactical purchases. WPZ's escalation of its targeted growth rate goes hand in glove with the sharp acceleration in planned expenditures. This dichotomy appears likely to persist, as we regard ETP, KMI, and WPZ as more likely than EEP, EPD, OKS or PAA to initiate when it comes to M&A in the next 12 months.

Figure 58: Capital Spending by Segment

	Organic		Acquisitions		Total Capex		Year / Year % Change		
MLP Segment	**2011**	**2012e**	**2011**	**2012e**	**2011**	**2012e**	**Organic**	**Acquire**	**Total**
Refined Products & Crude Oil	3609	6417	5843	9641	9452	16058	78%	65%	70%
Gathering, Processing & Compression	2441	5114	5656	3956	8097	9070	110%	-30%	12%
Nat Gas / NGL Pipelines & Storage	7506	10786	7090	11788	14596	22574	44%	66%	55%
Wholesale Distribution	264	121	870	5085	1134	5206	-54%	484%	359%
Other MLPs	659	646	3451	3963	4110	4609	-2%	15%	12%
Total	14479	23084	22910	34433	37389	57517	59%	50%	54%

	Organic		Acquisitions		Total Capex		Year / Year % Change		
Large Cap	**2011**	**2012e**	**2011**	**2012e**	**2011**	**2012e**	**Organic**	**Acquire**	**Total**
Enbridge	998	1981	47	0	1045	1981	98%	-100%	90%
Energy Transfer	1482	1909	1374	7300	2856	9209	29%	431%	222%
Enterprise Products	3550	3628	0	0	3550	3628	2%	nm	2%
Kinder Morgan	987	1481	1179	6230	2166	7711	50%	428%	256%
Oneok	969	1900	0	0	969	1900	96%	nm	96%
Plains All American	515	1099	1390	1600	1905	2699	113%	15%	42%
Williams	610	2169	345	2500	955	4669	256%	625%	389%
Total	9111	14167	4335	17630	13446	31797	55%	307%	136%
Percent of Total MLP Spending	63%	61%	19%	51%	36%	55%			

Source: Company filings, presentations, Barclays Research estimates

Figure 59: 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.	524	250	0	12	262	0	262	262	250	0	274	927
CLMT	Calumet Specialty Products Partners L.P.	604	153	46	103	302	275	27	302	428	0	130	388
HEP	Holly Energy Partners L.P.	335	55	17	96	168	300	-133	168	355	0	-37	380
KMP	Kinder Morgan Energy Partners L.P.	7,711	1,027	21	1758	2,806	2,250	556	2,806	3,277	2,100	2,313	1,528
MMP	Magellan Midstream Partners L.P.	501	0	110	141	251	0	251	251	0	0	391	795
SXL	Sunoco Logistics Partners L.P.	371	0	178	8	186	0	186	186	0	0	193	444
NS	NuStar Energy L.P.	433	349	29	-161	217	250	-33	217	599	0	-195	668
OILT	Oiltanking Partners LP	142	0	6	65	71	0	71	71	0	0	136	40
RRMS	Rose Rock Midstream L.P.	223	0	0	111	111	0	111	111	0	0	223	115
TLLP	Tesoro Logistics LP	486	0	10	233	243	350	-107	243	350	0	126	180
EEP	Enbridge Energy Partners L.P.	1,981	461	0	529	991	0	991	991	461	0	1,520	1,165
PAA	Plains All American Pipeline L.P.	2,699	460	365	524	1,350	1,250	100	1,350	1,710	0	624	2,556
BKEP	Blueknight Energy Partners, L.P.	47	0	0	24	24	0	24	24	0	0	47	79
	Subtotal	16,058	2,755	782	3,442	6,979	4,675	2,304	6,979	7,430	2,100	5,746	9,265
	Gathering, Processing & Compression												
APL	Atlas Pipeline Partners L.P.	342	0	30	141	171	325	-154	171	325	0	-13	269
ACMP	Access Midstream Partners L.P.	827	0	61	353	414	750	-336	414	750	0	16	850
CMLP	Crestwood Midstream Partners LP	171	227	24	-166	85	0	85	85	227	0	-80	260
CPNO	Copano Energy L.L.C.	406	196	0	7	203	150	53	203	346	0	60	455
XTEX	Crosstex Energy L.P.	546	165	41	67	273	250	23	273	415	0	91	529
DPM	DCP Midstream Partners L.P.	867	574	18	-158	433	350	83	433	924	0	-75	649
EROC	Eagle Rock Energy Partners L.P.	488	88	43	103	234	250	-16	234	338	19	87	78
EXLP	Exterran Partners L.P.	278	119	20	0	139	0	139	139	119	0	139	257
MWE	MarkWest Energy Partners L.P.	1,910	1,196	114	-355	955	750	205	955	1,946	0	-150	960
NGLS	Targa Resources Partners L.P.	569	169	117	-1	285	400	-115	285	569	0	-116	890
PVR	Penn Virginia Resource L.P.	1,674	780	6	20	806	600	206	806	1,380	63	225	560
WES	Western Gas Partners L.P.	992	219	74	203	496	520	-24	496	739	0	179	800
	Subtotal	9,070	3,733	548	213	4,494	4,345	149	4,494	8,078	82	362	6,557
	Natural Gas - NGL Pipelines and Storage												
BWP	Boardwalk Pipeline Partners L.P.	1,119	576	0	-129	447	300	147	447	876	225	18	785
EPB	El Paso Pipeline Partners L.P.	706	280	152	-79	353	0	353	353	280	0	274	480
ETP	Energy Transfer Partners L.P. (1)	9,209	3,453	0	-501	2,952	2,000	952	2,952	5,453	3,305	451	1,976
EPD	Enterprise Products Partners L.P.	3,628	521	728	77	1,326	2,500	-1174	1,326	3,021	976	-1,097	3,073
NKA	Niska Gas Storage Partners	51	0	0	26	26	0	26	26	0	0	51	220
NRGM	Inergy Midstream LP	351	10	0	166	176	0	176	176	10	0	341	274
OKS	ONEOK Partners L.P.	1,900	934	336	-320	950	1,300	-350	950	2,234	0	-670	1,176
PNG	PAA Natural Gas Storage L.P.	58	0	8	21	29	0	29	29	0	0	50	187
RGP	Regency Energy Partners L.P.	603	310	0	-8	302	700	-398	302	1,010	0	-406	375
SEP	Spectra Energy Partners L.P.	254	0	23	104	127	0	127	127	0	0	231	660
TCP	TC PipeLines L.P.	0	0	71	-71	0	0	0	0	0	0	-71	179
WPZ	Williams Partners L.P.	4,669	2,607	526	-799	2,335	1,150	1185	2,335	3,757	0	386	1,655
	Subtotal	22,548	8,691	1,844	-1,514	9,021	7,950	1,071	9,021	16,641	4,506	-443	11,040
	Wholesale Distribution												
APU	Amerigas Partners L.P.	2,894	1,421	62	-36	1,447	1,550	-103	1,447	2,971	0	-139	417
FGP	Ferrellgas Partners L.P.	43	0	0	22	22	0	22	22	0	0	43	225
GLP	Global Partners LP	403	131	4	67	202	0	202	202	131	0	269	349
NRGY	Inergy L.P.	56	0	0	-68	-68	0	-68	-68	0	193	-137	326
SPH	Suburban Propane Partners L.P.	1,810	273	19	-187	105	0	105	105	273	1,600	-82	103
	Subtotal	5,206	1,824	85	-203	1,707	1,550	157	1,707	3,374	1,793	-46	1,419
Total		**52,882**	**17,004**	**3,259**	**1,938**	**22,201**	**18,520**	**3,681**	**22,201**	**35,524**	**8,480**	**5,619**	**28,281**

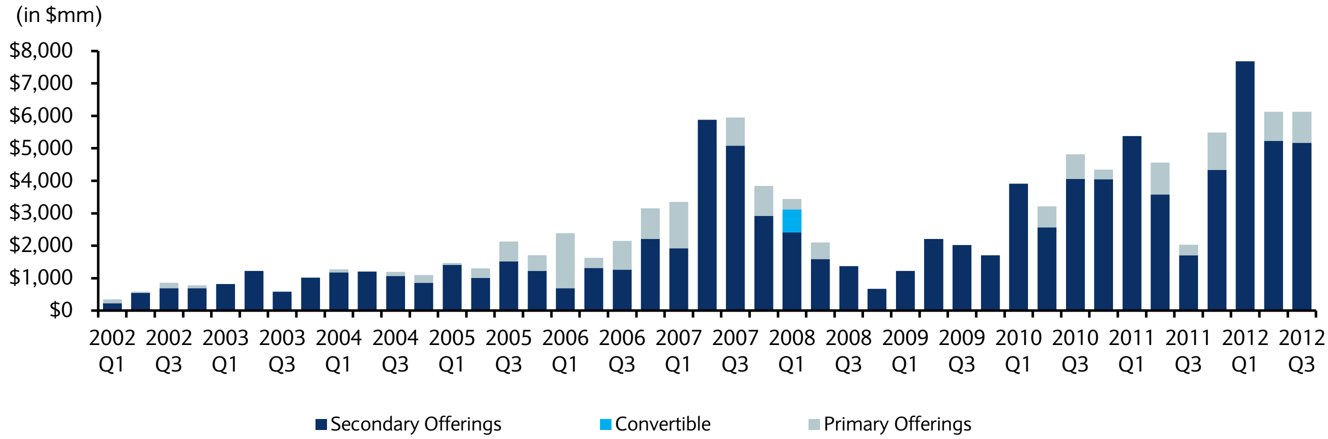
(1)ETP Debt proceeds were used to tender $1.2 billion in debt, ETP Other funding from propane asset sale, DRIP program and equity distribution agreement.

Source: Company filings, Barclays Research

Timeline Highlights Consistent Ramp in Equity Funding Requirements

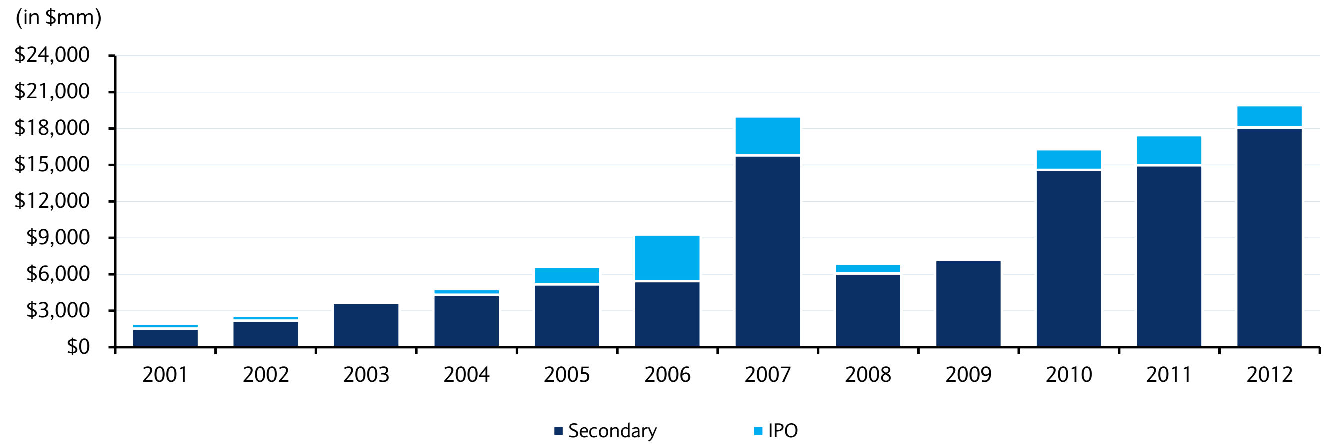
As the industry grows, the external funding model results in an ever-expanding need for capital. Sequentially, Figure 60 plots out a steady increase in equity issuance, with the roller coaster rise and fall in the 2006 through 2009 period, which captures the influx of the G&P and E&P sectors followed by the collapse in capital markets tied to the Lehman Brothers crisis. Market cap and liquidity have kept pace with this rising requirement. The demographics of quality yield have kept retail investors avid participants in this process, so the absorption has been fairly smooth coming out of the 2009 trough.

Figure 60: MLP Quarterly Equity Offerings



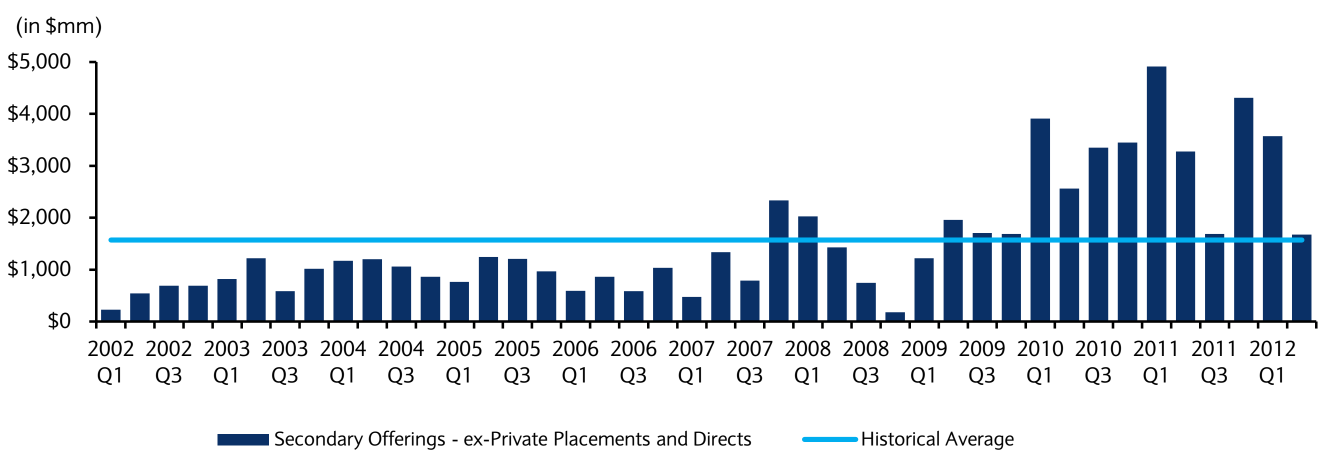
Source: Company filings, Barclays Research

Figure 61: MLP IPOs and Secondary Offerings



Source: Company filings, Barclays Research

Figure 62: Secondary Offerings (ex Private Placements and Directs)



Source: Company filings, Barclays Research

Composition of Equity Issuance Moves Slightly Away From Follow-Ons

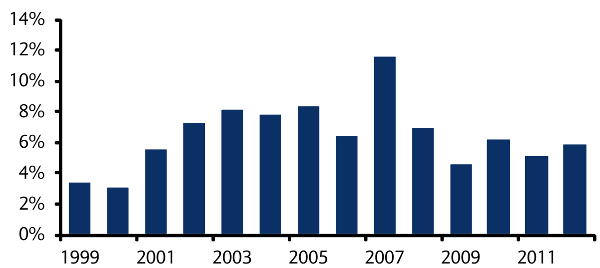
To date, we've seen a sharp rise in direct placements (mostly to sponsors in conjunction with drops). Direct and private placements have totaled $4.35 billion or 24% of issuance to date. Block trades have totaled $2.77 billion or 15% of the equity raised through nine months.

Figure 63: Capital Market Activity Summary

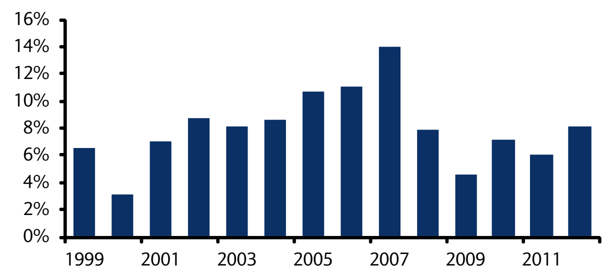
Capital Market Activity Summary

	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	$19,934
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	322,756
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	$13,734
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**	**$18,081**
IPOs	$383	$0	$418	$415	$0	$471	$1,432	$3,837	$3,217	$838	$0	$1,700	$2,462	$1,852
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**	**$19,934**
"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	$1,220
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**	**$21,154**
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%	6.0%
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%	5.7%
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%	8.2%

Total Secondary Offerings as % MLP Mkt Cap



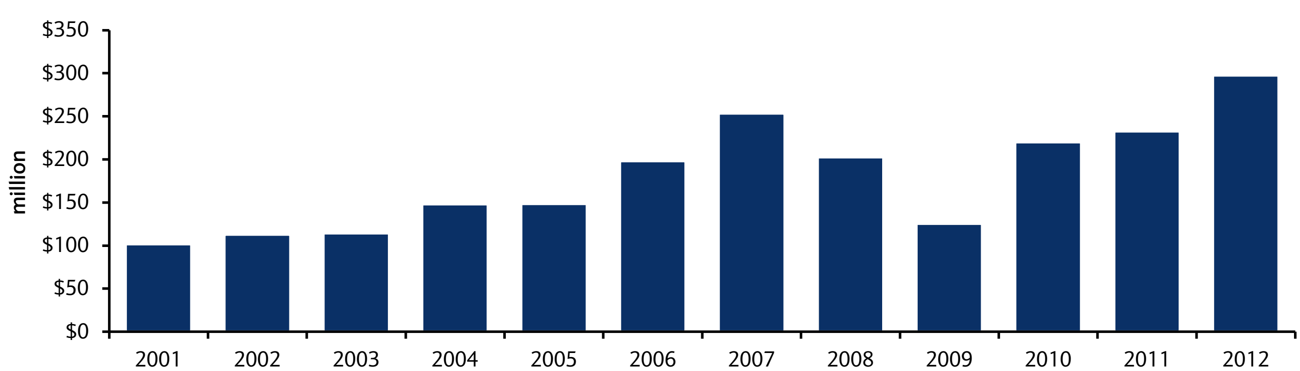
Equity Offerings as % MLP Mkt Cap



*2012 Offerings as % Mkt Cap Annualized

Source: Company filings, Barclays Research

Figure 64: Average Size of Equity Offerings



Source: Company filings

Follow-On Performance YTD Roughly in Line With the AMZ

Reoffer discounts and corresponding deal metrics are summarized in Figure 65. In general, day-after performance has been roughly in line with the performance of the AMZ on issuance days. 2Q results lagged as reoffer discounts were a bit thinner and offering metrics would indicate size as a percent of float was higher, resulting in more aftermarket trading. We'd also note that the market backdrop in Q2 was the least conducive as the S&P and AMZ fell for the quarter. The small sampling of Q4 deals that have been done in early October benefitted from strong institutional participation on names with limited float and solid fundamentals.

Figure 65: Follow-On Equity Offerings Trend in Re-Offer Discounts

	Reoffer	$mm	Percent	Aftermarket - Day 1				Institutions
Company	**Discount %**	**Issued**	**Float**	**ADTV**	**% Issued**	**% Chng**	**% Vs AMZ**	**% Allocate**
Cumulative YTD								
Q1	-3.84%	5744	12%	21.3x	74%	-0.05%	0.02%	19%
Q2	-3.51%	3530	21%	24.5x	89%	-1.47%	-1.58%	8%
Q3	-3.79%	4737	14%	17.3x	82%	-0.21%	-0.06%	17%
Q4	-4.79%	616	18%	25.8x	73%	1.14%	1.04%	47%
YTD Average / Total	-3.83%	14626	14%	22.2x	79%	-0.24%	-0.18%	19%

Source: Company reports, FactSet, Barclays Research estimates

Figure 66: 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
11-Jul	GMLP	5.50	Secondary	$30.95	$195.8	-3.7%	83.3%	4.5%	0.7%
25-Jul	CMLP	4.00	Secondary	$26.00	$119.6	-3.7%	62.5%	-2.3%	-1.1%
2-Aug	BWP	10.50	Secondary	$27.80	$322.5	-3.7%	71.1%	-1.1%	-1.3%
7-Aug	KMR	8.80	Block	$73.50	$743.8	-3.5%	70.8%	-0.7%	-0.1%
8-Aug	SPH	6.30	Block	$37.61	$272.5	-6.4%	77.7%	-2.0%	-0.9%
8-Aug	WPZ	8.50	Secondary	$51.43	$502.7	-3.1%	84.0%	-1.1%	-0.9%
13-Aug	EROC	8.80	Block	$8.72	$88.2	-2.7%	77.2%	4.9%	-0.5%
14-Aug	MWE	6.00	Secondary	$50.72	$350.0	-3.9%	116.0%	-0.5%	0.5%
5-Sep	NS	6.20	Secondary	$48.94	$348.9	-4.0%	74.0%	-0.6%	-0.2%
5-Sep	TGP	4.60	Secondary	$38.43	$176.8	-3.8%	62.2%	-1.4%	-0.2%
6-Sep	BBEP	10.00	Secondary	$18.51	$212.9	-4.0%	88.6%	0.0%	0.0%
6-Sep	EEP	14.00	Secondary	$28.64	$461.1	-3.6%	100.3%	0.0%	0.0%
11-Sep	EPB	7.10	Secondary	$34.34	$280.4	-3.2%	112.9%	1.3%	-0.1%
12-Sep	VNR	6.00	Secondary	$27.51	$189.8	-4.0%	91.7%	-0.8%	0.5%
12-Sep	TOO	7.40	Secondary	$27.65	$215.1	-3.9%	90.3%	-1.6%	0.5%
20-Sep	CQP	8.00	Secondary	$25.07	$200.6	-4.5%	80.9%	-3.9%	0.0%
25-Sep	EPD	8.00	Secondary	$53.07	$488.2	-2.8%	142.4%	0.7%	-0.8%

Source: FactSet, Company filings

Figure 67: 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 9/28/2012	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	$23.80	-22.6%	1292	11.5%	-34.1%
12-Jan	LINE	17.00	Block	$35.95	$702.8	$41.24	14.7%	1296	11.2%	3.5%
12-Jan	APU	29.57	Direct	$38.31	$1,132.6	$43.66	14.0%	1296	11.2%	2.8%
13-Jan	CPNO	5.00	Secondary	$34.03	$195.7	$32.98	-3.1%	1289	11.8%	-14.8%
18-Jan	NGLS	4.00	Secondary	$38.30	$168.7	$42.88	12.0%	1308	10.1%	1.8%
19-Jan	VNR	7.14	Secondary	$27.71	$227.4	$28.94	4.4%	1315	9.6%	-5.2%
20-Jan	BWP	8.00	Secondary	$27.55	$253.5	$27.90	1.3%	1315	9.5%	-8.3%
20-Jan	MMLP	2.30	Secondary	$36.15	$95.6	$34.37	-4.9%	1315	9.5%	-14.4%
24-Jan	GEL	2.25	Secondary	$27.79	$71.9	$33.63	21.0%	1315	9.6%	11.4%
25-Jan	WPZ	7.00	Secondary	$62.81	$505.6	$54.68	-12.9%	1326	8.6%	-21.6%
2-Feb	ACMP	9.25	Secondary	$28.70	$301.3	$33.13	15.4%	1326	8.7%	6.8%
3-Feb	BBEP	8.00	Secondary	$18.80	$173.0	$19.43	3.4%	1345	7.1%	-3.8%
10-Feb	BPL	4.26	Direct	$58.65	$250.0	$47.97	-18.2%	1343	7.3%	nm
10-Feb	EVEP	3.50	Secondary	$67.95	$273.5	$62.12	-8.6%	1343	7.3%	-15.9%
27-Feb	DPM	0.99	Direct	$48.25	$48.0	$46.44	-3.8%	1368	5.3%	nm
28-Feb	OKS	8.00	Secondary	$59.27	$474.2	$59.50	0.4%	1372	5.0%	-4.6%
28-Feb	OKS	8.00	Direct	$57.48	$459.8	$59.50	3.5%	1372	5.0%	nm
29-Feb	EXLP	4.50	Secondary	$24.05	$119.4	$21.56	-10.4%	1366	5.5%	-15.8%
1-Mar	GLP	5.85	Direct	$22.31	$130.5	$26.12	17.1%	1374	4.8%	12.2%
2-Mar	DPM	4.75	Secondary	$47.42	$244.1	$46.44	-2.1%	1370	5.2%	-7.3%
6-Mar	PAA	5.00	Secondary	$80.03	$460.2	$88.20	10.2%	1343	7.2%	3.0%
13-Mar	MWE	5.90	Secondary	$59.54	$404.0	$54.42	-8.6%	1396	3.2%	-11.8%
15-Mar	APU	7.00	Block	$41.25	$288.8	$43.66	5.8%	1403	2.7%	3.1%
20-Mar	RGP	11.00	Secondary	$24.47	$309.5	$23.32	-4.7%	1406	2.5%	-7.2%
23-Mar	GEL	5.00	Secondary	$30.80	$177.1	$33.63	9.2%	1397	3.1%	6.1%
26-Mar	ETP	2.22	Direct	$47.19	$105.0	$42.57	-9.8%	1417	1.7%	-11.5%
4-Apr	WPZ	10.00	Secondary	$54.56	$598.7	$54.68	0.2%	1399	3.0%	-2.8%
4-Apr	WPZ	18.32	Direct	$54.56	$1,000.0	$54.68	0.2%	1399	3.0%	-2.8%
4-Apr	DPM	1.00	Direct	$44.00	$44.0	$46.44	5.5%	1399	3.0%	2.6%
9-Apr	PVR	21.20	Private	$18.87	$400.0	$25.38	34.5%	1382	4.2%	30.3%
9-Apr	PVR	8.80	Private	$20.45	$180.0	$25.38	24.1%	1382	4.2%	19.8%
9-Apr	PVR	na	Direct	na	$200.0	$25.38	na	1382	4.2%	na
11-Apr	QRE	17.50	Block	$19.18	$386.0	$19.52	1.8%	1369	5.3%	-3.5%
3-May	NMM	4.00	Secondary	$15.68	$72.1	$14.82	-5.5%	1392	3.5%	-9.0%
8-May	ETP	2.25	Direct	$46.69	$105.0	$42.57	-8.8%	1364	5.6%	na
8-May	CLMT	6.00	Secondary	$25.50	$153.0	$32.00	25.5%	1364	5.6%	19.8%
9-May	MWE	8.00	Secondary	$55.28	$442.2	$54.42	-1.6%	1355	6.4%	-7.9%
10-May	XTEX	8.80	Secondary	$16.28	$164.8	$15.40	-5.4%	1358	6.1%	-11.5%
4-Jun	KMP	3.79	Block	$74.60	$282.9	$82.50	10.6%	1278	12.7%	-2.1%
19-Jun	WES	5.00	Secondary	$43.88	$219.4	$50.41	14.9%	1358	6.1%	8.8%
25-Jun	DPM	5.00	Private	$35.55	$177.4	$46.44	30.6%	1314	9.7%	21.0%
25-Jun	DPM	1.54	Direct	$39.06	$60.0	$46.44	18.9%	1314	9.7%	9.2%
28-Jun	ETP	13.50	Secondary	$44.57	$691.9	$42.57	-4.5%	1329	8.4%	-12.9%
28-Jun	HEP	1.00	Direct	$55.00	$55.0	$66.45	20.8%	1329	8.4%	12.4%
11-Jul	GMLP	5.50	Secondary	$30.95	$195.8	$32.04	3.5%	1341	7.4%	-3.9%
25-Jul	CMLP	4.00	Secondary	$26.00	$119.6	$23.80	-8.5%	1338	7.7%	-16.1%
2-Aug	BWP	10.50	Secondary	$27.80	$322.5	$27.90	0.4%	1365	5.5%	-5.2%
7-Aug	KMR	8.80	Block	$73.50	$743.8	$76.40	3.9%	1401	2.8%	1.1%
8-Aug	SPH	6.30	Block	$37.61	$272.5	$41.36	10.0%	1402	2.7%	7.2%
8-Aug	WPZ	8.50	Secondary	$51.43	$502.7	$54.68	6.3%	1402	2.7%	3.6%
13-Aug	EROC	8.80	Block	$8.72	$88.2	$9.56	9.6%	1404	2.6%	7.0%
14-Aug	MWE	6.00	Secondary	$50.72	$350.0	$54.42	7.3%	1404	2.6%	4.7%
5-Sep	NS	6.20	Secondary	$48.94	$348.9	$50.88	4.0%	1403	2.7%	1.3%
5-Sep	TGP	4.60	Secondary	$38.43	$176.8	$37.62	-2.1%	1403	2.7%	-4.8%
6-Sep	BBEP	10.00	Secondary	$18.51	$212.9	$19.43	5.0%	1432	0.6%	4.4%
6-Sep	EEP	14.00	Secondary	$28.64	$461.1	$29.44	2.8%	1432	0.6%	2.2%
11-Sep	EPB	7.10	Secondary	$34.34	$280.4	$37.22	8.4%	1434	0.5%	7.9%
12-Sep	VNR	6.00	Secondary	$27.51	$189.8	$28.94	5.2%	1437	0.3%	4.9%
12-Sep	TOO	7.40	Secondary	$27.65	$215.1	$27.51	-0.5%	1437	0.3%	-0.8%
20-Sep	CQP	8.00	Secondary	$25.07	$200.6	$22.87	-8.8%	1460	-1.3%	-7.4%
25-Sep	EPD	8.00	Secondary	$53.07	$488.2	$53.60	1.0%	1442	-0.1%	1.1%

IPO										
3-May	PDH	35.00	IPO	$17.00	$595.0	$12.97	-23.7%	1392	3.5%	-27.2%
26-Jun	EQM	12.50	IPO	$21.00	$301.9	$28.80	37.1%	1320	9.1%	28.0%
25-Jul	NTI	16.25	IPO	$14.00	$261.6	$21.12	50.9%	1338	7.7%	43.2%
15-Aug	HCLP	11.25	IPO	$17.00	$219.9	$22.00	29.4%	1406	2.5%	26.9%
19-Sep	SUSP	9.50	IPO	$20.50	$224.0	$24.00	17.1%	1461	-1.4%	18.5%
27-Sep	SMLP	12.50	IPO	$20.00	$250.0	$21.11	5.5%	1447	-0.4%	6.0%

$ 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	$4,064	$956	$0	$1,105	$0	$6,124
4Q12						$0
Total	**$10,969**	**$1,852**	**$757**	**$2,765**	**$3,590**	**$19,934**

$ in mm	
January	$3,461
February	$2,099
March	$2,119
April	$2,809
May	$1,532
June	$1,789
July	$577
August	$2,500
September	$3,048
Total	**$19,934**

Source: FactSet, Company filings

Institutions Selective Participants in Market

Year to date, institutions have taken down ~19% of the secondary issuance in 2012. However, the participation has been highly selective. Of the 48 transactions done through the end of the first week of October, excluding heavy participation in 5 transactions (GEL 43%, EVEP 45%, KMR 49%, TLLP 65%, and GEL 74%), retail distribution averaged higher than 90% of the placement. IPOs have been a much different matter. For the five deals (six IPOs to date), institutional participation averaged 71%, within a range of 60% to 78%. While the institutions were predominantly dedicated MLP funds, it has varied across the deals done to date, with the traditional MLP categories garnering the highest level of this category of buyer. New categories or structures have induced the largest percentage of non traditional or more typical C-Corp buyers.

Four IPOs Price in 3Q – All Exhibit Strong Aftermarket Performance

Three of the four IPOs in Q3 struggled to find comps. Hi-Crush Partners (HCLP) priced below the offering range primarily as a function of this issue, trading up to the high end of the price range or above. HCLP attracted a larger, albeit fairly cautious number of dedicated funds that accepted contract life, the likelihood of sequential contract drops and the secular increase in frac density as potential cyclicality mitigants.

Figure 68: 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 69: 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

Figure 70: 2012 MLP IPO Comparisons

	PDH	EQM	NTI	HCLP	SUSP	SMLP
Pricing Date	5/3/2012	6/27/2012	7/25/2012	8/15/2012	9/19/2012	9/27/2012
Size of Base Deal	$595,000,000	$262,500,000	$227,500,000	$191,250,000	$194,750,000	$250,000,000
Units Offered	35,000,000	12,500,000	16,250,000	11,250,000	9,500,000	12,500,000
Offering Price	$17.00	$21.00	$14.00	$17.00	$20.50	$20.00
Relative To Filed Range	Below	High End	Below	Below	High End	Mid-point
Annual Distribution at IPO	$2.03	$1.40	$2.65	$1.90	$1.75	$1.60
Yield at Offering	11.94%	6.67%	18.93%	11.18%	8.54%	8.00%
Revised Units filed	35,000,000	12,500,000	16,250,000	11,250,000	9,500,000	12,500,000
Revised Filing Range	$17.00-$19.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00	$19.00 - $21.00
Revised Yield Range	10.68% - 11.94%	6.67% - 7.37%	12.62% - 13.95%	9.05% - 10.00%	8.33% - 9.21%	7.62% - 8.42%
Initial Units Filed	35,000,000	12,500,000	16,250,000	11,250,000	9,500,000	12,500,000
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	9.67% - 10.68%	6.67% - 7.37%	12.62% - 13.95%	9.05% - 10.00%	8.33% - 9.21%	7.62% - 8.42%
10 Yr Treasury Yield at IPO	1.92%	1.62%	1.40%	1.82%	1.77%	1.66%
Spread to 10 Yr	1002 BP	505 BP	1753 BP	936 BP	676 BP	635 BP
1 Day Volume % Offering	37.2%	67.6%	51.7%	77.2%	51.6%	68.7%
1 Day % Change	-2.9%	13.1%	1.1%	17.6%	11.8%	5.5%
7 Day % Change	0.0%	14.6%	8.0%	13.4%	13.7%	NA
30 Day % Change	-20.0%	26.7%	30.6%	27.8%	NA	NA

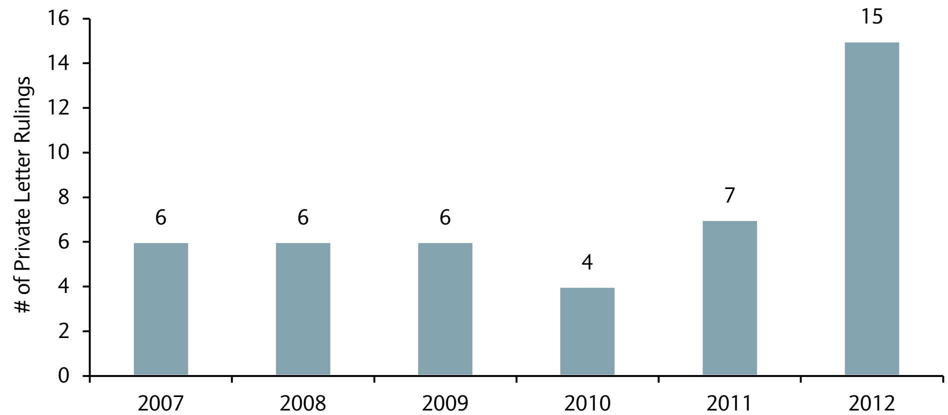
Source: Company filings, Bloomberg, Dealogic

Private Letter Rulings Proliferate, Implying Further Expansion of MLP Space

PLRs are written decisions provided by the IRS in response to tax guidance. Companies look to the IRS for these rulings to determine if the operations in question generate "qualifying income," which will support their ability to structure such businesses as MLPs. Current IRS guidance stipulates that 90% or more of a company's gross income must come from (1) exploration, development, mining, production, processing, refining, transportation, storage or marketing of natural resources and "green fuels," or (2) certain other enumerated activities, including rents from real property, interest and dividends. In general, PLRs seek to clarify a business's ability to conform to the broad and arguably vague guidelines set forth by the IRS.

To date, there have been 65 PLRs provided by the IRS. Importantly, the pace and scope of such requests have increased dramatically over the past six years, with 44 unique requests approved since 2007. YTD in 2012 the IRS has provided 15 PLRs approving various activities. Interestingly, response times have dropped to roughly 5 to 6 months from the typical 26 months experienced in 2004–2005. The following chart highlights this expansion. YTD four of the six IPOs completed have been "non-traditional" businesses with two (PDH and HCLP) utilizing PLRs as the basis for their choice of the MLP structure. This movement neatly dovetails into Figure 71, which summarizes the current list of filed IPOs where 30% (as measured by dollars) of the backlog is new category MLPs while another 50% is in non "tubes and tanks" categories.

Figure 71: Private Letter Rulings



Source: Vinson & Elkins, IRS

IPO Backlog Continues to Expand

At the end of the second quarter, the filed backlog of MLPs was 12 names totaling $2.4bn. During the quarter, four transactions (NTI, HCLP, SUSS, SMLP) were completed, raising $863mm. Entering the fourth quarter the backlog was 14 deals totaling $3.1 billion. As a sign of the times, one of the 3Q deals (SMLP) was not on the filed list at the end of 2Q given new filing regulations that allow companies to go through the registration process without preliminary public filings. Given this type of omission, we estimate the real backlog in the industry was probably approaching $5 billion.

As is readily apparent the list is dominated by non pipeline and storage/terminal operations. The list breaks new ground in three areas. Seadrill looks to build on the tanker model and the HCLP transaction placing contracted drilling rigs into the structure with the prospect of layering more contracted equipment into the partnership to smooth the potential cyclicality of the underlying business. MXLP distributes fuel to companies providing drilling services. Finally SunCoke manufactures metallurgical coke an activity falling under the broad category of processing a natural resource.

Figure 72: Filed MLP IPOs

Name	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
Maxum Energy Logistics Partners	MXLP	5/4/2012	Refined Products	230
SunCoke Energy Partners, L.P.	SXCP	8/8/2012	Coke	350
CVR Refining LP	CVRR	10/1/2012	Refining	300
Total				1,817

Source: SEC

History of MLP IPOs – Déjà Vu

The following history of the MLP space highlights the fact that the latest round of new category MLPs isn't necessarily all that new. In the early years of the industry (the first

MLP was Apache Petroleum Corporation- a roll up of illiquid drilling funds sponsored by the predecessor of Apache Corp), the ranks of the public universe were filled with refining, fertilizer, timber and other cyclical businesses. Most of them failed as the cycles turned down. As a reaction, pipes and propane dominated the scene until 2004/2005. We'd note that seven marine transportation MLPs have gone public since 2004 and only four remain. This is not meant to disparage the segment, as the first two G&P partnerships also fell by the wayside in cyclical downturns, but only to point out that the MLP industry has had a fairly fluid makeup over the past 26 years. The current period only emphasizes this fact as opposed to being an aberration in the timeline. However, the core of the value proposition and sustaining driver of the sector has been the fee-based stable pipeline and terminal/storage operations that have come to dominate the market cap of the group.

Figure 73: MLP IPOs 1986-2012 YTD

Number of IPOs

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1986	BPL																	
1987	BCU	WGP	FFP	CAL	VLP	TUG	LPG											
1988	HWY	SFL																
1989	KPP	EPR	PCL															
1990	PRCU	TPP																
1991	EEP	AMC																
1992	KMP	UAN																
1993	GTM	OKS																
1994	EOT	FGP	CRO															
1995	APU	SGU																

AMZ BEGINS

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1996	CNO	ETP	GEL	SPH	NPL													
1997	TIMBZ	TNH																
1998	EPD	PAA	MRP															
1999	ARLP	TCLP																
2000	APL																	
2001	MMP	NS	NRGY	PVR														
2002	SXL	MWE	PPX	NRP	MMLP	XTEX												
2004	KSP	HEP	STON	USS	CPNO													
2005	HLND	TGP	TLP	WPZ	GLP	BWP	DPM	EPE	NRGP									
2006	LINE	CLMT	RGNC	EVEP	BBEP	EXLP	EROC	CEP	ATN	TOO	ETE	MGG	AHGP	NSH	ATLS	BGH	HPGP	PVG
2007	LGCY	DEP	NGLS	CQP	CPLP	SEP	SGLP	KGS	ENP	VNR	OSP	QELP	EPB					
2008	WMZ	WES	PSE															
2010	PNG	NKA	OXF	CHKM	RNO	QRE												
2011	GMLP	UAN	TLLP	NGL	GSJK	OILT	AMID	RNF	LRE	MEMP	RRMS	MCEP	NRGM					
2012	PDH	EQM	NTI	HCLP	SUSP	SMLP	SDLP	LGP	MPLX	DKL	SXE							

Ticker E&P
Ticker Refining
Ticker Midstream - Pipelines, Terminals, Storage
Ticker Gas Gathering, Processing & Compression
Ticker Wholesale Distribution
Ticker Shipping
Ticker Other
Ticker Fertilizer
Ticker Coal
Ticker Propane
Ticker Timber
Ticker GP

Source: SEC, Company filings, Barclays Research estimates

Does Frenetic Pace and Content of IPO Market Imply a Cyclical Peak?

Investors have expressed concerns about whether the sharp rise in IPOs, especially in new categories, doesn't throw up a cautionary flag regarding the industry's valuation; after all, this type of activity frequently signals the peak in fundamentals or performance. Our response to this question is yes and no. We would say no in that we see no indication of extreme valuation across any number of metrics. In fact, we would argue that several key metrics indicate the sector is cheap on an absolute basis and very attractive relative to other asset classes, especially credit. However, the extrapolation of the structure to more cyclical components of the energy value chain may signal a potential peak in certain margins (possibly but not necessarily refining, fertilizer, frac sand, and contract drilling). The proliferation of variable payout or new categories is likely being aided by the dearth of yield in the marketplace and Fed policy pushing investors out the risk spectrum across potential investments.

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

As we wrote last quarter, variable distribution MLPs offer a distinct and separate value proposition from the traditional Minimum Quarterly Distribution (MQD), subordinated unit, 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 expected high variability in distributions. At present, this subset is so small and immature (fertilizer, refining, propane processing) that it is hard to ascertain how the vehicle will trade (based on current/rapidly adjusting principal, normalized yield, spread to C-Corp multiples, etc.). We don't think variable payout vehicles are bad per se. In fact, the market has historically accepted them in the energy space; namely royalty and the former Canadian income trusts which have converted to high cash payout E&P (principally acquisition and development) companies. While we believe that investors should draw a bright shiny line between the traditional and variable payout entities, we suspect the generic label of MLP will have some implications for the existing sector. We would actually argue that within the more cash flow volatile sections of the energy value chain, the variable structure is actually preferable to the MQD, IDR model. As can be seen in Figure 73, pre 1990 the bulk of the MLP universe was comprised of "non traditional" partnerships such as refining, fertilizer, E&P drilling fund roll ups, timber and shipping. Most met their demise in the first cyclical downturn, as the traditional MLP structure was ill suited for the variability in cash generation.

The first issue is whether these new vehicles will compete directly or peripherally for capital from income-oriented investors. So far the intrusion is limited owing to the relative scale of the two markets. However, the evolution of the E&P segment (notably LINE and by extension LinnCo) suggests it may have some eventual influence. Arguably the buyers so far are primarily mutually exclusive, as much of what we have seen to date would indicate mainstream MLP investors have only participated in a very limited way in these areas.

The second issue is reputational, in that a proliferation of variable payout distribution cuts could potentially confuse retail MLP owners/buyers regarding the basic stability and risk-adjusted valuation proposition of traditionally structured MLPs. Our primary concern in this regard is that the addition of more deeply cyclical businesses under the traditional structure could set the sector up for the repercussions of a less anticipated cut or elimination in distributions. We don't want to overstate this risk, as to some degree we have already seen wide acceptance and a successful history with migration into this arena. Gathering, processing, coal, E&P, shipping, natural gas storage and the wholesale/retail distribution of gasoline or propane all have varying levels of cyclical exposure to pricing, weather and other macro conditions. In the 2008/2009 downturn in the economy and energy prices, the sector weathered eight reductions and eliminations in distributions (12% of the publicly traded MLP universe) without much reputational damage. At issue in these and new additions to this list is the level of structural mitigation that can be brought to bear to dampen the cyclicality coupled with coverage (at recent peak margins, many G&P partnerships most exposed to frac spreads held in excess of 150% distribution coverage).

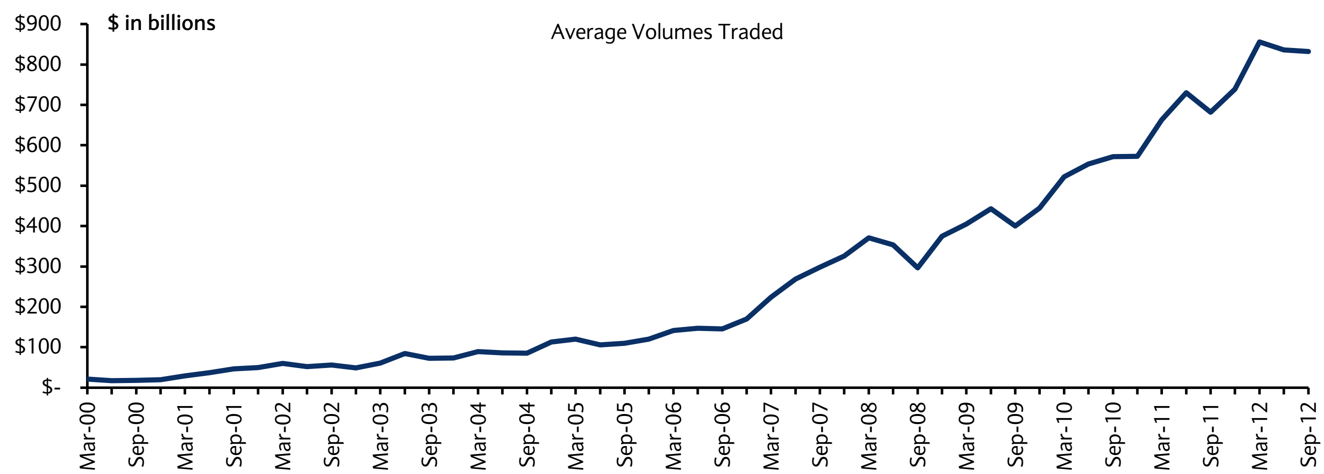
Examples of this would be hedging commodity price risk (E&P, G&P), layering long-dated contracts along a maturation ladder (shipping, coal) or pricing product on a primarily cost-plus basis (wholesale/retail distribution). With this wide acceptance, it's inevitable more categories would surface. Even the tubes and tanks business is not immune to risk. Just ask owners of interstate gas pipelines with recontracting exposure, or product pipeline operators with eroding gasoline shipments or Cushing oil storage owners that have periodically seen decreases in monthly rates.

Finally, as the sector fragments into smaller, more specialized and riskier categories, is the issue of whether the Street's MLP research teams will take on the responsibility for coverage (like the slow but gradual adoption of the G&P space) or whether the new names will reside in a mixture of MLP, specialist or minimal coverage as we currently have in the E&P, fertilizer, coal and marine transport areas. This will be a key decision for most firms if refinery or oil service categories proliferate. Divided or non coverage will lead to inconsistencies in valuation and fundamental viewpoints.

Trading Volume and Turnover Slip Modestly, but Hold Up Better Than General Equity Markets

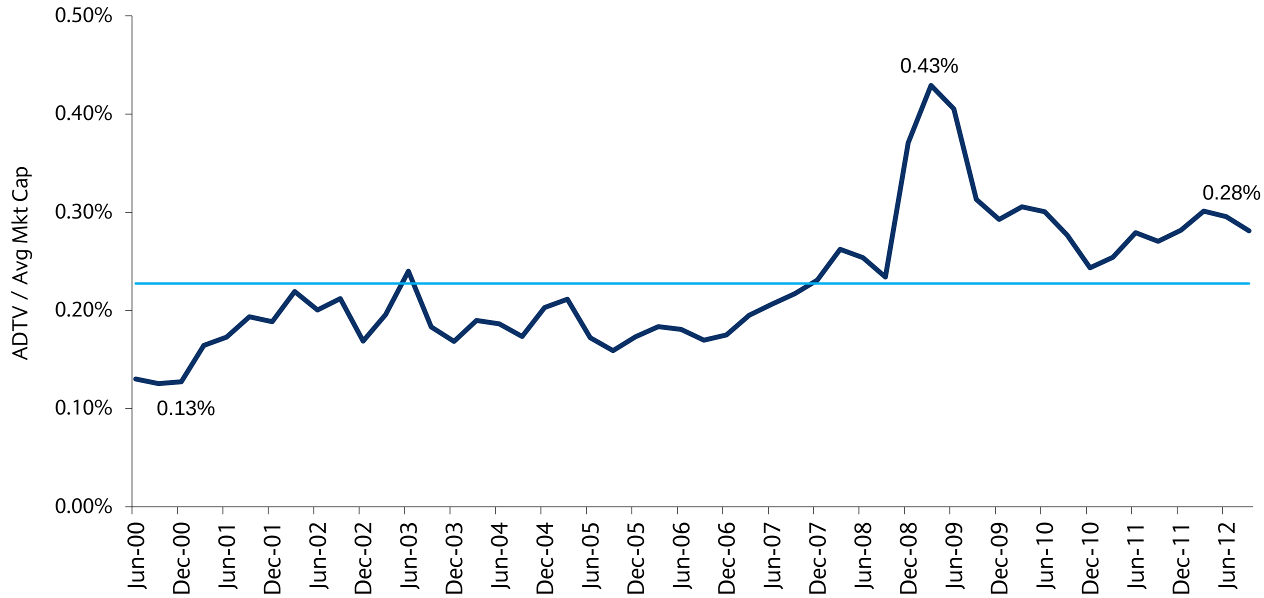
Trading volume slipped 0.5% in the third quarter, from $836mm to $832mm per day. This compares to a13% drop in overall equity volumes which continues a trend in the broader market. Turnover dropped from 0.30% to 0.28%. Volume is only 2.8% below the peak registered in Q1. Turnover remains higher than the pre-2008 period (excluding the market dislocation caused by the subprime and Lehman Brothers collapse). Both dollar trading volume and turnover are being influenced by the level of equity issuance over the last two years. Q/Q the top 20 trading names, which comprise ~60% of total volume, fell ~5%, which was primarily attributable to an almost 50% drop in activity in ETE. Otherwise, the high-end traders actually traded more frequently with higher turnover, implying that the smaller-cap names (many of which had impressive performance) saw drops in excess of double digits.

Figure 74: Average Volumes Traded ($ in billions)



Source: Bloomberg, Barclays Research

Figure 75: Average Daily Trading Volume ($mm) / Average Market Cap ($mm)



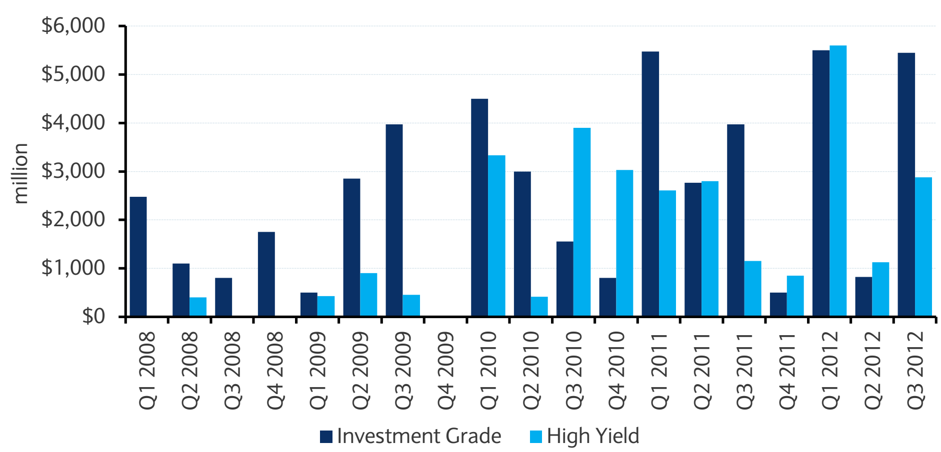
Source: Bloomberg, Barclays Research

Figure 76: 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
Q3 2012	5,450	2,875	8,325
YTD	12,120	9,600	21,720

Source: Company filings

Figure 77: Investment Grade vs. High Yield Issuances



Source: Company filings

MLP IG Debt Lags Barclays Index During 3Q

After strong outperformance in 2Q (+36 bp), the sector's investment grade debt underperformed the Barclays IG Index by 21 bp as the index yield fell by 49 bp to 2.80% while the MLP unweighted average dropped 28 bp to 3.49. As always, a key piece of the differential has to do with duration, quality and specific terms (call provisions, etc.). The Barclays index is substantially higher quality as the MLP industry is comprised of principally BBB and BBB- credits. Performance outliers during the quarter on the downside were partnerships with tight distribution coverage exhibiting some fundamental struggles (BPL, BWP, NS) while KMP's issues exhibited the strongest results as they provided clarity regarding FTC sales and drops into the two partnerships.

Figure 78: Basis Point Change in MLP Investment Grade Debt

Investment Grade	6/29/2012	9/28/2012	bp Change
KMP 5.95 02/15/2018	2.95	2.03	-92
EEP 6.5 04/15/2018	2.72	2.43	-29
ETP 6.7 07/01/2018	3.84	3.18	-66
KMP 9.0 02/01/2019	4.01	3.23	-78
EEP 9.875 03/01/2019	3.95	3.53	-42
ETP 9.7 03/15/2019	4.64	4.18	-46
ETP 9.0 04/15/2019	4.54	4.18	-36
PAA 8.75 05/01/2019	3.42	3.13	-29
MMP 6.55 07/15/2019	3.35	2.99	-37
BPL 5.5 08/15/2019	4.79	4.74	-5
BWP 5.75 09/15/2019	4.04	4.14	9
PAA 5.75 01/15/2020	3.10	2.69	-42
EPD 5.25 01/31/2020	3.16	2.74	-43
SXL 5.5 02/15/2020	3.95	3.74	-22
WPZ 5.25 03/15/2020	3.44	3.09	-36
EEP 5.2 03/15/2020	3.30	3.04	-27
EPD 5.2 09/01/2020	3.17	2.74	-44
KMP 5.3 09/15/2020	3.72	2.94	-79
MMP 4.25 02/01/2021	3.22	2.99	-24
NSUS 4.8 09/01/2020	4.30	5.23	93
WPZ 4.125 11/15/2020	3.47	3.11	-36
BPL 4.875 02/01/2021	5.08	4.94	-14

Investment Grade	6/29/2012	9/28/2012	bp Change
PAA 5.0 02/01/2021	3.25	2.79	-47
BWP 4.5 02/01/2021	3.82	3.95	13
WPZ 4.0 11/15/2021	3.55	3.14	-41
ETP 4.65 06/01/2021	4.36	3.74	-62
EPB 4.4 06/15/2021	3.41	3.39	-3
SEP 4.6 06/15/2021	3.72	3.66	-7
TCP 4.65 06/15/2021	4.03	3.79	-24
SXL 4.65 02/15/2022	4.23	3.74	-49
KMP 4.15 03/01/2022	3.73	3.14	-59
EPD 4.05 02/15/2022	3.28	2.94	-34
EEP 4.2 09/15/2021	3.30	3.21	-8
ETP 5.2 02/01/2022	4.24	3.77	-48
NSUS 4.75 02/01/2022	4.40	5.54	114
KMP 3.95 09/01/2022	3.73	3.20	-53
DPM 4.95 04/01/2022	4.50	4.35	-15
PAA 3.65 06/01/2022	3.36	2.95	-41
BWP 4.0 06/15/2022	3.91	3.94	3
WES 4.0 07/01/2022	4.00	3.60	-40
IG MLPs Average	3.77	3.49	-28
Barclays IG	3.29	2.80	-49

Source: Barclays Fixed Income

HY MLP Credit Performs Roughly In Line With Barclays HY Index

Our unweighted universe of MLP HY credits has now expanded to 24 issues across 14 creditors. This has more than doubled over the last 18 months and is indicative of the financial maturity we are seeing throughout the mid-cap MLP component of the industry. As is the case in the IG comparisons to the Barclays benchmark duration, quality and specific covenants impact the correlation but broadly speaking the HY component of the MLP debt spectrum performed in line with the Barclays HY benchmark, which is notably lower quality in nature. In general, the lowest credit rated debt in the space recorded the best performance (CLMT, MMLP). As was the case in the IG group, underperformance

(RGP, CPNO, XTEX) was closely correlated with tight coverage. APU credit across several issues tightened more than the benchmark.

Figure 79: Basis Point Change in MLP High Yield Debt

High Yield	6/29/2012	9/28/2012	bp Change
XTEX 8.875 02/15/2018	7.62	7.27	-35
MMLP 8.875 04/01/2018	8.65	7.74	-90
PVR 8.25 04/15/2018	8.03	7.52	-51
NGLS 7.875 10/15/2018	6.31	5.98	-33
RGP 6.875 12/01/2018	5.88	5.56	-31
GEL 7.875 12/15/2018	7.38	6.67	-70
MWE 6.5 08/15/2021	5.89	5.46	-43
CPNO 7.125 04/01/2021	6.66	6.43	-24
CMLP 7.75 04/01/2019	7.89	7.45	-44
CLMT 9.375 05/01/2019	9.32	7.89	-143
LINE 6.5 05/15/2019	6.68	6.50	-18
RGP 6.5 07/15/2021	5.78	5.48	-30
APU 6.25 08/20/2019	6.16	5.54	-62
MWE 6.25 06/15/2022	5.85	5.25	-60

High Yield	6/29/2012	9/28/2012	bp Change
APL 8.75 06/15/2018	7.33	7.12	-21
APU 7.0 05/20/2022	6.58	5.93	-65
APU 6.75 05/20/2020	6.42	5.65	-77
NGLS 6.375 08/01/2022	6.41	5.57	-84
CPNO 7.125 04/01/2021	6.66	6.43	-24
HEP 6.5 03/01/2020	6.37	5.66	-71
LINE 6.25 11/01/2019	6.59	6.34	-26
XTEX 7.125 06/01/2022	7.34	7.20	-14
PVR 8.375 06/01/2020	8.11	7.80	-31
CLMT 9.625 08/01/2020	9.35	8.25	-110
HY MLPs Average	7.05	6.53	-52
Barclays HY	7.88	7.19	-69

Source: Barclays Fixed Income

Spread Between MLP HY and IG Debt Costs Remains Above 300 BP

We began the year with the average unweighted HY debt cost at 7.27%. The IG equivalent was 4.13% for a spread of 314 bp. This widened at the end of 1Q and 2Q out to 338 bp and has closed back to 301 bp at the end of 3Q. While not fully comparable due to the addition of numerous issues to the unweighted averages of both benchmarks, the overall conclusion is that the IG credit group still maintains a healthy ~300 bp cost differential which continues to represent a marked advantage for the larger caps in regard to WACC.

Large Caps Take Advantage of Low Rates

We have seen the large caps issue 30-year debt at very low historical rates locking in capital costs at very low levels. YTD investment grade MLPs issued $4.375 billion at an average rate of 5.21%. With the exclusion of ETP this average rate would have been only 4.83%. During the third quarter another window opened with three partnerships $2.125 billion at an average rate of just 4.61%. Each of these entities issued 30-year bonds roughly one year ago. Spreads over Treasuries were similar at ~190 bp but the actual coupon on these transactions fell by 98 bp.

Figure 80: Recent MLP Debt Offerings

Issuer	Coupon Rate	US 30 Yr	Spread	Issue Date	Maturity Date	Term	Current Amount ($mm)	Moody's Rating	Notes
KMP	5.000	2.751	2.250	08/08/12	08/15/42	30	$625	Baa2	
EPD	4.450	2.654	1.796	08/06/12	02/15/43	31	$1,100	Baa2	
WPZ	4.450	2.602	1.848	07/10/12	08/01/42	30	$400	Baa1	144A
PAA	5.150	3.266	1.884	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
RGP	5.500	1.654	3.846	09/27/12	04/15/23	11	$700	B1	144A
BBEP	7.875	1.709	6.166	09/24/12	04/15/22	10	$200	B3	144A
OKS	3.375	1.654	1.721	09/10/12	10/01/22	10	$900	Baa2	
WPZ	3.350	1.688	1.662	08/09/12	08/15/22	10	$750	Baa2	
KMP	3.450	1.649	1.801	08/08/12	02/15/23	11	$625	Baa2	
MWE	5.500	1.566	3.934	08/06/12	02/15/23	11	$750	Ba3	
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	06/15/22	10	$300	Baa1	144a
XTEX	7.125	1.873	5.252	05/10/12	06/15/22	10	$250	B2	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
APL	**6.625**	**0.643**	5.982	09/25/12	10/01/20	8	$325	**B2**	**144a**
TLLP	**5.875**	**0.644**	5.231	09/07/12	10/01/20	8	$350	**B1**	**144a**
QRE	**9.250**	**0.592**	8.658	07/26/12	08/01/20	8	$300	**Caa1**	**144a**
EROC	**8.375**	**0.619**	7.756	07/10/12	06/01/19	7	$250	**B3**	**144a**
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
OKS	**2.000**	**0.638**	1.362	09/10/12	10/01/17	5	$400	**Baa2**	
EPD	**1.250**	**0.652**	0.598	08/06/12	08/13/15	3	$650	**Baa2**	
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 but Not Definitive Competitive Advantage

We estimate that returns targeted and eventually achieved are fairly consistent across the risk profiles of assets (i.e., regulated or fully contracted fee based projects command lower returns than energy price or economically sensitive projects). Distribution growth is principally a function of expanding the earning asset base as variations in margin are typically accommodated in the ebb and flow of coverage. 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, as all cash is paid out with growth funded externally). We reviewed the wide disparity between IG and HY debt costs for the sector. The disparity on the equity cost is even wider. Large- and small-caps occupy space at either end of the relative cost spectrum, so there is no definitive advantage staked out by either component of the industry.

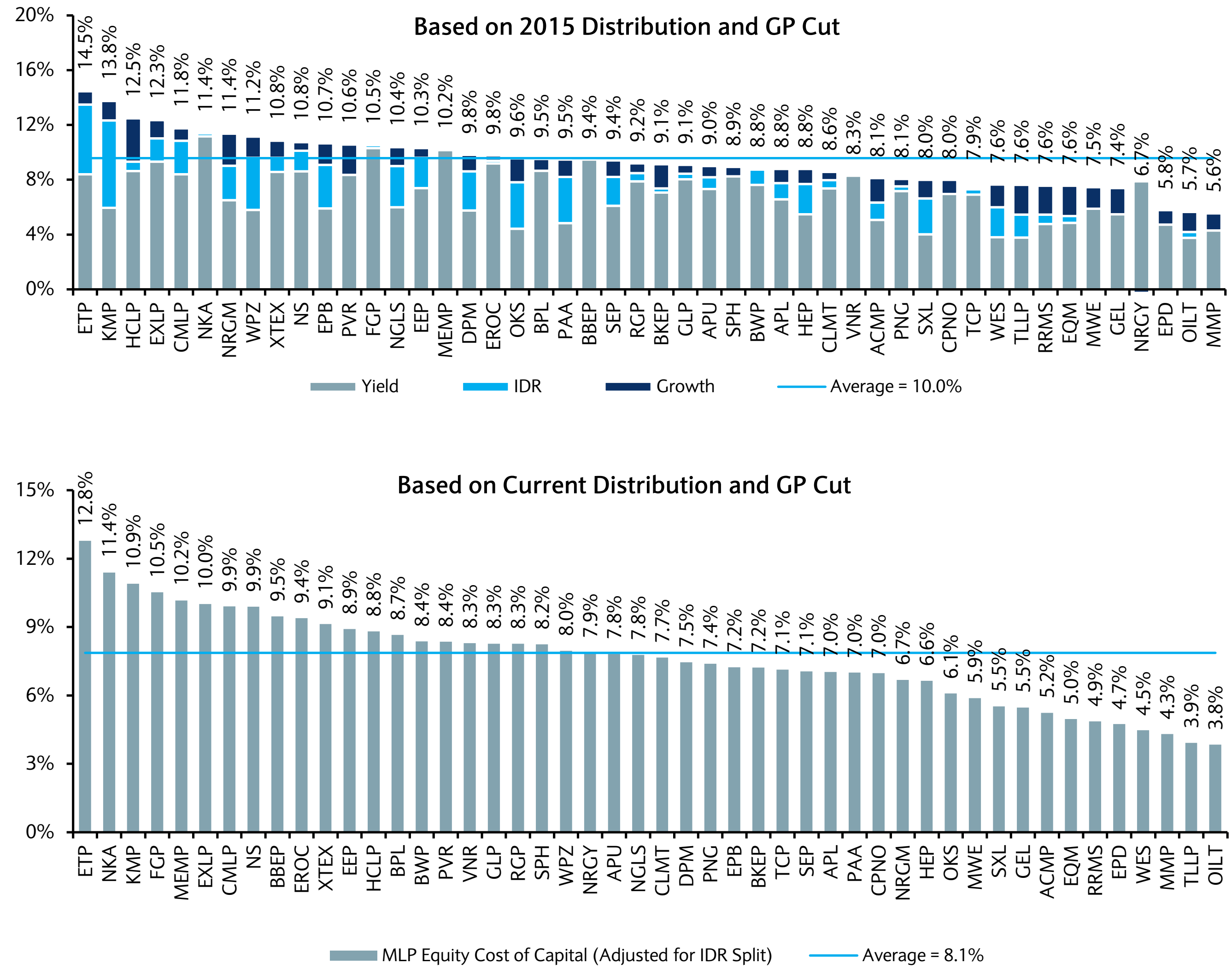
We frequently get questions about the disparity in WACC and whether or not the high-cost MLPs carry too heavy a burden to impede growth. All things being equal the answer is yes, higher costs are a competitive disadvantage and relative headwind to growth. However, at issue is whether this impediment is such a serious issue it can't be practically overcome by the higher-cost entities. Notably there are a number of mitigants to this potential disadvantage. One of the easiest to overcome is adjusting the GP cut. We frequently see high split GPs temporarily (or on occasion permanently) forego their IDR cut to accommodate competitive bidding or building situations. In fact we see variations of this play out across both high- and low-cost WACC partnerships in the form of letter stock (deferred receipt of distributions or PIKs, etc.). We find that higher-cost MLPs frequently operate in lower-multiple parts of the energy value chain (for example KMP and bulk terminals) that exhibit consistent price escalation. The large diversified MLPs typically have scale across cost centers, geography and pieces of the value chain that provide return enhancements not typically seen by smaller, more singularly focused partnerships.

Finally, while not present in all environments, the current shale boom has provided enough opportunity for the entire sector to prosper, and incumbents in many of the mature basins benefitting from the transformation of the drilling landscape have been the primary recipients of the surge in infrastructure requirements. As a result of these factors, we don't think relatively higher WACC costs are placing these entities at a serious competitive disadvantage when it comes to growing. Anecdotally, the large-caps' aggregate growth rate (aided by contributions from some of the higher WACC partnerships) is as competitive as we've seen in the last decade.

Growth Has Considerable Impact on Equity Cost of Capital

We have shown two common methods of approximating the equity cost of capital for the MLP industry. We prefer the first method which includes current yield adjusted for the GP splits and expected growth in distributions. The three color bars reflect the contribution of each factor. Notably one can readily see the impact of IDRs. The influence of growth and IDRs tend to go hand in hand. As faster growth siphons more cash from the LP coffers, the progressive tilt in the IDRs takes a sequentially bigger bite of the total payout. Asymptotically the advantage of the lower splits can dissipate quickly at very high levels of growth. Incorporating a three-year growth period increases the sector's equity cost of capital 190 bp or 12%. Fast growth for an extended period of time would take the differential higher. Finally, while the large-cap, more mature MLPs tend to have the higher equity costs of capital, this disadvantage is frequently offset by much lower debt costs. As noted, debt costs for the IG credits currently are 310 bp below the HY average despite having much longer average maturities.

Figure 81: MLP Equity Cost of Capital



Source: FactSet, Barclays Research

Return Over WACC as High as Ever

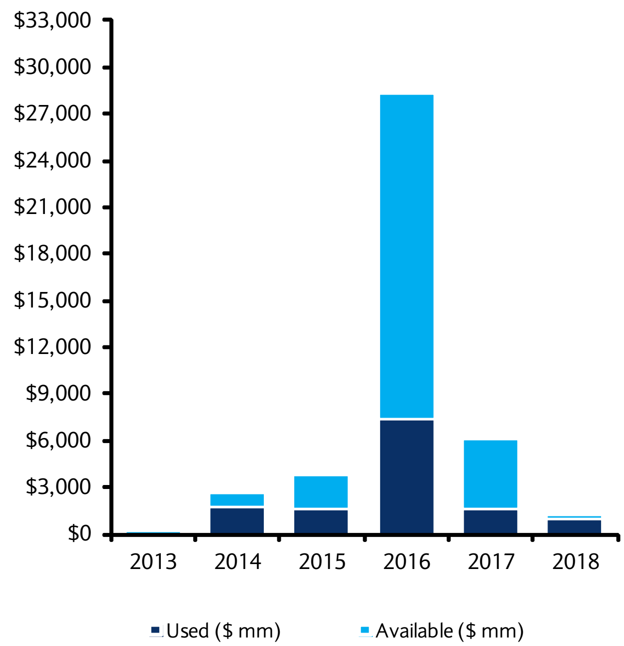
Debt costs are at record lows for the sector. Equity costs are also at the low end of the scale. While the IDR bite on the large caps continues to grow we have experienced longer periods of aggregate growth and the sector has traded at much higher yields than the present time. This translates into all-time low WACCs for the group. While the cost of acquisitions has escalated above the average over the last 5 to 10 years, a good portion of this escalation is tied to growth and lowering of the risk profile of the assets (different contract structures – fee, long duration) being acquired. Returns on organic projects continue to fall within the historical channel. In the current phase of the spending cycle we see many investors screening for capital spending 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 being earned over the companies' respective WACCs.

Bank Line Draw Rises as Equity Issuance Lags Spending

The industry continues to push out bank lines with better terms. In aggregate, each sequential bank line extension/renewal is typically resulting in expanded capacity and a reduction or simplification of covenants. Not surprising, as spending has marginally outstripped equity issuance, the sector has leaned into their bank lines during the quarter. In total, the average draw for our covered universe rose from 25% to 32%. Of the handful of line (5) maturing between now and the end of 2014, only GLP (75%) and RGP (58%) have drawn materially on their capacity. At this time only 10 partnerships (23%) have drawn more than 50% of their respective capacity while 18 (41%) have drawn less than 25%. 2016 continues to be the big rollover year with 67% of the total capacity of the lines maturing during that year. While high, we've already seen this figure drop from last quarter, when it represented 75% of the aggregate capacity. We'd fully expect most of the companies to rework lines in advance of this deadline as rates will likely remain low over the next couple of years with conventional wisdom calling for potentially much higher rates in the out years.

Figure 82: MLP Revolver Borrowing

Ticker	Capacity ($ mm)	Used ($ mm)	Available ($ mm)	% Drawn	Maturity
OILT	$50	$10	$40	20%	2013
BKEP	$95	$16	$79	17%	2014
GLP	$1,400	$1,051	$349	75%	2014
RGP	$900	$525	$375	58%	2014
TLLP	$300	$120	$180	40%	2014
APL	$450	$181	$269	40%	2015
CMLP	$500	$240	$260	48%	2015
EXLP	$750	$493	$257	66%	2015
NGLS	$1,100	$210	$890	19%	2015
NKA	$400	$180	$220	45%	2016
APU	$525	$108	$417	21%	2016
BPL	$1,250	$323	$927	26%	2016
ACMP	$1,000	$150	$850	15%	2016
CLMT	$564	$176	$388	31%	2016
CPNO	$700	$245	$455	35%	2016
DPM	$1,000	$351	$649	35%	2016
EEP	$2,000	$835	$1,165	42%	2016
EPB	$1,000	$520	$480	52%	2016
EPD	$3,500	$427	$3,073	12%	2016
EROC	$675	$597	$78	89%	2016
ETP	$2,500	$524	$1,976	21%	2016
FGP	$400	$176	$225	44%	2016
KMP	$2,200	$672	$1,528	31%	2016
MMP	$800	$5	$795	1%	2016
MWE	$1,200	$240	$960	20%	2017
NRGM	$600	$326	$274	54%	2016
NRGY	$550	$225	$326	41%	2016
OKS	$1,200	$24	$1,176	2%	2017
PAA	$3,000	$444	$2,556	15%	2016
PNG	$350	$163	$187	47%	2016
RRMS	$150	$35	$115	23%	2016
SEP	$700	$40	$660	6%	2016
SXL	$550	$106	$444	19%	2016
TCP	$500	$321	$179	64%	2016
WES	$800	$0	$800	0%	2016
WPZ	$2,000	$345	$1,655	17%	2016
XTEX	$635	$106	$529	17%	2016
BWP	$1,000	$215	$785	22%	2017
NS	$1,500	$832	$668	55%	2017
HEP	$550	$170	$380	31%	2017
SPH	$250	$147	$103	59%	2017
PVR	$1,000	$440	$560	44%	2015
EQM	$350	$0	$350	0%	2017
TOO	$1,163	$1,015	$148	87%	2018



	Capacity ($ mm)	Used ($ mm)	Available ($ mm)
2013	$50	$10	$40
2014	$2,695	$1,712	$983
2015	$3,800	$1,564	$2,237
2016	$28,349	$7,399	$20,950
2017	$6,050	$1,628	$4,422
2018	$1,163	$1,015	$148
Total	**$42,107**	**$13,328**	**$28,779**

Source: Company filings, Barclays Research

Figure 83: Revolver Maturity Schedule

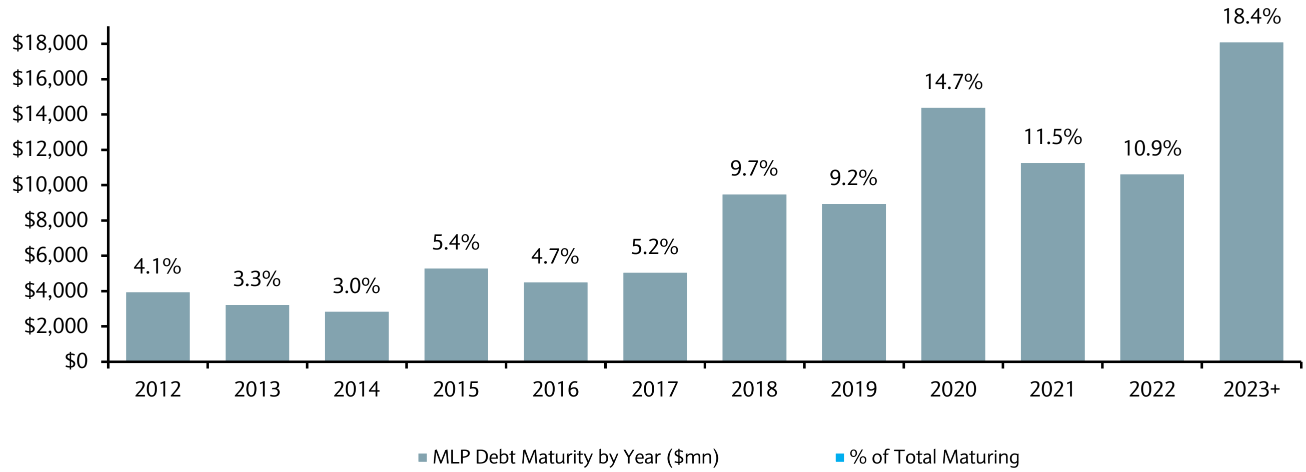
	1Q13	2Q13	4Q13	2Q14	4Q14	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q18
APL							X								
APU										X					
BKEP					X										
BPL										X					
BWP												X			
ACMP									X						
CLMT									X						
CMLP						X									
CPNO									X						
DPM										X					
EEP										X					
EPB									X						
EPD										X					
EQM														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					
PVR						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 Maturities Still Minimal – Debt Duration Continues to Lengthen

Just under 26% of term debt for the sector is maturing through 2017 with no individual year representing more than 5.4% of the total. At the very long end of the spectrum (2022+), the percentage of maturities continues to creep higher, moving from 27% to more than 29% of the total. In general, the MLP sector has term debt scheduled in a very conservative fashion. This is particularly the case for the large cap diversified component of the universe, which has placed a considerable amount of 30-year paper.

Figure 84: MLP Debt Maturity By Year



Source: Company filings, Barclays Research

M&A Review

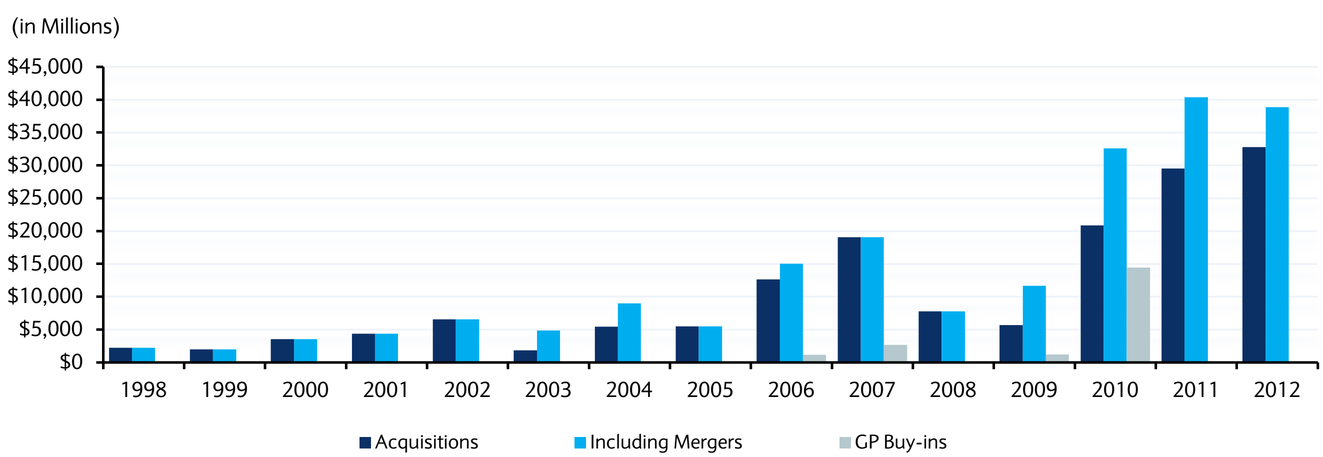
Strategic M&A Falls From Pace Registered In First Half

Without the influence of the large KMI/KMP and KMI/EPB dropdowns announced during 3Q, M&A activity fell considerably from the pace registered during the first half, which saw a spate of deals connected to repositioning (dry to wet gas or oil and entry/expansion into key shale basins). After retreating to only 15% and 12% of activity in Q1 and Q2, respectively, drops jumped to 85% of the transaction total for the quarter. Away from the two KMI sell downs, activity decreased to only $2.12 billion or less than 29% of the over $30 billion annual run rate established in the first half.

The decline begs several questions. Has the desire/need to reposition away from dry gas been met? Has deal flow subsided? Has activity been high enough that potential buyers are focused on assimilation of recently completed transactions? Are acquisition prices too high? Has funding of both organic and new deals become problematical given the level of equity many partnerships have raised to date? We sense the answer to all these questions is no. Practically a dip in activity for one quarter provides a spotty data point to answer any of these relevant inquiries. Anecdotally, we believe supply, demand and funding remain sufficient to fuel a much higher level of M&A activity than we registered in Q3.

For the record, YTD the sector has announced just over $29 billion in M&A transactions. Annualized we're on a pace to register almost $39 billion in deals. While marginally below the last two years the total fails to reflect the $37.8 billion KMI/EP merger which was done at the parent C-Corp with the intent of migrating the bulk of the assets down into the two MLPs (KMP/EPB) controlled/owned by KMI where we have recorded $7.1 billion in drops included in the $29.1 billion total to date. Not all the assets will be transferred (E&P sold for $7.15 billion, REX, KMIGT, Trailblazer pipelines sold for $3.3 billion) and some EP corporate debt will remain at KMI. However, we fully expect 50% interests in EPNG, Ruby, FGT, Gulf LNG and EP Midstream with aggregate estimated EBITDA of $740mm to find their way into KMP and EPB during 2013 and 2014.

Figure 85: M&A Activity ($ millions)



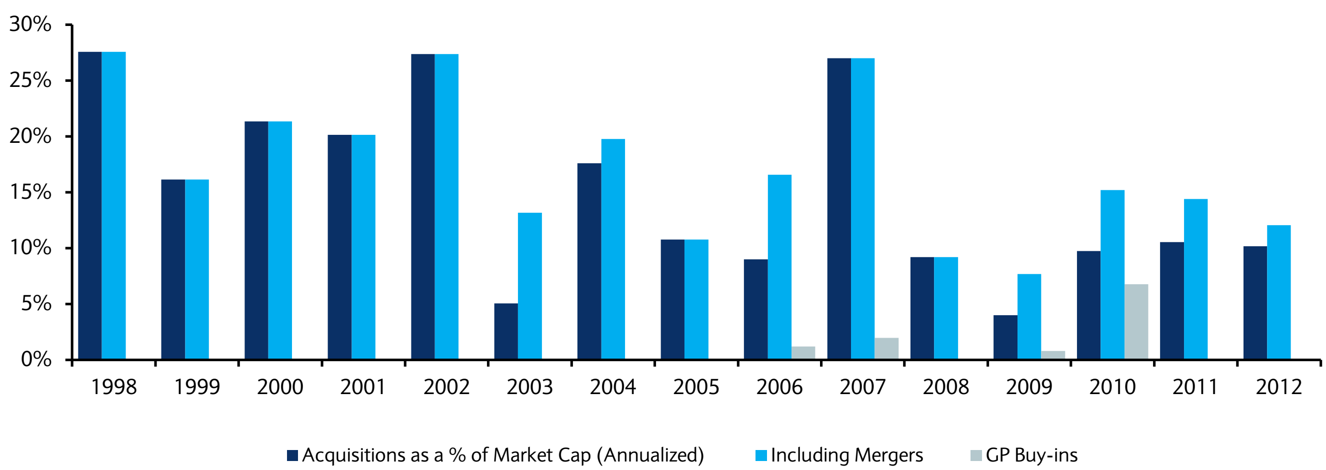
2012 Numbers are annualized
Source: Company reports, Barclays Research

Relative to Market Cap, Deal Flow Muted With Exception of E&P and G&P

While M&A activity is running at record levels, it needs to be put into perspective. With the market cap of the industry reaching more than $308 billion at quarter's close, spending levels need to rise to have the same overall impact on sector growth. Our proxy for this potential impact remains adjusting this spending by market cap. Important nuances such as the spread earned between invested capital and WACC over time get muted in this blunt tool but we think it's still a reasonable way to provide some perspective around the absolute figures for a group with capital intensity and a structure with an external funding requirement. In this context, the only two segments where activity is sufficient to move the aggregate needle across the group year to date has been G&P (24% market cap) and E&P (27% market cap).

However, as usual the impacts tend to be fairly company specific. G&P activity to date has been dominated by three deals (WPZ-Caiman $2.5 billion, PVR-Chief $1.0 billion, and MWE-Keystone $512mm). Propane has undergone considerable, and not likely repeatable, consolidation with four of the top five companies in the subsector merging with each other. As usual, LINE has dominated the E&P activity YTD, delivering 56% of the activity while the partnership garners 42% of the E&P segment's market cap. Overall the 11% figure continues to trend down, which should not be a surprise given the abundance of organic opportunity currently being seen by the sector.

Figure 86: M&A Activity Percentage of Market Cap ($ millions)



2012 Numbers are annualized
Source: Company reports, Barclays Research

Figure 87: 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	6,631	20,685	25%
NGL/NG Pipeline & Storage	1,331	2,090	1,999	6,341	9421	9257	21,182	26%
Compression	0	902	143	399	0	0	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	1270	5,021	6%
Marine Transportation	388	1,488	440	996	2859	453	6,171	7%
Coal	367	25	522	243	423	219	1,580	2%
Propane	273	193	21	425	3438	1867	4,350	5%
Exploration & Production	9,313	578	938	2,380	3928	3973	17,137	21%
Subtotal	19,049	7,773	5,693	20,838	29,530	24,573	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	29,153	129,638	

Source: Company reports, Barclays Research

Kinder Drops Dominate 3Q Activity

KMI dropped two packages of the assets it temporarily warehoused at the C-Corp level through its purchase of El Paso. The two sales totaled $7.097 billion, which represented 77% of the 3Q total of $9.217 billion. All the assets sold were interstate gas pipelines. The drop of 14% of CIG and 100% of Cheyenne Plains for $877mm and 100% of TGP and 50% of EPNG for $6.220 billion represent 29% of the YTD activity recorded by the sector. Notably both asset packages went for an estimated 8.0x EBITDA, which is lower than the multiples that have been paid for interstate gas pipelines in recent years. We think the lower multiple has two components.

The first is testimony to the power “recycling” math (we see evidence of this in other drop multiples), which results in part of the cash flow being sold coming back to the seller in the form of GP and LP payments. That is, as the GP rises through the splits and frequently owns a significant level of LP units, the multiple received by the seller is typically better than 1.5x the EBITDA multiple paid by the buyer.

The second is that certain transportation corridors in the interstate gas grid are overbuilt and as contracts expire, revenues will be dropping as volumes are shed or rates are renewed at lower levels to reflect the overcapacity. This situation will be particularly acute for pipes with capacity contracted to producers or marketers that deliver gas to market centers as opposed to dependent end users. All the pipes sold by Kinder under their consent decree with the FTC had this latter trait in common. Cheyenne Plains (dropped at an estimated multiple of only 7x) will also be going through this situation.

Private Equity/Private Companies Have Contributed Heavily to YTD Deal Flow

Drops courtesy of the major KMI/KMP transactions have contributed 40% to the acquisition total registered by the MLP sector to date. However, away from this channel PE/Privates have been the primary source of non drop activity delivering 55% of the remaining third party transactions. In particular, PE/Privates have been the dominant source of G&P

activity contributing 82% to the third party deals in this corner of the MLP space. This source has generated 45% of the Refined Product/Crude segments, 26% of the E&P group's activity through 9 months in 2012. We continue to expect deal flow in the G&P space to be particularly heavy from this source. As an example trade publications currently indicate that Hilcorp (prominent private E&P Company that has been selling components of their E&P portfolio) plans to sell their pipeline business in the Eagle Ford for an estimated $2 billion. A quick scan of the G&P assets which currently reside in PE portfolio company inventories indicates significant holdings in all the major shale plays implying billions in potential transactions from this source.

BP Continues to Disgorge Assets

During the third quarter, BP continued to sell numerous assets including upstream, midstream and downstream properties. MLPs have picked off to date ~$2.5 billion in assets which equate to17% of the third party deals done through September. BP's sale of the Carson, California refinery will result in roughly $1 billion in drops from the parent TSO to TLLP. The just announced sale of their Texas City refinery is likely to have a similar spillover into the MLP opportunity set. While the deal flow emanating out of BP will inevitably run its course, the original intent of these sales; funding payments associated with the Gulf oil spill, has evolved into an effort to change the company's asset mix, migrating capital from lower-return, slower-growing areas into funding higher-return new projects. This is not unlike the exercise being undertaken by most of big oil, which has led to a consistent stream of assets finding their way into MLP portfolios. One might argue that the split of such entities as ConocoPhillips and Marathon Oil Corp into upstream/downstream components, the emergence of variable distribution refining MLPs and the launch of a wholesale gas distribution MLP might not accelerate some of this activity. Given all this, we see no reason to believe that this steady source of transactions won't continue to pump assets into the sector.

Figure 88: 2012 MLP M&A Transactions

	Total Deals			Drop Downs			
2012 9 months YTD MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap (1)**
Gathering & Processing	6631	19	349	559	3	186	24%
Nat Gas & NGL Pipes, Storage & Fractionation	9257	6	1543	8632	5	1726	10%
Refined Prod Pipes & Terminals	1270	6	212	210	1	210	3%
Crude Pipes & Terminals	903	7	0	0	0	0	4%
Marine Transportation	453	2	227	385	1	385	8%
Coal	219	3	73	0	0	0	6%
Distribution - Propane, Heating Oil, Gasoline	1867	2	0	0	0	0	19%
E&P	3973	17	234	83	3	28	27%
Total	24573	62	396	9869	13	759	11%
Drop Downs % Total	40%						

	Total Deals			Drop Downs			
2012 3Q MLP M&A Transactions	**$mm**	**Number**	**Avg Size**	**$mm**	**Number**	**Avg Size**	**% Mkt Cap (1)**
Gathering & Processing	657	4	164	135	1	135	7%
Nat Gas & NGL Pipes, Storage & Fractionation	7722	3	2574	7097	2	3549	26%
Refined Prod Pipes & Terminals	210	1	210	210	1	210	1%
Crude Pipes & Terminals	0	0	0	0	0	0	0%
Marine Transportation	453	2	227	385	1	385	25%
Coal	40	1	40	0	0	0	3%
Distribution - Propane, Heating Oil, Gasoline	0	0	0	0	0	0	0%
E&P	135	2	68	0	0	0	3%
Total	**9217**	**13**	**709**	**7827**	**5**	**1565**	**13%**
Drop Downs % Total	85%						

2012 2Q MLP M&A Transactions	$mm	Total Deals Number	Avg Size	$mm	Drop Downs 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%						

2012 1Q MLP M&A Transactions	$mm	Total Deals Number	Avg Size	$mm	Drop Downs 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%						

(1) annualized

Source: Company filings, Barclays Research

Figure 89: 2011 MLP M&A Transactions

2011 MLP M&A Transactions	$mm	Total Deals Number	Avg Size	$mm	Drop Downs 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%						

(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

Acquisitions Multiples Recede to an Average of 8.9x EBITDA for 3Q

Multiples remain high by historical standards. Driving this elevated status is the duration and visibility of shale development, which has led to asset development based on longer-term fee-based contracts. Importantly, a persistent trend in lowering WACCs has also led to an escalation in prices paid for acquisitions. Having said that, after consistently registering aggregate multiples of better than double digits as skeletal shale systems with expected volume ramps and highly contracted, fee based assets dominated deal flow drops and more traditional, mature G&P assets derived the bulk of this quarter's activity lowering multiples to 8.9x. G&P assets acquired during the period averaged 9.3x within a range of 7.9x to 10.9x. The assets were located in the Piceance, Texas Panhandle portion of the Anadarko and DJ Basins. On the high end, the buyer purchased a system adjacent to owned facilities that will readily integrate into existing operations lowering costs enough to drive the price paid into single digits without revenue synergies. As noted earlier in this section of the Monitor, interstate pipe valuations that could be subject to contract renewals have fallen into the 7.0x to 8.0x range over the last several transactions. Finally, drops comprised 82% of the non E&P transactions which also has a tendency to lower the valuations. Even though this quarter's average was lower than in the recent past, we think the result is more a function of mix change than a shift in the higher cost backdrop.

Figure 90: 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	8.9x	10.4x	8.7x	9.5x	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	11.7x	11.6x	11.8x	10.3x	9.0x
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	9.0x	8.2x	7.9x
Average (unweighted)	7.8x	7.9x	9.1x	10.1x	10.3x	10.4x	7.3x	10.2x	10.5x	10.5x	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	$4.63	$2.99	$2.56
									9.8x	9.7x		
Coal - includes ORRI and operations (2)	$0.35	$0.49	$0.84	$0.82	$0.80	$1.18	$1.28	$1.77	$0.86	NA	$1.18	$0.92
							4.9x	6.3x	5.6x	7.4x		

(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 - drop down)

(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

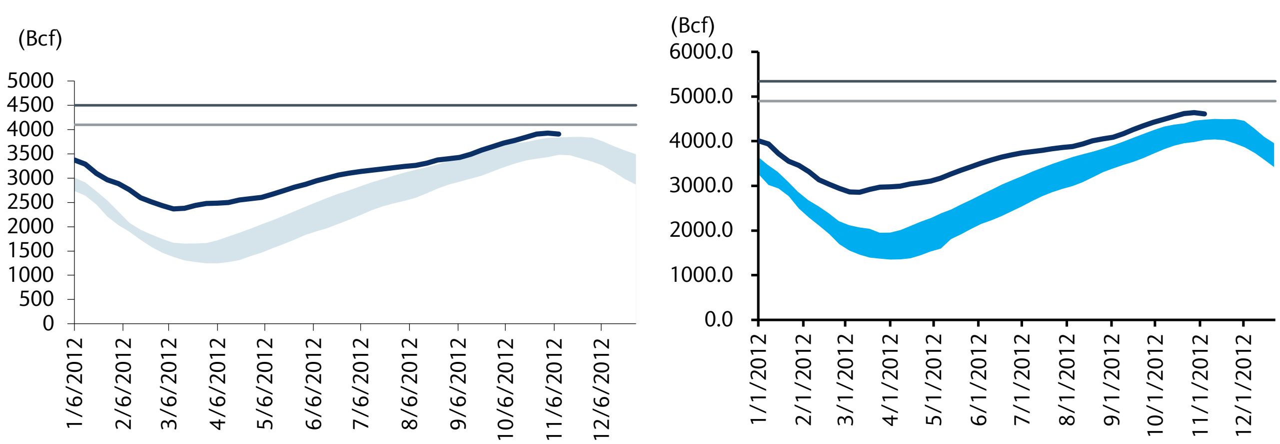
Commodity Review

Gas Price Recovery in Sight – We're Less Bullish than Forward Curve

The calendar year forward curve has breached the $4.00/mmbtu mark as production is leveling out and inventories are moving back toward historical range. Out years carry higher with the figure for 2017 currently at $4/79/mmbtu. The five year average for 2013 through 2017 equals $4.39/mmbtu. We are forecasting a more modest $3.50/mmbtu for 2013, with a normalized price expectation of $4.25/mmbtu (see Figure 103).

Coal displacement and hot weather have conspired to bring inventories back in line taking a large weight off gas prices (note Figure 91). Both US and North American inventory levels have receded back to the top edge of the five year range. The forward curve has taken on a bullish caste on the idea that the low gas rig count will usher in a decline in production. We think directionally the curve is correct but think the enthusiasm is a little ahead of the fundamentals.

Figure 91: Total US Natural Gas Storage and Total North America Gas Storage



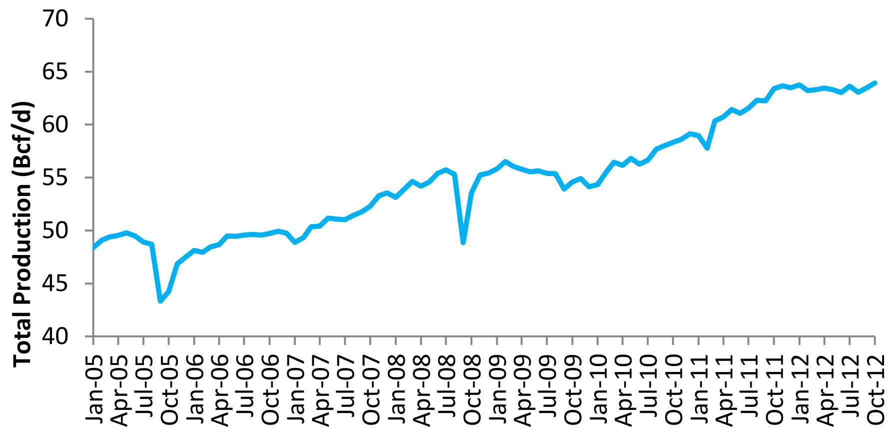
Source: EIA

Two items underpin our more cautious outlook. First, focusing on the rig count underestimates potential supply. Anecdotally there is a substantial, albeit definitively undocumented backlog of deliverability represented by wells that have been drilled but have not been completed (DUCs) and the inventory of wells that have been completed but are awaiting pipeline connection (WOPLs). Infrastructure lag has become a chronic issue in every play that has seen a ramp in drilling activity. For example, flaring of gas has become an issue in both the Bakken and Eagle Ford. This issue is principally a function of the almost linear nature of deliverability developed through sequential drilling of locations as opposed to the lumpy nature of procuring contracts for pipelines that are large enough to offer economical unit costs to shippers plus the time it takes to build the underlying asset. Notably DUCs/WOPLs will have a significant impact on the outlook for Marcellus production. The second is the level of coal displacement that has taken place as gas fell below $3.00/mmbtu.

Marcellus Only Gas Supply Game in Town

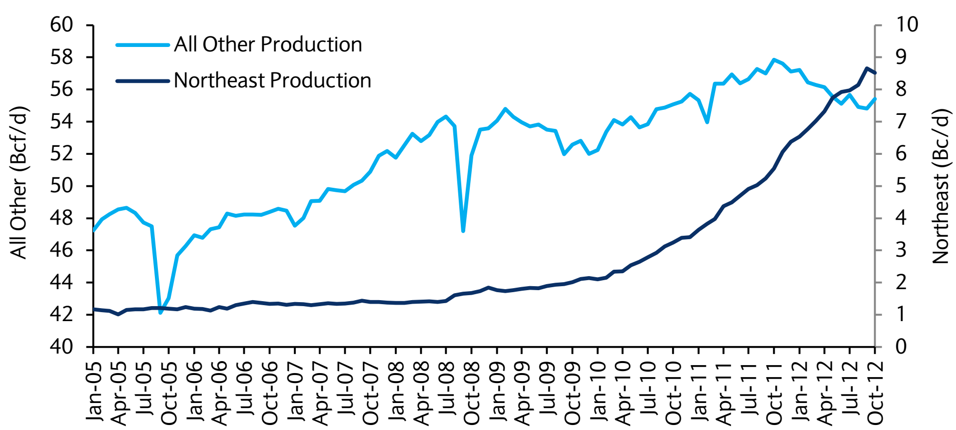
Marcellus production has been the only region to grow production since late last year. Cumulative production from all other lower 48 sources peaked in October 2011 at 57.86 Bcf/d. As of mid-October 2012, pipeline nomination scrapes indicate these sources, in aggregate, have declined 2.46 bcf/d or 4.3% to 55.40 bcf/d. This drop-off has been more than offset by the 2.98 bcf/d or 53.8% increase in Northeastern production (entirely driven by the Marcelllus) from 5.54 bcf/d to 8.52 bcf/d. Consensus view is that Marcellus production will exit 2012 with production of > 9 bcf/d with the exit rate falling between 10.0 bcf/d and 11.0 bcf/d in 2013. Assuming the midpoint exit rate the Marcellus will provide an incremental 2 bcf/d above current levels by year end 2013 and the implied yr/yr gain is 2.4 bcf/d. Anecdotally we can quickly total up ~ 1.1 bcf/d of incremental production form a handful of Marcellus producers (EQT, COG, CNX, RRC, Chief and CHK WOPL's). This continued expansion of Marcellus production should go a long way toward offsetting declines in the rest of the lower 48.

Figure 92: Total production has been increasing rather steadily since 2005



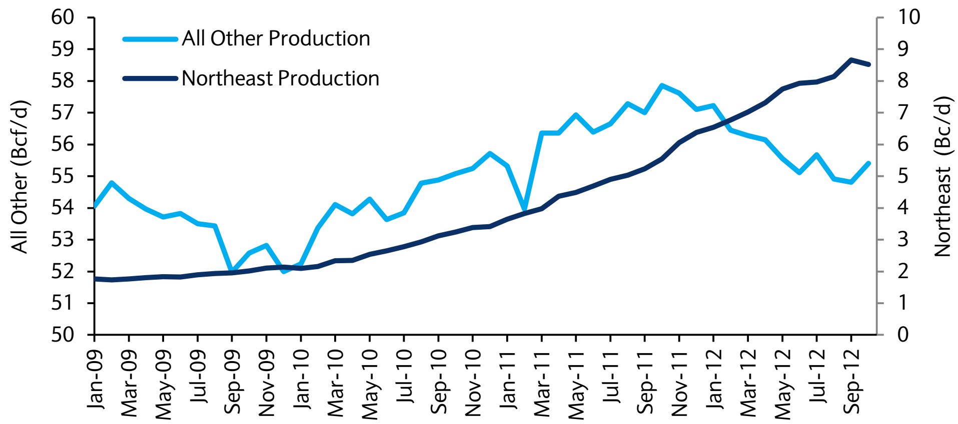
Source: Bentek

Figure 93: But a closer look reveals that Northeast growth has offset declines



Source: Bentek

Figure 94: Viewing this over a shorter time horizon paints a clearer picture



Source: Bentek

Marcellus Production Outlook Decouples From Rig Count

To a large extent, production growth in the Marcelllus is infrastructure, not rig count dependent. Sorting out the level of drilled but uncompleted (DUC) wells or the wells waiting pipeline connections (WOPL) is fairly problematic (and can lead to double counting) given the extent and fragmentation of the play. Processing plant construction provides another window into the expected ramp in production and the potential alleviation of another pinch point in getting Marcellus production to market. In 2012, the industry will bring 830 mmcf/d of capacity on line. In 2013, the figure jumps to 2.845 bcf/d. Announcements of plants with 2014 start dates already total 800 mmcf/d. While some of this will be delayed or cancelled as a handful of plants are competitively positioned, this represents a significant statement regarding the direction of production in that the majority of this capacity is contracted.

On the drilled but not hooked up front, data from the state of Pennsylvania indicates the potential backlog is substantial. Beginning in 2008, more than 5,900 unconventional wells have been drilled in the state. Of this figure, 2,875 had recorded some production (including testing volumes) as of the end of the first half of 2012. As of June 2011, there were ~1,100 producing wells. These wells contributed significantly to the 4.70 bcf/d of production attributed to the region in June 2011. Twelve months later, ~2,700 wells were producing, driving the region's production to 7.93 bcf/d. Industry estimates the backlog of DUCs/WOPLs currently exceeds 1,000 wells. Although part of the Marcellus' dry gas rig count has migrated into the Utica (mostly CHK), improving access to infrastructure alone would raise production. With the forward curve back up over $4.00/mmbtu (current average calendar years 2013-2017 = $4.39/mmbtu) and ~2.8 bcf/d of new outlet capacity coming on line in 4Q 2012, we have seen an uptick in the dry gas Marcellus rig count. Anecdotally ACMP gave a presentation on October 9th indicating that CHK had 274 WOPL locations behind their systems at that date. The plan was to drop this number to ~20 by year end 2013. We think this is very representative of other producers in the play. This dynamic is very important when looking at near term (2013) gas supply.

Further complicating matters is the return of production due to voluntary curtailments of production during the drop in Q1/Q2 prices. For example, ECA in their 3rd quarter call indicated that they have turned back on 500 mmcf/d (200 US, 300 Canada) since the

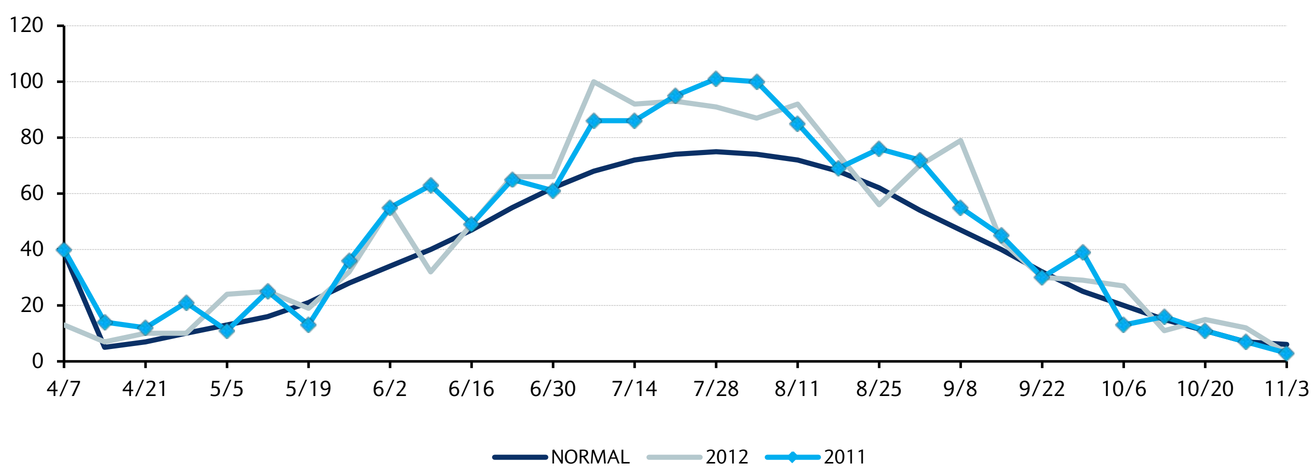
April/May period. Others have done the same thing muddying up the fundamental read on how the decline in drilling has impacted deliverability.

Coal Displacement Peaks at 10 Bcf/d And Averages 7 Bcf/d in 2012 Vs Base Year 2008

Since 2008, electric generation in the US has been roughly flat, including the EIA's latest estimate of 2012 electricity production at roughly 4.1 billion kwh. Over this period, generation from coal has fallen 21% or 214mm tons. While the erosion has been steady, roughly 48% of that loss in share will take place in 2012 as the EIA expects coal consumption from generation to decline 101.9mm tons year/year. At an average heat rate, if all of this coal was displaced by natural gas, the resultant gain in gas demand would be more than 15 bcf/d. Other factors come into play, including a significant ramp in renewable, changes in hydro (2008 base year a poor year, 2011 best year by a wide margin since 1997) and weather (terminal year 11% warmer cooling season, 21% warmer heating season than base year). Our Commodities desk has estimated that the fuel switching in 2012 will average about 7 bcf/d (base year 2008 involved very little if any interfuel competition) higher than 2008. Year over year, the figure approximates an incremental 3.5 bcf/d. Peak displacement was more than 10 bcf/d during Q1/Q2 as gas prices fell with the inventory build tied to lack of a heating season.

With 98% of the cooling season over, 2012 has been 17.6% warmer than normal. Last year was even warmer, coming in at 22.0% warmer than normal over the same period. Electric generation for the cooling season to date has been roughly flat (0.2% higher yr/yr). As the weather gets hotter, fuel switching will decline as incrementally every available generating unit gets dispatched to meet the peaking requirements. Normal summer weather could peel more than 3 bcf/d off demand this coming injection season.

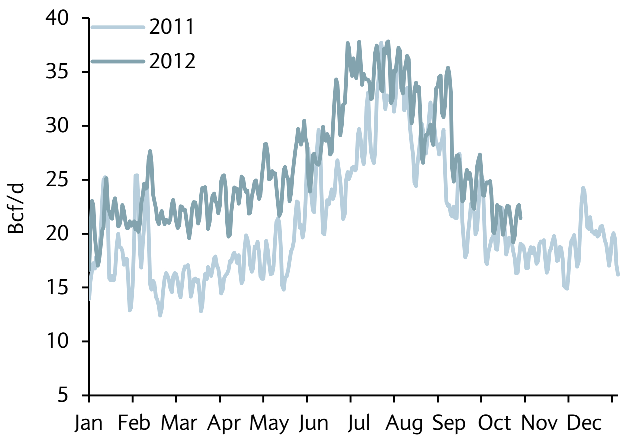
Figure 95: 2012 Electric Degree Days



Source: NOAA

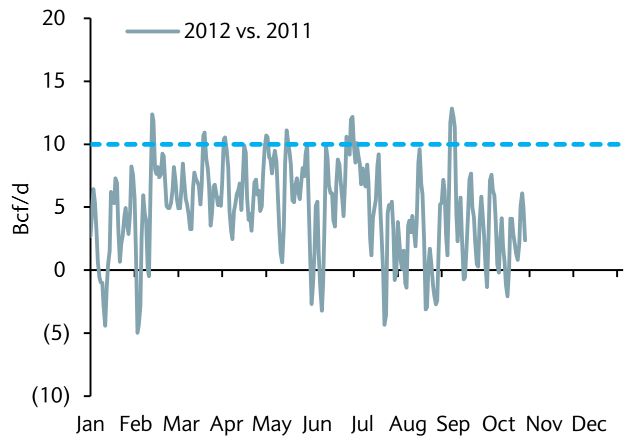
Figures 96 through 99 capture the differential in 2012 versus 2011 gas burn for power generation. As just noted there has been very little difference in year over year cooling season heating demand. Generation from conventional hydro is off about 14% yr/yr. Supplied by gas this load would equate to an incremental gas burn of ~1.1 bcf/d. Generation from residual fuel and distillate is down 23%. Gas substitution would translate into an incremental 150 mmcf/d. While there's lots of noise in the data, the anecdotal evidence is fairly strong that when gas fell below the $3.00/mmbtu level the gas burn surged. As gas has recovered back through the $3.00 level, it's sharply receded. The residential and commercial load in Q1 2013 could swing as much as 7 bcf/d given normal winter temperatures but the year over year increase in this component will likely fall in the 2.5 bcf/d range. Both the peak and average R&C swing is less than the swing in power generation consumption we expect from reversion back to coal at higher gas prices. The higher gas prices move, the larger the power load erosion. In all, weather and low gas prices have resulted in gas demand that is likely to dissipate in 2013.

Figure 96: Average Daily Burn by Year (Trailing 2 Year)



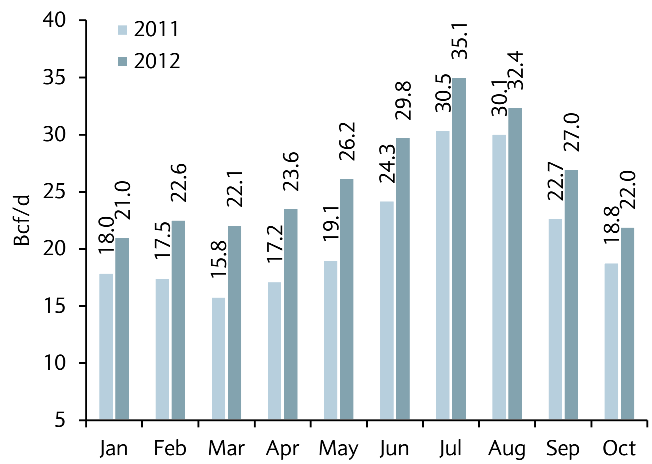
Source: Bentek

Figure 97: Difference in Average Daily Burn (2012-2011)



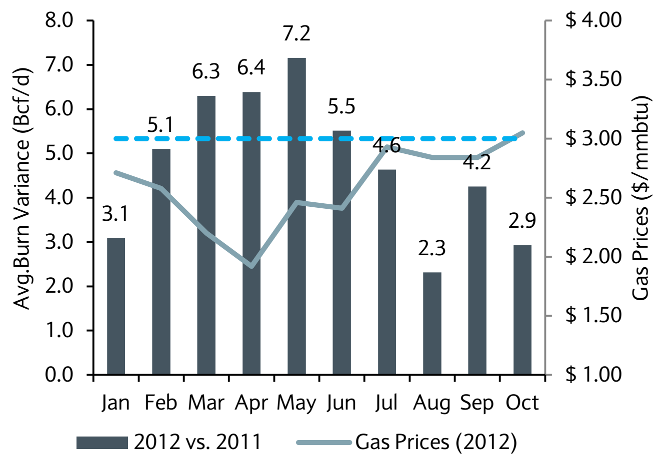
Source: Bentek

Figure 98: Average Monthly Burn (2012 vs. 2011)



Source: Bentek

Figure 99: Average Monthly Burn (2012 vs. 2011)



Source: Bentek

Contemplating a Return to Dry Gas Drilling

There is general agreement that the US has an enormous inventory of gas drilling locations. There is a much wider range of opinion as to what price coaxes out this inventory. Coming up with an intermediate to long-term forecast of gas prices is all about this latter debate. Lots of time and effort has gone into trying to establish the "breakeven" price for various plays. The majority of these calculations would imply that shales such as the Haynesville, Fayetteville, Barnett and tight gas areas such as the Piceance Basin would come back into the money between $4 and $5 gas.

The next portion of the debate would center around whether you need current cash prices to stimulate the drilling or just see it in the forward curve (where one could possibly hedge the price exposure locking in the presumed economics). All rigs aren't created equal when it comes to generating incremental deliverability. Haynesville and Fayetteville rigs are roughly 1.7x more productive than Piceance or Marcellus rigs and they are 2.6x more productive than the average Barnett rig.

Finally you'd have to figure out the relative economics of each company's inventory and whether they'd expand their budget for incremental gas drilling or cannibalize the funds from other projects. Wide oil/gas ratios and limited budgets would argue that breakeven economics alone won't provide the correct answer. If our gas price forecast is on the mark, we sense this breakeven exercise is more relevant for 2014 than 2013. Rather than run the model out another decimal, we think it might be more advantageous to assemble some anecdotal evidence by tuning into the quarterly calls of a dozen or so producers that control the vast majority of this drillable inventory. Figure 100 summarizes who these key players are in the basins critical to reviving dry gas production. It's not a lengthy list.

Figure 100: Gas Drilling Inventory

Haynesville	Fayetteville	Barnett	Piceance	Pinedale
CHK	SWN	DVN	WPX	QEP
ECA	CHK	EOG	ECA	UPL
BHP	XTO	KWK	XTO	
DVN	BHP	CHK		
XCO		XTO		
XTO		ECA		

Source: Company filings, presentations

For the record, we think the forward curve will drive the thought process for most producers and it's likely coming off the 2012 trough that the forward curve will lead the cash market. In that context, our 2015 estimate of $4.50/mmbtu contemplates reaction to seeing a forward curve north of $5.00/mmbtu in 2016/2017. We also suspect that to claw funds back from the liquids side of the budget will require contemplated returns that are higher than the breakeven levels generated by the calculation of discrete play economics. Rankings will be as important as absolutes. Finally, since investors loathe the issuance of equity to grow production, we believe budgets will only react as cash flow comes in the door. If the forward curve leads cash, it will be reinforced by budgets based on cash lagging futures. This results in a period of time where prices over shoot our normalized projection. Whether we've captured the timing or the magnitude of this price path we have high conviction that it will occur. Normalized we think gas prices reflect the returns needed to bring on incremental supply (shaded downward to some degree by sunk costs/partial cycle economics) which puts us in the $4.25/mmbtu range.

Producer Outlook Implies Gas Supply Growth Slowing But Won't Erode

Our equity research analysts cover a wide swath of US gas production. The compilation of these current estimates indicates gas production, grossed up for accompanying royalties, will remain stubbornly buoyant (from a price recovery standpoint). This survey incorporates ~70% of US production and tends to track the aggregate number. While several large independent producers (EOG -9.7%, CHK -6.9%, QEP -6.0%) will be decreasing deliverability, others (APA +5.7%, RRC +8.4%, EQT +36.6%) will be adding to deliverability. While this set of estimates will likely get adjusted as companies go through the budget process, the current survey also gives us some degree of pause regarding projections of a sharp drop in 2013 production.

Figure 101: U.S. Natural Gas Production (mmcf/d)

	FY2009A	FY2010A	2011A	1Q'12A	2Q'12A	3Q'12E	4Q'12E	2012E	2013E	2014E
Large Cap	15,131	16,419	17,753	18,322	18,422	18,205	18,326	18,318	17,958	17,837
Mid Cap	4,009	4,218	5,330	5,719	5,912	6,048	6,145	5,961	6,438	7,023
Majors	8,612	9,549	10,092	10,029	9,732	9,579	9,797	9,784	9,878	10,153
Other Producers	1,369	1,475	1,701	1,794	1,839	1,906	2,011	1,888	2,298	2,576
Total	29,120	31,661	34,877	35,864	35,906	35,738	36,279	35,951	36,572	37,588
Add 20% Royalty	7,280	7,915	8,719	8,966	8,976	8,935	9,070	8,988	9,143	9,397
Gross Volumes	36,400	39,576	43,596	44,830	44,882	44,673	45,349	44,938	45,715	46,986
QtQ Growth Rate - ID'd Companies				-0.7%	0.1%	-0.5%	1.5%			
YOY Growth Rate - ID'd Companies	5.4%	8.7%	10.2%	6.0%	4.1%	1.9%	0.5%	3.1%	1.7%	2.8%

Source: Company filings, presentations, Barclays Research estimates

Trim Oil Price Projections, Marginally Raise Gas Price Outlook

We have trimmed our oil price outlook slightly to reflect a slowing of the global economy. We have marginally raised our spread between Brent and WTI to reflect the fact that Brent will continue to be more responsive to global political tensions. This perception keeps our outlook wider than the present forward curve, which appears more focused on the alleviation of transportation bottlenecks between regions in the US. The modest lift in our 5 year gas price forecast comes from a 4% (15 cents per mmbtu) increase projected for 2013 due to the sharp improvement in the storage situation courtesy of a very hot summer and a 6% bump (25 cents per mmbtu) to reflect the likelihood that the drop in the gas rig count tightens markets inducing a rise above equilibrium levels in 2015 before a drilling response brings prices back down the following year.

Figure 102: Average Price Oil & Gas Projections 2012-2016e

Commodity	Apr 2012	Jul 2012	% Change	Oct 2012	% Change
HH Gas $/mmbtu	$3.63	$3.69	2%	$3.80	3%
Gas Basis (1)					
Appalachia- Rockies	$0.07	$0.04	-43%	$0.06	50%
East Texas-Permian	$0.07	$0.12	71%	$0.05	-58%
Chicago - AECO	$0.47	$0.40	-15%	$0.50	25%
Brent Oil $/bbl	$108.00	$106.70	-1%	$101.81	-5%
WTI Oil $/bbl	$98.15	$96.12	-2%	$89.93	-6%
Brent - WTI	$9.85	$10.58	7%	$11.99	13%

(1)Gas basis current forward curve
Source: Barclays Research estimates

Figure 103: Long Term Oil & Gas Price Trends / Forecast

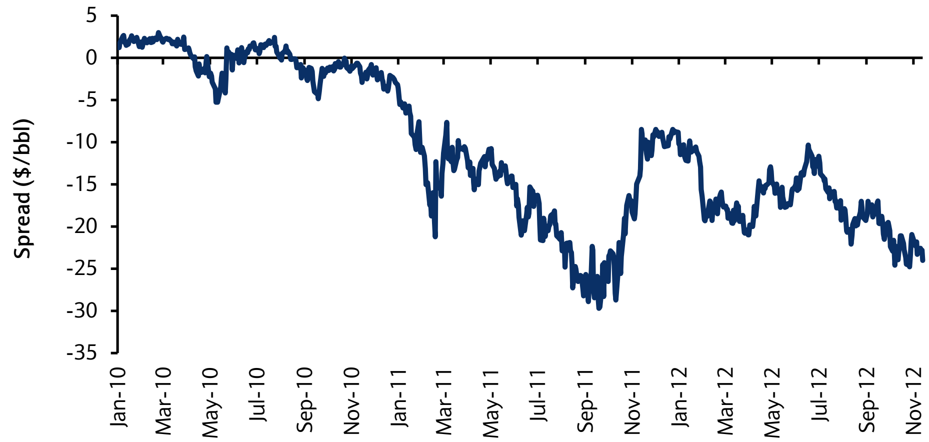
Price / Ratio	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e	2015e	2016e	Average 02-06	Average 07-11	Average 12-16
Upstream																		
HH Gas $/Mcf	$3.33	$5.63	$5.85	$8.79	$6.76	$6.95	$8.85	$3.89	$4.40	$4.01	$2.75	$3.50	$4.00	$4.50	$4.25	$5.74	$5.62	$3.80
Gas $/Mcf (average)	$3.10	$5.35	$5.69	$8.35	$6.42	$6.64	$8.36	$3.78	$4.33	$3.97	$2.70	$3.43	$3.95	$4.40	$4.15	$5.46	$5.41	$3.73
Ratio (Barclays estimate)	7.0x	4.9x	6.5x	6.0x	9.7x	10.2x	11.3x	15.6x	17.9x	23.7x	34.5x	25.7x	25.0x	22.2x	23.5x	6.7x	15.8x	26.2x
WTI $/Bbl	$23.23	$27.82	$38.18	$52.97	$65.92	$71.17	$100.22	$60.84	$78.85	$95.23	$94.90	$90.00	$100.00	$100.00	$100.00	$38.89	$81.26	$96.98
Brent $/Bbl				$55.22	$66.03	$74.72	$96.71	$63.07	$79.82	$114.20	$112.44	$102.50	$110.00	$110.00	$110.00	$60.63	$85.70	$108.99
Differential				-$2.25	-$0.11	-$3.55	$3.51	-$2.23	-$0.97	-$18.98	-$17.54	-$12.50	-$10.00	-$10.00	-$10.00	-$1.18	-$4.44	-$12.01
Forward Curve											Forward Curve 11-21-12							
Oil - WTI										$94.01	$95.08	$90.64	$89.69	$87.67	$86.04			$89.83
Oil - Brent											$112.54	$105.90	$100.73	$96.43	$93.46			$101.81
Differential											$17.45	$15.26	$11.05	$8.76	$7.42			$11.99
Gas										$4.04	$2.83	$3.96	$4.22	$4.39	$4.58			$3.99
Ratio (Forward Curve)										23.3x	33.6x	22.9x	21.2x	20.0x	18.8x		23.3x	23.3x
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	$34.00	$29.19	$31.56	$30.76	$32.27	$7.77	$28.37	$31.56
Frac Spread $/Gal	$0.13	$0.07	$0.21	$0.16	$0.43	$0.60	$0.60	$0.46	$0.69	$1.02	$0.81	$0.69	$0.75	$0.73	$0.77	$0.19	$0.68	$0.75
Oil/Gas (average)	7.5x	5.2x	6.7x	6.3x	10.3x	10.7x	12.0x	16.1x	18.2x	24.0x	35.1x	26.3x	25.3x	22.7x	24.1x	7.1x	16.2x	26.7x
NGL / WTI - Brent	63.2%	74.9%	71.8%	65.2%	61.1%	64.4%	56.5%	55.8%	57.3%	51.0%	39.4%	41.3%	42.4%	43.2%	43.8%	68.5%	57.0%	42.0%
NGL $/BBL	$17.30	$23.52	$30.65	$38.46	$42.58	$45.86	$57.18	$33.76	$45.69	$58.22	$44.32	$42.29	$46.66	$47.57	$48.13	$28.65	$48.14	$45.79
NGL $/Gal	$0.41	$0.56	$0.73	$0.92	$1.01	$1.09	$1.36	$0.80	$1.09	$1.39	$1.06	$1.01	$1.11	$1.13	$1.15	$0.68	$1.15	$1.09
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	$0.08	$0.03	-$0.03	$1.36	$1.53	$0.06
East Texas - Permian	$0.10	$0.08	$0.19	$0.19	$0.29	$0.31	$0.85	$0.09	$0.01	-$0.02	$0.02	$0.07	$0.07	$0.06	$0.05	$0.13	$0.25	$0.05
Socal Border - SJB	$0.51	$0.38	$0.33	$0.42	$0.39	$0.31	$0.68	$0.45	$0.17	$0.23	$0.25	$0.27	$0.29	$0.32	$0.31	$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	$0.58	$0.49	$0.49	$0.48	$0.45	$0.76	$0.66	$0.50
Supply Areas																		
Rockies	-$1.40	-$1.13	-$0.66	-$1.59	-$1.37	-$2.87	-$2.32	-$0.85	-$0.44	-$0.20	-$0.12	-$0.13	-$0.15	-$0.14	-$0.13	-$1.11	-$1.34	-$0.13
MidCont	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.62	-$0.51	-$0.23	-$0.16	-$0.13	-$0.15	-$0.20	-$0.22	-$0.24	-$0.51	-$0.67	-$0.19
E Texas	-$0.13	-$0.20	-$0.22	-$1.04	-$0.51	-$0.51	-$0.43	-$0.37	-$0.17	-$0.14	-$0.07	-$0.06	-$0.07	-$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	-$0.09	-$0.13	-$0.15	-$0.15	-$0.14	-$0.51	-$0.57	-$0.13
San Juan Basin	-$0.67	-$0.88	-$0.66	-$1.66	-$0.99	-$0.85	-$1.67	-$0.51	-$0.28	-$0.19	-$0.13	-$0.15	-$0.17	-$0.18	-$0.16	-$0.89	-$0.70	-$0.16
Appalachia	$0.17	$0.22	$0.30	$0.32	$0.27	$0.26	$0.34	$0.16	$0.15	$0.06	-$0.01	-$0.04	-$0.07	-$0.11	-$0.16	$0.25	$0.19	-$0.08
AECO	-$0.72	-$0.87	-$0.78	-$1.55	-$0.85	-$0.80	-$0.85	-$0.49	-$0.70	-$0.54	-$0.50	-$0.42	-$0.42	-$0.43	-$0.43	-$0.85	-$0.67	-$0.44
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	$0.08	$0.07	$0.05	$0.02	-$0.09	-$0.01	$0.06
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	$0.72	$0.39	$0.22	$0.21	$0.90	$1.28	$0.41
Dawn										$0.34	$0.30	$0.28	$0.22	$0.21	$0.14		$0.34	$0.23
SoCal Border	-$0.16	-$0.51	-$0.33	-$1.24	-$0.60	-$0.54	-$0.99	-$0.06	-$0.11	$0.04	$0.13	$0.12	$0.13	$0.14	$0.15	$0.17	-$0.33	$0.13
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	-$0.06	-$0.06	-$0.06	-$0.06	-$0.34	-$0.23	-$0.06

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

Brent/WTI Spread Widens Despite Some Pipeline Relief

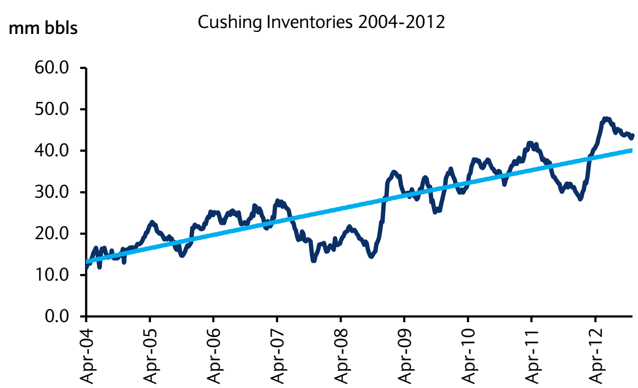
The WTI to Brent discount has widened post the start up of the Seaway pipeline reversal in June. This discount closed to as low as $10.34 per barrel on June 20th only to elevate to a recent high of $24.58 per barrel on October 11th. Between January and mid-June Cushing inventories surged to record levels. From year end 2011 to the peak (June 15th - 47.8 mmbbls) inventories accumulated at a rate of ~ 110,000 b/d. Since then, liquidation has averaged ~32,000 b/d. Therefore the fall in Cushing stocks has coincided, counter intuitively, with the sharp rise in the Brent/WTI spread. The question is why? We think it's due principally to two factors. First, security concerns over Iran's potential nuclear arsenal have led to a tightening of oil sanctions against Iran, which has induced threats to blockade vital sea routes out of the Arab Gulf. Political tensions have also risen with the escalation of the Syrian war. Middle East crude is priced against Brent which has inflated with the political back drop. Furthermore, seasonal maintenance and the continuing decline in Brent production has created physical scarcity of this crude putting upward pressure on prices. Second, with domestic and global product demand depressed, the US benchmark is currently decoupled from the global market as there's not a sufficient outlet for US refinery output which puts pressure on WTI. As a result, pricing in these two crude benchmarks reflects the two opposing influences being brought to bear in the current market. WTI is principally reflecting global economic weakness and Brent primarily is reacting to global political tensions.

Figure 104: WTI-Brent Differential ($/bbl)



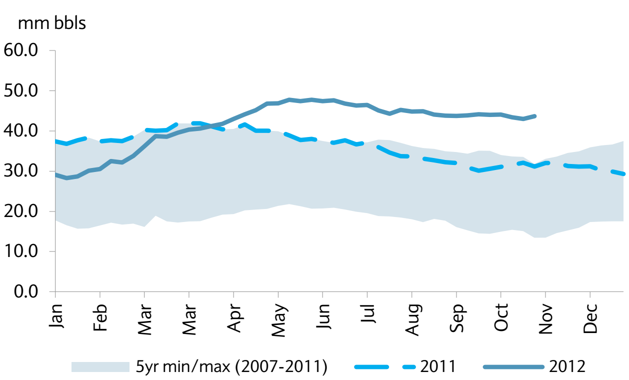
Source: Bloomberg

Figure 105: Cushing Inventories 2004-2012



Source: EIA

Figure 106: Crude Oil Inventories in Cushing, OK



Source: EIA

Fundamental Factors Should Narrow Current Brent /WTI Spread

Inland crude discounts in general should begin to narrow given the start-up of several pipes and rail facilities which will help lessen bottlenecks in moving crude to the Gulf Coast. First, the Seaway expansion form 150,000 b/d to 400,000 b/d should be on line in early 2013. However, this 250,000 b/d increase of MidContinent takeaway capacity will be roughly matched by the shutdown of BP's Whiting refineries main crude distillation unit in November 2012. This unit will release 250,000 b/d of crude back onto the market until mid 2013. This will keep the spread wide until we get some clarity with all these moving parts. However, rail and barge (availability) capacity has expanded draining more crude away from Cushing. Permian pipeline access to the Gulf Coast will also improve in 2013 by ~305,000 b/d. Early in 2013, the 90,000 b/d West Texas Gulf expansion will be placed into service. This will be followed by Phase 1 of the Longhorn reversal (135,000 b/d) and the start up of the Permian Express (90,000 b/d) pipeline into Port Arthur. In all, we estimate the WTI discount will drop back into the $10 per barrel range in 2013.

NGL Price Deck Trimmed From Q2 Estimates

We have slightly trimmed our NGL pricing outlook given a weaker global economy. For the most part, the current scenario depicts an environment where we are structurally long ethane until the next round of cracker expansions, which will begin in 2016 and carry through 2020 or just off the end of our current five year forecast period. Against this backdrop ethane prices hug natural gas prices plus transportation and fractionation in a regional hierarchy that balances supply and demand. At the peak of this balancing act we expect rejection to consistently run 150,000 b/d to 200,000 b/d or 10% to 15% of potential supply. Propane prices (relative to crude) will be helped by exports providing some lift from weather impacted 2012 realizations but the rise will be limited by the need to compete with rock bottom ethane prices. Butanes and heavier components of the barrel will drift up and down with oil prices. Price volatility versus history will be aggravated by the balancing act around ethane and the fact that supply growth will be more linear than infrastructure additions. Propane will have a wider range than normal given the depressed price of ethane and the potential pull from growing export markets more tied to oil prices. Our generic frac spread projection got clipped 5% to 75 cents per gallon as we dropped our NGL outlook by 3% while raising our natural gas estimates marginally by 2%.

Figure 107: NGL Price Changes Summary

	Apr 2012		Jul 2012		% Change	Oct 2012		% Change
Product	$/gallon	% Brent	$/gallon	% Brent	$/gallon	$/gallon	% Brent	$/gallon
Ethane	$0.66	25.8%	$0.45	17.8%	-32%	$0.41	15.8%	-9%
Propane	$1.45	56.2%	$1.24	48.8%	-14%	$1.20	46.2%	-3%
N Butane	$1.93	75.0%	$1.74	68.4%	-10%	$1.72	62.0%	-1%
I Butane	$2.11	82.0%	$1.86	73.2%	-12%	$1.82	70.2%	-2%
Natural Gasoline	$2.44	95.0%	$2.25	88.6%	-8%	$2.30	88.6%	2%
Wtd Barrel	$1.33	51.7%	$1.12	44.0%	-16%	$1.09	42.0%	-3%
Brent Oil $/bbl	$108.00		$106.70		-1%	$109.02		2%
HH Gas $/mmbtu	$3.63		$3.69		2%	$3.80		3%
Frac Spread $/gal	$1.01		$0.79		-22%	$0.75		-5%

Source: Barclays Research

Figure 108: 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%	15.0%	15.0%	15.0%	16.0%	18.0%	47.4%	34.2%	15.8%
Propane	64.6%	77.6%	74.7%	66.8%	63.5%	67.6%	59.0%	58.2%	62.1%	55.0%	40.0%	44.0%	47.0%	50.0%	50.0%	70.7%	60.4%	46.2%
N-Butane	78.9%	90.8%	88.7%	79.8%	75.5%	79.6%	69.9%	74.6%	77.9%	68.0%	62.0%	65.0%	68.0%	68.0%	68.0%	83.7%	74.0%	66.2%
I-Butane	85.4%	93.9%	89.0%	84.6%	77.9%	83.5%	71.9%	82.8%	84.3%	76.2%	65.0%	70.0%	72.0%	72.0%	72.0%	87.4%	79.7%	70.2%
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%	39.4%	41.3%	42.4%	43.2%	43.8%	68.5%	57.0%	42.0%
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	$0.40	$0.37	$0.39	$0.42	$0.47	$0.43	$0.68	$0.41
Propane	$0.36	$0.51	$0.68	$0.84	$1.00	$1.15	$1.41	$0.84	$1.17	$1.50	$1.07	$1.07	$1.23	$1.31	$1.31	$0.64	$1.21	$1.20
N-Butane	$0.44	$0.60	$0.81	$1.01	$1.19	$1.35	$1.67	$1.08	$1.46	$1.85	$1.66	$1.59	$1.78	$1.78	$1.78	$0.76	$1.48	$1.72
I-Butane	$0.47	$0.62	$0.81	$1.07	$1.22	$1.41	$1.72	$1.20	$1.58	$2.07	$1.74	$1.71	$1.89	$1.89	$1.89	$0.79	$1.60	$1.82
Natural Gasoline	$0.51	$0.65	$0.91	$1.17	$1.42	$1.60	$2.07	$1.29	$1.83	$2.34	$2.28	$2.15	$2.36	$2.36	$2.36	$0.88	$1.83	$2.30
WTD Average	$0.35	$0.50	$0.65	$0.82	$0.96	$1.09	$1.35	$0.81	$1.08	$1.39	$1.06	$1.01	$1.11	$1.13	$1.15	$0.62	$1.14	$1.09

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

Source: *Midstream Monitor*, Barclays Research

3Q Crude Prices Down Slightly on Macro Outlook, Refined Products Prices Up Modestly on Lower Inventories

In 3Q, WTI crude oil prices increased declined modestly. The front-month price of West Texas Intermediate (WTI) crude averaged $92 per barrel in 3Q12, down slightly from $93 in 2Q12 and up modestly from $90 in 3Q11. With 3Q average prices at $92 and current prices in the $85-$87 range, we are well below the 2012 high of $110 on Feb 24.

Refined products prices increased slightly, with motor gasoline showing less of a bump than heating oil prices. Front-month gasoline prices averaged $2.95 per gallon in 3Q12, flat with 2Q12 average and up from $2.89 in 3Q11. Front-month heating oil averaged $3.00 per gallon in 3Q12, up from $2.89 in 2Q12 and very slightly from $2.99 in 3Q11.

Crude oil inventories posted a weekly build of 5.9 million barrels to 375 million barrels on 10/19. Stocks are up 11% YoY and 13% above the 5-year average. Days of supply are 25.3 days, vs. the 5-year average of 22.6 days. At Cushing, OK (the designated delivery point for NYMEX crude oil future contracts), inventories increased slightly to 41.1 million barrels, up 0.1 million barrels from prior week. Cushing stocks are at high levels, but down from the all-time high of 47.8 million barrels on 6/15/12. Growing Canadian and US onshore production and a lack of adequate takeaway capacity (though Seaway crude pipeline will add incremental 400,000 bpd in 1Q13) are supporting historically high levels of Cushing stocks.

Light product stocks grew 0.7 million barrels from prior week, but declined 37.5 million barrels YoY to 359.4 million barrels on 10/19. On a percentage basis, light product stocks increased 0.2% from prior week, but declined 9.4% YoY and 9.4% vs. the 5-year average. Looking at mix, motor gasoline inventories, the largest component of light products, increased 0.7% from prior week, but decreased 3.1% YoY and 2.8 % below the 5-year average level at 198.6 million barrels. Distillates (diesel and heating oil) stocks declined 0.6% from prior week, 18.9% YoY and 20.7% from the 5-year average level at 118 million barrels. Jet fuel inventories decreased 0.2% from prior week, 7.7% YoY and 1.4% from the 5-year average level at 42.9 million barrels.

Figure 109: Crude & Refined Products Inventory

in MM barrels	10/21/2011	10/19/2012	5 Yr Avg	Yr/Yr	Vs 5 Yr
Crude Oil (ex Strategic Petroleum Reserve)	337.6	375.1	333.2	11.1%	12.6%
Motor Gasoline	204.9	198.6	204.3	-3.1%	-2.8%
Distillates	145.5	118.0	148.8	-18.9%	-20.7%
Jet Fuel	46.5	42.9	43.5	-7.7%	-1.4%
Light Products	396.9	359.4	396.6	-9.4%	-9.4%

Source: EIA

Refined Product Demand Continues Modest Decline, But Crude Production Climbs

The outlook for refined petroleum product demand gives an indication of the expected throughput for the pipeline segment of the business, as MLPs have approximately 50% market share of the volumes transported. Or put another way, a key driver of pipeline volume growth is consumption growth. Regional differences and M&A/organic growth projects can skew individual partnership results, but typically this outlook captures basic trends. It is important to keep in mind, however, that refined product consumption is generally fairly stable at approximately flat to 1.0% YoY growth historically.

Overall refined product demand is expected to be stable with expectations of a modest decline in 2012 and slight improvement in 2013, according to the EIA. Demand is expected to decline 1.5% in 2012, but increase 0.6% in 2013. The 2012/2013 estimates compare to the 1.2% decline in 2011 and 2.2% growth in 2010. Light product demand is expected to decline 1.1% in 2012 but increase 0.5% in 2013, following a 1% decrease in 2011 and 1.5% growth in 2010. The 2012 decline is driven primarily by lower distillate (soft heating oil demand from warm winter) and to a lesser extent lower jet fuel consumption. 2012/13 estimates for gasoline -0.3%/+0.2%, jet fuel -0.4%/+0.1%, and distillate -2.9%/+1.4%. From an MLP perspective, while aggregate refined product demand will not likely provide product pipeline volume growth, MLP are benefitting from the FERC PPI 8.6% tariff increase July 2012 through June 2013.

While refined product demand is sluggish and below 2005 peak levels, crude oil production continues to reach multi-year highs. The latest monthly EIA data shows total US crude production increased 15.3% YoY to 6.3 million bpd in July and up 12.5% July YTD. Growth is driven by Lower 48 onshore production, up 26% YoY to 4.5 million bpd in July. The Bakken, Permian and Eagle Ford continue to deliver strong production growth. In July, North Dakota production spiked 58.6% YoY to 0.674 million bpd, while Texas production grew 33.9% YoY to 1.925 million bpd. North Dakota production is at an all-time high, while Texas production is at a 21-year high. Growing US crude production is backing out imports. In July crude imports declined 7.2% YoY and 5.4% QoQ to 8.6 million bpd.

The EIA forecasts (conservatively, in our view) that US crude oil production will increase 11.7% to 6.3 million bpd in 2012 and 8.4% to 6.9 million bpd in 2013. MLP crude oil pipelines should continue to see growing volumes in 2012 and for the foreseeable future due to higher Lower 48 production and potentially higher Gulf of Mexico production in 2013 and beyond.

Figure 110: Refined Products Demand

	2007	2008	2009	2010	2011	2012e	2013e
Motor Gasoline	0.4%	-3.2%	0.1%	0.0%	-2.7%	-0.3%	0.2%
Jet Fuel	-0.6%	-5.2%	-9.4%	2.8%	-0.4%	-1.0%	0.1%
Distillate	0.6%	-6.0%	-8.0%	4.7%	2.6%	-2.9%	1.4%
Subtotal Light Products	0.3%	-4.2%	-3.1%	1.5%	-1.0%	-1.1%	0.5%
Other	-1.0%	-9.9%	-5.5%	4.3%	-1.7%	-2.7%	0.8%
Total	0.0%	-5.7%	-3.7%	2.2%	-1.2%	-1.5%	0.6%

Source: EIA

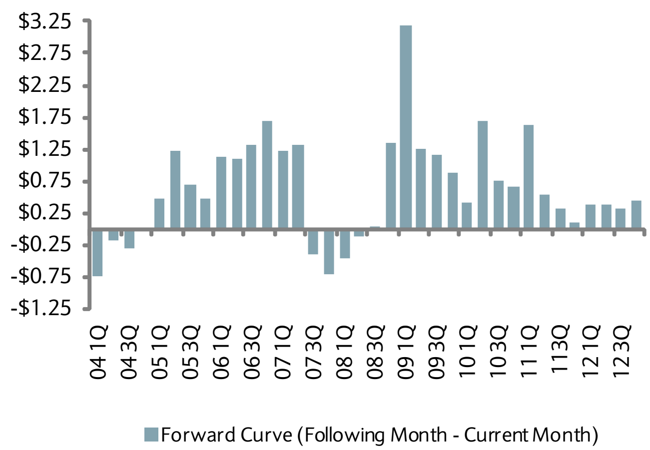
Contango Narrowed a Bit, WTI-Brent Differential Remains Wide

Crude oil and refined product storage utilization and profitability can be affected by the shape and movements in the forward curve. When the market is in backwardation (current prices above future prices), there is less incentive to store barrels than when the market is in contango (future prices above current prices). Movements in the forward curve change the value of the barrels stored, inducing movement in and out of inventories. Company-owned barrels are also affected by these relationships. Crude gathering margins, however, react positively in backwardated markets. In general, crude gatherers are paid a premium for prompt deliveries, as current prices are higher than future prices. In 3Q12, the crude forward curve contango narrowed slightly QoQ and roughly flat YoY. In 3Q12, contango averaged $0.32 per barrel vs. $0.37 in 2Q12 and $0.31 in 3Q11. The modest narrowing of contango was attributable to a draw in Cushing stocks.

Crude quality spreads are proxies for the opportunity that crude oil gathering and terminal companies have to create margin from buying crude and adding value to this purchase by blending or trading this supply to match refiner requirements. In essence, the wider spreads provide higher-margin opportunities. Sweet, light (WTI) crude requires less complex (expensive) refining to convert to high-value products than does sour, heavy (Maya) feedstock. Spreads rise and fall seasonally (driving versus heating season) over the short run and respond to the availability of conversion capacity to handle the poorer-quality inputs. In addition, regional supply/demand fundamentals play a role in differentials. The Brent/WTI differential remained elevated in 3Q12 at $17.74 per barrel, up from $15.74 in 2Q12 and $23.25 in 3Q11. The light/heavy (WTI/Maya) spread, historically positive, was negative to due to the WTI price weakness relative to Brent and other waterborne crudes. In 3Q12, the WTI/Maya spread -$5.35, vs. -$5.73 in 2Q12 and -$8.83 in 3Q12. In 3Q12, the average sweet/sour narrowed to $3.31 from $5.28 in 2Q12, but widened from $0.83 in 3Q11. Growing crude production and wide price differentials provide a favorable backdrop for crude oil infrastructure MLPs.

Figure 111: Forward Curve

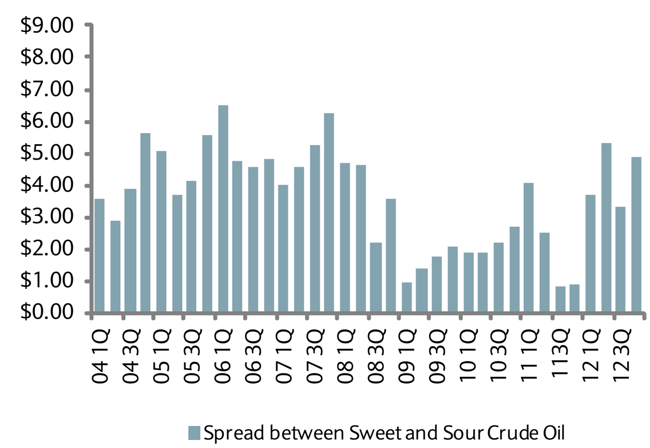
	Forward Curve (Following Month - Current Month)			
	1Q	2Q	3Q	4Q
2004	-$0.76	-$0.19	-$0.31	-$0.02
2005	$0.48	$1.22	$0.69	$0.46
2006	$1.14	$1.08	$1.30	$1.70
2007	$1.21	$1.31	-$0.39	-$0.70
2008	-$0.45	-$0.11	$0.04	$1.34
2009	$3.19	$1.25	$1.14	$0.89
2010	$0.40	$1.69	$0.76	$0.64
2011	$1.63	$0.53	$0.31	$0.11
2012	$0.38	$0.37	$0.32	$0.44
Average	**$0.80**	**$0.80**	**$0.43**	**$0.54**



Source: Bloomberg

Figure 112: Spread Between Sweet and Sour Crude Oil

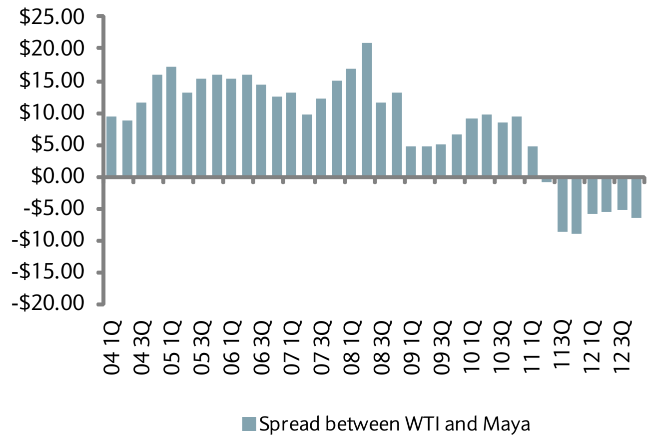
	Spread between Sweet and Sour Crude Oil			
	1Q	2Q	3Q	4Q
2004	$3.54	$2.85	$3.88	$5.61
2005	$5.09	$3.69	$4.13	$5.55
2006	$6.53	$4.78	$4.55	$4.83
2007	$3.98	$4.59	$5.26	$6.24
2008	$4.66	$4.61	$2.21	$3.57
2009	$0.91	$1.38	$1.73	$2.08
2010	$1.90	$1.85	$2.19	$2.70
2011	$4.09	$2.50	$0.83	$0.87
2012	$3.67	$5.28	$3.31	$4.90
Average	**$3.82**	**$3.50**	**$3.12**	**$4.04**



Source: Bloomberg

Figure 113: 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	-$5.35	-$6.70
Average	**$9.35**	**$8.50**	**$7.15**	**$8.11**



Source: Bloomberg

Company Updates

Access Midstream Partners, LP (ACMP)

Figure 114: Access Midstream Partners, LP (ACMP)

Sub Sector: Gathering and Processing

Rating:	Overweight		**Annualized Distribution:**	$1.74
Price Target:	$39.00		**Yield:**	4.93%
Current Price:	$35.27	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	10.6%		**Dist. CAGR (Next 3 Yrs):**	12.26%
52 Week High / Low:	$37.57 - $22.5		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$0.55	$1.48	$0.41	$0.42	$0.44	$0.45	$1.71	$1.90
Growth (YoY)	na	9%	16%	16%	16%	15%	16%	11%
Total Distribution Receiving Units	140.97	140.72	147.98	147.98	147.98	162.62	151.64	173.67

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$196.8	$194.3	$52.4	$51.6	$50.2	$51.2	$205.4	$311.3
DD&A	$93.5	$137.0	$38.4	$40.7	$41.2	$49.7	$170.0	$190.0
Interest expense	$2.6	$14.1	$16.0	$15.6	$15.2	$17.0	$63.8	$99.1
Others	$0.0	$4.1	$11.7	$12.9	$12.9	$0.0	$37.5	$0.0
EBITDA	**$292.8**	**$349.5**	**$118.4**	**$120.9**	**$119.5**	**$117.8**	**$476.7**	**$600.4**
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)	($14.3)	($13.9)	($17.0)	($59.8)	($99.1)
Others	$0.0	($0.6)	($0.8)	($0.8)	($0.9)	$0.0	$0.0	$0.0
Distributable Cash flow	$220.2	$262.0	$84.4	$87.3	$86.3	$82.4	$342.9	$406.3
General Partner Cut	$1.6	$4.3	$1.6	$2.0	$2.7	$3.6	$9.4	$21.9
Distributable Cash Flow (LP)	**218.65**	**257.67**	**82.82**	**85.27**	**83.59**	**78.71**	**333.44**	**384.31**
Distributable Cash Flow Per Unit	$1.55	$1.83	$0.56	$0.58	$0.56	$0.48	$2.20	$2.21
Total Distribution Coverage	**70%**	**124%**	**138%**	**137%**	**130%**	**108%**	**129%**	**116%**

Business Description

Access Midstream Partners 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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $39 price target is based on a 12-month distribution run rate of $1.96 and a target yield of 5.0%

Investment Thesis

We estimate that ACMP can grow distribution at a 5-year CAGR of 11.3%. We expect above average 2012 growth to be driven by accretion from ACMP's larger-than-expected Marcellus drop down and strong organic growth projects from the acquisition.

With the recent sale of the ACMP's GP interest from CHK to Global Infrastructure Partners (GIP), we believe ACMP's growth story remains in tact, with $300-$500 mm of asset drops per year. 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 CHK. Additionally, In September, CHK announced that it agreed to sell $2.7 billion of midstream assets to GIP including gathering and processing infrastructure in the Eagle Ford, Utica, Haynesville, Powder River Basin and Niobrara shale plays. GIP plans to warehouse these assets for future drop down to ACMP which we estimate represents ~10 years of drop downable assets and will improve organic growth prospects given its exposure to liquids rich plays. Additionally, With GIP's recent fundraising of $8.25 billion, the company is on track to invest $1 billion per year on midstream assets which we believe will be focused in the Marcellus/Utica and the Eagle Ford shale. We believe ACMP stands to benefit from GIP's investment as it will increase the size of its drop down-able assets to the partnership.

Management recently highlighted strong well connect activity around the company's Northeast and Southeast systems. Additionally, GIP plans to construct extensive gathering systems in 2013 and 2014 in the wet gas region, just west of the West Virginia Panhandle. ACMP has a healthy balance sheet and stable cash flow profile. ACMP is on track to spend $660 mm in growth capex for 2012 and we estimate ~$200 mm of spending remaining for Q4.

Potential Catalysts / Timeline

- Announcement of asset drop downs by parent.
- Q4 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 115: AmeriGas Partners, LP (APU)

Sub Sector: Wholesale Distribution

Rating:	Underweight		**Annualized Distribution:**	$3.20
Price Target:	$41.00		**Yield:**	7.85%
Current Price:	$40.79	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.94%
Potential Upside to Target:	0.5%		**Dist. CAGR (Next 3 Yrs):**	5.36%
52 Week High / Low:	$46.46 - $37		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12	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	92.78	92.78	81.47	92.78

Distributable Cash flow Calculation	FY2010	FY2011	1Q12	2Q12	3Q12	4Q12E	FY2012E	FY2013E
Net Income	$165.21	$138.50	$42.51	$133.89	($89.38)	($88.77)	($1.76)	$235.26
Interest Expense	$65.11	$63.52	$16.53	$45.05	$41.85	$43.16	$146.59	$171.50
Depreciation and Amortization	$87.40	$94.71	$24.19	$44.79	$49.52	$50.00	$168.50	$197.00
Other	$22.47	$38.51	$0.45	$22.28	$14.80	$20.90	$58.43	$22.00
Adjusted EBITDA	$340.18	$335.24	$83.68	$246.00	$16.79	$25.28	$371.76	$625.76
Net Interest Expense	$65.11	$63.52	$16.53	$45.05	$41.85	$43.16	$146.59	$171.50
Maintenance Capital Expenditures	$41.08	$38.17	$11.79	$12.86	$14.20	$22.01	$60.86	$65.00
Others	$0.00	$0.00	$0.00	$8.14	$15.04	$20.00	$43.18	$0.00
Distributable Cash flow	$233.99	$233.55	$55.36	$179.96	($54.31)	($59.88)	$121.13	$389.26
General Partner Cut	$6.00	$8.49	$2.46	$2.89	$5.25	$5.85	$16.45	$26.16
Distributable Cash Flow (LP)	$227.99	$225.06	$52.90	$177.07	($59.56)	($65.74)	$104.68	$363.10
Distributable Cash Flow Per Unit	$3.99	$3.94	$0.93	$2.13	($0.64)	($0.71)	$1.28	$3.91
Total Distribution Coverage	143%	135%	121%	266%	-80%	-89%	41%	119%

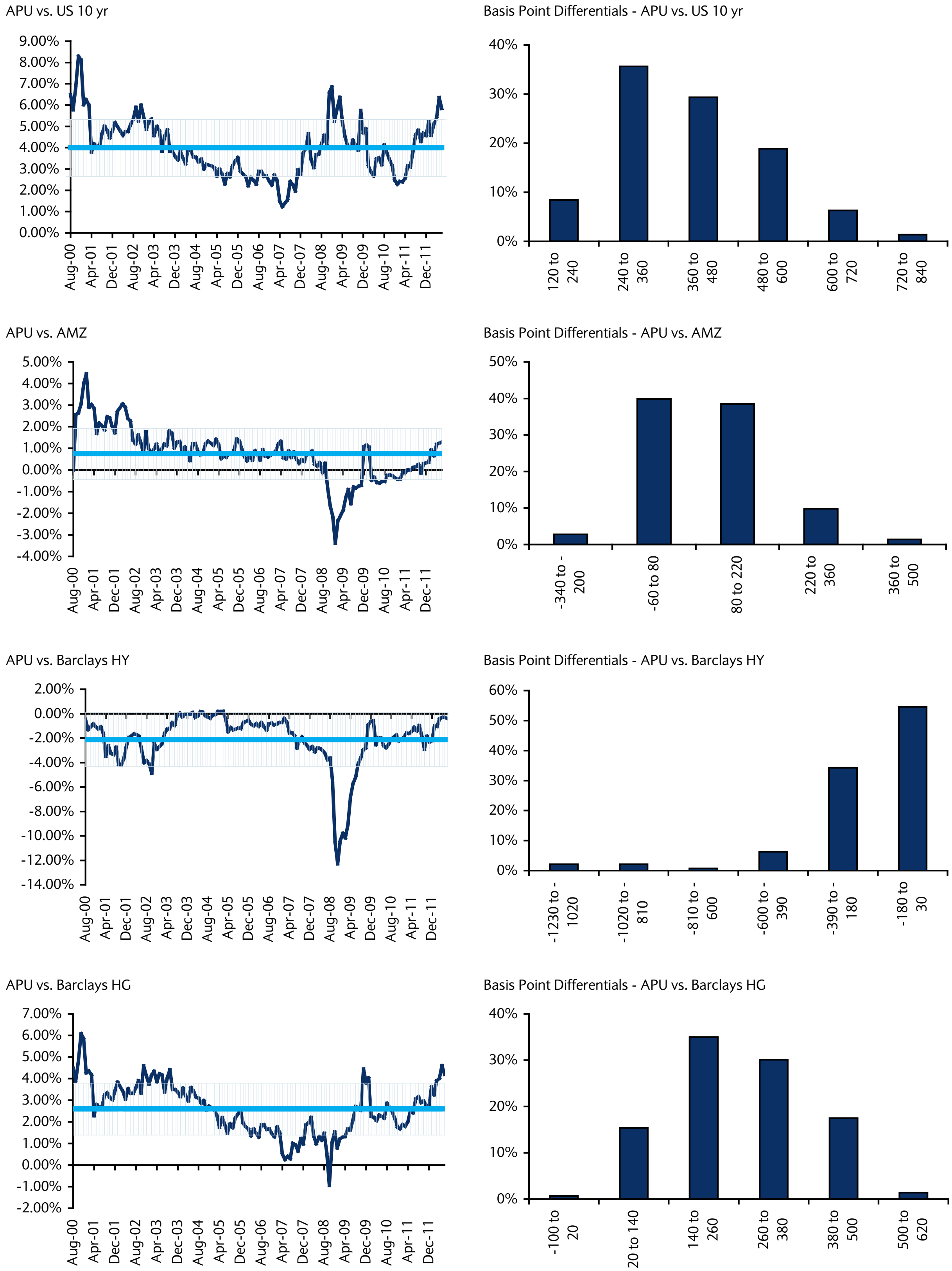
Business Description

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 2,000 locations.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 116: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $41 price target is based on a 12-month cash distribution run-rate of $3.32 and a yield target of 8.15%.

Investment Thesis

We expect the propane sector to continue to face margin and volume pressures due to rising wholesale propane prices and customer conservation. With light coverage in the transition year of 2012 expected 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

- February – fiscal first 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 117: Atlas Pipeline Partners, LP (APL)

Sub Sector: Gathering and Processing

Rating:	Overweight		**Annualized Distribution:**	$2.28
Price Target:	$38.00		**Yield:**	6.85%
Current Price:	$33.29	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	-41.36%
Potential Upside to Target:	14.1%		**Dist. CAGR (Next 3 Yrs):**	9.11%
52 Week High / Low:	$40.89 - $27.32		**Tax Deferral:**	100%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$0.72	$1.96	$0.56	$0.56	$0.57	$0.58	$2.27	$2.43
Growth (YoY)	na	32.4%	40.0%	19.1%	5.6%	5.5%	15.8%	6.8%
Total Distribution Receiving Units	53.13	53.61	54.01	54.51	53.74	54.51	54.19	58.69

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	($29.15)	$289.20	$4.94	$73.79	($7.87)	$12.87	$83.72	$91.85
Interest Expense	$92.25	$31.60	$8.71	$9.27	$9.69	$13.59	$41.26	$55.56
Depreciation and Amortization	$83.46	$77.44	$20.84	$21.71	$23.16	$19.50	$85.22	$90.00
Others	$43.32	($217.21)	$16.60	($55.71)	$30.96	$10.62	$2.47	$11.55
Adjusted EBITDA	$189.88	$181.03	$51.09	$49.06	$55.94	$56.58	$212.67	$248.96
Net Interest Expense	($92.25)	($31.60)	($8.71)	($9.27)	($9.69)	($13.59)	($41.26)	($55.56)
Maintenance Capital Expenditures	($11.35)	($18.25)	($4.51)	($4.00)	($4.73)	($6.00)	($19.24)	($22.00)
Others	$6.34	($1.24)	($2.62)	($3.02)	($3.90)	($3.00)	($12.54)	($13.00)
Distributable Cash flow	$92.61	$129.94	$35.25	$32.78	$37.62	$33.99	$139.63	$158.40
General Partner Cut	$0.78	$5.09	$2.14	$2.16	$2.30	$2.52	$9.12	$13.88
Distributable Cash Flow (LP)	$91.83	$124.85	$33.11	$30.62	$35.31	$31.47	$130.51	$144.52
Distributable Cash Flow Per Unit	$1.73	$2.33	$0.61	$0.56	$0.66	$0.58	$2.41	$2.46
Total Distribution Coverage	240%	119%	109%	100%	115%	100%	106%	102%

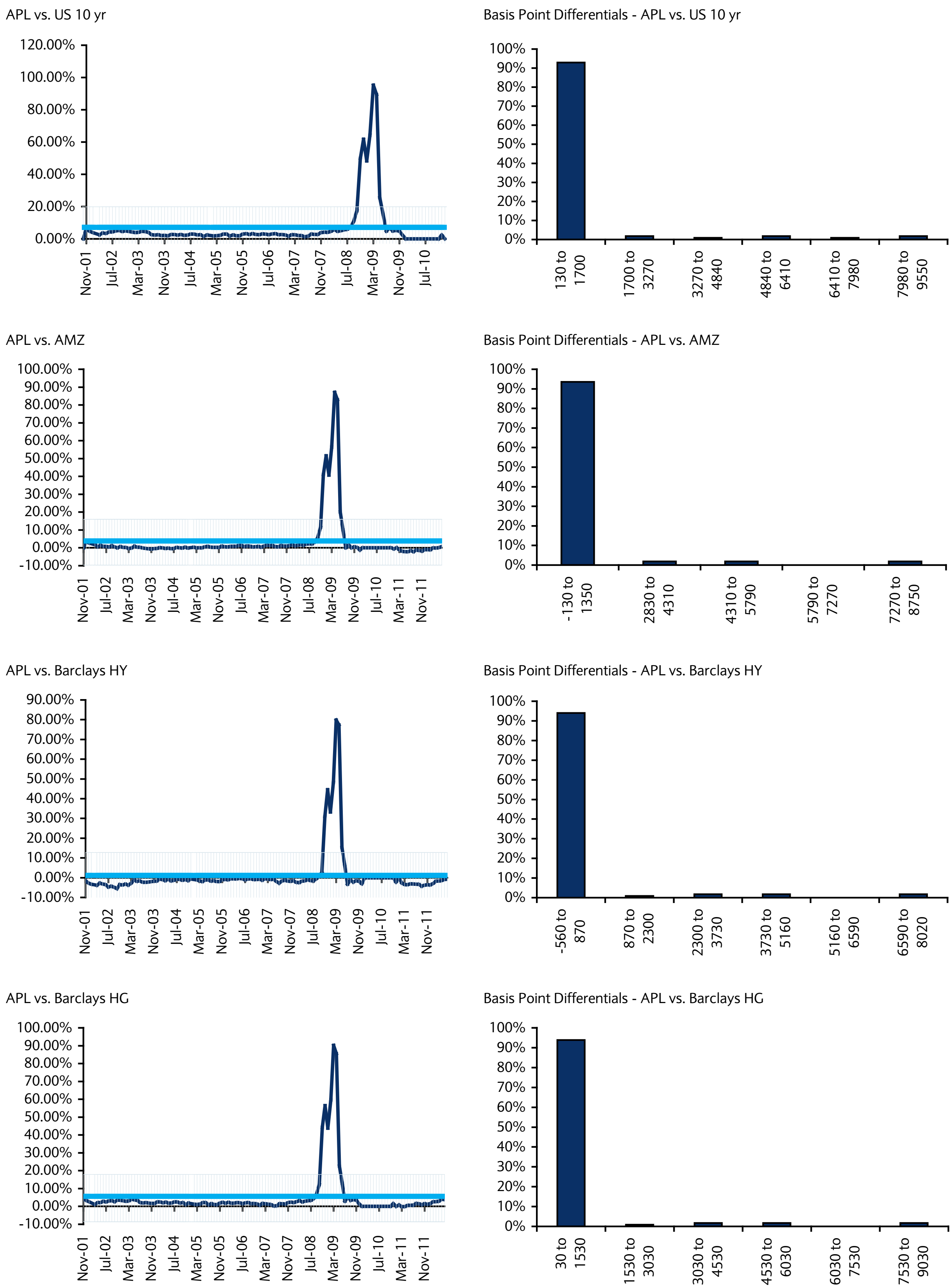
Business Description

Atlas Pipeline Partners, L.P. is active in the gathering and processing segments of the midstream natural gas industry. In the midcontinent region of Oklahoma, southern Kansas, and northern and western Texas, APL owns and operates nine active gas processing plants as well as approximately 9,700 miles of active intrastate gas gathering pipeline. APL also has a 20% interest in West Texas LPG Pipeline Limited Partnership, which is operated by Chevron Corporation.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 118: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $38 price target is based on a 12-month distribution run rate of $2.44/unit and target yield of 6.5%.

Investment Thesis

We forecast APL can grow distribution at a 5-year CAGR of 6.8%, 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 low commodity prices and NGL takeaway constraints. Given robust volume trends behind all of APL's systems, our view is that APL will see solid cash flow growth in 2013 once DCP's Sand Hills and Southern Hills pipeline comes into service (alleviating NGL constraints).

APL is in the process of expanding its system capacity from ~600 mmcf/d to ~1.1 Bcf/d by 2014. Since the beginning of 2012, APL has added 260 mmcf/d of capacity (Velma expansion, Waynoka II), both of which were placed into service at high utilization rates. Additionally, management indicated $1 billion of investment opportunities beyond current expansions, including additional G&P infrastructure around Velma, the expansion of West OK (further into Kansas as Mississippian Lime develops) and further expansions of West TX to facilitate Permian production. Other opportunities include equity investment or JV opportunities similar to the WTLPG NGL pipeline investment and potential G&P opportunities associated with its E&P affiliate, ARP.

APL's leverage ratio increased to 3.8x as of Q3, as the company continues its build-out. We estimate a $150 mm equity raise in early 2013, which should reduce APL's leverage ratio to the mid-3x range. As of Q3, APL reported total liquidity of ~$250 mm. While APL has above average commodity price exposure (excluding hedges), the company's 2012 cash flow is largely insulated from low prices due to commodity derivative contracts struck at very favorable prices. Longer-term, APL has greater exposure vs. many of its peers, given that hedge contract expirations over time.

Potential Catalysts / Timeline

- Announcement of major acquisition or projects.
- Q4 2012 earnings release.

Fundamental Drivers

- WTI crude prices which drive liquids rich gas production.
- 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 119: Blueknight Energy Partners, LP (BKEP)

Sub Sector: Refined Products & Crude Oil

Rating:	Underweight		**Annualized Distribution:**	$0.45
Price Target:	$7.00		**Yield:**	6.97%
Current Price:	$6.46	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	-100.00%
Potential Upside to Target:	8.4%		**Dist. CAGR (Next 3 Yrs):**	5.29%
52 Week High / Low:	$7.86 - $5.51		**Tax Deferral:**	80%

Cash Flow Summary	2010	2011	2012-1	2012-2	2012-3	2012-4e	2012e	2013e
Cash Distribution Per Unit	$0.00	$0.11	$0.11	$0.11	$0.11	$0.12	$0.45	$0.48
Growth (YoY)	na	na	na	na	na	na	na	336.8%
Total Distribution Receiving Units (in mm)	34.32	30.91	22.66	22.67	22.67	22.67	22.67	24.86
Distributable Cash Flow Calculation	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Net Income	($14.33)	$30.19	$11.99	$6.15	$7.91	$7.28	$33.33	$28.45
DD&A	$21.45	$23.64	$5.66	$5.73	$5.79	$5.79	$22.97	$24.37
Interest Expense	$48.64	$32.90	$3.07	$2.90	$2.86	$3.00	$11.83	$13.98
Income Tax Expense	$3.11	($18.54)	($4.88)	$0.88	$0.21	$0.05	($3.74)	$0.28
EBITDA	$58.86	$68.20	$15.84	$15.65	$16.77	$16.12	$64.39	$67.07
less Interest Expense	$48.64	$32.90	$3.07	$2.90	$2.86	$3.00	$11.83	$13.98
less Maintenance Capital	$6.00	$10.30	$3.41	$2.49	$1.00	$3.50	$10.40	$12.00
less Other	$0.00	$16.45	$5.39	$5.39	$5.39	$5.39	$21.56	$21.56
Distributable Cash Flow	$4.22	$8.55	$3.97	$4.87	$7.52	$4.23	$20.59	$19.53
General Partner Cut	$0.00	$0.00	$0.05	$0.05	$0.05	$0.05	$0.21	$0.24
Distributable Cash Flow (LP)	$4.22	$8.55	$3.92	$4.82	$7.47	$4.18	$20.39	$19.29
Distributable Cash Flow Per Unit	$0.12	$0.28	$0.17	$0.21	$0.33	$0.18	$0.90	$0.78
Total Distribution Coverage	na	252%	157%	193%	293%	160%	201%	161%

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, 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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $7 price target is based on a 12-month distribution run rate of $0.47 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, first but modest distribution bump, lower leverage and improved liquidity. We expect distribution growth to be modest in 2012 as management focuses on completing maintenance initiatives and increasing the stability of their cash flows. Distribution growth is expected to continue in 2013 supported by increased utilization on its pipelines and ongoing expansion projects such as the Oklahoma pipeline project.

Potential Catalysts / Timeline

- February – fourth 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 120: Boardwalk Pipeline Partners, LP (BWP)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight	**Annualized Distribution:**	$2.13
Price Target:	$29.00	**Yield:**	8.29%
Current Price:	$25.70 (as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.62%
Potential Upside to Target:	12.8%	**Dist. CAGR (Next 3 Yrs):**	0.39%
52 Week High / Low:	$29.43 - $23.55	**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.05	$2.11	$0.53	$0.53	$0.53	$0.53	$2.13	$2.13
Growth (YoY)	4.1%	2.7%	1.9%	1.4%	0.9%	0.5%	1.2%	0.0%
Total Distribution Receiving Units	192.57	198.57	205.60	207.80	215.50	229.42	214.58	229.42
Distributable Cash Flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$289.40	$220.00	$92.60	$65.10	$59.00	$98.62	$315.32	$368.04
DD&A	$217.90	$225.20	$63.70	$60.70	$60.40	$63.99	$248.79	$272.14
Interest Expense	$151.00	$159.30	$41.00	$43.50	$43.50	$42.35	$170.35	$169.52
Income Tax Expense	$0.50	$0.40	$0.20	$0.10	$0.10	$0.25	$0.65	$1.00
Interest Income	($0.60)	($0.40)	($0.10)	($0.10)	($0.20)	($0.50)	($0.90)	($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	$169.30	$162.80	$204.71	$734.21	$808.70
Interest Expense	($146.30)	($171.65)	($55.00)	($30.20)	($57.10)	($28.75)	($171.05)	($169.52)
Maintenance Capital	($63.00)	($94.60)	($19.70)	($16.70)	($14.90)	($40.70)	($92.00)	($95.00)
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	$7.80	$7.20	$0.00	$19.50	$0.00
Distributable Cash Flow	$448.50	$390.90	$127.20	$130.20	$98.00	$135.27	$490.67	$544.18
General Partner Cut	$25.61	$30.20	$8.87	$9.44	$9.83	$10.54	$38.69	$51.47
Distributable Cash Flow (LP)	$422.89	$360.70	$118.33	$120.76	$88.17	$124.72	$451.98	$492.71
Distributable Cash Flow Per Unit	$2.20	$1.82	$0.58	$0.58	$0.41	$0.54	$2.11	$2.15
Total Distribution Coverage	107%	86%	108%	109%	77%	102%	99%	101%

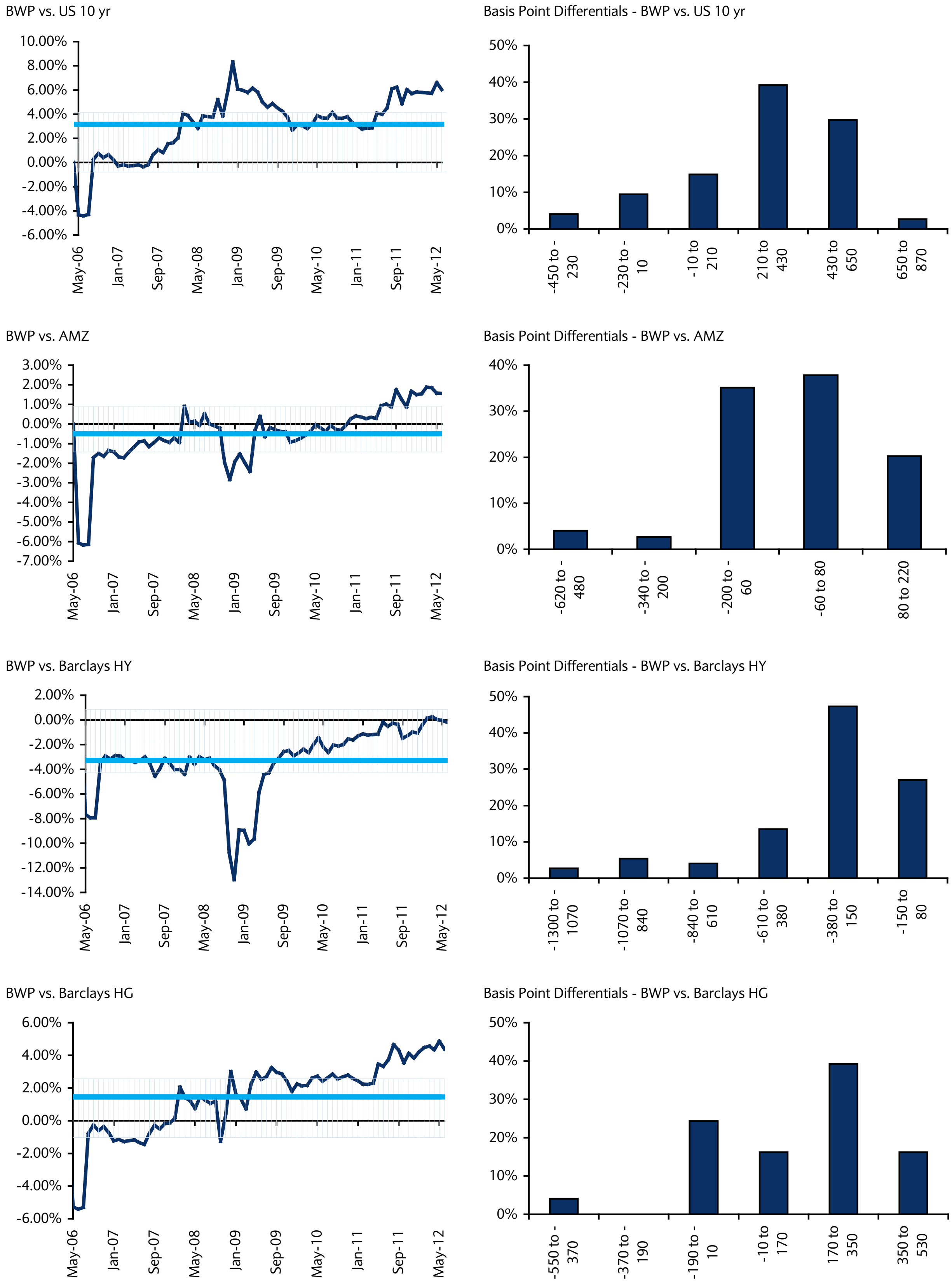
Business Description

Boardwalk Pipeline Partners, LP is a midstream master limited partnership that provides transportation, storage, gathering and processing of natural gas and liquids for its customers. The Partnership and its subsidiaries operate approximately 14,540 miles of pipelines and underground storage caverns with an aggregate working gas capacity of approximately 197 billion cubic feet (Bcf) and liquids capacity of approximately 20 million barrels.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 121: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $29 price target is predicated on units trading at a 7.4% yield on a 12 month cash distribution run rate of $2.13.

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. The Partnership may also realize growth by leveraging its recently acquired NGL/olefins/brine platform.

Potential Catalysts / Timeline

With a new CEO in place, the company has actively looked to diversify its business mix and geographic footprint. The diversification is under way with investments in storage and gathering and processing in both Eagle Ford and Marcellus and NGL infrastructure / brine services in southern Louisiana.

In 2011, a portion of Gulf South pipeline was converted to accommodate liquids rich Eagle Ford production and the 280 miles pipeline with 2 compressor station was transferred into Boardwalk Field Services. 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 October 2011, 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).

In late 2011/early 2012, BWP acquired Petal and Hattiesburg Storage companies for $550 million through two transactions with GP support.

In October 2012, BWP acquired PL Midstream for ~$625 million which expanded BWP's business mix (2 step process with GP support). The PL Midstream assets include 53.5 mmbbls of salt dome storage, 240 miles of pipeline (including ethylene), fractionation and brine supply services for producers and consumers of petrochemicals.

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 of 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 assessment 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 122: Buckeye Partners, LP (BPL)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$4.15
Price Target:	$53.00		**Yield:**	8.46%
Current Price:	$49.04	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	6.26%
Potential Upside to Target:	8.1%		**Dist. CAGR (Next 3 Yrs):**	1.49%
52 Week High / Low:	$65.2 - $44.37		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Cash Distribution Per Unit	$3.88	$4.08	$1.04	$1.04	$1.04	$1.04	$4.15	$4.18
Growth (YoY)	5.4%	5.2%	3.8%	2.5%	1.2%	0.0%	1.8%	0.8%
Total Distribution Receiving Units (in mm)	49.9	90.8	95.6	98.1	98.3	98.5	97.6	100.3

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Operating Income	$306.1	$358.4	$80.4	$81.8	$113.4	$118.8	$394.4	$482.0
Depreciation, Depletion & Amortization	$62.9	$119.5	$33.0	$34.3	$37.1	$37.1	$141.6	$144.6
Other	$15.8	$10.0	$1.6	$3.8	$2.1	$2.0	$9.4	$5.4
Adjusted EBITDA	$384.8	$487.9	$115.0	$119.9	$152.6	$157.9	$545.4	$632.1
Net Interest Expense	($88.9)	($119.6)	($28.8)	($26.8)	($27.9)	($32.8)	($116.2)	($141.4)
Maintenance Capital Expenditures	($31.2)	($57.5)	($13.1)	($10.8)	($11.9)	($20.0)	($55.8)	($63.8)
Other	$0.9	$5.6	$0.5	($0.3)	($0.5)	$0.0	($0.3)	$0.0
Distributable Cash flow	$265.5	$316.5	$73.6	$82.1	$112.3	$105.1	$373.1	$426.9
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	$82.1	$112.3	$105.1	$373.1	$426.9
Distributable Cash Flow Per Unit	$4.50	$3.49	$0.77	$0.84	$1.14	$1.07	$3.82	$4.26
Total Distribution Coverage	116%	86%	74%	81%	110%	103%	92%	102%

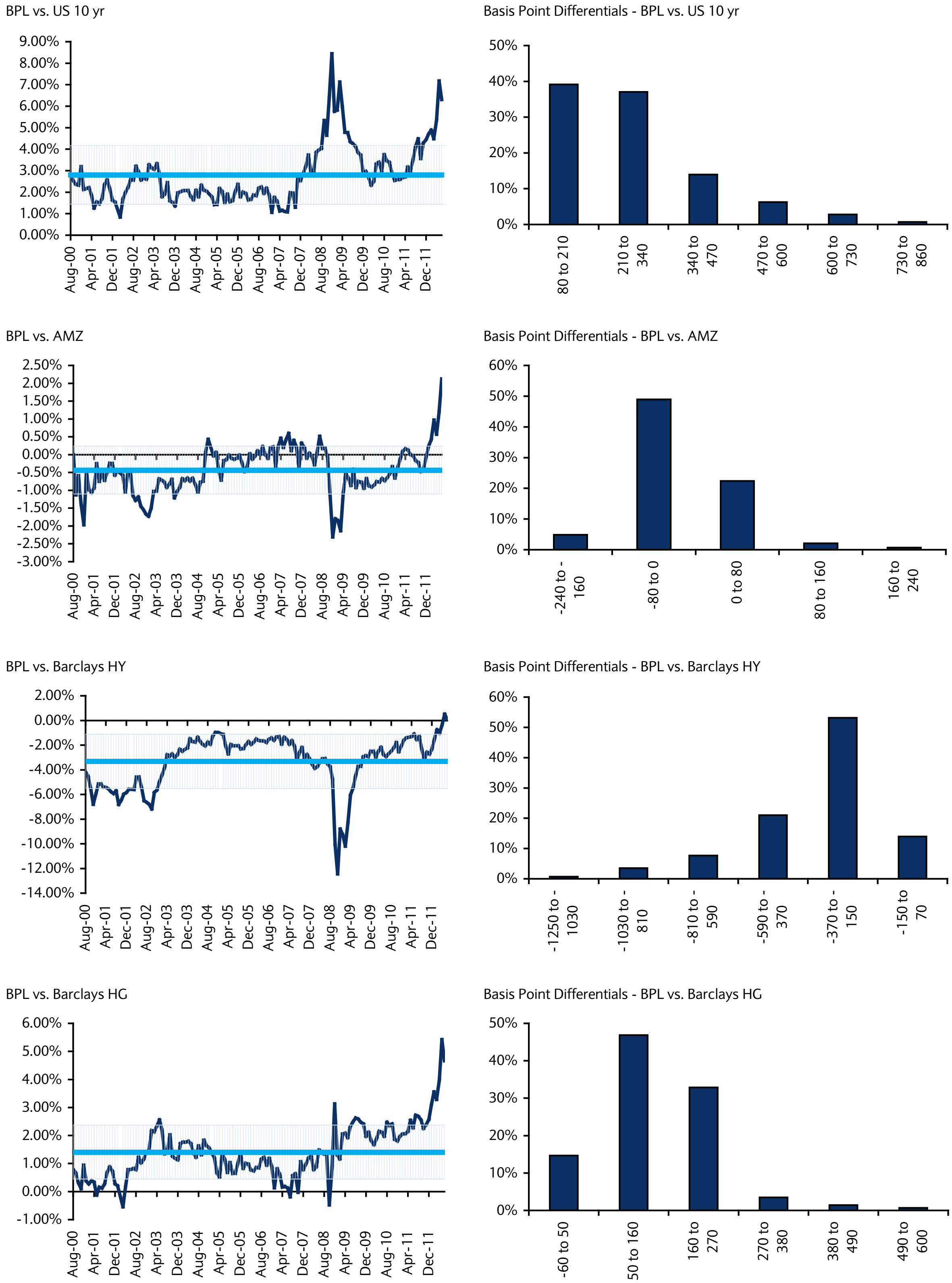
Business Description

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 approximately 100 liquid petroleum products terminals with aggregate storage capacity of approximately 70 million barrels. In addition, Buckeye operates and/or maintains third-party pipelines 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. Buckeye's flagship marine terminal in The Bahamas, BORCO, is one of the largest crude oil and petroleum products storage facilities in the world, serving the international markets as a premier global logistics hub.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 123: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $53 price target based on 12-month distribution run rate of $4.18 and target yield of 7.9%. We estimate a 3-year distribution growth rate of 2.5%.

Investment Thesis

We carry an 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

- 4Q12 – phasing in of 3.5mm barrel expansion of BORCO (Bahamas) terminal
- 4Q12 – 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 relatively 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.

Calumet Specialty Products Partners, LP (CLMT)

Figure 124: Calumet Specialty Products Partners, LP (CLMT)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$2.48
Price Target:	$32.00		**Yield:**	7.96%
Current Price:	$31.14	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	-9.59%
Potential Upside to Target:	2.8%		**Dist. CAGR (Next 3 Yrs):**	10.48%
52 Week High / Low:	$33.96 - $18.25		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	Q1 12	Q2 12	Q3 12	Q4 12e	2012e	2013e
Cash Distribution Per Unit	$1.84	$2.00	$0.56	$0.59	$0.62	$0.65	$2.42	$2.67
Growth (YoY)		8.70%					21.00%	10.33%
Total Distribution Receiving Units (in mm)	35.36	42.54	51.74	55.07	57.83	57.83	55.62	57.83

Distributable Cash flow Calculation	2010	2011	Q1 12	Q2 12	Q3 12	Q4 12e	2012e	2013e
Net Income	$16.70	$43.04	$51.92	$65.66	$42.42	$43.45	$203.45	$159.26
Interest Expense	$30.50	$48.75	$18.58	$18.39	$24.27	$23.74	$84.99	$83.28
Depreciation and Amortization	$61.10	$63.01	$19.62	$19.66	$24.54	$24.54	$88.37	$89.37
Other	$21.40	$56.23	($20.48)	$18.59	$30.16	$0.44	$28.71	$1.61
Adjusted EBITDA	$129.70	$211.02	$69.65	$122.31	$121.39	$92.17	$405.52	$333.52
Net Interest Expense	($25.93)	($45.02)	($17.21)	($17.01)	($22.62)	($23.24)	($80.08)	($81.28)
Maintenance Capital Expenditures	($24.34)	($23.86)	($5.24)	($3.90)	($6.06)	($7.00)	($22.20)	($24.20)
Others	($1.54)	($14.98)	($8.03)	($6.55)	($0.18)	($0.44)	($15.19)	($1.61)
Distributable Cash flow	$77.89	$127.16	$39.18	$94.85	$92.53	$61.49	$288.05	$226.43
General Partner Cut	($1.33)	($2.17)	($1.12)	($1.71)	($2.38)	($2.96)	($8.16)	($13.17)
Distributable Cash Flow (LP)	$76.56	$124.99	$38.06	$93.14	$90.15	$58.53	$279.88	$213.26
Distributable Cash Flow Per Unit	$2.17	$2.94	$0.74	$1.69	$1.56	$1.01	$5.03	$3.69
Total Distribution Coverage	118%	147%	131%	287%	251%	156%	208%	138%

Business Description

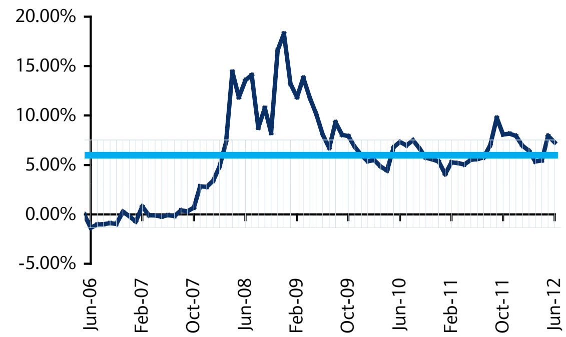
Calumet is a leading independent producer of high-quality, specialty hydrocarbon products in North America. Calumet processes crude oil and other feedstocks into customized lubricating oils, solvents, waxes and asphalt used in consumer, industrial and automotive products. Calumet also produces fuel products including gasoline, diesel and jet fuel. Calumet is based in Indianapolis, Indiana and has ten facilities located in northwest Louisiana, northwest Wisconsin, northern Montana, western Pennsylvania, southeastern Texas and eastern Missouri.

Industry View: Neutral

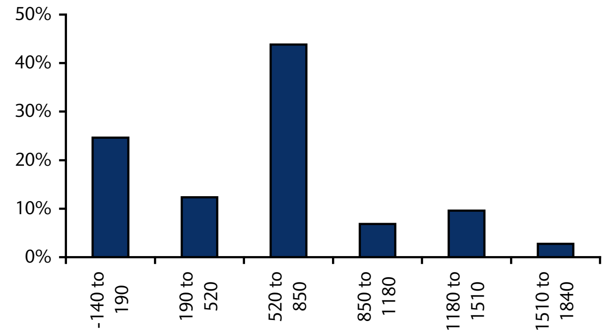
Source: Company filings, FactSet, Barclays Research

Figure 125: Historical Yield Spreads

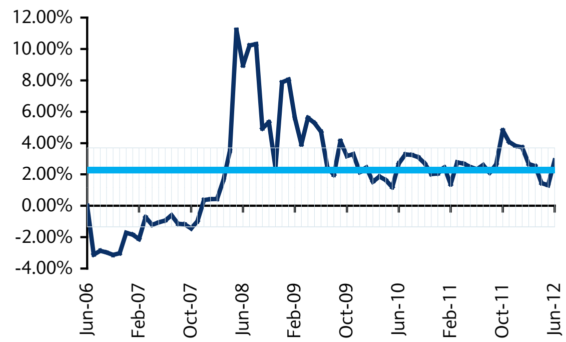
CLMT vs. US 10 yr



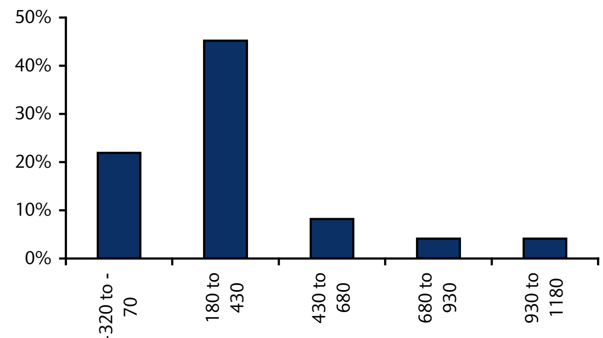
Basis Point Differentials - CLMT vs. US 10 yr



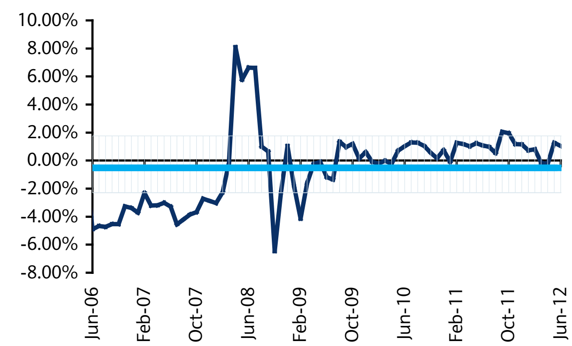
CLMT vs. AMZ



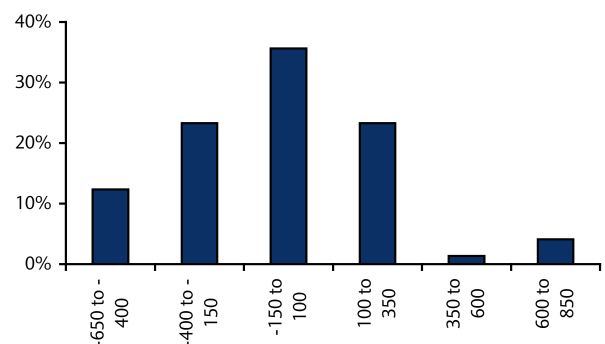
Basis Point Differentials - CLMT vs. AMZ



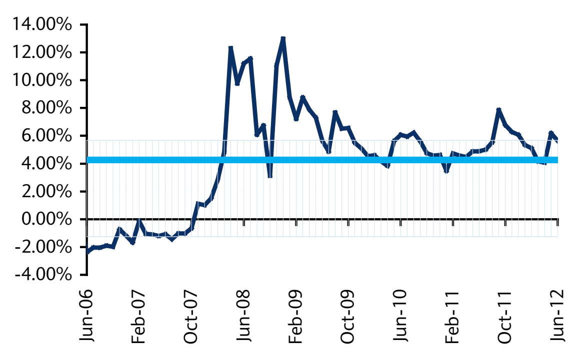
CLMT vs. Barclays HY



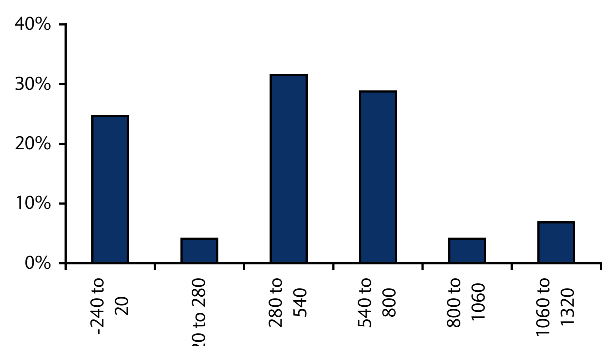
Basis Point Differentials - CLMT vs. Barclays HY



CLMT vs. Barclays HG



Basis Point Differentials - CLMT vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $32 price target is based on a 12-month distribution run rate of $2.68 distribution and an 8.5% target yield. We believe our expectations of moderate GDP growth, favorable crude oil price environment and contribution from the Superior, WI refinery acquisition support our estimate of 4% 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 Equal Weight (Sector: Neutral) rating.

Potential Catalysts / Timeline

- February – fourth 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 126: Copano Energy, LLC (CPNO)

Sub Sector: Gathering and Processing

Rating:	Equal Weight		**Annualized Distribution:**	$2.30
Price Target:	$35.00		**Yield:**	7.51%
Current Price:	$30.63	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	7.72%
Potential Upside to Target:	14.3%		**Dist. CAGR (Next 3 Yrs):**	2.95%
52 Week High / Low:	$38.03 - $24.24		**Tax Deferral:**	90%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.30	$2.30	$0.58	$0.58	$0.58	$0.58	$2.30	$2.39
Growth (YoY)	0%	0%	0%	0%	0%	0%	0%	4%
Total Distribution Receiving Units (in mm)	65.82	72.17	72.23	72.37	78.87	78.87	75.58	84.93

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Net Income	($8.68)	($156.31)	($147.67)	$21.12	$28.93	$11.33	($86.29)	$116.87
Interest Expense	$53.61	$47.19	$14.42	$14.60	$13.80	$14.12	$56.94	$60.06
Depreciation and Amortization	$62.57	$74.16	$19.09	$19.06	$19.26	$20.00	$77.41	$90.00
Other	$92.03	$246.29	$164.48	$3.51	$11.05	$20.25	$199.29	$48.00
Adjusted EBITDA	$199.53	$211.32	$50.33	$58.29	$73.03	$65.70	$247.35	$314.94
Net Interest Expense	($51.54)	($46.40)	($14.23)	($14.55)	($13.75)	($14.12)	($56.64)	($60.06)
Maintenance Capital Expenditures	($9.56)	($13.49)	($2.44)	($3.80)	($1.74)	($4.00)	($11.98)	($18.00)
Others	($0.99)	($1.21)	($0.33)	($0.42)	($0.42)	($0.25)	($1.42)	($1.00)
Distributable Cash flow	$137.44	$150.23	$33.32	$39.53	$57.12	$47.33	$177.31	$235.87
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	$39.53	$57.12	$47.33	$177.31	$235.87
Distributable Cash Flow Per Unit	$2.09	$2.08	$0.46	$0.55	$0.72	$0.60	$2.35	$2.78
Total Distribution Coverage	90%	96%	80%	95%	126%	104%	101%	106%

Business Description

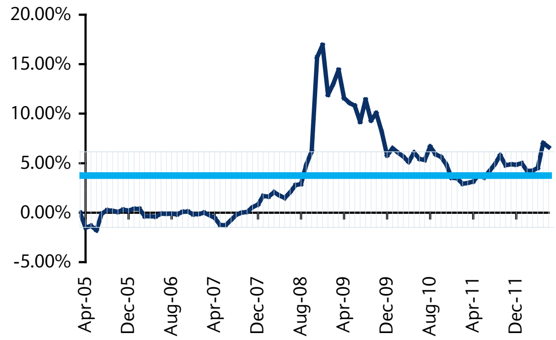
Copano Energy, L.L.C. is a midstream natural gas company with operations in Texas, Oklahoma and Wyoming.

Industry View: Neutral

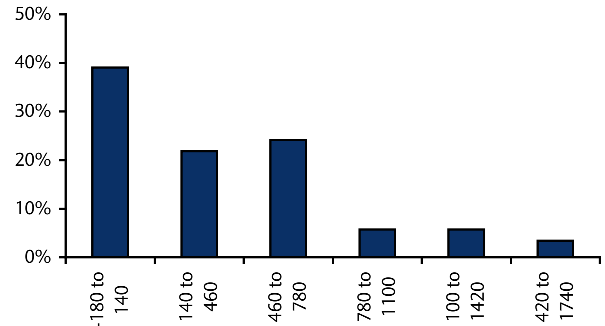
Source: Company filings, FactSet, Barclays Research

Figure 127: Historical Yield Spreads

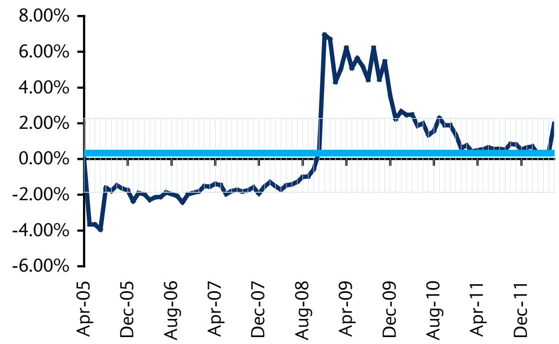
CPNO vs. US 10 yr



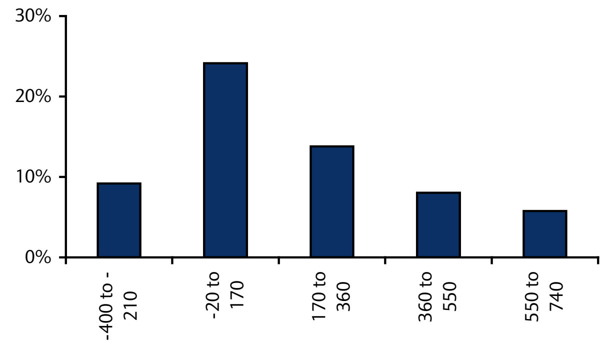
Basis Point Differentials - CPNO vs. US 10 yr



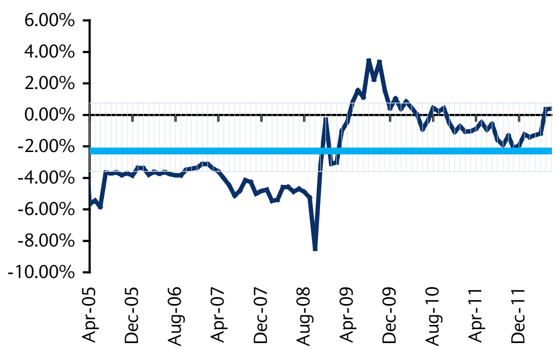
CPNO vs. AMZ



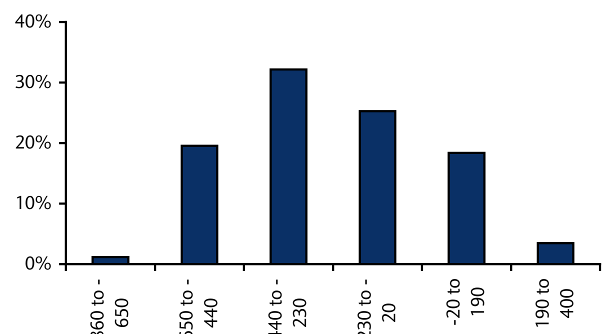
Basis Point Differentials - CPNO vs. AMZ



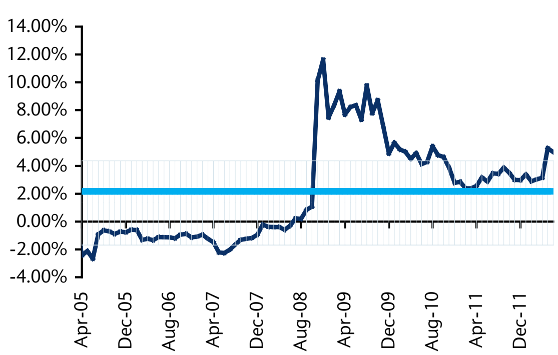
CPNO vs. Barclays HY



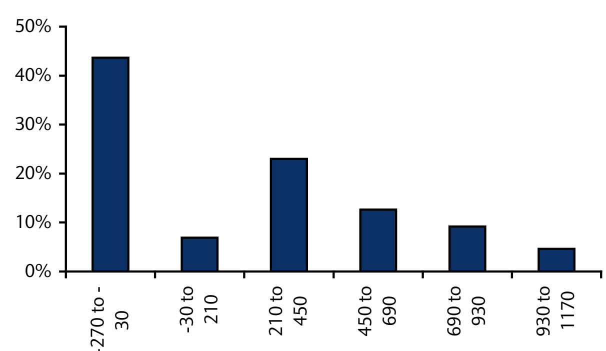
Basis Point Differentials - CPNO vs. Barclays HY



CPNO vs. Barclays HG



Basis Point Differentials - CPNO vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $35 price target is based on a 12-month distribution run rate of $2.46 and a target yield of 7.0%.

Investment Thesis

We continue to forecast flat distribution in Q4, followed by a 4% increase in 2013 (which includes 7% 2013 exit growth, in-line with management guidance of 7-9% growth in 4Q13). While we expect CPNO to achieve double digit EBITDA growth over the 2014-2016 period, our ~5% distribution growth includes effects of the PIK unit conversion which is factored into our 2014 coverage. While this leads to slightly lower-than-average growth relative to the MLP industry, we believe ownership of CPNO provides an attractive risk / reward profile as CPNO is well positioned to benefit from continued development in the Eagle Ford.

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 100% range. We estimate that CPNO will resume distribution increases in Q2 2013, leading to FY growth of 4% on coverage of ~100%. While we forecast 27% EBITDA growth in 2013 driven by organic projects under execution, we estimate that DCF per unit will grow by a less attractive level on a pro-forma basis, when accounting 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. 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.

Assuming CPNO can continue to deploy $200-$300 mm/year for growth projects at 5x-6x returns, we estimate CPNO can grow distribution 4% annually in 2013 and 5% through 2016. However, CPNO first needs to improve coverage. Our model factors in $200 mm of equity issuance for early 2013, which should reduce the company's leverage ratio to ~3.5x.

Potential Catalysts / Timeline

- Ability to identify and close accretive acquisitions / organic projects.
- Q4 2012earnings 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 128: Crestwood Midstream Partners LP (CMLP)

Sub Sector: Gathering and Processing

Rating:	Equal Weight	**Annualized Distribution:**	$2.04
Price Target:	$27.00	**Yield:**	8.97%
Current Price:	$22.75 (as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	18.7%	**Dist. CAGR (Next 3 Yrs):**	4.37%
52 Week High / Low:	$32.58 - $19.9	**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$1.66	$1.87	$0.50	$0.50	$0.51	$0.52	$2.03	$2.03
Growth (YoY)	9.2%	12.7%	13.6%	8.7%	6.3%	5.1%	8.3%	0.0%
Total Distribution Receiving Units	31.32	32.54	36.20	36.55	41.15	41.15	38.76	54.70

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$34.87	$45.00	$9.80	$5.98	$11.11	$14.99	$39.68	$85.79
Interest Expense	$13.55	$27.62	$7.56	$8.29	$8.20	$8.40	$32.45	$39.17
Depreciation and Amortization	$22.36	$33.81	$10.65	$10.84	$10.94	$12.00	$44.43	$45.76
Others	$5.77	$3.53	$0.35	$3.44	$1.71	$0.38	$5.89	$2.20
Adjusted EBITDA	$76.55	$109.96	$28.36	$28.54	$31.96	$35.78	$122.44	$172.93
Net Interest Expense	($13.55)	($27.62)	($7.56)	($8.29)	($8.20)	($8.40)	($32.45)	($39.17)
Maintenance Capital Expenditures	($6.60)	($1.41)	($0.51)	($1.08)	($1.28)	($2.00)	($4.87)	($8.00)
Others	$6.90	$6.89	$1.80	$1.40	$2.72	$2.00	$7.91	$4.00
Distributable Cash flow	$63.30	$87.83	$22.09	$20.57	$25.20	$27.37	$93.02	$129.75
General Partner Cut	$3.20	$7.40	$3.16	$3.19	$4.01	$4.21	$14.57	$23.76
Distributable Cash Flow (LP)	$60.10	$80.43	$18.92	$17.38	$21.19	$23.16	$78.46	$106.00
Distributable Cash Flow Per Unit	$1.92	$2.47	$0.52	$0.48	$0.51	$0.56	$2.02	$1.94
Total Distribution Coverage	116%	132%	105%	95%	101%	109%	100%	96%

Business Description

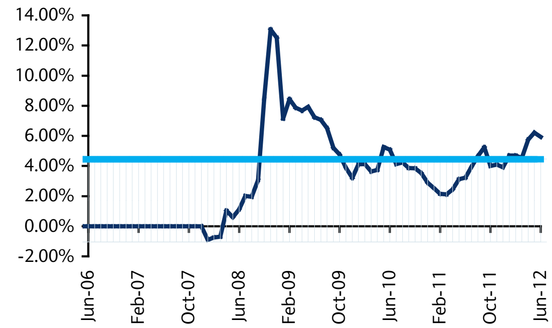
Crestwood owns and operates predominately fee-based gathering, processing, treating and compression assets servicing natural gas producers in the Barnett Shale in north Texas, the Fayetteville Shale in northwest Arkansas, the Granite Wash in the Texas Panhandle, the Marcellus Shale in northern West Virginia,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

Industry View: Neutral

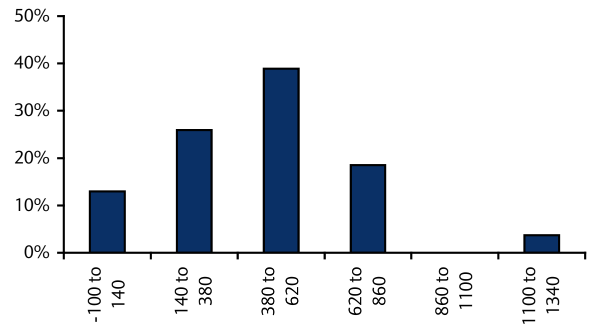
Source: Company filings, FactSet, Barclays Research

Figure 129: Historical Yield Spreads

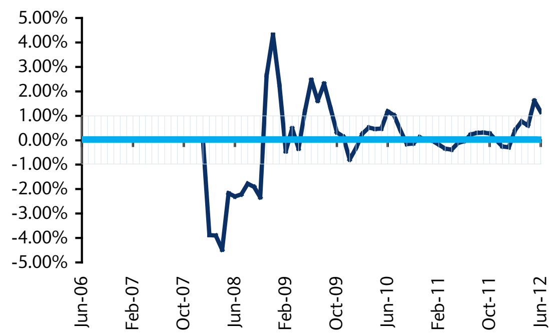
CMLP vs. US 10 yr



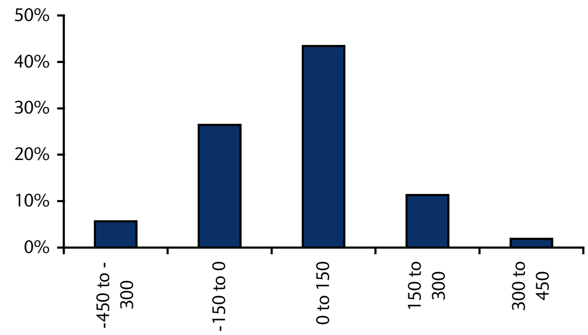
Basis Point Differentials - CMLP vs. US 10 yr



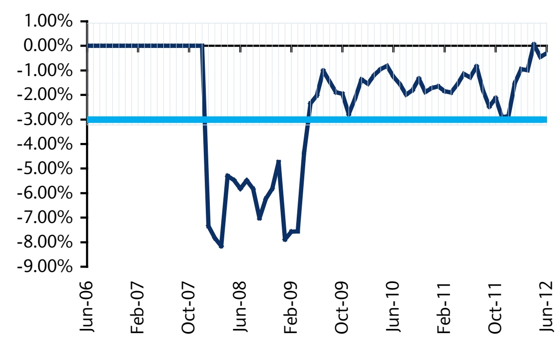
CMLP vs. AMZ



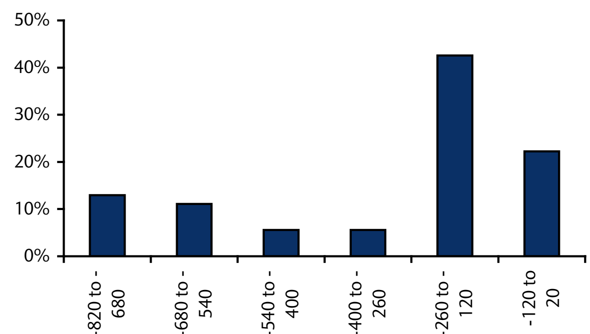
Basis Point Differentials - CMLP vs. AMZ



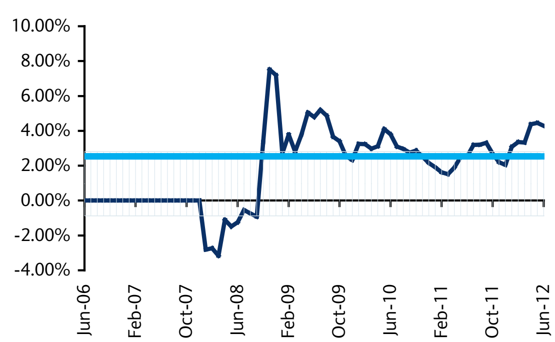
CMLP vs. Barclays HY



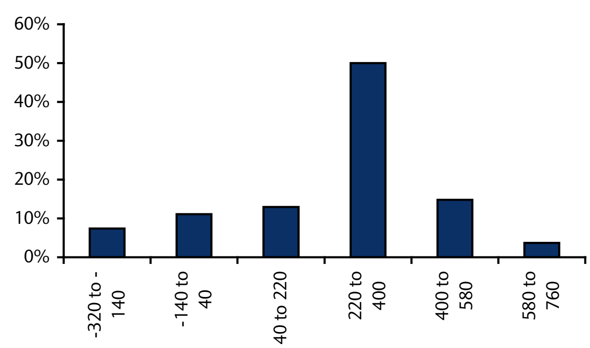
Basis Point Differentials - CMLP vs. Barclays HY



CMLP vs. Barclays HG



Basis Point Differentials - CMLP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $27 price target is based on a 12-month distribution run rate of $2.06 and a target yield of 7.5%.

Investment Thesis

We forecast that CMLP can raise its distribution at a 5-year CAGR of 4.5%. While we see CMLP's potential to grow distribution at ~5% annually driven by 3rd party deals and drop downs from its parent, near-term challenges include volume weakness in dry gas areas and the effects of its class C unit conversion in 2013, which could increase unit count by 19%. A potential acceleration of CMLP's Marcellus JV drop down (65% held by Holdco, $245 mm cost base) could lead to an upside to our forecast, dependent on the transaction multiple / CMLP's effective cost of capital.

While CMLP's recently announced Marcellus and Barnett acquisitions offered increased exposure to rich gas areas, much of the company's cash flows are generated from dry gas which could place downward pressure on 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.

However, near term challenges include continued volume weakness in dry gas areas along with the effects of its class C unit conversion in 2013 which will increase CMLP's unit count by 19% YoY. While coverage is expected to be light in 2013, we expect accretion from acquisitions to improve this measure. Following its Q2 release, management indicated a potential to accelerate the timing of the Marcellus JV drop down (65% held by Holdco), which has $245 mm of assets based on the acquisition price. CMLP raised $115 mm of equity during Q3 to fund the $87 mm Devon acquisition and pay down a portion of its revolver. CMLP has $139 mm of revolver capacity available (excluding ~$180 mm availability at Marcellus Holdco CMM). Debt to EBITDA came in at 4.0x for the quarter.

Potential Catalysts / Timeline

- Drilling programs for key producers
- Acquisitions and/or entrance into new basins
- Q4 2012earnings release.

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 130: Crosstex Energy, LP (XTEX)

Sub Sector: Gathering and Processing

Rating:	Equal Weight		**Annualized Distribution:**	$1.32
Price Target:	$17.00		**Yield:**	8.92%
Current Price:	$14.80	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	-39.73%
Potential Upside to Target:	14.9%		**Dist. CAGR (Next 3 Yrs):**	5.36%
52 Week High / Low:	$18.24 - $13.06		**Tax Deferral:**	90%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**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	65.57	75.71	75.71	81.41	74.60	90.72

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	-$25.85	-$2.34	$2.98	-$2.44	-$16.10	-$20.66	-$36.22	-$8.33
Interest Expense	$87.03	$79.23	$19.38	$21.32	$23.23	$23.83	$87.76	$96.93
Depreciation and Amortization	$112.64	$125.29	$32.18	$32.87	$45.06	$45.00	$155.11	$160.00
Others	$13.05	$11.53	$3.94	($3.08)	$3.00	$2.50	$6.36	$0.00
Adjusted EBITDA	$186.88	$213.71	$58.48	$48.68	$55.18	$50.67	$213.01	$248.60
Net Interest Expense	($83.38)	($78.16)	($19.44)	($21.38)	($23.15)	($23.83)	($87.81)	($96.93)
Maintenance Capital Expenditures	($10.75)	($12.60)	($2.85)	($3.73)	($4.22)	($4.50)	($15.30)	($17.00)
Others	($1.52)	($1.65)	($0.55)	($0.17)	($0.80)	$0.00	($1.52)	$0.00
Distributable Cash flow	$91.23	$121.31	$35.63	$23.40	$27.02	$22.34	$108.39	$134.67
General Partner Cut	$0.00	$3.12	$1.44	$1.66	$1.66	$1.79	$6.55	$9.48
Distributable Cash Flow (LP)	$91.23	$118.19	$34.19	$21.73	$25.35	$20.55	$101.83	$125.19
Distributable Cash Flow Per Unit	$1.83	$2.36	$0.52	$0.29	$0.33	$0.25	$1.36	$1.38
Total Distribution Coverage	358%	192%	158%	87%	101%	76%	103%	101%

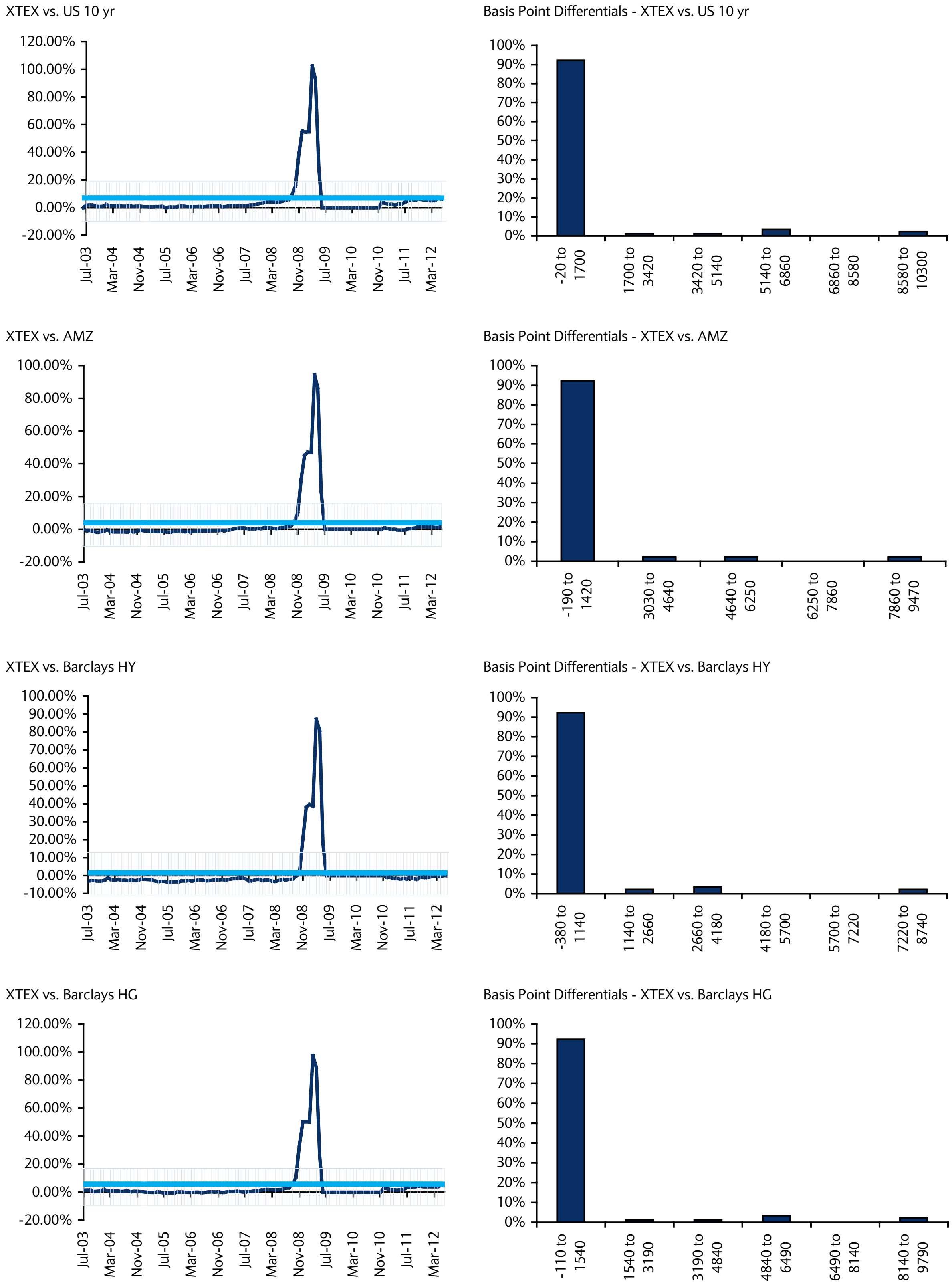
Business Description

Crosstex Energy, L.P., a midstream natural gas company headquartered in Dallas, operates approximately 3,500 miles of natural gas, natural gas liquids, and oil pipelines, 10 processing plants and four fractionators. The Partnership also operates barge terminals, rail terminals, product storage facilities, brine water disposal wells and an extensive truck fleet.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 131: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $17 price target is based on a 12-month distribution run rate of $1.40 and a target yield of 8.25%.

Investment Thesis

We estimate that XTEX can grow distribution at a 5-year CAGR of 5%. We expect flat distribution for the remainder of 2012, followed by 4% in 2013 and 5% in 2014-2016. We estimate the improved distribution growth will result from 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 be focused 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. Execution of Cajun-Sibon II project (2014 in-service) could lead to an upside to our 2013 capex and LT growth forecast.

Pro forma for the ~$150 mm May equity issuance and Clearfield acquisition, XTEX had $550 mm of revolver availability. Debt/EBITDA reached 4.5x vs. a covenant limit of 5.5x. Crosstex has ~$200 mm of remaining 2012 capex spending, which may require equity issuance to keep its leverage ratio within its target.

Potential Catalysts / Timeline

- Execution of accretive organic projects or acquisitions.
- Q4 2012earnings 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 132: DCP Midstream Partners, LP (DPM)

Sub Sector: Gathering and Processing

Rating:	Overweight		**Annualized Distribution:**	$2.72
Price Target:	$51.00		**Yield:**	6.53%
Current Price:	$41.66	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.76%
Potential Upside to Target:	22.4%		**Dist. CAGR (Next 3 Yrs):**	6.30%
52 Week High / Low:	$49.93 - $36.47		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**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	52.09	58.62	58.62	58.62	74.53

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$48.00	$100.40	$23.30	$79.10	$1.30	$32.00	$135.70	$230.26
Interest Expense	$29.10	$33.90	$12.60	$11.10	$8.10	$10.44	$42.24	$65.51
Depreciation and Amortization	$60.70	$71.20	$25.00	$9.70	$14.80	$21.25	$70.75	$90.00
Other	$5.40	($26.10)	$22.60	($64.80)	$22.90	($0.79)	($20.09)	($4.16)
Adjusted EBITDA	$143.20	$179.40	$83.50	$35.10	$47.10	$62.90	$228.60	$381.60
Net Interest Expense	($29.10)	($33.90)	($12.60)	($11.10)	($8.10)	($10.44)	($42.24)	($65.51)
Maintenance Capital Expenditures	($5.60)	($9.50)	($3.30)	($4.30)	($3.60)	($4.00)	($15.20)	($28.00)
Others	$0.00	$14.40	($12.60)	$2.20	$0.00	$0.00	($10.40)	$0.00
Distributable Cash flow	$108.50	$150.40	$55.00	$21.90	$35.40	$48.46	$160.76	$288.09
General Partner Cut	$17.69	$25.63	$9.24	$9.82	$11.64	$12.23	$42.93	$69.63
Distributable Cash Flow (LP)	$90.81	$124.77	$45.76	$12.08	$23.76	$36.23	$117.83	$218.46
Distributable Cash Flow Per Unit	$2.46	$2.81	$0.88	$0.23	$0.41	$0.62	$2.01	$2.93
Total Distribution Coverage	101%	110%	134%	35%	60%	90%	74%	102%

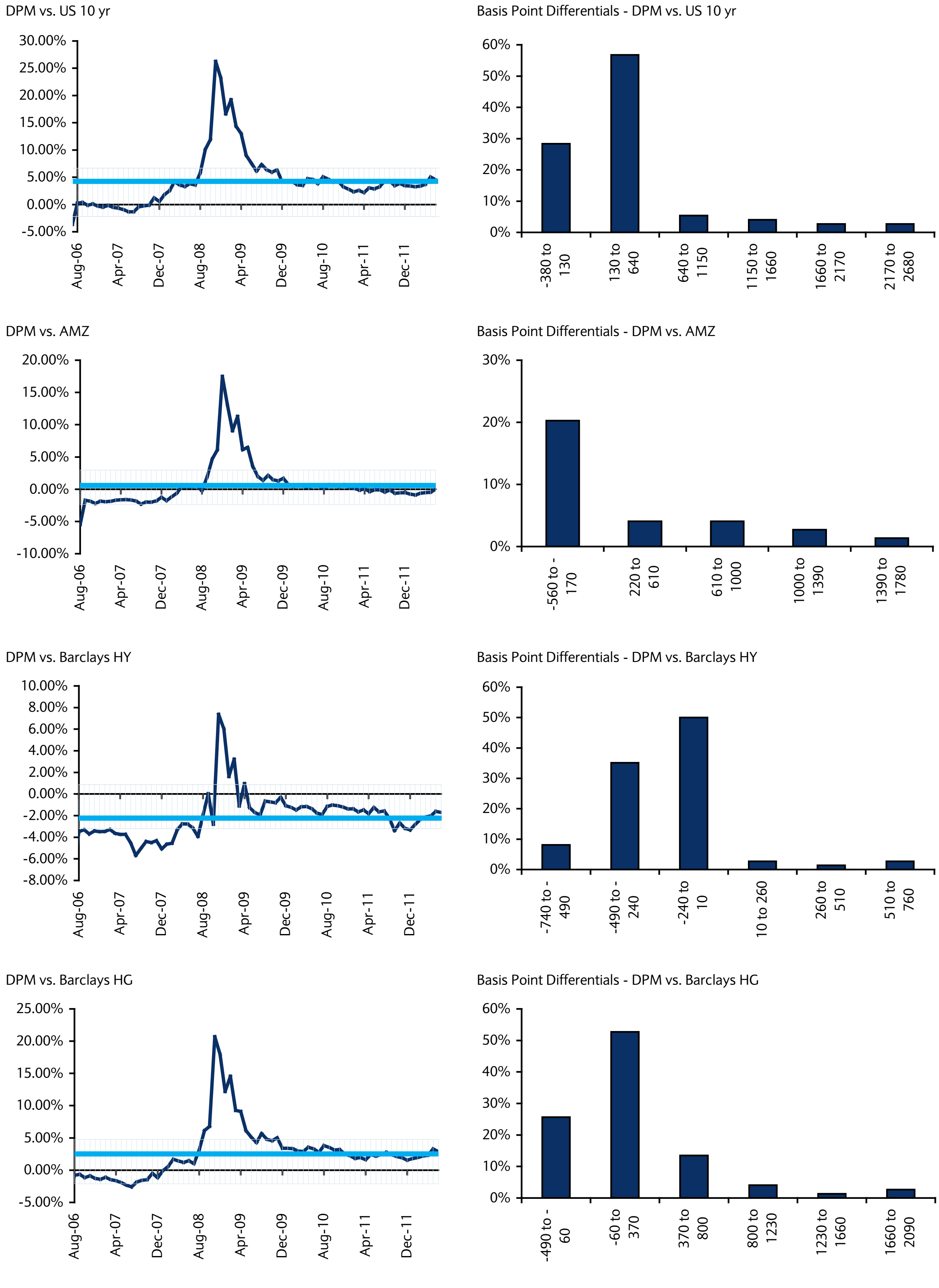
Business Description

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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 133: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $51 price target is based on a 12-month cash distribution run rate of $2.92 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. We estimate a 5-year distribution growth CAGR of 6.2%. Our 6% estimate is at the low end of company's distribution growth guidance range for 2012-2014. The key growth driver for DPM continues to be drop downs 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.

DPM has $5-$7 billion of investments under way from 2011-2015. These investments include $3-$4 billion in G&P infrastructure and $2-$3 billion in NGL logistics assets including transportation pipelines and fractionation plants. While the mix of co-investment assets could change, DPM will co-invest in $3 billion of parent projects, which will drive DPM's targeted 6-10% annual distribution growth in 2013/2014. While the company's investment opportunity remains strong, the recent softness in the NGL price environment is leading DCP to consider funding from its parent to partially pay for the Sand Hills and Southern Hills NGL pipelines. We think there is no lack of co-investment projects given DCP's capex plans. DPM recently announced its latest asset drop down from DCP for $438 mm, which includes a 1/3 ownership stake in the newly formed Eagle Ford JV. We estimate the deal will be immediately accretive by 5-6% based on management's indication of a 7-9x forward EBITDA multiple and layering in DPM's long-term cost of capital.

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. At Q3 end, DPM had a leverage ratio of 3.3x and revolver liquidity of $699 mm. Pro-forma for its recent Eagle Ford JV drop down, we estimate DPM's leverage ratio to reach close to the high end of its 3-4x debt to EBITDA target range.

Potential Catalysts / Timeline

- Organic project announcements, ability close accretive acquisitions
- Q4 2012earnings 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 134: Eagle Rock Energy Partners, LP (EROC)

Sub Sector: Gathering and Processing

Rating:	Equal Weight		**Annualized Distribution:**	$0.88
Price Target:	$10.00		**Yield:**	9.78%
Current Price:	$9.00	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	-46.75%
Potential Upside to Target:	11.1%		**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**	**2Q12**	**3Q12**	**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	133.02	147.43	147.43	139.56	160.93

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$15.77	$49.03	($50.33)	$61.79	($106.90)	$9.01	($86.43)	$83.34
Interest Expense	$0.00	$0.00	$13.66	$14.11	$15.93	$18.05	$61.76	$78.81
Depreciation and Amortization	$110.19	$131.61	$39.29	$38.35	$40.40	$42.00	$160.04	$120.00
Others	$7.86	$27.56	$60.20	($56.59)	$109.67	($1.25)	$112.03	($5.00)
Adjusted EBITDA	$133.82	$208.21	$62.82	$57.67	$59.10	$67.81	$247.40	$277.14
Net Interest Expense	($35.06)	($46.80)	($13.66)	($14.11)	($15.93)	($18.05)	($61.76)	($78.81)
Maintenance Capital Expenditures	($25.53)	($42.74)	($8.03)	($11.82)	($15.98)	($28.00)	($63.82)	($70.00)
Others	($0.51)	($1.29)	($0.38)	($0.19)	($0.18)	($0.50)	($1.25)	$0.00
Distributable Cash flow	$72.73	$117.38	$40.76	$31.55	$27.00	$21.26	$120.57	$128.34
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	$31.55	$27.00	$21.26	$120.57	$128.34
Distributable Cash Flow Per Unit	$1.04	$1.02	$0.31	$0.24	$0.18	$0.14	$0.86	$0.80
Total Distribution Coverage	461%	136%	142%	108%	83%	66%	98%	91%

Business Description

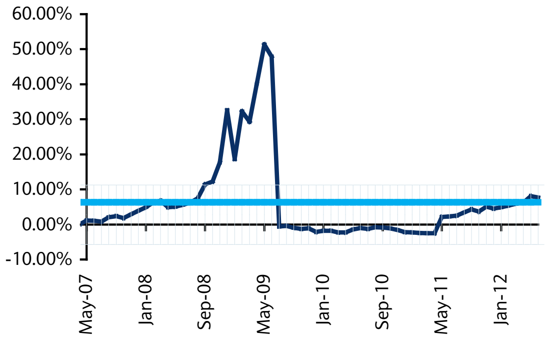
Eagle Rock Energy Partners, L.P. is a growth-oriented master limited partnership engaged in two businesses: a) midstream, which includes (i) gathering, compressing, treating, processing and transporting natural gas; (ii) fractionating and transporting natural gas liquids (NGLs); (iii) crude oil logistics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

Industry View: Neutral

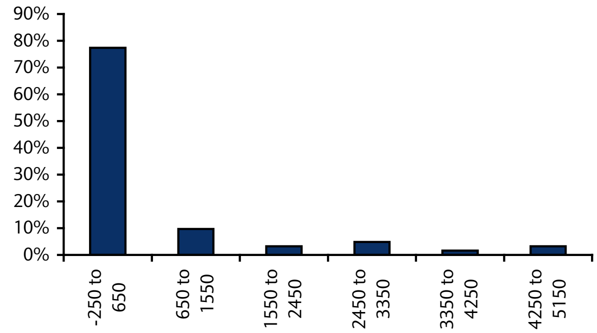
Source: Company filings, FactSet, Barclays Research

Figure 135: Historical Yield Spreads

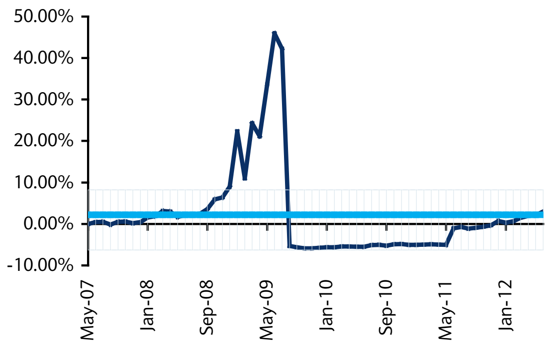
EROC vs. US 10 yr



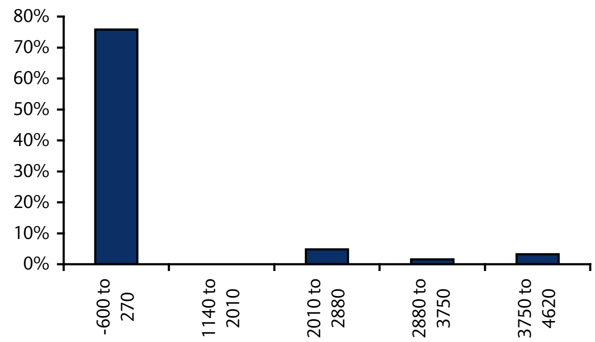
Basis Point Differentials - EROC vs. US 10 yr



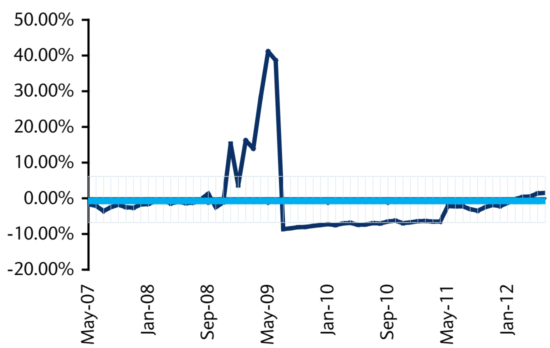
EROC vs. AMZ



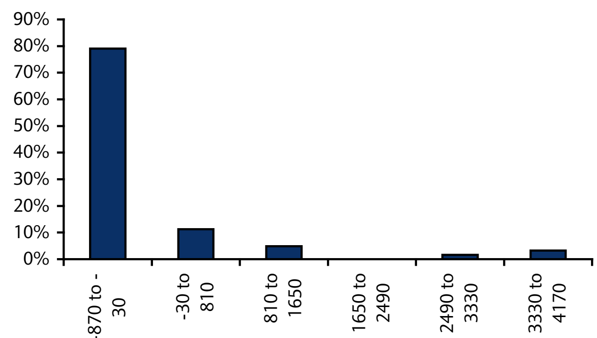
Basis Point Differentials - EROC vs. AMZ



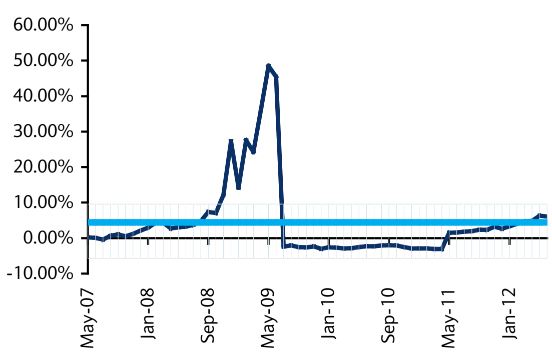
EROC vs. Barclays HY



Basis Point Differentials - EROC vs. Barclays HY



EROC vs. Barclays HG



Basis Point Differentials - EROC vs. Barclays HG

Source: FactSet

Valuation Discussion

Our $10 price target is based on a 12-month distribution run rate of $0.88 and target yield of 8.5%.

Investment Thesis

We believe EROC can grow its distribution at a 5-year CAGR of 4.8%. During Q2, management stated that it intends to maintain current distribution or raise it modestly during the remainder of the year (vs. previous plans to increase to $1.00/unit annualized in 4Q12). Our view is that it will be difficult for EROC to raise distribution in 2H12 and 2013, given our commodity price assumptions and tight coverage. We estimate sub-100% coverage in 2012 and 2013. As such, we expect flat distribution until 2014, at which point we expect a resumption of distribution raises of 2% in 2014 and 2015, followed by 3% in 2016 on improving coverage. While we forecast 19% EBITDA growth in 2012 and 12% growth in 2013 driven by new projects, we forecast DCF per unit to fall by 15% in 2012 (further by 8% in 2013), due to a 60% increase in maintenance capex as well as an increase in interest expense from the recent private placement of senior unsecured notes 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 two 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 2 years, in our view.

Potential Catalysts / Timeline

- Execution of organic projects or accretive acquisitions.
- Q4 2012earnings 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.

El Paso Pipeline Partners L.P. (EPB)

Figure 136: El Paso Pipeline Partners L.P. (EPB)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight		**Annualized Distribution:**	$2.32
Price Target:	$40.00		**Yield:**	6.39%
Current Price:	$36.31	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	10.2%		**Dist. CAGR (Next 3 Yrs):**	11.47%
52 Week High / Low:	$38.1 - $30.64		**Tax Deferral:**	80%

$ Millions ,except per unit amounts

Cash Flow Summary	2010	2011	12Q1	12Q2	12Q3	12Q4e	2012e	2013e
Cash Distribution Per Unit	$1.63	$1.93	$0.51	$0.55	$0.58	$0.61	$2.25	$2.45
Growth (YoY)	19.4%	18.4%	10.9%	14.6%	18.4%	22.0%	16.6%	9.0%
Total Distribution Receiving Units	149.80	197.40	205.70	207.00	209.00	215.17	209.22	223.73
Growth (YoY)	26%	31%	14%	5%	1%	4%	6%	7%

Distributable Cash Flow Calculation	2010	2011	12Q1	12Q2	12Q3	12Q4e	2012e	2013e
Net Income	$605.10	$551.00	$142.00	$134.00	$151.00	$154.53	$581.53	$693.38
Net Income Attributable to NCI	($226.60)	($79.00)	($7.00)	($4.00)	$0.00	$0.00	($11.00)	$0.00
Net Income Attributable to EPB	$378.50	$472.00	$135.00	$130.00	$151.00	$154.53	$570.53	$693.38
Add: Interest Expense	$186.60	$255.00	$69.00	$72.00	$74.00	$71.78	$286.78	$280.22
Add: Income Tax Expense	$2.40	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Less: Affiliated Interest Income	($2.10)	$1.00	$0.00	$0.00	$0.00	$0.00	$0.00	($2.00)
Add: DD&A	$152.70	$168.00	$43.00	$45.00	$46.00	$51.26	$185.26	$224.47
Add: Distributions	$13.40	$17.00	$3.00	$0.00	$0.00	$0.00	$3.00	$0.00
Add: Net Income Attributable to NCI	$226.60	$79.00	$7.00	$4.00	$0.00	$0.00	$11.00	$0.00
Less: Equity Earnings	($15.70)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Less: Declared distributions to EP	($247.60)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Earnings from Unconsolidated Affiliates	$0.00	($15.00)	($3.00)	($4.00)	($4.00)	($3.00)	($14.00)	($15.00)
Adjusted EBITDA	$694.80	$977.00	$254.00	$247.00	$267.00	$274.57	$1,042.57	$1,181.07
Interest Expense	($184.90)	($247.00)	($66.00)	($72.00)	($69.88)	($68.78)	($276.66)	($280.22)
Maintenance Capital	($94.00)	($101.00)	($9.00)	($7.00)	($23.75)	($34.20)	($73.94)	($81.22)
Other	($25.90)	($8.00)	($1.00)	($31.20)	($0.50)	($0.50)	($33.20)	($2.00)
Distributable Cash Flow	390.00	621.00	178.00	136.80	172.87	171.09	658.77	817.63
General Partner Cut	$12.87	$56.88	$21.44	$23.66	$32.30	$39.70	$117.08	$183.45
Distributable Cash Flow (LP)	377.13	564.12	156.56	113.14	140.58	131.39	541.69	634.18
Distributable Cash Flow Per Unit	$2.52	$2.86	$0.76	$0.55	$0.67	$0.61	$2.59	$2.83
Total Distribution Coverage	154%	136%	136%	119%	123%	108%	121%	122%

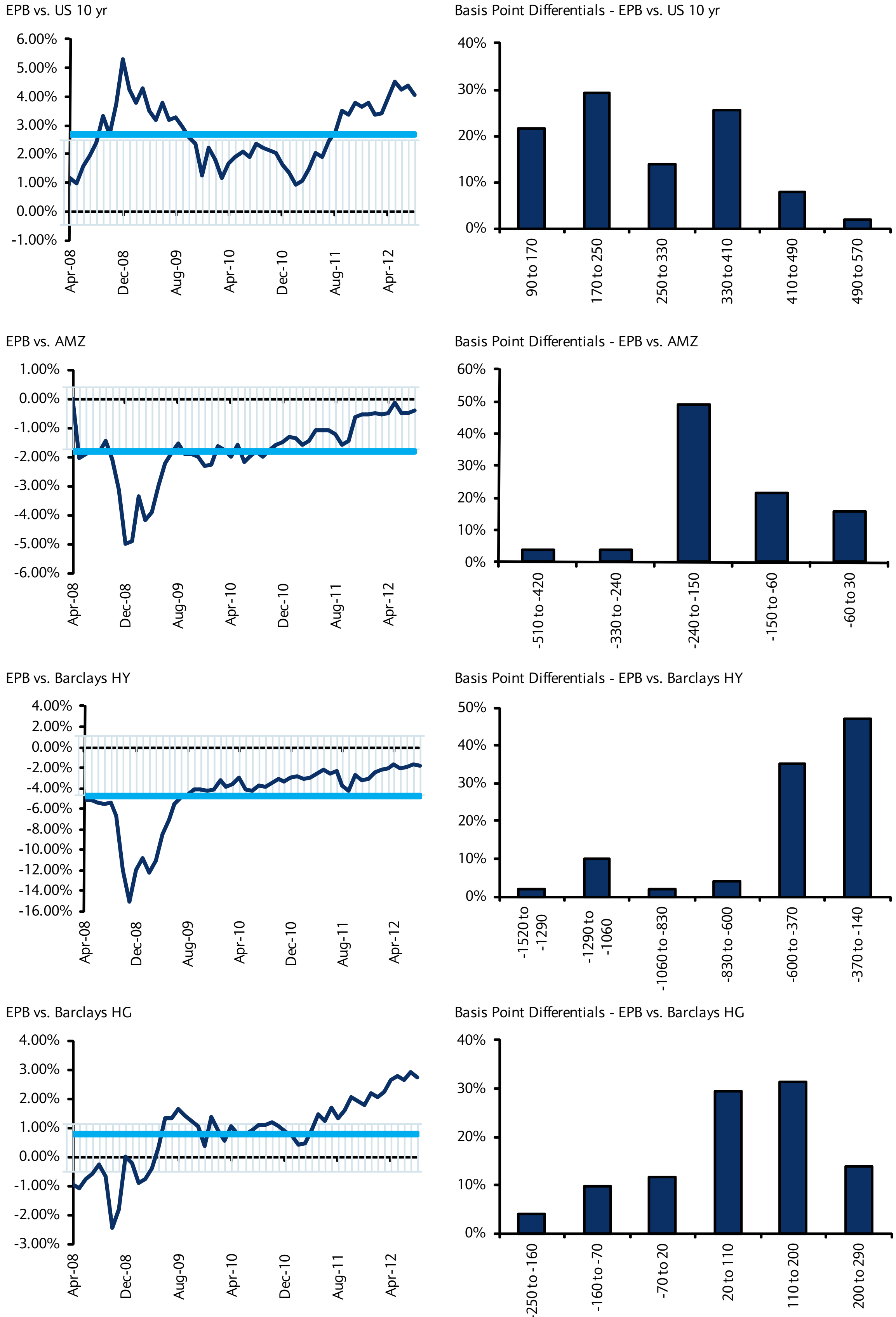
Business Description

El Paso Pipeline Partners, L.P. owns an interest in or operates more than 13,000 miles of interstate natural gas transportation pipelines in the Rockies and the Southeast, natural gas storage facilities with a capacity of nearly 100 billion cubic feet and LNG assets in Georgia.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 137: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our current target price of $40 is based on a 12 month distribution run rate of $2.45 and a target yield of 6.1%. Our assumptions assume a 9% distribution growth and one drop down for 9.0x EBITDA through 2014.

Investment Thesis

The partnership has a diversified set of pipeline and LNG terminals, all underpinned by long-term reservation contracts that make up ~90% of revenues and provide a stable and visible stream of cash flow. On the heels of the Kinder Morgan/El Paso merger, the partnership is benefiting from synergies and cost cutting initiatives. EPB's asset base is regulated at the federal level (FERC) and possesses minimal exposure to commodity prices. We also estimate that Kinder Morgan will drop down assets to EPB to add value to KMI and EPB unit holders.

Potential Catalysts / Timeline

On May 25, 2012, KMI closed the acquisition of El Paso Corporation (EP) for approximately $23 billion. As a result of the transaction, Kinder Morgan Inc. became the general partner of EPB. Kinder Morgan's MLP, KMP, may become the recipient of future drop down that were once viewed as candidates for EPB.

Given the breadth and stability of the current portfolio at EPB, the potential catalysts include the drop down of Gulf LNG from Kinder Morgan, expansion opportunities on existing infrastructure, and increased realization of synergies. In addition, customer contracts on EPB's pipelines continuously become shorter in duration until they expire and are renegotiated. Any significant change in pipeline pricing or contract length would alter the cash flow outlook and risk profile of El Paso Pipeline Partners. Another potential catalyst would be the announcement of a merger between KMP and EPB.

Fundamental Drivers

- Level of natural gas price and drilling activities behind the pipelines
- Ability to recontract capacity
- Sustainability of demand pull from high-growth markets
- Ability to develop and integrate expansion projects
- Basis differentials between natural gas markets
- Timing of asset drop downs from the GP

Risk Profile: Low

Our risk profile is supported by (1) a strong GP, (2) minimal exposure to commodity markets with capacity payments exceeding 90% of revenues, (3) exposure to high growth markets with an abundance of organic growth opportunities, and (4) a strong management team which has demonstrated an ability to manage construction and labor costs.

Enbridge Energy Partners, LP (EEP)

Figure 138: Enbridge Energy Partners, LP (EEP)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$2.17
Price Target:	$32.00		**Yield:**	7.63%
Current Price:	$28.50	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.08%
Potential Upside to Target:	12.3%		**Dist. CAGR (Next 3 Yrs):**	2.62%
52 Week High / Low:	$33.85 - $27.41		**Tax Deferral:**	90%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$2.04	$2.11	$0.53	$0.54	$0.54	$0.54	$2.16	$2.21
Growth (YoY)	3.2%	3.4%	3.6%	2.1%	2.1%	2.1%	2.5%	2.4%
Total Distribution Receiving Units (in mm)	239.2	262.2	284.7	285.4	289.3	303.2	290.7	333.9

Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Operating Income	$746.8	$825.7	$207.9	$195.8	$212.0	$212.5	$828.2	$1,058.9
Depreciation, Depletion & Amortization	$311.2	$339.8	$83.6	$86.1	$86.8	$86.4	$342.9	$365.9
Other	($27.8)	$2.9	$0.0	($0.3)	$4.7	$0.0	$2.1	$1.0
Adjusted EBITDA	$1,030.2	$1,168.4	$291.5	$281.6	$303.5	$298.9	$1,173.2	$1,425.8
Net Interest Expense	($273.9)	($320.0)	($83.6)	($81.9)	($83.4)	($82.3)	($331.2)	($372.0)
Maintenance Capital Expenditures	($65.9)	($99.1)	($22.9)	($27.7)	($37.4)	($23.5)	($111.5)	($116.5)
Other	($42.1)	($85.7)	($21.8)	($23.5)	($23.3)	($23.0)	($89.3)	($78.9)
Distributable Cash flow	$648.3	$663.6	$163.2	$148.5	$159.4	$170.1	$641.2	$858.4
General Partner Cut	($76.3)	($104.5)	($28.9)	($32.2)	($32.6)	($34.1)	($127.8)	($164.0)
Distributable Cash Flow (LP)	$572.0	$559.1	$134.3	$116.3	$126.8	$136.0	$513.4	$694.4
Distributable Cash Flow Per Unit	$2.39	$2.13	$0.47	$0.41	$0.44	$0.45	$1.77	$2.08
Total Distribution Coverage	117%	101%	89%	75%	81%	83%	82%	94%

Business Description

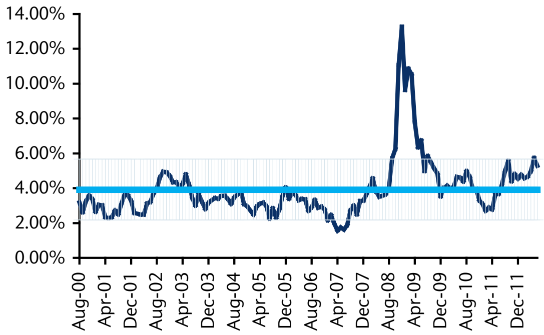
Enbridge Energy Partners owns and operates a diversified portfolio of crude oil and natural gas transportation systems in the United States. Its principal crude oil system is the largest transporter of growing oil production from western Canada. The system's deliveries to refining centers and connected 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.

Industry View: Neutral

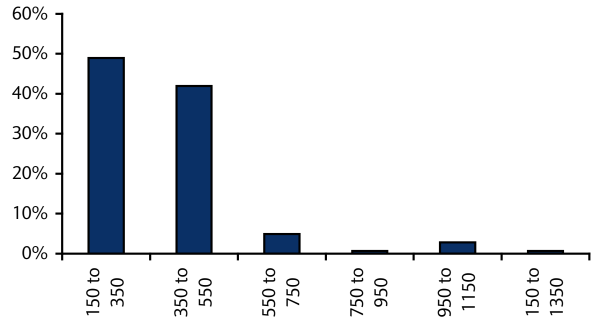
Source: Company filings, FactSet, Barclays Research

Figure 139: Historical Yield Spreads

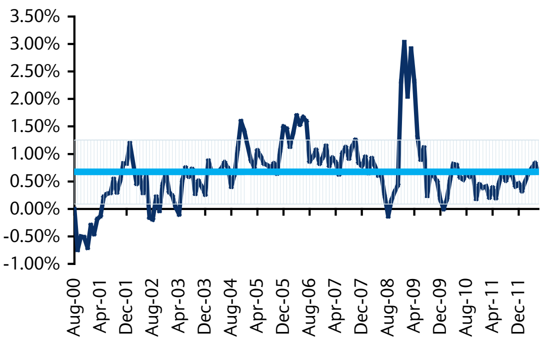
EEP vs. US 10 yr



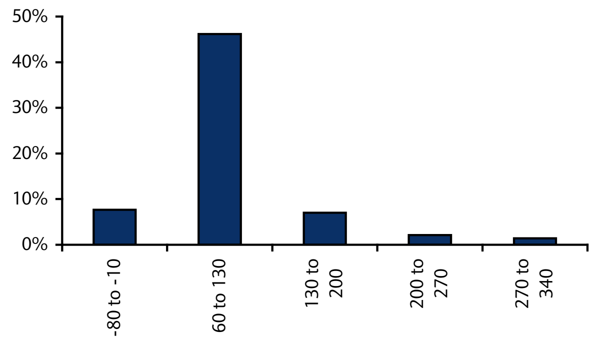
Basis Point Differentials - EEP vs. US 10 yr



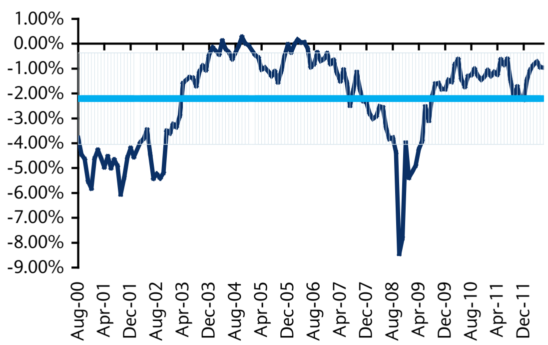
EEP vs. AMZ



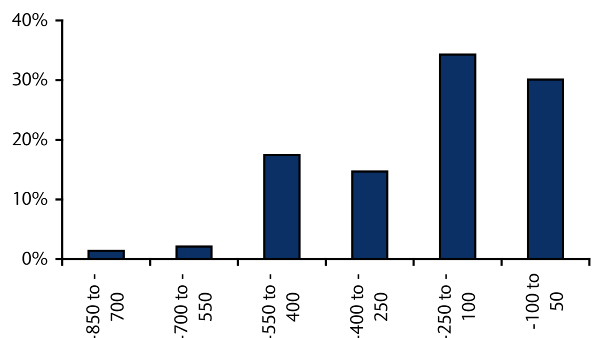
Basis Point Differentials - EEP vs. AMZ



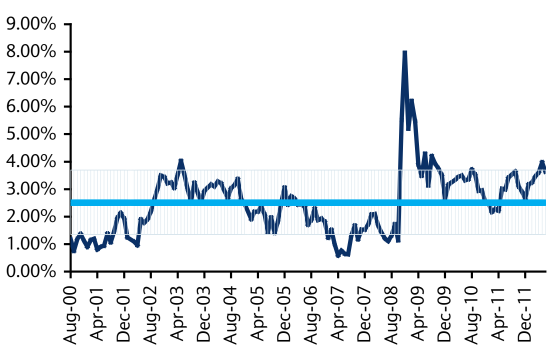
EEP vs. Barclays HY



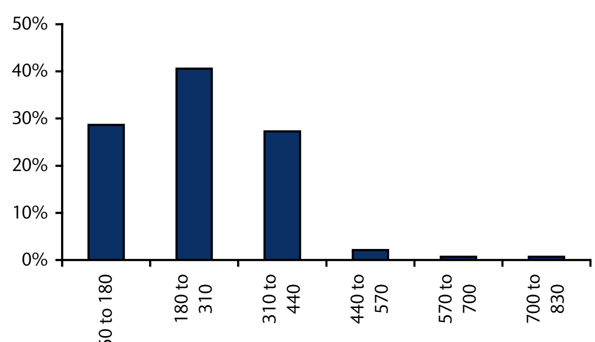
Basis Point Differentials - EEP vs. Barclays HY



EEP vs. Barclays HG



Basis Point Differentials - EEP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $32 price target is based on a 12-month cash distribution run rate of $2.25 and a target yield of 7%. 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 2.9% 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 an 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 drop downs.

Potential Catalysts / Timeline

- 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 and 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 do 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 140: Energy Transfer Equity, L.P. (ETE)

Sub Sector: General Partners

Rating:	Overweight		**Annualized Distribution:**	$3.58
Price Target:	$54.00		**Yield:**	8.31%
Current Price:	$43.00	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.87%
Potential Upside to Target:	25.6%		**Dist. CAGR (Next 3 Yrs):**	3.69%
52 Week High / Low:	$51 - $40.19		**Tax Deferral:**	80%

(Units: $ mm except per unit)	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E	2014E
Distribution	$ 2.16	$ 2.44	$ 0.6250	$ 0.6250	$ 0.6250	$ 0.63	$ 2.50	$ 2.88	$ 3.31
Growth YoY	*2.6%*	*13%*					*3%*	*15%*	*15%*
UNIT COUNT									
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	112.049	152.245	144.3	472.3	603.7	707.6
Total cash flow from ETP LP interest	179.6	179.6	46.9	44.890	44.890	46.8	185.3	196.9	208.7
IDR relinquishment related to Citrus/Sunoco					(31.250)		(31.3)		
Total cash flow from ETP	**579.0**	**614.3**	**151.4**	**156.939**	**165.885**	**191.131**	**626.362**	**800.5**	**916.2**
Growth (YoY)			*-1%*	*2%*	*8%*	*18%*	*2%*	*28%*	*14%*
RGP									
Total cash flow from RGP GP interest	8.2	11.2	3.4	3.396	3.405	3.7	13.9	21.3	27.6
Total cash flow from RGP LP interest	46.8	47.5	12.1	12.083	12.083	12.6	49.6	51.6	54.0
Total cash flow from RGP	**54.9**	**58.8**	**15.5**	**15.479**	**15.488**	**16.3**	**63.6**	**73.0**	**81.6**
Growth (YoY)			*10%*	*7%*	*4%*	*7%*	*8%*	*15%*	*12%*
Total distribution received (ETP/RGP)	**634.0**	**673.1**	**166.8**	**172.418**	**181.373**	**207.5**	**689.9**	**873.5**	**997.8**
DISTRIBUTABLE CASH FLOW									
Total distribution received (ETP/RGP)	634.0	673.1	166.8	172.418	181.373	207.5	689.9	873.5	997.8
ETE interest in Holdco DCF			7.34	51.301	76.523	93.9	229.1	382.2	409.3
Growth (YoY)								*67%*	*7%*
G&A Expenses	(10.0)	(29.5)	(2.5)	(10.286)	(6.305)	(6.0)	(25.1)	(25.0)	(26.0)
Total interest (including preferred)		(160.7)	(42.4)	(65.655)	(63.874)	(65.9)	(237.8)	(290.0)	(285.0)
Interest Expense	(131.0)	(136.7)	(36.4)	(59.655)	(57.874)	(59.9)	(213.8)	(266.0)	(285.0)
Preferred unit interest (8% on $300 mm)	(12.0)	(24.0)	(6.0)	(6.000)	(6.000)	(6.0)	(24.0)	(24.0)	-
Adjustment		21.4	1.4	10.460	1.435		13.3		
Distributable cash flow	**481.0**	**511.0**	**130.7**	**158.238**	**189.152**	**229.5**	**669.4**	**940.6**	**1,096.2**
DCF per unit	$ 2.16	$ 2.29	$ 0.59	$ 0.57	$ 0.68	$ 0.82	$ 2.52	$ 3.36	$ 3.81
Distribution coverage	100%	94%	94%	90%	108%	131%	101%	117%	115%

Business Description

Energy Transfer Equity owns the general partner and 100% of the incentive distribution rights (IDRs) of Energy Transfer Partners, L.P. (NYSE:ETP) and approximately 50.2 million ETP limited partner units; and owns the general partner and 100% of the IDRs of Regency Energy Partners LP (NYSE:RGP) and approximately 26.3 million RGP limited partner units. ETE also owns a non-controlling interest in a corporation (ETP Holdco Corporation) that owns Southern Union Company and Sunoco, Inc. The ETE family of companies owns approximately 69,000 miles of natural gas, natural gas liquids, refined products, and crude pipelines.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $54 price target is based on a 12-month distribution run rate of $3.20 and a target yield of 5.9%.

Investment Thesis

We estimate ETE will grow distribution at a 5-year CAGR of 12.4%. While we continue to forecast flat 2012 distribution given sub-100% coverage, we believe ETE has strong long term distribution growth prospects. We believe ETE will be in a position to grow distribution at double-digits, given the recent close of the SUN acquisition. In conjunction with the acquisition, ETE/ETP jointly formed HoldCo, where they will warehouse SUN/SUG assets in exchange for a 60/40 interest. Risk to our forecast include potential divestiture of assets including the Distribution business (and potential tax implication), which management indicated as being a reasonable candidate during its Q2 earnings call. Management also indicated the potential to sell down its G&P business into the MLP, which is not currently assumed in our model.

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). ETE / ETP will own a 60/40 interest in Holdco, respectively. Overall we view the drop down 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 drop downs 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.

Potential Catalysts / Timeline

- Q4 2012earnings 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 141: Energy Transfer Partners, LP (ETP)

Sub Sector: NGL Pipelines and Storage

Rating:	Overweight		**Annualized Distribution:**	$3.58
Price Target:	$53.00		**Yield:**	8.31%
Current Price:	$43.00	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.87%
Potential Upside to Target:	23.3%		**Dist. CAGR (Next 3 Yrs):**	3.69%
52 Week High / Low:	$51 - $40.19		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Cash Distribution Per Unit	$3.58	$3.58	$0.89	$0.89	$0.89	$0.89	$3.58	$3.76
Growth (YoY)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.2%
Total Distribution Receiving Units	189.84	206.60	226.55	229.86	245.56	300.53	250.63	318.31

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Operating Income	$1,058.13	$1,244.57	$253.96	$289.44	$291.88	$398.57	$1,233.84	$1,817.94
Depreciation and Amortization	$343.01	$428.47	$101.92	$99.10	$94.81	$97.00	$392.83	$501.51
Others	$80.44	$69.44	$180.20	$77.81	$94.98	$81.50	$434.49	$392.50
Adjusted EBITDA	$1,481.58	$1,742.48	$536.07	$466.35	$481.67	$577.07	$2,061.16	$2,711.95
Net Interest Expense	($412.55)	($474.11)	($136.82)	($134.31)	($112.14)	($135.08)	($518.35)	($601.49)
Maintenance Capital Expenditures	($99.28)	($134.16)	($23.85)	($30.40)	($26.96)	($35.00)	($116.21)	($150.00)
Others	$51.98	$3.65	($54.92)	($26.39)	($3.05)	$0.00	($84.36)	($100.00)
Distributable Cash flow	$1,021.73	$1,137.86	$320.49	$275.25	$339.52	$406.99	$1,342.24	$1,860.45
General Partner Cut	$399.44	$434.71	$105.42	$107.16	$115.42	$144.34	$472.35	$603.65
Distributable Cash Flow (LP)	$622.29	$703.15	$215.06	$168.09	$224.10	$262.65	$869.90	$1,256.80
Distributable Cash Flow Per Unit	$3.28	$3.40	$0.95	$0.73	$0.91	$0.87	$3.47	$3.95
Total Distribution Coverage	92%	95%	106%	82%	102%	98%	97%	105%

Business Description

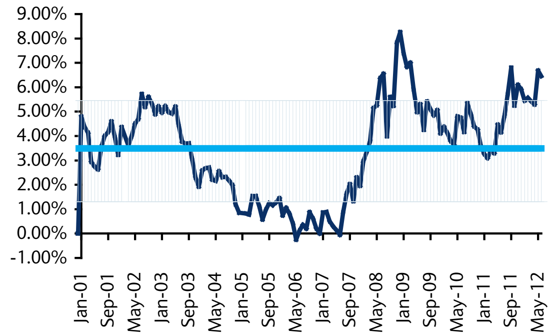
Energy Transfer Partners owns and operates a diversified portfolio of energy assets. ETP currently has natural gas operations that include approximately 24,000 miles of gathering and transportation pipelines, treating and processing assets, and storage facilities. ETP also owns the general partner interests, 100% of the incentive distribution rights, and a 32.4% limited partnership interest in Sunoco Logistics Partners L.P. (NYSE:SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP also holds a 70% interest in Lone Star NGL, a joint venture that owns and operates natural gas liquids storage, fractionation and transportation assets in Texas, Louisiana and Mississippi. In addition, ETP holds controlling interest in a corporation (ETP Holdco Corporation) that owns Southern Union Company and Sunoco, Inc.

Industry View: Neutral

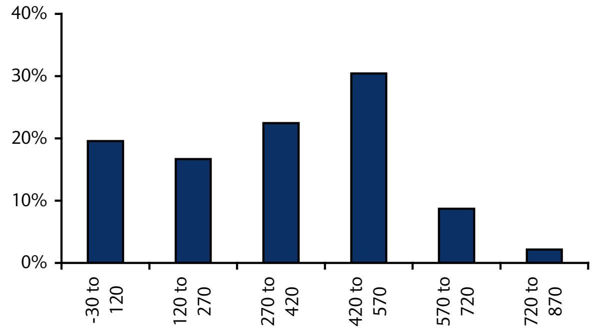
Source: Company filings, FactSet, Barclays Research

Figure 142: Historical Yield Spreads

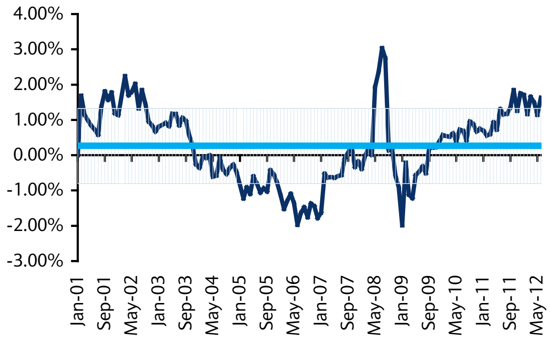
ETP vs. US 10 yr



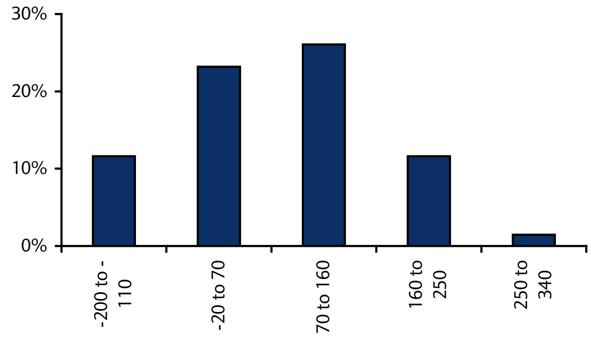
Basis Point Differentials - ETP vs. US 10 yr



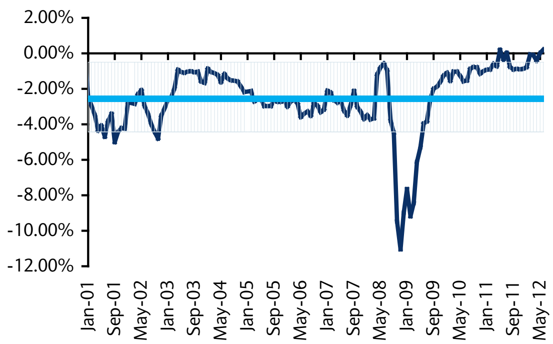
ETP vs. AMZ



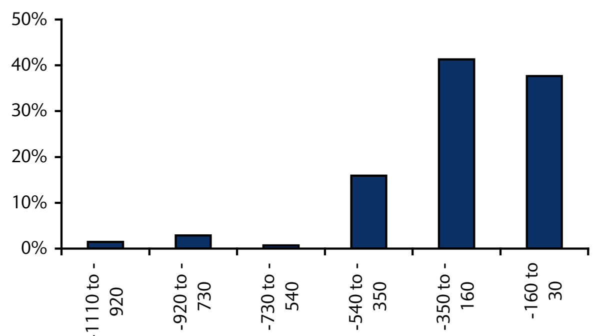
Basis Point Differentials - ETP vs. AMZ



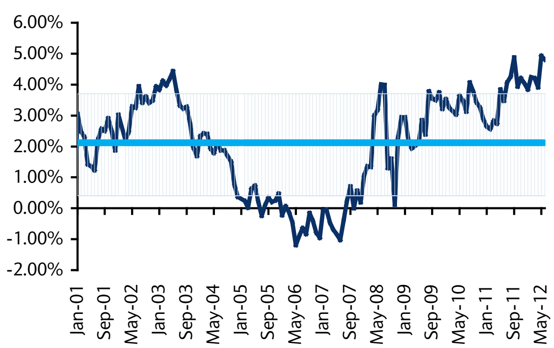
ETP vs. Barclays HY



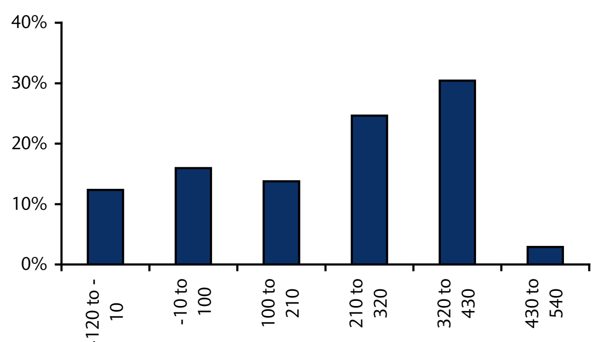
Basis Point Differentials - ETP vs. Barclays HY



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 cash distribution run rate of $3.72 and a target yield of 7.0%.

Investment Thesis

We believe ETP offers an attractive risk / return profile, given improved distribution growth prospects (which we recently raised to 5-6% from 3-4%) combined with a yield of ~8.5%.

ETP has vastly underperformed the AMZ since 2009, which was when the company stopped raising its distribution after showing years of compelling distribution growth leading up to 2008 (22.5% CAGR from 2004-2008). The complete halt in ETP's distribution growth has been largely tied the gas price collapse, resulting in detrimental effects on ETP's Intrastate business, which accounted for ~60% of the company at that time. While gas prices continue to be weak, we believe business fundamentals have stabilized. Importantly, ETP has since diversified its business mix, resulting in the Intrastate business accounting for ~30% of ETP. Over the years, ETP has made sizable investments in the NGL business and midstream value chain exposed to the Eagle Ford shale, with many large projects coming on-line in 2013/2014, including $1 billion of NGL projects such as NGL pipelines and fractionators.

We believe ETP's yield differential relative to its peers will begin to narrow as ETP enters into a growth mode following 5 years of hiatus. We forecast ETP distribution growth of 5% in 2013 and 6% in 2014/2015 (up from 3% in 2013 and 4% in 2014/2015). A key growth driver includes a higher distribution assumption at SXL. We recently increased SXL's annual distribution growth rate to ~14%/year, from ~10%, adding $35 mm of incremental DCF to ETP in 2013 and $90 mm by 2016. Additionally, having SXL potentially fund large capex projects for HoldCo assets could lead to ETP DCF upside. This could also improve sentiment around ETP's stock as it could alleviate ETP's funding burden. Management indicated a $1.5 billion investment opportunity related to Trunkline's conversion into crude services. While not in our numbers, having SXL fund ETE's interest in the project could lead to an additional 2% upside in ETP's cash flow.

Potential Catalysts / Timeline

- Q4 2012earnings 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 143: Enterprise Products Partners, LP (EPD)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Overweight		**Annualized Distribution:**	$2.60
Price Target:	$58.00		**Yield:**	5.09%
Current Price:	$51.05	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.89%
Potential Upside to Target:	13.6%		**Dist. CAGR (Next 3 Yrs):**	6.09%
52 Week High / Low:	$55.38 - $44.09		**Tax Deferral:**	90%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012**	**Q42012e**	**2012e**	**2013e**
Cash Distribution Per Unit	$2.32	$2.44	$0.63	$0.64	$0.65	$0.66	$2.57	$2.74
Growth (YoY)	5.5%	5.2%	5.0%	5.0%	6.1%	6.5%	5.6%	6.5%
Total Distribution Receiving Units	597.8	859.7	888.7	889.9	891.4	901.5	892.9	923.1

Distributable Cash flow Calculation	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012**	**Q42012e**	**2012e**	**2013e**
Net Income	$1,383.7	$2,088.3	$659.7	$568.1	$587.9	$605.9	$2,421.6	$2,548.3
Depreciation, Depletion & Amortization	$971.9	$990.5	$264.7	$270.7	$277.2	$278.0	$1,080.1	$1,190.1
Other	$852.7	$908.8	$169.2	$206.4	$198.1	$225.5	$844.5	$980.3
Adjusted EBITDA	$3,208.3	$3,987.6	$1,093.6	$1,045.2	$1,063.2	$1,109.4	$4,346.2	$4,718.6
Net Interest Expense	($709.7)	($744.1)	($186.5)	($186.6)	($199.7)	($208.6)	($781.4)	($909.2)
Maintenance Capital Expenditures	($240.3)	($296.4)	($90.4)	($90.0)	($102.3)	($55.0)	($337.7)	($367.7)
Other	$1.9	$244.2	$85.6	$23.2	($27.8)	$11.9	$180.5	$50.1
Distributable Cash flow	$2,256.4	$2,702.9	$731.1	$745.4	$789.0	$833.9	$3,046.6	$3,391.6
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	$745.4	$789.0	$833.9	$3,046.6	$3,391.6
Distributable Cash Flow Per Unit	$3.44	$3.14	$0.82	$0.84	$0.89	$0.93	$3.41	$3.67
Common Distribution Coverage	149%	129%	131%	132%	136%	140%	133%	134%
Total Distribution Coverage	149%	129%	131%	132%	136%	140%	133%	134%

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 50,700 miles of onshore and offshore 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. Services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminals; crude oil and refined products transportation, storage and terminals; offshore production platforms; petrochemical transportation and services; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico.

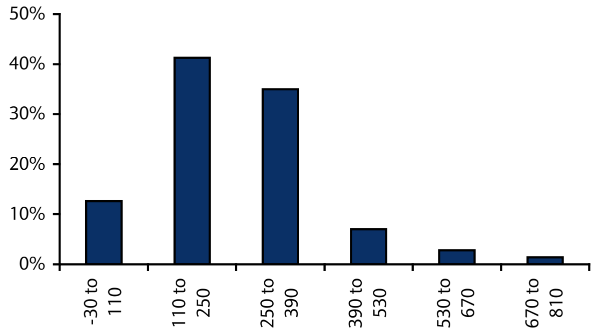
Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

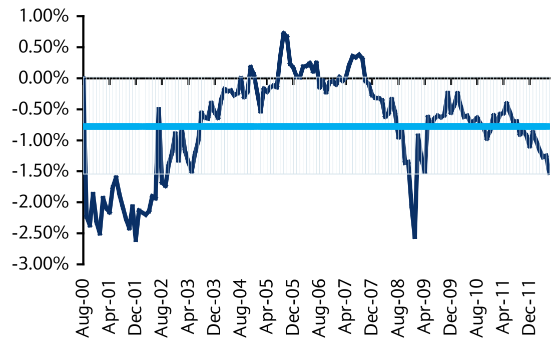
Figure 144: Historical Yield Spreads

EPD vs. US 10 yr

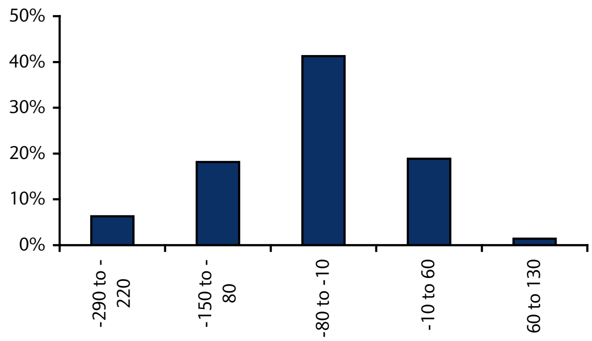
Basis Point Differentials - EPD vs. US 10 yr



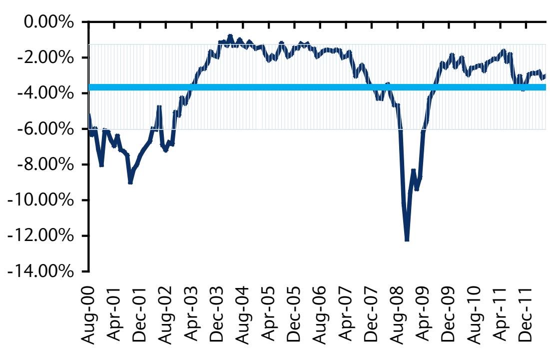
EPD vs. AMZ



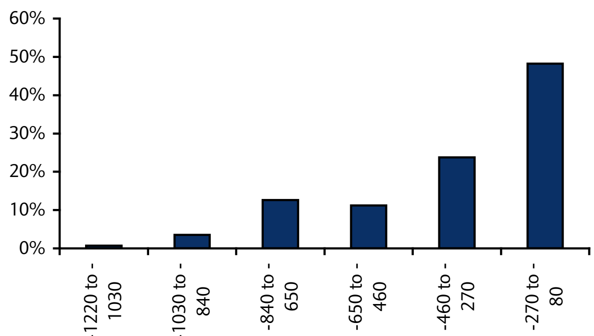
Basis Point Differentials - EPD vs. AMZ



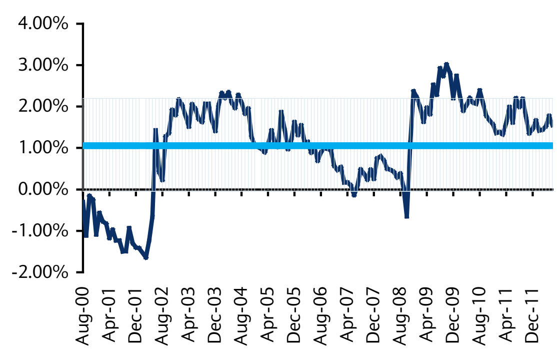
EPD vs. Barclays HY



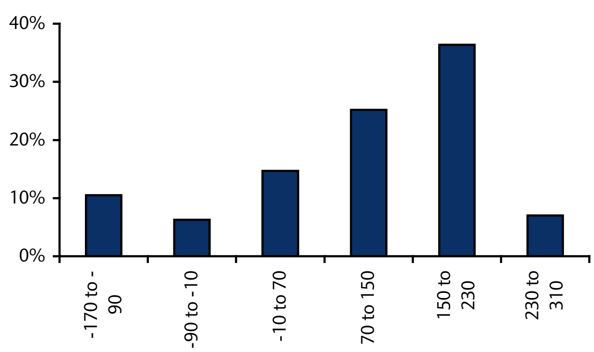
Basis Point Differentials - EPD vs. Barclays HY



EPD vs. Barclays HG



Basis Point Differentials - EPD vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $58 price target is based on a 12-month cash distribution run rate of $2.76 and a target yield of 4.75%. 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 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 its 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 to consistently grow the distribution payment while maintaining a high distribution coverage ratio. We estimate EPD's 3-year distribution CAGR at 6.5%.

Investment Thesis

We carry an 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

- 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 reflects 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 uses hedges on a portion of its gas processing exposure. EPD's large, diversified asset mix also provides a cushion to potential supply disruptions in a business segment.

Exterran Partners, LP (EXLP)

Figure 145: Exterran Partners, LP (EXLP)

Sub Sector: Natural Gas Compression

Rating:	Equal Weight	**Annualized Distribution:**	$2.03
Price Target:	$29.00	**Yield:**	9.23%
Current Price:	$22.00 (as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	8.68%
Potential Upside to Target:	31.8%	**Dist. CAGR (Next 3 Yrs):**	4.21%
52 Week High / Low:	$25 - $18.3	**Tax Deferral:**	100%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Cash Distribution Per Unit	$1.87	$1.94	$0.50	$0.50	$0.51	$0.51	$2.02	$2.10
Growth (YoY)	0.8%	4.0%	4.2%	4.1%	4.1%	4.1%	4.1%	4.0%
Total Distribution Receiving Units	28.03	35.98	43.41	42.26	42.16	42.16	42.50	45.73
Distributable Cash Flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Operating Income	$1.38	$37.37	$10.67	($12.37)	$17.12	$16.74	$32.15	$88.33
Depreciation and Amortization	$52.52	$67.93	$20.36	$22.79	$21.93	$22.37	$87.45	$90.37
Others	$50.91	$33.99	$8.95	$34.58	$7.10	$8.03	$58.68	$27.13
Adjusted EBITDA	$104.81	$139.29	$39.99	$45.00	$46.15	$47.14	$178.27	$205.84
Net Interest Expense	($20.79)	($18.82)	($5.21)	($5.72)	($5.91)	($6.74)	($23.57)	($29.82)
Maintenance Capital Expenditures	($15.90)	($28.86)	($8.12)	($11.42)	($10.35)	($10.25)	($40.13)	($47.35)
Others	($1.29)	($1.32)	$0.24	($0.52)	($0.40)	$0.00	($0.68)	$0.00
Distributable Cash flow	$66.83	$90.28	$26.90	$27.34	$29.50	$30.15	$113.89	$128.66
General Partner Cut	$2.47	$4.14	$1.27	$1.51	$1.57	$1.66	$6.00	$8.00
Distributable Cash Flow (LP)	$64.36	$86.14	$25.63	$25.84	$27.93	$28.49	$107.90	$120.66
Distributable Cash Flow Per Unit	$2.30	$2.39	$0.59	$0.61	$0.66	$0.68	$2.54	$2.64
Total Distribution Coverage	122%	128%	116%	120%	128%	130%	129%	124%

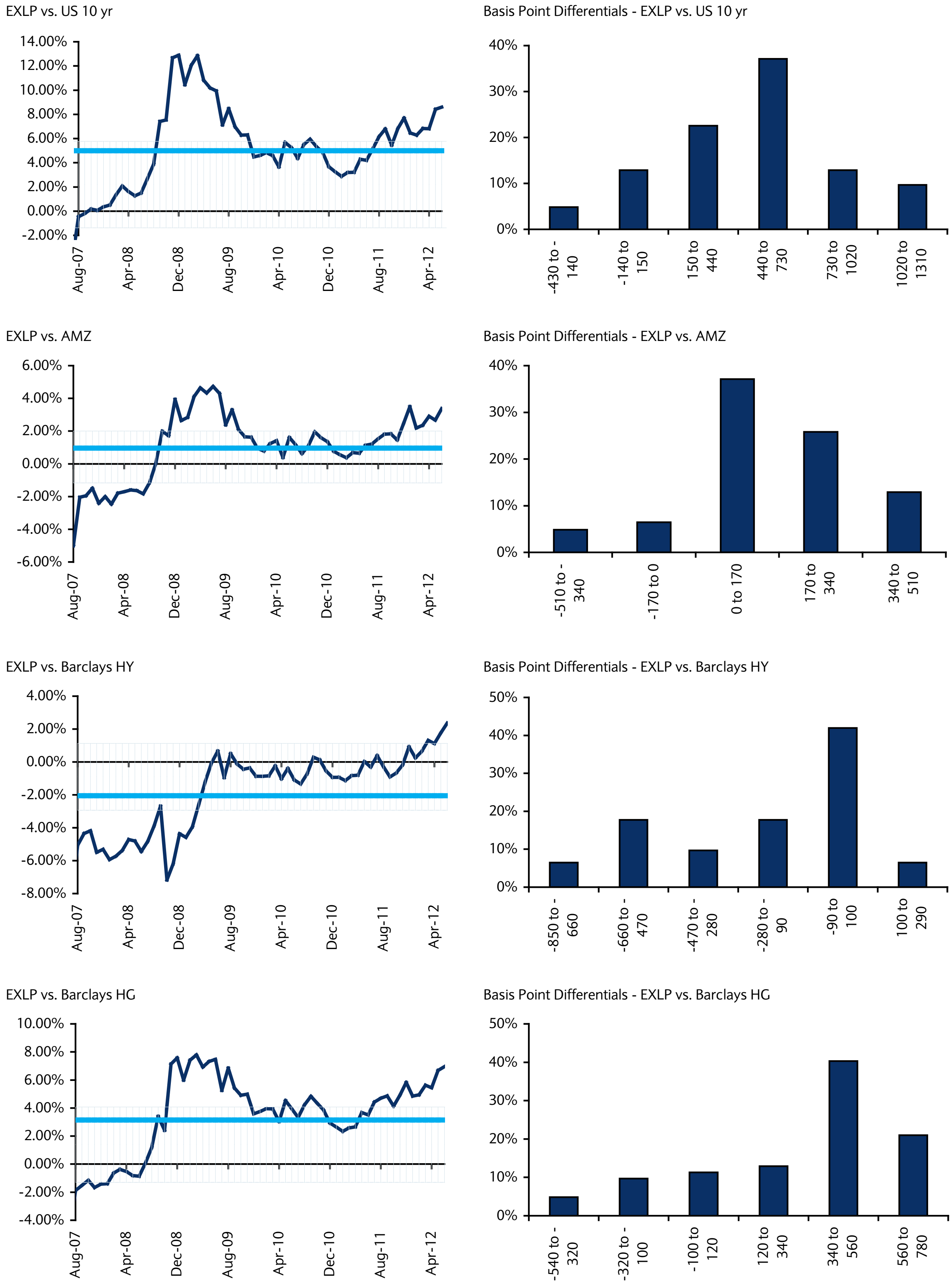
Business Description

Exterran Partners, L.P. provides natural gas contract operations 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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 146: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $29 price target is based on a 12 month cash distribution run rate of $2.10 and a target yield of 7.25%.

Investment Thesis

We believe drop down activity will continue to play a key role in EXLP's growth. EXH (parent) continues to reiterate its commitment to its drop down strategy and will continue to use EXLP as its primary growth vehicle in North America. The company's last drop down was completed February 2012, 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 has sustained 4% YoY growth in Q1 and Q2 2012. We estimate EXLP can grow distribution at 5-year CAGR of 4.3% through 2016, supported by annual drop downs of ~$200 mm.

While we believe drop downs will represent the largest element of EXLP's growth story, we believe that a sustained recovery in gas prices is essential to the long term growth of the partnership. Away from drop downs, 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. The company has been experience a neutralizing trend of growth in rich gas areas being offset by weakness in dry gas plays. However, revenues and margins have been improving modestly on the back of the company's February pricing hike. Management indicated that it expects flat FY operating HP with growth in the back half of 2012. Exterran's Q2 retirement of 299,000 idle HP (67,000 HP at EXLP, 232,000 at EXH) should result in an increasingly modern and standardized fleet with attractive efficiencies and reduced maintenance, in our view.

EXLP reported Q2 leverage of 3.6x. EXLP reported Q2 revolver availability of $257 mm versus FY growth capex of $85-$100 mm. EXLP has spent $32 mm in growth capex for the first half of 2012.

Potential Catalysts / Timeline

- Asset drop down from parent, Exterran (EXH).
- Q4 2012earnings 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 147: Ferrellgas Partners, LP (FGP)

Sub Sector: Wholesale Distribution

Rating:	Underweight		**Annualized Distribution:**	$2.00
Price Target:	$16.00		**Yield:**	10.63%
Current Price:	$18.82	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	-15.0%		**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	FY2011	FY2012E	1Q13E	2Q13E	3Q13E	4Q13E	FY2013E	FY2014E
Cash Distribution Per Unit	$2.00	$2.00	$0.50	$0.50	$0.50	$0.50	$2.00	$2.00
Growth (YoY)	0.0%	0.0%					0.0%	0.0%
Total Distribution Receiving Units	72.3	77.6	79.0	79.0	79.0	79.0	79.0	79.0
Distributable Cash flow Calculation	**FY2011**	**FY2012E**	**1Q13E**	**2Q13E**	**3Q13E**	**4Q13E**	**FY2013E**	**FY2014E**
Net Income	($43.88)	($10.95)	($27.66)	$61.90	$36.78	($26.96)	$44.06	$66.16
Interest Expense	$101.89	$93.25	$24.24	$24.54	$24.24	$24.75	$97.77	$103.30
Depreciation and Amortization	$82.49	$83.84	$21.63	$21.63	$21.63	$21.63	$86.50	$88.50
Others	$87.15	$26.57	$2.65	$2.75	$2.75	$2.75	$10.90	$11.50
Adjusted EBITDA	$227.65	$192.71	$20.85	$110.82	$85.39	$22.16	$239.23	$269.46
Net Interest Expense	$93.35	$87.60	$22.74	$23.04	$22.74	$23.25	$91.77	$97.30
Maintenance Capital Expenditures	$15.44	$16.04	$4.50	$4.00	$3.50	$4.00	$16.00	$16.50
Others	($5.40)	($4.98)	($1.50)	($1.50)	($1.50)	($1.50)	($6.00)	($6.00)
Distributable Cash flow	$124.26	$94.05	($4.89)	$85.28	$60.65	($3.59)	$137.46	$161.66
General Partner Cut	$2.95	$3.13	$0.81	$0.81	$0.81	$0.81	$3.22	$3.22
Distributable Cash Flow (LP)	$121.31	$90.92	($5.70)	$84.47	$59.85	($4.39)	$134.23	$158.43
Distributable Cash Flow Per Unit	$1.68	$1.17	($0.07)	$1.07	$0.76	($0.06)	$1.70	$2.01
Total Distribution Coverage	84%	59%	-14%	214%	152%	-11%	85%	100%

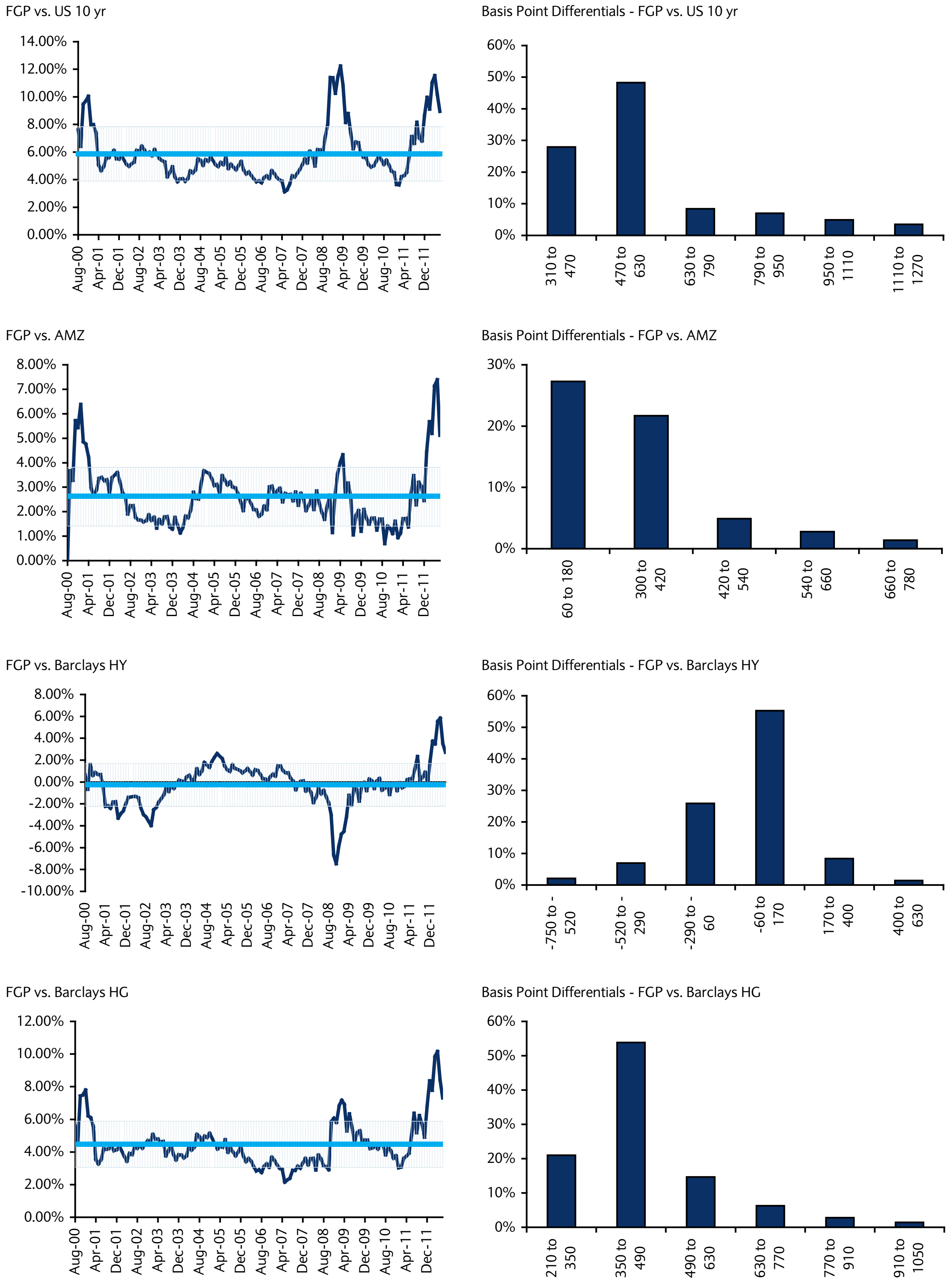
Business Description

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

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 148: Historical Yield Spreads



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

- December 10 – fiscal first 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 coverage also contributes to the partnership's riskiness.

Genesis Energy, LP (GEL)

Figure 149: Genesis Energy, LP (GEL)

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$1.89
Price Target:	$38.00		**Yield:**	5.50%
Current Price:	$34.35	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	10.6%		**Dist. CAGR (Next 3 Yrs):**	10.21%
52 Week High / Low:	$35.18 - $25.5		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	2012-1	2012-2	2012-3	2012-4e	2012e	2013e
Cash Distribution Per Unit	$1.53	$1.69	$0.45	$0.46	$0.47	$0.48	$1.87	$2.06
Growth (YoY)		10.46%					10.36%	10.19%
Total Distribution Receiving Units (in mm)	40.65	67.94	72.84	79.47	79.90	81.20	78.35	82.94

Distributable Cash flow Calculation	2010	2011	2012-1	2012-2	2012-3	2012-4e	2012e	2013e
Total segment margin	$149.56	$202.50	$60.25	$62.83	$65.93	$68.09	$257.10	$299.34
G&A expense	$110.06	$31.69	$8.62	$8.71	$9.43	$9.30	$36.06	$37.86
Other	($79.42)	($17.17)	$0.51	($0.14)	($0.12)	$0.00	$0.25	$0.00
EBITDA	$118.93	$172.64	$51.12	$54.26	$56.62	$58.79	$220.79	$261.47
Net income	$19.93	$51.25	$19.60	$18.58	$31.19	$25.30	$94.68	$118.49
DD&A	$53.56	$61.93	$15.04	$15.36	$14.84	$15.60	$60.83	$63.70
Effects of dist. cash generated by equity investees	$1.02	$13.56	$6.73	$6.75	$5.61	$6.70	$25.80	$28.90
Maintenance capex	$2.86	$4.24	$1.21	$0.81	$0.70	$1.30	$4.02	$5.40
Other	$29.85	$15.70	($0.54)	$3.33	($5.09)	$1.00	($1.30)	$4.00
Distributable Cash flow	$101.50	$138.20	$39.62	$43.21	$45.86	$47.30	$175.99	$209.69
General Partner Cut	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash Flow (LP)	$101.50	$138.20	$39.62	$43.21	$45.86	$47.30	$175.99	$209.69
Distributable Cash Flow Per Unit	$2.50	$2.03	$0.54	$0.54	$0.57	$0.58	$2.25	$2.53
Total Distribution Coverage	163%	120%	121%	118%	121%	121%	120%	123%

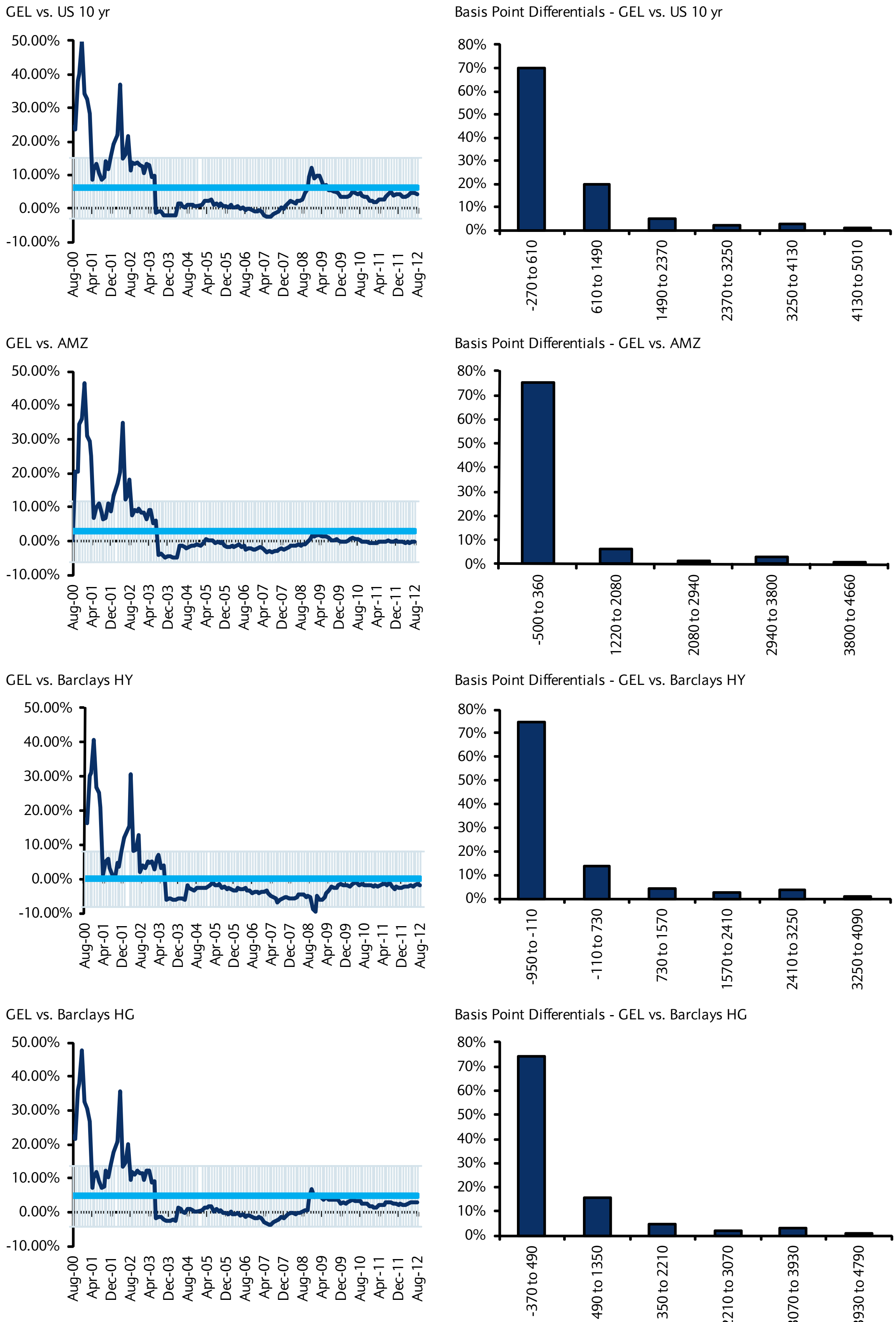
Business Description

Genesis Energy LP is a diversified midstream energy master limited partnership headquartered in Houston, Texas. Genesis' operations include pipeline transportation, refinery services and supply and logistics. The Pipeline Transportation Division is engaged in the pipeline transportation of crude oil and carbon dioxide. The Refinery Services Division primarily processes sour gas streams to remove sulfur at refining operations. The Supply and Logistics Division is engaged in the transportation, storage and supply and marketing of energy products, including crude oil, refined products, and certain industrial gases. Genesis' operations are primarily located in Texas, Louisiana, Arkansas, Mississippi, Alabama, Florida and the Gulf of Mexico.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 150: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $38 price target is based on a 12-month cash distribution run rate of $2.08 and a target yield of 5.5%. Given the Partnership's diversified business mix, visibility into distribution growth and low cost of capital (no IDRs), we believe GEL offers an attractive risk-reward proposition. Growth visibility supported by contributions from $400mm of midstream acquisitions since August 2011 and approximately $300mm of organic projects through mid 2014. GEL's offshore and onshore pipeline assets should benefit from expected growth in GoM, Eagle Ford, Permian crude production.

Investment Thesis

We carry an Overweight rating on GEL. Our rating is based on GEL's strong growth prospects, relatively stable cash flows, and attractive total return value proposition. GEL has a solid expected 3-year distribution CAGR of 10.1%, supported by recent acquisitions, current organic projects and exposure to growing US crude oil production. Cash flow stability supported by business diversification, strategically located assets and fee-based/fixed margin mix.

Potential Catalysts / Timeline

- 2Q13 – expected in-service date of Texas City terminal project
- Mid-2014 – expected completion of 115,000 bpd Southeast Keathley Canyon Pipeline in Gulf Of Mexico

Fundamental Drivers

- Crude oil drilling activity in the Gulf of Mexico and onshore Gulf Coast
- Demand for CO2 by crude oil producers for enhanced oil recovery
- Refined product demand
- Demand for NaHS by mining and pulp/paper industries
- Successful execution of organic growth projects

Risk: Medium

The medium risk rating is attributable to stability from diversification from pipeline, refinery services, supply/logistics segments and fee-based cash flows, with cash flow variability from margin-based revenues and offshore crude oil pipeline volumes.

Global Partners, LP (GLP)

Figure 151: Global Partners, LP (GLP)

Sub Sector: Wholesale Distribution

Rating:	Equal Weight		**Annualized Distribution:**	$2.13
Price Target:	$28.00		**Yield:**	8.59%
Current Price:	$24.81	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	1.75%
Potential Upside to Target:	12.9%		**Dist. CAGR (Next 3 Yrs):**	3.58%
52 Week High / Low:	$27.91 - $20.01		**Tax Deferral:**	70%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Cash Distribution Per Unit	$1.97	$2.00	$0.50	$0.53	$0.53	$0.53	$2.09	$2.16
Growth (YoY)	1.0%	1.5%	0.0%	5.0%	6.5%	6.5%	4.5%	3.5%
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**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Net Income	$27.0	$19.4	($1.4)	$18.5	$6.9	$15.7	$39.7	$66.6
Depreciation, Depletion & Amortization	$23.1	$35.1	$10.5	$13.6	$12.7	$10.5	$47.3	$39.4
Interest Expense & OtherOther	$22.3	$31.3	$9.3	$8.7	$9.9	$9.7	$37.6	$44.3
Adjusted EBITDA	$72.4	$85.7	$18.5	$40.8	$29.5	$35.9	$124.6	$150.3
Interest Expense	($22.3)	($31.2)	($9.3)	($9.1)	($9.2)	($9.3)	($37.0)	($43.0)
Maintenance Capital Expenditures	($4.1)	($4.2)	($1.1)	($4.5)	($3.6)	($4.0)	($13.2)	($16.2)
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	$26.7	$15.0	$22.2	$70.9	$89.7
General Partner Cut	($0.7)	($0.8)	($0.2)	($0.4)	($0.4)	($0.4)	($1.4)	($1.9)
Distributable Cash Flow (LP)	$45.3	$45.9	$6.8	$26.3	$14.5	$21.8	$69.5	$87.9
Distributable Cash Flow Per Unit	$2.73	$2.14	$0.29	$0.95	$0.53	$0.79	$2.62	$3.20
Total Distribution Coverage	139%	107%	58%	182%	99%	149%	125%	148%

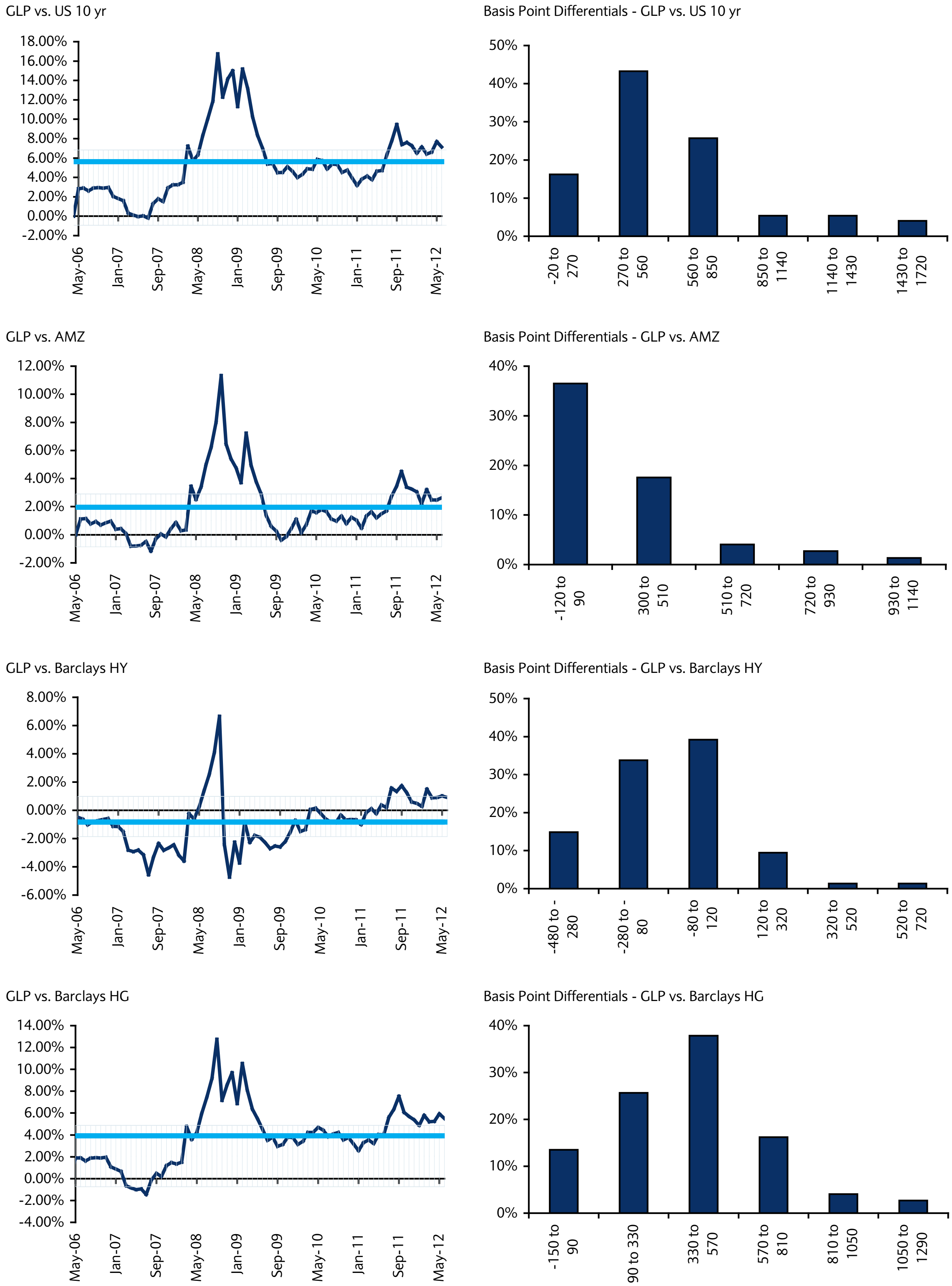
Business Description

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 Partners is a leader in the logistics of transporting crude and other products from the mid-continent region of the U.S. and Canada 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 Partnership also is a distributor of natural gas.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 152: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $28 price target is based on a 12-month cash distribution run rate of $2.20 and a target yield of 8%.

Investment Thesis

The Partnership has weather sensitive cash flows which are also impacted by commodity prices. However, a growing product mix of non-weather related operations (such as crude oil logistics) and hedging help to mitigate these risks. On a longer-term basis, we believe management will continue to build on non-weather related businesses to further dampen the seasonality of operations and promote distribution growth.

Potential Catalysts/Timeline

- February – fourth 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, reducing seasonality and improving cash flow stability.

Holly Energy Partners, LP (HEP)

Figure 153: Holly Energy Partners, LP (HEP)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$3.70
Price Target:	$68.00		**Yield:**	5.72%
Current Price:	$64.63	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.97%
Potential Upside to Target:	5.2%		**Dist. CAGR (Next 3 Yrs):**	6.04%
52 Week High / Low:	$73.96 - $51.36		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Cash Distribution Per Unit	$3.32	$3.48	$0.90	$0.91	$0.93	$0.94	$3.67	$3.91
Growth (YoY)	5.1%	4.8%	4.7%	5.2%	5.7%	6.2%	5.5%	6.5%
Total Distribution Receiving Units	22.1	22.8	27.4	27.4	28.3	29.9	28.2	29.9
Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Operating Income	$90.8	$114.3	$34.2	$34.2	$36.7	$41.6	$146.7	$176.4
Depreciation, Depletion & Amortization	$30.7	$32.1	$10.3	$9.1	$13.0	$12.0	$44.4	$47.4
Other	$2.4	$2.6	$0.8	$0.8	($0.0)	$0.5	$2.1	$2.7
Adjusted EBITDA	$123.8	$149.0	$45.3	$44.1	$49.8	$54.1	$193.2	$226.5
Net Interest Expense	($34.0)	($36.0)	($8.8)	($9.5)	($10.7)	($13.1)	($42.1)	($52.9)
Maintenance Capital Expenditures	($4.5)	($5.4)	($0.3)	($1.3)	($2.3)	($3.8)	($7.6)	($10.1)
Other	$5.7	($7.3)	$0.3	$1.3	$3.7	$0.0	$5.3	$0.0
Distributable Cash flow	$91.1	$100.3	$36.6	$34.5	$40.4	$37.2	$148.8	$163.5
General Partner Cut	($12.9)	($17.1)	($5.8)	($6.2)	($5.6)	($6.4)	($23.9)	($30.1)
Distributable Cash Flow (LP)	$78.2	$83.2	$30.8	$28.3	$34.9	$30.8	$124.8	$133.4
Distributable Cash Flow Per Unit	$3.54	$3.65	$1.12	$1.04	$1.23	$1.03	$4.42	$4.47
Total Distribution Coverage	107%	105%	126%	114%	133%	110%	121%	114%

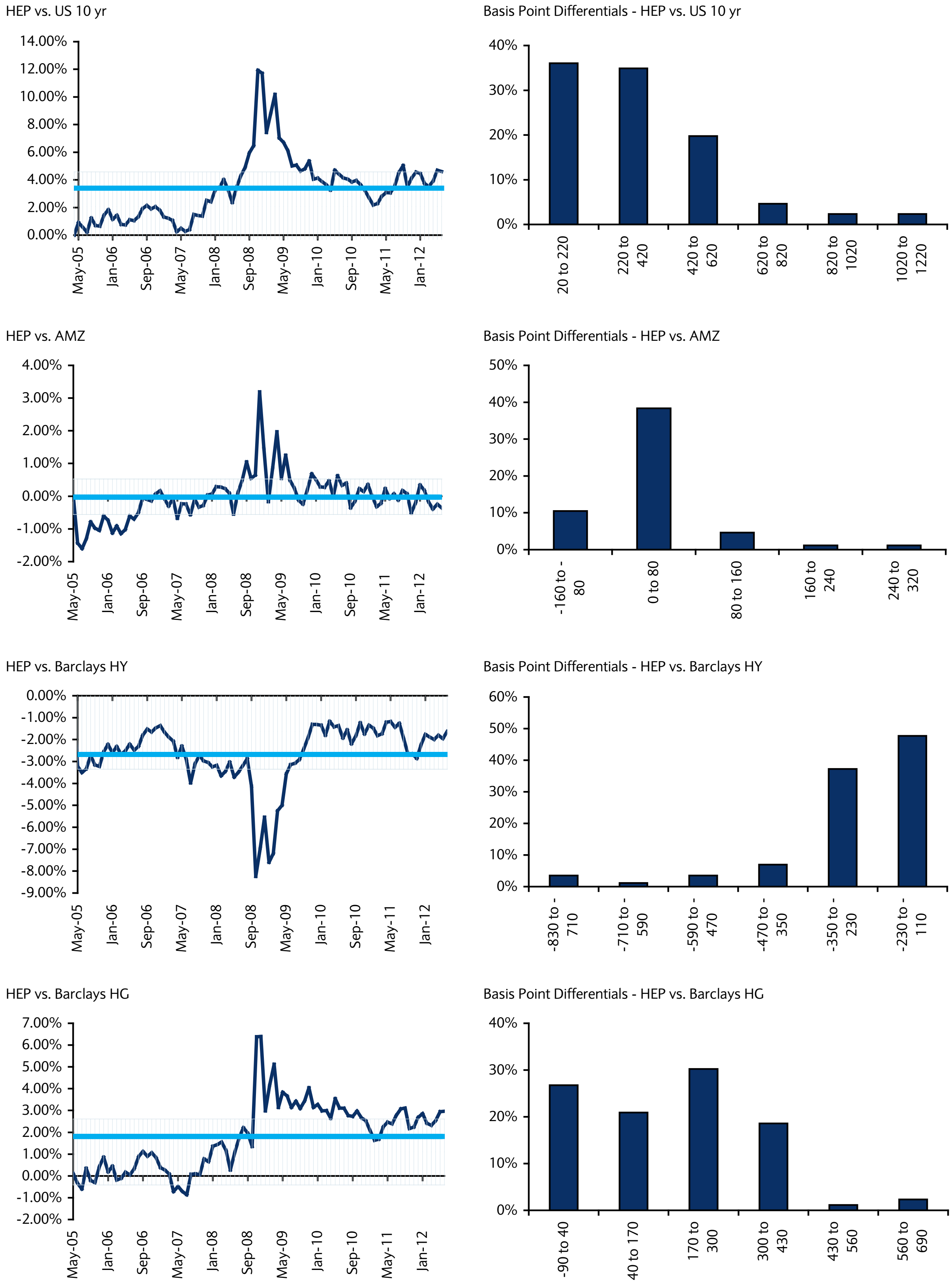
Business Description

Holly Energy Partners, L.P. provides petroleum product and crude oil transportation, terminalling, storage and throughput services to the petroleum industry, including HollyFrontier Corporation subsidiaries. The Partnership owns and operates petroleum product and crude gathering pipelines, tankage and terminals in Texas, New Mexico, Arizona, Washington, Idaho, Oklahoma, Utah, Wyoming and Kansas. In addition, the Partnership owns a 75% interest in UNEV Pipeline, L.L.C., the owner of a Holly Energy operated refined products pipeline running from Utah to Las Vegas, Nevada, and related product terminals and a 25% interest in SLC Pipeline, L.L.C., a 95-mile intrastate pipeline system serving refineries in the Salt Lake City, Utah area.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 154: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $68 price target is based on a 12-month cash distribution run rate of $3.94 and a target yield of 5.8%. Distribution growth prospects remain fairly healthy with the support of accretion contributed by organic growth projects and midstream asset dropdown.

Investment Thesis

We carry an Equal Weight rating on HEP due to relative valuation. We believe HEP's value proposition is underpinned by a solid yield and healthy distribution growth rate. Given the high-quality asset base, 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.

Potential Catalysts / Timeline

- February – fourth quarter earnings release.
- 2012 – expected increase in UNEV refined product pipeline revenues.

Fundamental Drivers

- Production at the Navajo, Woods Cross, Cheyenne, El Dorado, 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 (Holly 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 155: Inergy L.P. (NRGY)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight		**Annualized Distribution:**	$1.16
Price Target:	$21.00		**Yield:**	6.28%
Current Price:	$18.46	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	6.34%
Potential Upside to Target:	13.8%		**Dist. CAGR (Next 3 Yrs):**	-22.23%
52 Week High / Low:	$20.73 - $12.23		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	FY2010	FY2011	FY2012e	1Q13e	2Q13e	3Q13e	4Q13e	FY2013e
Cash Distribution Per Unit	$2.79	$2.82	$1.75	$0.29	$0.29	$0.30	$0.32	$1.20
Growth (YoY)	5.7%	1.1%	-38.1%	-58.9%	-22.7%	-20.0%	8.6%	-31.5%
Total Distribution Receiving Units	64.56	108.70	124.98	130.34	130.34	130.34	130.34	130.34
Distributable Cash Flow Calculation	**FY2010**	**FY2011**	**FY2012e**	**1Q13e**	**2Q13e**	**3Q13e**	**4Q13e**	**FY2013e**
Operating Income	$137.80	$154.50	$134.50	$21.20	$31.00	$33.15	$33.30	$94.79
Depreciation and Amortization	$161.80	$191.80	$169.60	$30.00	$33.00	$34.00	$34.00	$131.00
Other	$26.00	$25.90	$17.40	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted EBITDA	$325.60	$372.20	$321.50	$51.20	$64.00	$67.15	$67.30	$225.79
Net Interest Expense	$86.00	$107.10	$77.50	$8.29	$9.70	$9.81	$9.91	$37.71
Maintenance Capital Expenditures	$9.90	$14.00	$12.40	$2.00	$2.00	$2.00	$2.00	$8.00
Others	($0.40)	$0.20	$23.20	$10.97	$11.26	$11.63	$12.00	$47.36
Distributable Cash flow	$230.10	$250.90	$208.40	$29.94	$41.03	$43.71	$43.39	$132.72
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	$208.40	$29.94	$41.03	$43.71	$43.39	$132.72
Distributable Cash Flow Per Unit	$2.44	$2.30	$1.66	$0.23	$0.31	$0.33	$0.33	$1.01
Total Distribution Coverage	88%	82%	95%	78%	107%	111%	104%	85%

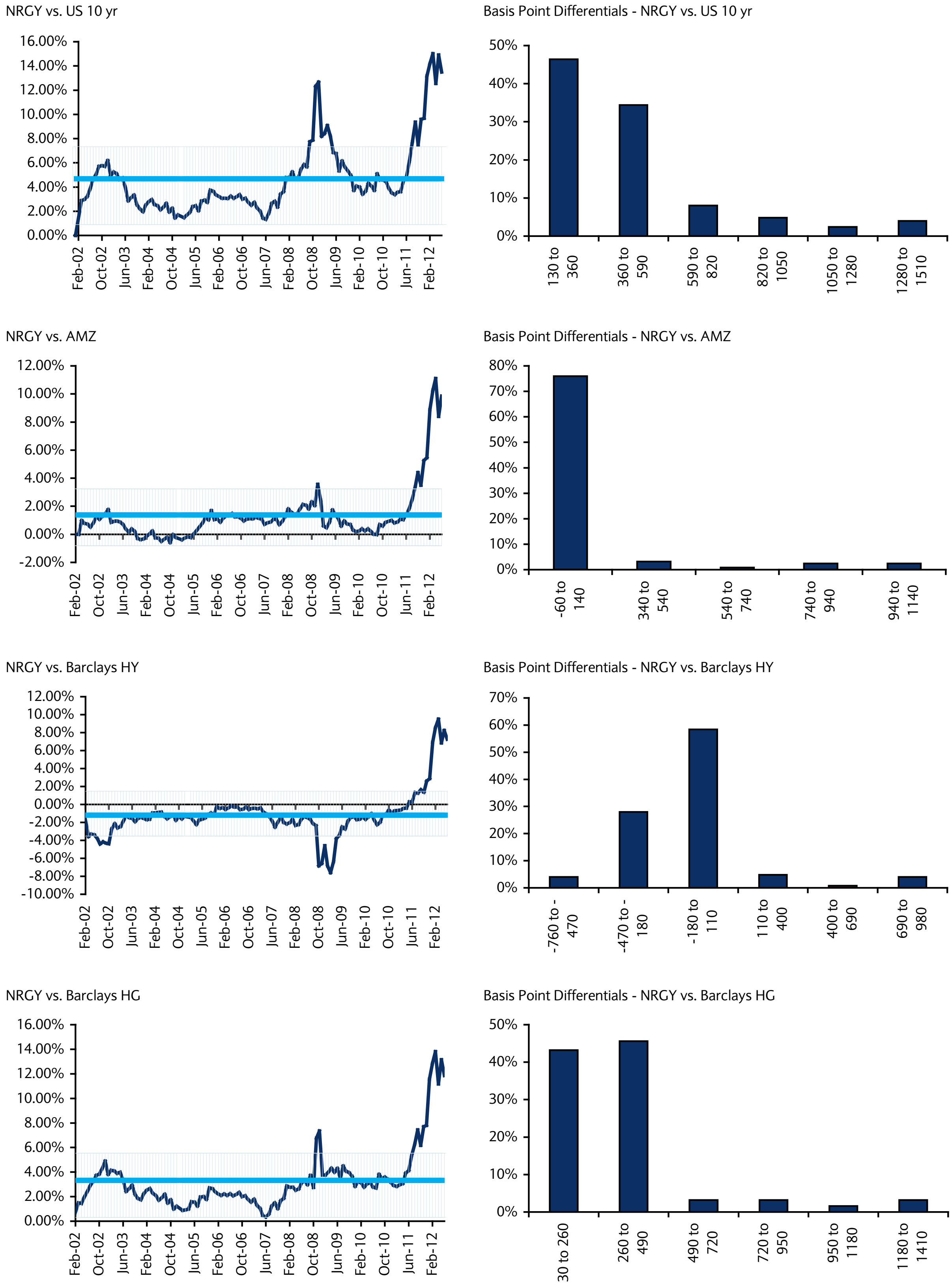
Business Description

Inergy's operations include a natural gas storage business in Texas and an NGL supply, logistics, and marketing business that serves customers in the United States and Canada. Through its general partner interest and majority equity ownership interest in Inergy Midstream, L.P. (NYSE: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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 156: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $21 price target is based on a 12-month distribution run rate of $1.26 for NRGY units capitalized at a 6% yield.

Investment Thesis

Given the significant repositioning of Inergy over the past 12 months – including the NRGM IPO, conducting its first drop-down, exiting the retail propane business and entering the midstream crude business, NRGY's outlook has improved and has positioned the Partnership to resume distribution growth. The Partnership's sale of its retail propane business removes weather sensitive cash flows which were also impacted by commodity price volatility and customer conservation. Going forward, NRGY will focus on the more stable midstream business through its LP and GP interest in NRGM as well as managing its assets at the NRGY level.

Potential Catalysts/Timeline

- December 3 – Analyst Day

Fundamental Drivers

- Performance of NRGM assets
- Ability to make and integrate acquisitions.
- Gas storage market conditions

Risk: Medium

The divestiture of the retail propane business helped reduce NRGY's risk profile by removing weather sensitive cash flows. 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 157: Inergy Midstream LP (NRGM)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Overweight		**Annualized Distribution:**	$1.54
Price Target:	$26.00		**Yield:**	6.60%
Current Price:	$23.33	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	11.4%		**Dist. CAGR (Next 3 Yrs):**	6.06%
52 Week High / Low:	$25.32 - $16.25		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	FY 2011	2012e	1Q13e	2Q13e	3Q13e	4Q13e	2013e	2014e
Cash Distribution Per Unit	na	$1.18	$0.39	$0.40	$0.41	$0.43	$1.63	$1.77
Growth (YoY)		0.0%	5.4%	8.1%	8.6%	10.4%	8.1%	8.5%
Total Distribution Receiving Units (in mm)	na	74.67	77.97	85.90	85.90	85.90	85.27	90.59

Distributable Cash flow Calculation	FY 2011	2012e	1Q13e	2Q13e	3Q13e	4Q13e	2013e	2014e
Net income	$39.60	$59.50	$18.80	$27.89	$30.64	$30.72	$108.27	$141.38
Depreciation expense	$37.60	$47.50	$14.00	$17.00	$18.00	$18.00	$67.00	$77.00
Interest expense	$2.00	$1.80	$3.21	$5.70	$5.81	$5.92	$20.64	$35.35
Other	$1.90	$6.90	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted EBITDA	$81.10	$115.70	$36.01	$50.60	$54.45	$54.64	$195.91	$253.73
Interest expense	($2.00)	($1.00)	($2.96)	($5.45)	($5.56)	($5.67)	($19.64)	($34.35)
Maintenance capex	($3.30)	($3.00)	($1.50)	($1.50)	($1.50)	($1.50)	($6.00)	($7.50)
Other	$2.00	($2.00)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash flow	$77.80	$109.70	$31.55	$43.64	$47.39	$47.47	$170.27	$211.88
General Partner Cut	na	$1.88	$1.56	$2.58	$3.65	$4.72	$12.51	$25.89
Distributable Cash Flow (LP)	na	$107.82	$29.99	$41.07	$43.74	$42.75	$157.55	$185.99
Distributable Cash Flow Per Unit	na	$1.44	$0.38	$0.48	$0.51	$0.50	$1.85	$2.05
Total Distribution Coverage	na	96%	99%	120%	123%	117%	114%	116%

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. The Partnership's assets are located in the Northeast region of the United States.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $26 price target is based on a 12-month cash distribution run-rate of $1.70 and a target yield of 6.6%.

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 8.5% distribution CAGR from Marcellus Shale infrastructure expansion, the pending Bakken crude acquisition and asset drop downs.

Potential Catalysts / Timeline

- December 3 – Analyst Day

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.

Kinder Morgan Energy Partners, LP (KMP)

Figure 158: Kinder Morgan Energy Partners, LP (KMP)

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$5.04
Price Target:	$94.00		**Yield:**	6.22%
Current Price:	$81.01	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	8.13%
Potential Upside to Target:	16.0%		**Dist. CAGR (Next 3 Yrs):**	7.40%
52 Week High / Low:	$90.6 - $74.15		**Tax Deferral:**	90%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$4.40	$4.61	$1.20	$1.23	$1.26	$1.29	$4.98	$5.35
Growth (YoY)	4.8%	4.8%	5.3%	7.0%	8.6%	11.2%	8.0%	7.4%
Total Distribution Receiving Units	307.1	326.1	338.0	342.0	356.0	361.1	349.3	386.2

Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
EBIT	$2,050.9	$2,335.5	$686.0	$619.0	$745.0	$835.8	$2,885.9	$3,702.3
Depreciation, Depletion & Amortization	$910.6	$961.2	$248.0	$250.0	$279.0	$280.0	$1,057.0	$1,135.6
Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Adjusted EBITDA	$2,961.5	$3,296.7	$934.0	$869.0	$1,024.0	$1,115.8	$3,942.9	$4,837.9
Net Interest Expense	($505.3)	($530.3)	($139.0)	($141.0)	($176.0)	($171.1)	($627.1)	($764.2)
Maintenance Capital Expenditures	($179.2)	($212.1)	($44.0)	($52.0)	($78.0)	($112.0)	($286.0)	($300.3)
Other	($136.5)	($150.2)	($32.0)	($27.0)	($56.1)	($15.9)	($131.0)	($99.5)
Distributable Cash flow	$2,413.5	$2,704.5	$783.0	$703.0	$826.2	$848.6	$3,160.8	$3,872.8
General Partner Cut	($1,053.4)	($1,179.8)	($321.0)	($337.0)	($367.0)	($381.5)	($1,406.5)	($1,777.8)
Distributable Cash Flow (LP)	$1,360.1	$1,524.7	$462.0	$366.0	$459.2	$467.1	$1,754.3	$2,095.0
Distributable Cash Flow Per Unit	$4.43	$4.68	$1.37	$1.07	$1.29	$1.29	$5.02	$5.42
Total Distribution Coverage	101%	101%	114%	87%	102%	100%	101%	101%

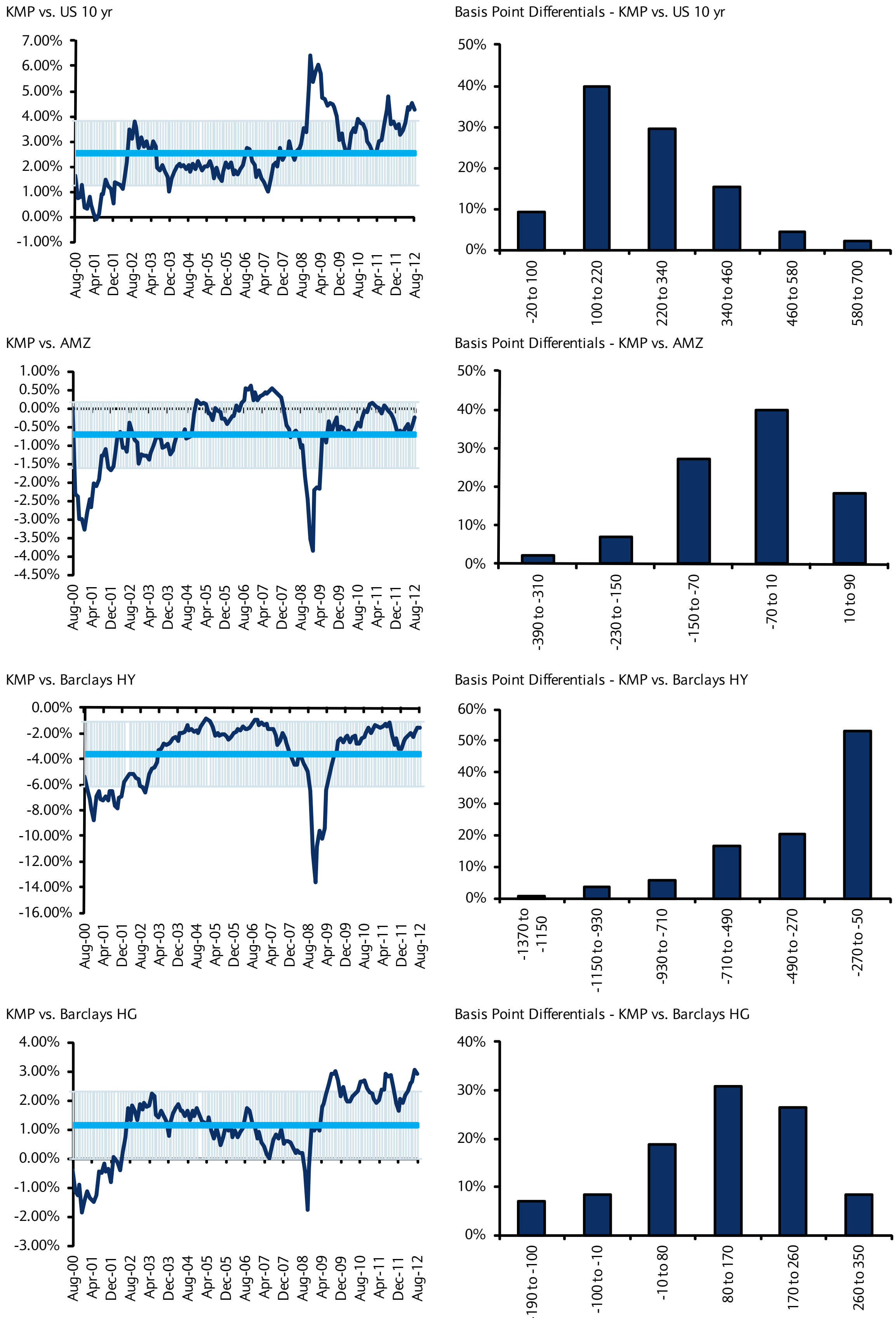
Business Description

Kinder Morgan Energy Partners, L.P. is a leading pipeline transportation and energy storage company and one of the largest publicly traded pipeline limited partnerships in America. It owns an interest in or operates approximately 53,000 miles of pipelines and 180 terminals. The general partner of KMP is owned by Kinder Morgan, Inc. (NYSE: KMI). Kinder Morgan is the largest midstream and the third largest energy company in North America with a combined enterprise value of approximately $100 billion. It owns an interest in or operates approximately 75,000 miles of pipelines and 180 terminals. Its pipelines transport natural gas, gasoline, crude oil, CO2 and other products, and its terminals store petroleum products and chemicals and handle such products as ethanol, coal, petroleum coke and steel.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 159: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $94 price target is based on a 12-month cash distribution run rate of $5.39 and a target yield of 5.75%. Growth is expected to be driven by acquisitions and organic projects. Combining a large inventory of drop downs and growing number of organic projects, we believe KMP possesses solid distribution growth visibility and can deliver 7% distribution growth through 2015.

Investment Thesis

We carry an Overweight rating on KMP. We believe the Partnership is a core holding in a diversified MLP portfolio and is capable of delivering a healthy total return driven by an attractive value proposition at a relatively low risk level. Superior diversification of cash flows, which is underpinned by leading positions in the natural gas, crude oil, terminals and refined product businesses, provides an expansive organic growth opportunity set. The Partnership's low risk profile and consistent growth rate should drive attractive long-term returns for investors.

Potential Catalysts / Timeline

- December – expected release of preliminary 2013 guidance
- Late January 2013 – expected first quarter earnings release
- Late January 2013 – KMP analyst day
- 2013 - expected acquisition of remaining 50% stake in EPNG pipeline system
- Mid-2013 – expected in-service date of 110,000 bpd refined products pipeline from Norco, LA to Collins, MS

Fundamental Drivers

- Natural gas drilling activities in Rocky Mountains, Texas and Louisiana
- Natural gas demand in Texas, Southeast, Northeast and West Coast
- Refinery production rates, refined product consumption and import levels
- Crude oil production in Permian Basin
- Recontracting capacity on pipeline and terminal assets
- Ability to sustain low operating cost structure plus integration of recent acquisitions and growth projects

Risk: Low

Broad geographic and product mix supports high cash flow diversification. Importantly, the majority of KMP's cash flows are fee-based. The primary risk stem from the exposure to crude oil prices in the CO2 business. However, KMP hedges the majority of its crude oil production. Other potential risks include reduction in refined product consumption rates, narrow natural gas basis in TX, integrating acquisitions, construction cost overruns on organic growth projects and thin excess distribution coverage.

Magellan Midstream Partners, LP (MMP)

Figure 160: Magellan Midstream Partners, LP (MMP)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$1.94
Price Target:	$45.00		**Yield:**	4.48%
Current Price:	$43.31	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.87%
Potential Upside to Target:	3.9%		**Dist. CAGR (Next 3 Yrs):**	12.49%
52 Week High / Low:	$45.58 - $31.5		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$1.48	$1.59	$0.42	$0.47	$0.49	$0.50	$1.87	$2.07
Growth (YoY)	4.0%	7.3%	9.1%	20.1%	21.3%	22.1%	18.2%	10.5%
Total Distribution Receiving Units	219.1	226.0	226.2	226.4	226.4	226.4	226.4	226.4
Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Operating Income	$408.4	$507.7	$122.8	$167.3	$79.3	$179.3	$548.7	$641.8
Depreciation, Depletion & Amortization	$108.7	$121.2	$31.5	$31.5	$31.7	$32.0	$126.7	$131.7
Other	$1.4	$1.8	$11.6	($22.0)	$37.9	$0.0	$27.5	$0.0
Adjusted EBITDA	$518.5	$630.8	$165.9	$176.8	$148.9	$211.3	$702.9	$773.5
Net Interest Expense	($96.4)	($108.9)	($28.2)	($28.1)	($27.7)	($26.5)	($110.5)	($128.7)
Maintenance Capital Expenditures	($44.6)	($70.0)	($12.0)	($14.8)	($20.5)	($19.0)	($66.2)	($72.0)
Other	$22.2	$8.7	$0.0	($0.0)	$0.0	$0.0	$0.0	$0.0
Distributable Cash flow	$399.7	$460.5	$125.7	$134.0	$100.7	$165.8	$526.2	$572.8
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	$134.0	$100.7	$165.8	$526.2	$572.8
Distributable Cash Flow Per Unit	$1.82	$2.04	$0.56	$0.59	$0.44	$0.73	$2.32	$2.53
Total Distribution Coverage	123%	129%	132%	126%	92%	147%	124%	122%

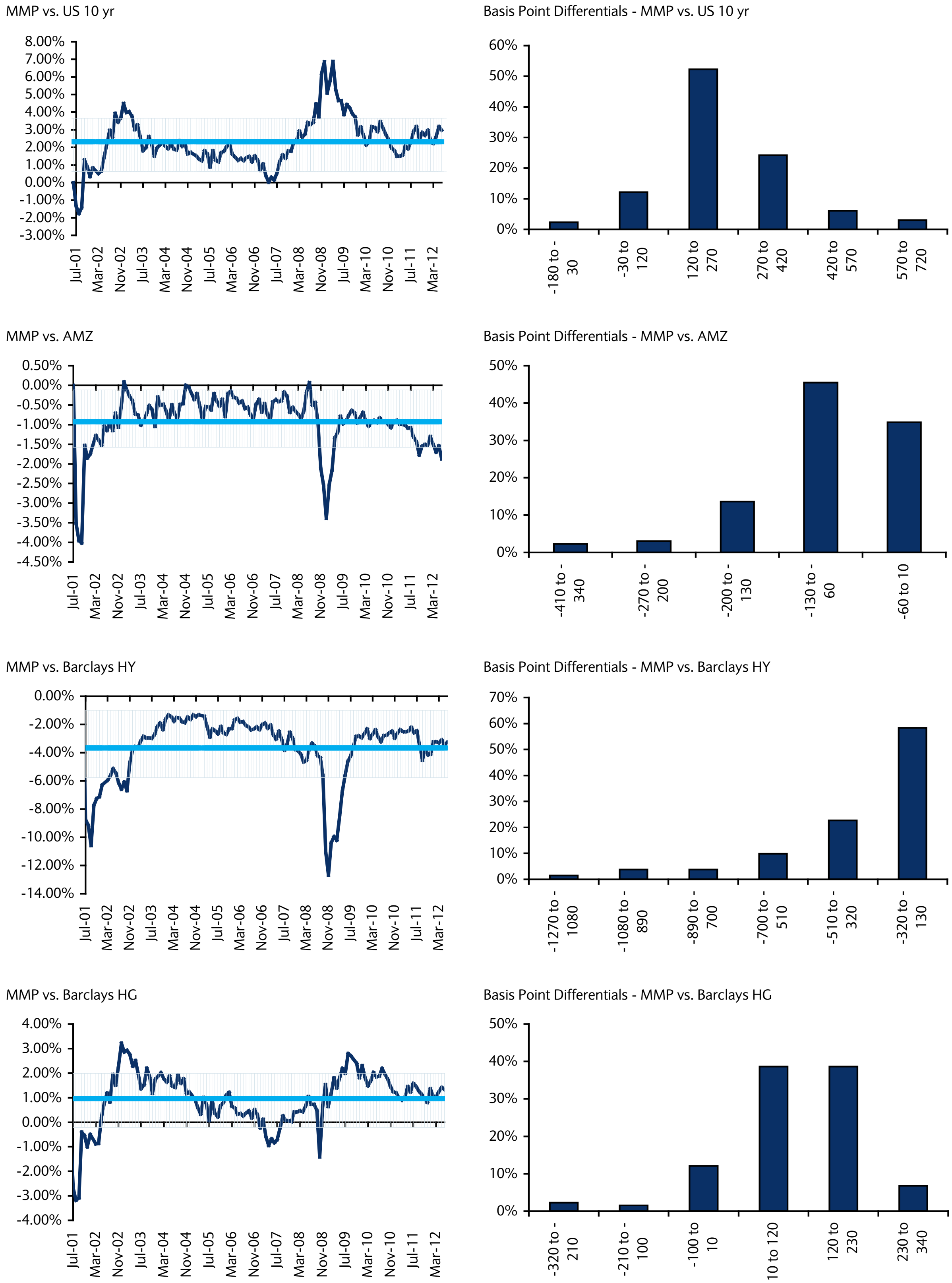
Business Description

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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 161: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $45 price target is based on a 12-month cash distribution run rate of $2.09 and a target yield of 4.65%. 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 an Equal Weight rating on MMP. The Partnership provides a 4.5% yield with expected low double-digit growth at a relatively low risk profile. A lower cost of capital (no IDRs) 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

- 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 162: Markwest Energy Partners, LP (MWE)

Sub Sector: Gathering and Processing

Rating:	Overweight		**Annualized Distribution:**	$3.24
Price Target:	$61.00		**Yield:**	6.42%
Current Price:	$50.44	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.96%
Potential Upside to Target:	20.9%		**Dist. CAGR (Next 3 Yrs):**	10.03%
52 Week High / Low:	$61.6 - $45.36		**Tax Deferral:**	75%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$2.57	$2.86	$0.79	$0.80	$0.81	$0.82	$3.22	$3.50
Growth (YoY)	0%	11%	18%	14%	11%	8%	13%	9%
Total Distribution Receiving Units	70.09	81.11	102.69	111.19	117.59	117.59	112.27	138.14

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$29.87	$106.25	$16.27	$187.14	($14.76)	$62.44	$251.09	$288.22
Interest Expense	$105.17	$109.87	$28.55	$25.83	$29.88	$31.60	$115.86	$181.00
Depreciation and Amortization	$167.39	$203.87	$53.43	$56.81	$64.00	$65.00	$239.24	$240.00
Others	$30.73	$31.39	$34.69	($139.24)	$29.06	($7.59)	($83.08)	$3.65
Adjusted EBITDA	$333.15	$451.37	$132.94	$130.53	$108.18	$151.45	$523.11	$712.87
Net Interest Expense	($105.17)	($109.87)	($28.55)	($25.83)	($29.88)	($31.60)	($115.86)	($181.00)
Maintenance Capital Expenditures	($10.03)	($14.60)	($6.30)	($4.03)	($4.17)	($5.00)	($19.50)	($30.00)
Others	$23.04	$5.88	$11.08	($9.50)	$30.17	$0.00	$31.75	$0.00
Distributable Cash flow	$240.99	$332.78	$109.18	$91.18	$104.29	$114.85	$419.50	$501.87
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	$91.18	$104.29	$114.85	$419.50	$501.87
Distributable Cash Flow Per Unit	$3.44	$4.10	$1.06	$0.82	$0.89	$0.98	$3.74	$3.63
Total Distribution Coverage	134%	143%	135%	103%	109%	119%	116%	104%

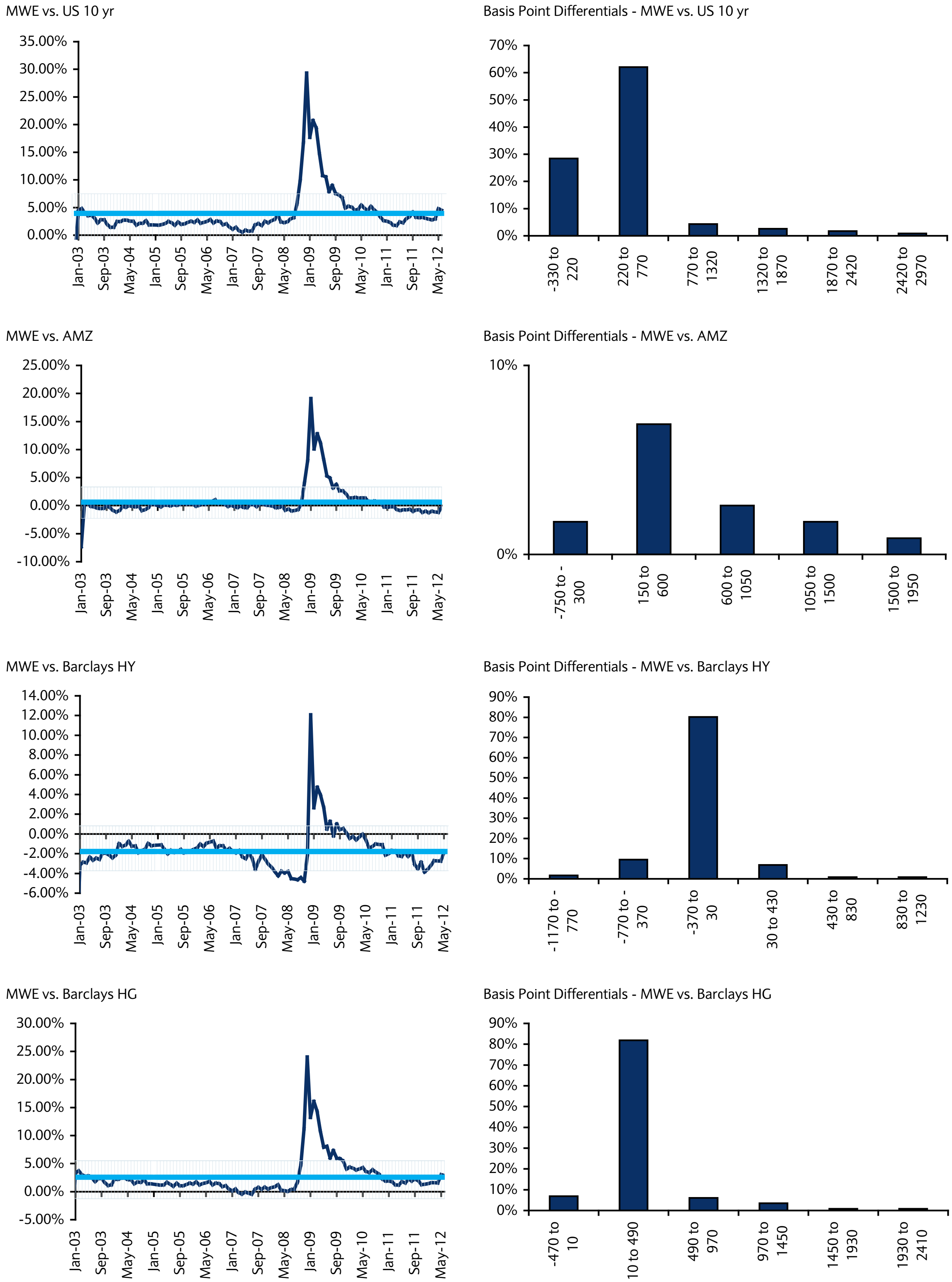
Business Description

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. MarkWest 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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 163: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $61 price target is based on a 12-month distribution run rate of $3.64 and a target yield of 6.0%.

Investment Thesis

We believe MWE can grow 2012 distribution at a double-digit rate (12.6%), given strong coverage maintained. For 2013 and onward, we forecast ~8% per year of distribution growth, driven by organic projects under execution. We forecast 5-year distribution CAGR of 8.9%.

A key growth driver will be the Marcellus/Utica. MWE is the dominant liquids handler in the region, standing to benefit from robust growth in NGL production. MWE is in the process of building 2.5 Bcf/d of processing capacity, which is more than double MWE's 2012 exit capacity of 1.1 Bcf/d. During Q2, MWE added new producer contracts in the region, including long-term fee-based agreements to handle XTO's liquids out of NW PA. We expect Utica spending will ramp up strongly given over 500 mmcf/d of cryo projects announced to date. We assume MWE will spend $1.2 billion of growth capex per year in 2013/2014, driven by investment ramp up in the Utica as well as remaining spending requirements in the Marcellus. Given MWE's competitive cost of capital (supported by no IDRs), 15%-20% project returns should support ~10% distribution growth long term. MWE has $1 billion of liquidity and a healthy balance sheet with a debt / EBITDA ratio of 3.3x.

Pro-forma for the company's August ~$350 mm equity issuance, MWE has ~$1.3 billion of liquidity. The offering represents MWE's third equity issuance this year, with $404 mm raised in Q1 and $442 mm raised in Q2. As a reminder, MWE has budgeted $1.1 billion to $1.5 billion for capex in 2012, with $980mm-$1,320 mm of this driven by Marcellus build-out in the company's Liberty segment. Importantly, Assuming MWE can maintain its strong cost of capital position, we estimate Utica development will be solidly accretive by 6-8% longer term. Regarding commodity exposure, the company is ~65% hedged for 2012, 60% for 2013 and 15% for 2014.

Potential Catalysts / Timeline

- Ability to execute lucrative projects with returns above cost of capital.
- Increase in crude and NGL prices.
- Q4 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 164: Niska Gas Storage Partners, LLC (NKA)

Sub Sector: Gathering and Processing

Rating:	Underweight		**Annualized Distribution:**	$1.40
Price Target:	$11.00		**Yield:**	11.60%
Current Price:	$12.07	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	-8.9%		**Dist. CAGR (Next 3 Yrs):**	na
52 Week High / Low:	$14.09 - $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)	($57.37)
Interest Expense	$38.12	$77.01	$18.65	$19.37	$19.60	$16.98	$74.60	$67.93
Depreciation and Amortization	$43.06	$46.89	$10.00	$10.81	$13.12	$12.21	$46.13	$51.07
Others	$89.42	$14.16	$5.34	($27.57)	$193.37	$10.14	$181.27	$79.34
Adjusted EBITDA	$223.81	$195.52	$38.61	$30.19	$12.45	$54.97	$136.22	$140.97
Net Interest Expense	($38.12)	($75.99)	($17.63)	($18.35)	($18.63)	($16.09)	($69.86)	($64.21)
Maintenance Capital Expenditures	($0.90)	($1.63)	($0.00)	($0.16)	($1.27)	($0.42)	($1.86)	($1.91)
Others	$0.00	($0.43)	($0.27)	($0.45)	($0.35)	$0.24	($0.81)	($0.91)
Distributable Cash flow	$184.79	$117.47	$20.72	$11.24	($7.79)	$38.69	$63.69	$73.93
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	$75.92
Distributable Cash Flow Per Unit	$2.68	$1.73	$0.31	$0.17	($0.10)	$0.56	$0.94	$1.09
Total Distribution Coverage	na	113%	78%	42%	-29%	145%	60%	73%

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™ 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 225.5 Bcf of gas storage capacity.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $11 price target is based on a 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. 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, 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.

On the company's most recent earnings release (1Q13), NKA's full year EBITDA guidance of $130-$140 mm and DCF guidance of $62-$72 mm was maintained, implying ~126-146% coverage on common units and 60-70% coverage on total units. Management indicated 85% of full year revenue needed to meet guidance has been locked in, while retaining flexibility to capitalize on market improvements. While NKA stands to benefit from wider summer/winter gas spreads, the current spread of $0.50-$0.55/mmbtu reflects little improvement from when guidance was established nearly 6 months ago. NKA's fixed charge coverage ratio was reported at 2.09x, and management expects this metric to remain above 1.75x for the remainder of the year (below 1.75x restricts distribution payout abilities). NKA spent $15 mm in growth capex during Q1 and has $5 mm of spending requirements for the remainder of the year related to the 15 Bcf of Wild Goose expansion project. NKA reported revolver availability of $220 mm on its $400 mm facility that matures in 2016.

In June, we increased our price target to $11 (from $9) to reflect NKA's improved coverage, but maintain our UW rating based on our view that any potential restructuring will lead to outsized volatility NKA's units given they are in the subordination period.

Potential Catalysts / Timeline

- Timing of project announcements and completions.
- Ability to source and close accretive acquisitions.

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 165: NuStar Energy, LP (NS)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$4.38
Price Target:	$53.00		**Yield:**	10.14%
Current Price:	$43.19	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.32%
Potential Upside to Target:	22.7%		**Dist. CAGR (Next 3 Yrs):**	0.65%
52 Week High / Low:	$62.64 - $38.43		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Cash Distribution Per Unit	$4.28	$4.36	$1.10	$1.10	$1.10	$1.10	$4.38	$4.38
Growth (YoY)	0.8%	1.9%	1.9%	0.0%	0.0%	0.0%	0.5%	0.0%
Total Distribution Receiving Units	62.9	65.0	70.8	70.8	72.4	77.9	72.9	80.9

Distributable Cash flow Calculation	**2010**	**2011**	**2012-1**	**2012-2**	**2012-3**	**2012-4e**	**2012e**	**2013e**
Operating Income	$302.6	$314.0	$48.3	$54.9	$50.7	$79.8	$233.8	$361.6
Depreciation, Depletion & Amortization	$153.8	$168.3	$44.7	$45.6	$39.7	$41.8	$171.7	$166.6
Other	$26.4	$8.0	$3.8	($12.8)	($20.8)	$2.0	($27.9)	$9.2
Adjusted EBITDA	$482.8	$490.3	$96.8	$87.7	$69.6	$123.6	$377.7	$537.4
Net Interest Expense	($78.3)	($83.7)	($22.4)	($23.8)	($24.9)	($24.0)	($95.1)	($92.1)
Maintenance Capital Expenditures	($54.0)	($50.3)	($6.9)	($8.1)	($8.8)	($22.0)	($45.8)	($50.8)
Other	($30.3)	($5.2)	($13.2)	($27.3)	$31.4	($0.5)	($9.6)	($10.1)
Distributable Cash flow	$320.2	$351.2	$54.3	$28.5	$67.4	$77.1	$227.3	$384.4
General Partner Cut	($39.5)	($42.2)	($11.6)	($11.6)	($12.8)	($12.8)	($47.8)	($53.0)
Distributable Cash Flow (LP)	$280.7	$309.0	$42.7	$16.9	$54.6	$64.3	$179.4	$331.4
Distributable Cash Flow Per Unit	$4.46	$4.75	$0.60	$0.24	$0.75	$0.83	$2.46	$4.10
Total Distribution Coverage	104%	109%	55%	22%	69%	75%	56%	94%

Business Description

NuStar Energy L.P. is a publicly traded, limited partnership based in San Antonio, with 8,433 miles of pipeline; 82 terminal and storage facilities that store and distribute crude oil, refined products and specialty liquids; a fuels refinery with a throughput capacity of 14,500 barrels per day; and 50% ownership in two asphalt refineries with a combined throughput capacity of 104,000 barrels per day. The partnership's combined system has approximately 94 million barrels of storage capacity, and NuStar has operations in the United States, Canada, Mexico, the Netherlands, including St. Eustatius in the Caribbean, the United Kingdom and Turkey.

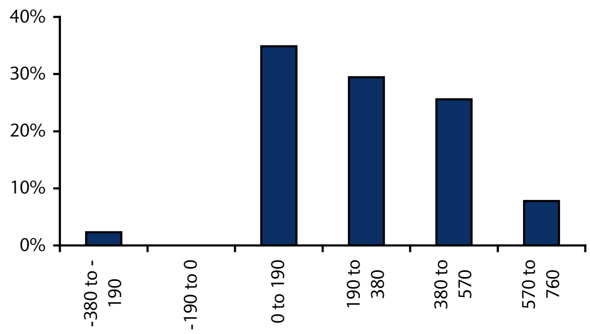
Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

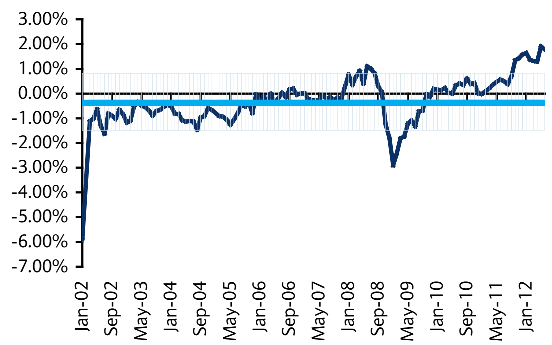
Figure 166: Historical Yield Spreads

NS vs. US 10 yr

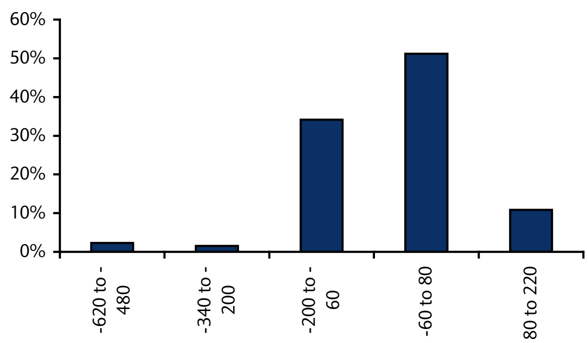
Basis Point Differentials - NS vs. US 10 yr



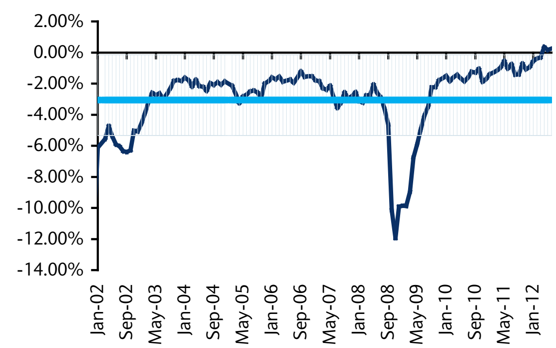
NS vs. AMZ



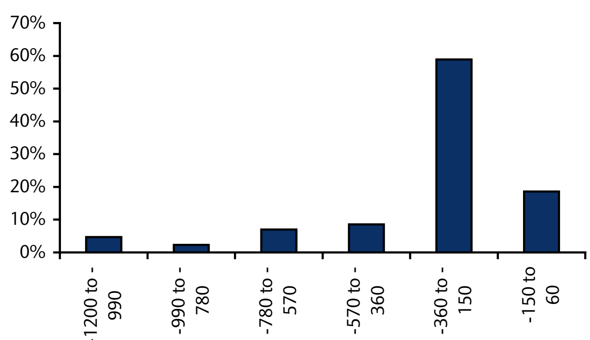
Basis Point Differentials - NS vs. AMZ



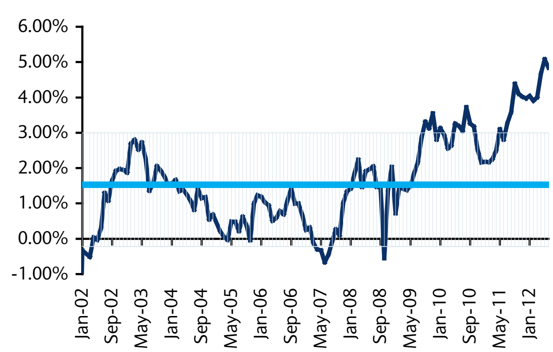
NS vs. Barclays HY



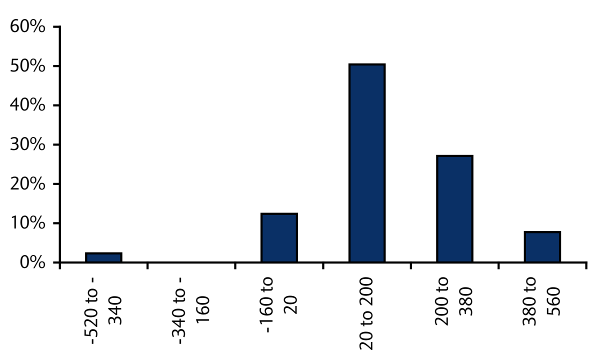
Basis Point Differentials - NS vs. Barclays HY



NS vs. Barclays HG



Basis Point Differentials - NS vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $53 price target is based on a 12-month cash distribution run rate of $4.38 and a target yield of 8.25%. We expect low distribution growth CAGR of 0.7% as contributions from pipeline and storage organic projects is expected to be partially offset by soft fuels marketing results and low distribution coverage. 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 on the margin help support long-term growth prospects.

Investment Thesis

We carry an Equal Weight rating on NS due to below average distribution growth. The majority of cash flows are supported by fee-based revenue streams and some take-or-pay contracts. However, the remainder is exposed to commodity price risk (asphalt refining JV and fuels marketing business).

Potential Catalysts / Timeline

- 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.

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, competition is mitigated in some of the Partnership's core markets given the synergistic relationship serving Valero Energy refineries. The main risk centers on the asphalt refining JV, which adds cash flow volatility due to the seasonal nature of the asphalt business (majority of cash flows in 2nd and 3rd quarters), crude oil price exposure and more volatile nature of asphalt demand relative to transportation fuels. In addition, the fuels marketing business has more variable cash flows than the storage and pipeline segments.

Oiltanking Partners LP (OILT)

Figure 167: Oiltanking Partners, LP (OILT)

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$1.50
Price Target:	$37.00		**Yield:**	4.11%
Current Price:	$36.50	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	1.4%		**Dist. CAGR (Next 3 Yrs):**	11.42%
52 Week High / Low:	$41.13 - $25.82		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010 PF	2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e
Cash Distribution Per Unit		$0.61	$0.35	$0.36	$0.38	$0.39	$1.48	$1.67
Growth (YoY)							9.06%	13.39%
Total Distribution Receiving Units (in mm)		38.90	38.90	38.90	38.90	38.90	38.90	38.90
Distributable Cash flow Calculation	**2010 PF**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Net Income	$58.60	$67.05	$15.94	$16.62	$14.91	$15.60	$63.07	$71.40
Depreciation and Amortization	$15.00	$15.50	$3.97	$4.07	$4.04	$4.40	$16.47	$17.47
Interest Expense	$1.80	$3.50	$0.21	$0.39	$0.49	$1.32	$2.40	$8.37
Other	($5.90)	($18.85)	$0.06	$0.02	$0.08	$0.06	$0.22	$0.29
Adjusted EBITDA	$69.50	$67.20	$20.17	$21.10	$19.51	$21.39	$82.17	$97.53
Net Interest Expense	($1.55)	($0.75)	($0.19)	($0.39)	($0.49)	($1.22)	($2.28)	($8.37)
Maintenance Capital Expenditures	($3.54)	($4.19)	($0.76)	($0.40)	($1.25)	($2.20)	($4.61)	($5.81)
Others	($1.25)	($2.84)	($0.08)	($0.08)	($0.08)	($0.06)	($0.30)	($0.29)
Distributable Cash flow	$63.16	$59.42	$19.15	$20.23	$17.69	$17.90	$74.98	$83.07
General Partner Cut		($0.91)	($0.28)	($0.29)	($0.30)	($0.32)	($1.18)	($2.16)
Distributable Cash Flow (LP)		$55.96	$18.87	$19.95	$17.39	$17.58	$73.79	$80.91
Distributable Cash Flow Per Unit		$1.44	$0.49	$0.51	$0.45	$0.45	$1.90	$2.08
Total Distribution Coverage		106%	139%	142%	119%	116%	129%	124%

Business Description

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

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $37 price target is based on a 12-month cash distribution run rate of $1.70 and a target yield of 4.6%. The target yield is based on strong organic growth prospects and high cash flow stability.

Investment Thesis

We carry an Overweight rating on OILT. The Partnership is a high-growth, relatively low-risk crude oil storage MLP. We estimate 10% 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 approximately 3/4 of revenues from long-term take-or-pay contracts. Remaining revenues are fairly predictable fees from throughput and ancillary services.

Potential Catalysts / Timeline

- 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 3/4 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 168: ONEOK Partners, LP (OKS)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Overweight		**Annualized Distribution:**	$2.74
Price Target:	$68.00		**Yield:**	4.70%
Current Price:	$58.24	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.75%
Potential Upside to Target:	16.8%		**Dist. CAGR (Next 3 Yrs):**	12.24%
52 Week High / Low:	$61.58 - $48.91		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$2.25	$2.37	$0.64	$0.66	$0.69	$0.71	$2.69	$3.04
Growth (YoY)	3.4%	5.1%	10.4%	12.8%	15.1%	16.4%	13.7%	13.0%
Total Distribution Receiving Units	202.72	203.82	209.09	219.82	219.82	219.82	217.13	239.17

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$472.86	$830.32	$238.84	$206.47	$232.28	$161.79	$839.37	$951.05
Interest Expense	$204.31	$223.14	$53.21	$47.13	$47.78	$55.15	$203.26	$221.09
Depreciation and Amortization	$173.71	$177.55	$49.26	$51.01	$49.75	$53.70	$203.72	$235.00
Others	$14.67	$10.81	$2.78	$1.40	($0.57)	$3.25	$12.98	$15.00
Adjusted EBITDA	$865.55	$1,241.81	$344.09	$306.00	$329.23	$273.89	$1,259.34	$1,422.14
Net Interest Expense	($204.31)	($223.14)	($53.21)	($47.13)	($47.78)	($55.15)	($203.26)	($221.09)
Maintenance Capital Expenditures	($62.53)	($93.95)	($16.15)	($30.35)	($25.59)	($35.00)	($107.09)	($119.00)
Others	$21.31	$21.31	$4.25	$11.83	$5.52	$2.75	$24.35	$16.00
Distributable Cash flow	$620.02	$946.04	$278.98	$240.36	$261.39	$186.49	$973.34	$1,098.05
General Partner Cut	$120.29	$143.73	$46.01	$53.87	$59.36	$64.86	$224.09	$342.86
Distributable Cash Flow (LP)	$499.73	$802.31	$232.97	$186.49	$202.03	$121.63	$749.25	$755.19
Distributable Cash Flow Per Unit	$2.47	$3.94	$1.11	$0.85	$0.92	$0.55	$3.45	$3.16
Total Distribution Coverage	110%	166%	175%	129%	134%	78%	128%	104%

Business Description

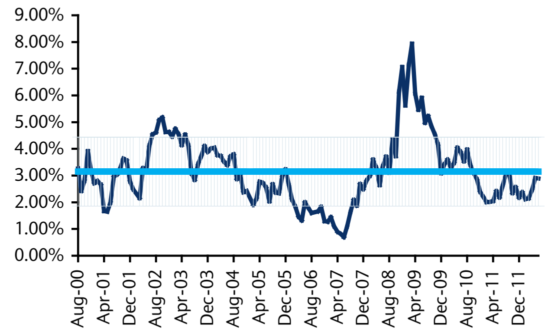
ONEOK Partners, L.P. engages in the gathering, processing, storage and transportation of natural gas in the U.S. and owns one of the nation's premier natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent and Rocky Mountain regions with key market centers.

Industry View: Neutral

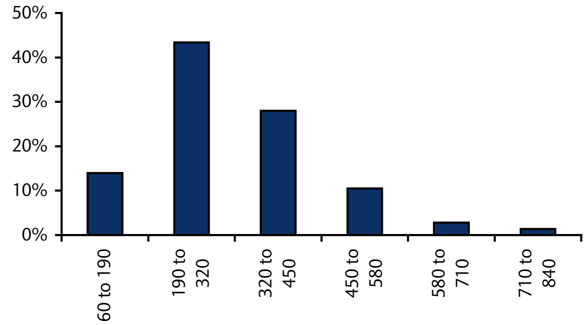
Source: Company filings, FactSet, Barclays Research

Figure 169: Historical Yield Spreads

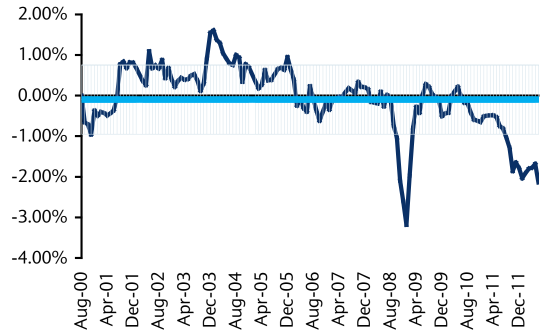
OKS vs. US 10 yr



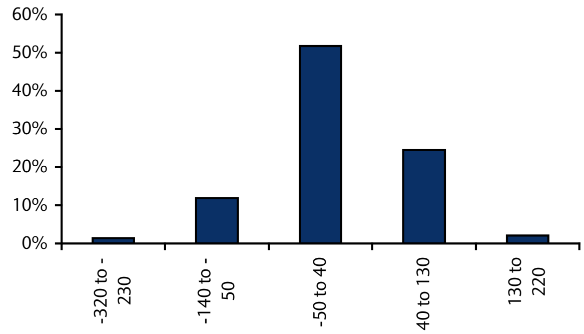
Basis Point Differentials - OKS vs. US 10 yr



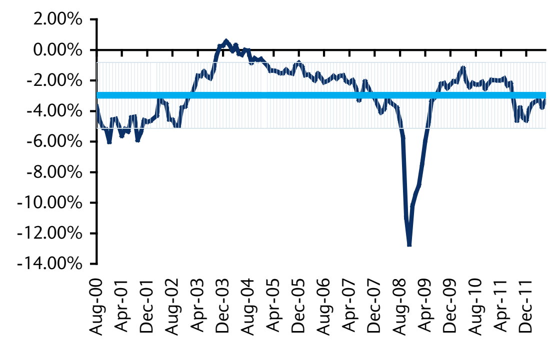
OKS vs. AMZ



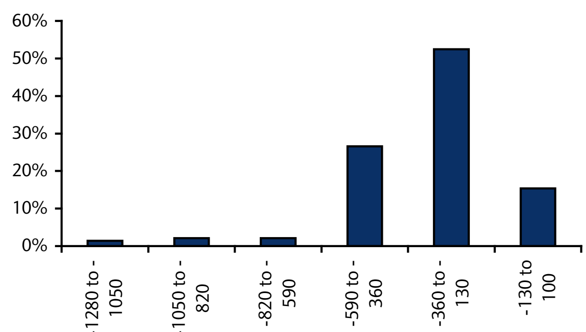
Basis Point Differentials - OKS vs. AMZ



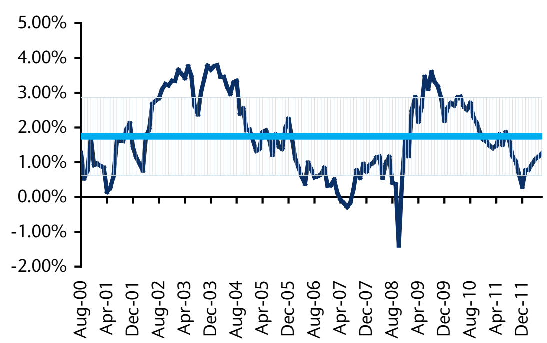
OKS vs. Barclays HY



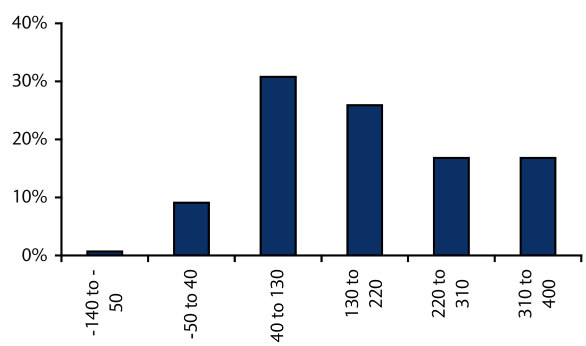
Basis Point Differentials - OKS vs. Barclays HY



OKS vs. Barclays HG



Basis Point Differentials - OKS vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $68 price target is based on a 12-month distribution run rate of $3.08 and a target yield of 4.5%.

Investment Thesis

We believe that investing in OKS gives highest per unit leverage in the MLP space to growing demands for NGL infrastructure. Following OKS' 2012 Analyst Day, we raised our 4-year growth forecast to 11.3% CAGR (up from 9.3%), taking into account the company's guidance for 2013 combined with strong cash flow growth prospects from new projects coming on line in 2014 and 2015.

We forecast OKS to grow distribution at 14% in 2012, 13% in 2013 (in-line with guidance) and 10% per year from 2014-2016. For 2013, we estimate OKS coverage closer to the low end of the company's target 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. OKS has $5.7-$6.6 billion of organic projects under execution, which is expected to drive EBITDA growth of 17-21% per year 2012-2015. Additionally, there are more than $2 billion of additional project opportunity, not included in guidance. Some of these include gas, NGL and crude oil infrastructure prospects in the Bakken, Niobrara, Mississippian Lime play, West Texas, and Utica/Marcellus. 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 followings its 2015 completion.

As of Q2, OKS reported a 2.3x leverage ratio and its $1.2 billion revolver fully available. OKS's IG credit and supportive sponsor facilitate its capital raising capabilities. We currently estimate no equity issuance until 2013.

Potential Catalysts / Timeline

- Announcement of large growth projects or acquisitions that provide improved visibility into distribution growth.
- Q4 2012earnings release.

Fundamental Drivers

- Drilling activities behind its systems (MidCon, Rockies, Bakken)
- 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 170: Plains All American, LP (PAA)

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$2.17
Price Target:	$50.00		**Yield:**	4.72%
Current Price:	$45.95	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.89%
Potential Upside to Target:	8.8%		**Dist. CAGR (Next 3 Yrs):**	8.11%
52 Week High / Low:	$47.14 - $31.9		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	2012-1	2012-2	2012-3	2012-4e	2012e	2013e
Cash Distribution Per Unit	$1.89	$1.99	$0.52	$0.53	$0.54	$0.56	$2.15	$2.32
Growth (YoY)	3.5%	5.0%	7.7%	8.4%	9.0%	8.3%	8.4%	8.0%
Total Distribution Receiving Units	275.0	299.0	314.0	326.0	331.0	337.0	327.0	343.2

Distributable Cash Flow Calculation	2010	2011	2012-1	2012-2	2012-3	2012-4e	2012e	2013e
Operating Income	$854.5	$1,361.0	$403.0	$427.0	$417.0	$443.1	$1,690.1	$1,739.1
Depreciation, Depletion & Amortization	$256.0	$249.0	$60.0	$86.0	$85.0	$85.0	$316.0	$331.0
Other	($4.5)	($11.0)	$9.0	$9.0	$0.0	$1.0	$19.0	($1.0)
Adjusted EBITDA	$1,106.0	$1,599.0	$472.0	$522.0	$502.0	$529.1	$2,025.1	$2,069.1
Net Interest Expense	($248.0)	($252.0)	($65.0)	($75.0)	($74.0)	($75.5)	($289.5)	($326.2)
Maintenance Capital Expenditures	($92.0)	($119.0)	($35.0)	($40.0)	($47.0)	($43.0)	($165.0)	($170.0)
Other	($8.6)	($75.0)	($30.0)	($17.0)	($21.0)	($33.0)	($101.0)	($88.0)
Distributable Cash flow	$757.4	$1,153.0	$342.0	$390.0	$360.0	$377.6	$1,469.6	$1,484.9
General Partner Cut	($170.9)	($223.0)	($68.0)	($73.0)	($76.9)	($82.5)	($300.4)	($372.1)
Distributable Cash Flow (LP)	$586.5	$930.0	$274.0	$317.0	$283.1	$295.1	$1,169.2	$1,112.8
Distributable Cash Flow Per Unit	$2.13	$3.11	$0.87	$0.97	$0.86	$0.88	$3.58	$3.24
Total Distribution Coverage	113%	157%	167%	183%	158%	158%	166%	140%

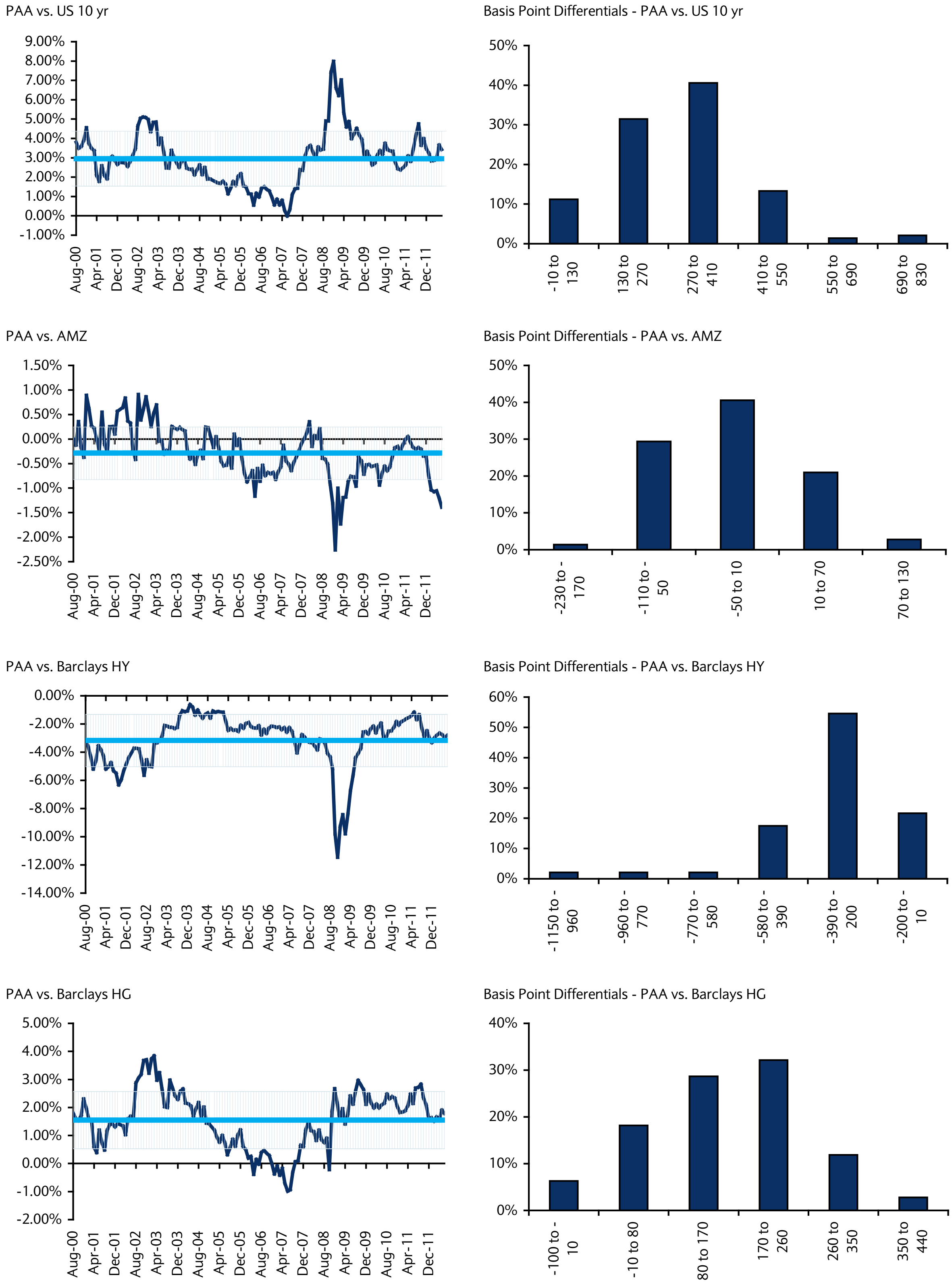
Business Description

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. (NYSE: PNG), PAA owns and operates natural gas storage facilities.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 171: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $50 price target is based on a 12-month cash distribution run rate of $2.35 and a target yield of 4.7%. 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 8% distribution growth CAGR.

Investment Thesis

We carry an 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

- 4Q12 – expected in-service date of crude oil pipelines and rail facility projects in the Bakken Shale.
- 1H13 – expected in-service date of 210,000 bpd Eagle Ford crude oil pipeline JV

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 172: PAA Natural Gas Storage, LP (PNG)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight		**Annualized Distribution:**	$1.43
Price Target:	$19.00		**Yield:**	7.73%
Current Price:	$18.50	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	2.7%		**Dist. CAGR (Next 3 Yrs):**	1.75%
52 Week High / Low:	$20.79 - $16.51		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e
Cash Distribution Per Unit	$0.89	$1.41	$0.36	$0.36	$0.36	$0.36	$1.43	$1.43
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	2Q12	3Q12	4Q12e	2012e	2013e
Operating Income	$39.8	$73.5	$17.7	$20.3	$20.3	$23.2	$81.5	$79.7
Depreciation, Depletion & Amortization	$14.1	$33.7	$9.1	$9.3	$9.5	$9.6	$37.5	$41.0
Other	($0.0)	$0.0	$1.0	$0.0	($0.0)	$0.9	$2.0	$0.0
Adjusted EBITDA	$53.9	$107.2	$27.8	$29.7	$29.7	$33.7	$120.9	$120.7
Net Interest Expense	($7.3)	($5.4)	($1.7)	($1.7)	($2.0)	($2.4)	($7.7)	($11.1)
Maintenance Capital Expenditures	($0.4)	($0.8)	($0.2)	($0.2)	($0.1)	($0.1)	($0.6)	($0.6)
Other	($1.1)	($1.2)	($0.1)	($0.6)	$0.1	($0.3)	($0.9)	$0.0
Distributable Cash flow	$45.0	$99.9	$25.9	$27.2	$27.8	$30.9	$111.7	$109.0
General Partner Cut	($0.9)	($2.7)	($0.7)	($0.7)	($0.7)	($0.7)	($3.0)	($3.0)
Distributable Cash Flow (LP)	$44.1	$97.2	$25.1	$26.4	$27.0	$30.1	$108.8	$106.0
Distributable Cash Flow Per Unit	$0.99	$1.43	$0.35	$0.37	$0.38	$0.42	$1.53	$1.49
Common Distribution Coverage	111%	101%	99%	104%	106%	118%	107%	104%

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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $19 price target is based on a $1.45 distribution run rate and 7.6% target yield. Gas storage expansions should support modest 2% distribution growth CAGR. 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 an Equal Weight 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

- February – fourth quarter earnings conference call

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.

PVR Partners LP (PVR)

Figure 173: PVR Partners LP (PVR)

Sub Sector: Gathering, Processing & Compression

Rating:	Overweight		**Annualized Distribution:**	$2.16
Price Target:	$29.00		**Yield:**	9.20%
Current Price:	$23.47	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	3.41%
Potential Upside to Target:	23.6%		**Dist. CAGR (Next 3 Yrs):**	7.85%
52 Week High / Low:	$27.5 - $21.34		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012**	**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	122.6	122.6	125.9
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	122.6	122.6	125.9
Distributable Cash flow Calculation	**2010**	**2011**	**Q12012**	**Q22012**	**Q32012**	**Q42012e**	**2012e**	**2013e**
Net Income	$79.5	$84.8	$15.8	$26.9	$4.6	$14.6	$62.0	$134.2
Depreciation, Depletion & Amortization	$75.9	$89.4	$23.9	$28.5	$32.0	$36.5	$120.8	$198.0
Other	$43.9	$68.8	$13.3	$1.7	$24.6	$23.4	$62.9	$97.5
Adjusted EBITDA	$199.4	$242.9	$53.0	$57.0	$61.2	$74.5	$245.7	$429.7
Net Interest Expense	($34.9)	($44.3)	($14.8)	($15.4)	($20.2)	($23.4)	($73.7)	($97.5)
Maintenance Capital Expenditures	($15.3)	($38.3)	($9.8)	($12.1)	($10.5)	($3.7)	($36.1)	($15.9)
Other	$5.7	$19.5	($0.7)	$3.4	$0.6	$0.0	$3.3	$0.0
Distributable Cash flow	$143.4	$140.9	$29.1	$26.2	$29.9	$47.4	$132.5	$316.2
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	$29.9	$47.4	$132.5	$316.2
Distributable Cash Flow Per Unit	$2.75	$2.11	$0.37	$0.22	$0.25	$0.39	$1.08	$2.51
Common Distribution Coverage	146%	107%	71%	56%	62%	97%	72%	150%
Total Distribution Coverage	146%	107%	71%	56%	62%	97%	72%	150%

Business Description

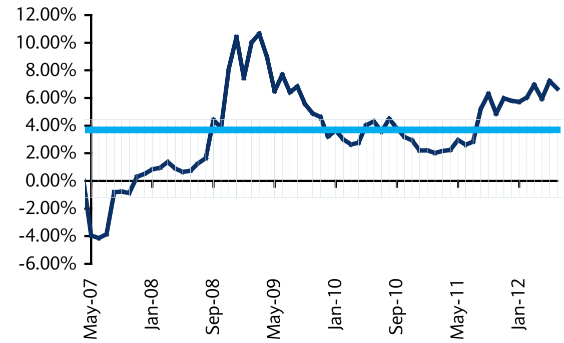
PVR Partners owns and operates a network of natural gas midstream pipelines and processing plants, and owns and manages coal and natural resource properties. The midstream assets, located principally in Texas, Oklahoma and Pennsylvania, provide gathering, transportation, compression, processing, dehydration and related services to natural gas producers. The coal and natural resource properties, located in the Appalachian, Illinois and San Juan basins, are leased to experienced operators in exchange for royalty payments.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

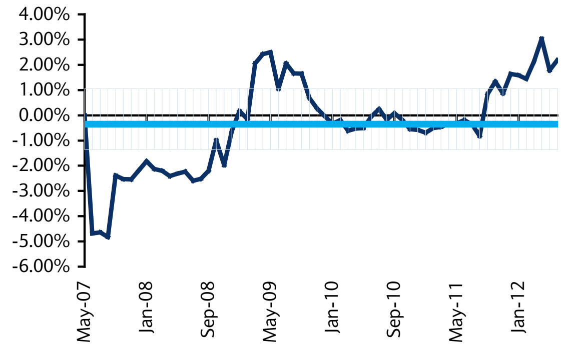
Figure 174: Historical Yield Spreads

PVR vs. US 10 yr

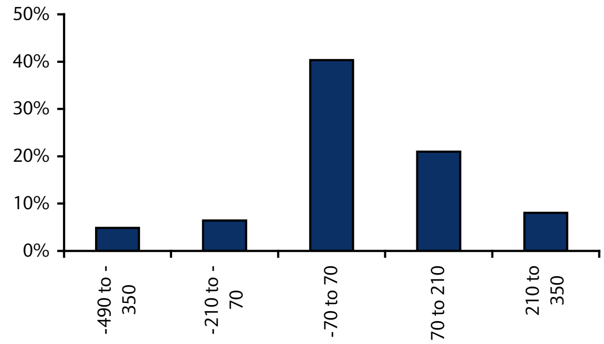


Basis Point Differentials - PVR vs. US 10 yr

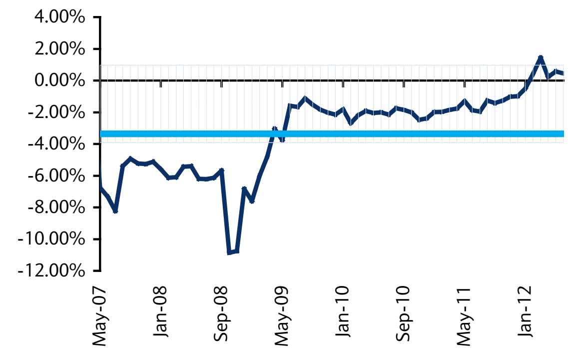
PVR vs. AMZ



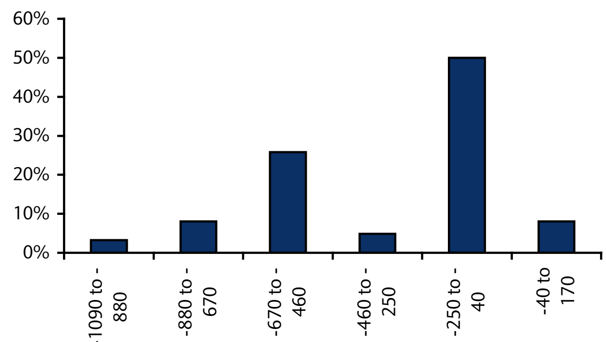
Basis Point Differentials - PVR vs. AMZ



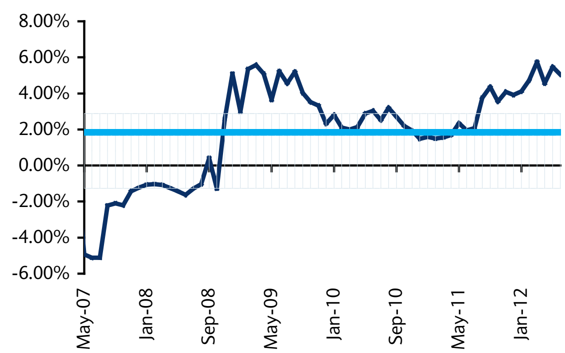
PVR vs. Barclays HY



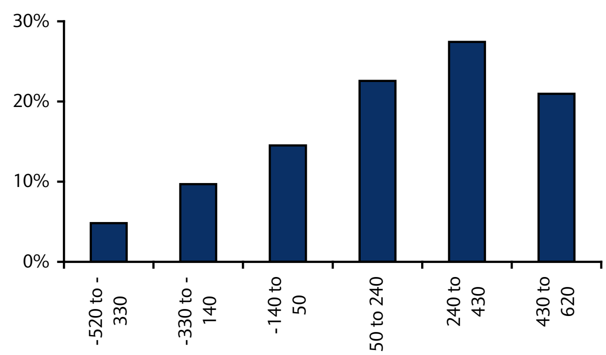
Basis Point Differentials - PVR vs. Barclays HY



PVR vs. Barclays HG



Basis Point Differentials - PVR vs. Barclays HG



Source: FactSet

Valuation Discussion

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

Investment Thesis

The Partnership 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 Partnership 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 Partnership 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 Partnership pursuing 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 or Utica; 4) divestitures of non core assets; and 5) large swings in natural gas, NGL or oil prices.

The Partnership has rapidly grown its midstream platform over the last few years. The Partnership 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 Partnership recently sold Crossroad gathering system to DCP Midstream Partners for $63mm in summer 2012.

Fundamental Drivers

- Ability to develop and integrate expansion projects
- 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
- Basis differentials between natural gas markets and specifically, TGP Line 300 and Transco in northeast Pennsylvania
- Demand for natural gas in the North and Southeastern regions of the United States

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 175: Regency Energy Partners, LP (RGP)

Sub Sector: Gathering and Processing

Rating:	Equal Weight		**Annualized Distribution:**	$1.84
Price Target:	$24.00		**Yield:**	8.25%
Current Price:	$22.30	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.72%
Potential Upside to Target:	7.6%		**Dist. CAGR (Next 3 Yrs):**	1.55%
52 Week High / Low:	$27.4 - $20.61		**Tax Deferral:**	100%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$1.78	$1.81	$0.46	$0.46	$0.46	$0.46	$1.84	$1.84
Growth (YoY)	0%	2%	3%	2%	1%	0%	2%	0%
Total Distribution Receiving Units	121.27	151.53	170.10	170.11	170.80	179.90	172.73	192.94

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	($10.59)	$73.62	$28.90	$29.33	($1.45)	$12.62	$69.40	$132.15
Interest Expense	$84.75	$102.47	$29.56	$27.93	$28.57	$29.50	$115.56	$133.15
Depreciation and Amortization	$122.73	$168.68	$51.51	$45.13	$45.88	$52.00	$194.52	$180.00
Others	$128.44	$77.59	$24.09	$12.88	$41.23	$26.00	$104.19	$99.00
Adjusted EBITDA	$325.32	$422.37	$134.05	$115.27	$114.22	$120.12	$483.67	$544.30
Net Interest Expense	($79.15)	($113.12)	($35.23)	($40.97)	($33.96)	($29.50)	($139.66)	($133.15)
Maintenance Capital Expenditures	($14.91)	($20.25)	($7.18)	($7.27)	($11.17)	($6.50)	($32.13)	($35.00)
Others	$2.03	($3.91)	$11.40	$3.89	($1.41)	$0.00	$13.88	$0.00
Distributable Cash flow	$233.29	$285.09	$103.04	$70.91	$67.68	$84.12	$325.76	$376.15
General Partner Cut	$8.19	$11.79	$3.72	$3.72	$3.74	$3.94	$15.12	$16.89
Distributable Cash Flow (LP)	$225.09	$273.30	$99.32	$67.19	$63.94	$80.19	$310.63	$359.25
Distributable Cash Flow Per Unit	$1.86	$1.80	$0.58	$0.39	$0.37	$0.45	$1.80	$1.86
Total Distribution Coverage	104%	99%	127%	86%	81%	97%	98%	101%

Business Description

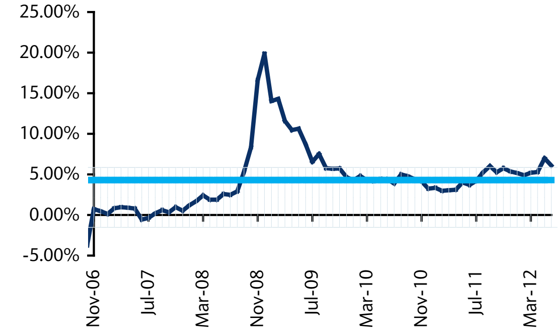
Regency Energy Partners LP is a growth-oriented, master limited partnership engaged in the gathering and processing, contract compression, contract treating and transportation of natural gas and the transportation, fractionation and storage of natural gas liquids.

Industry View: Neutral

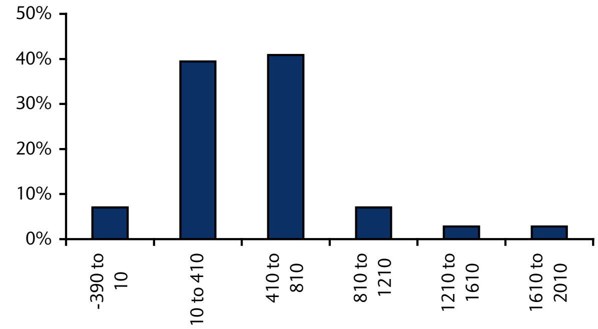
Source: Company filings, FactSet, Barclays Research

Figure 176: Historical Yield Spreads

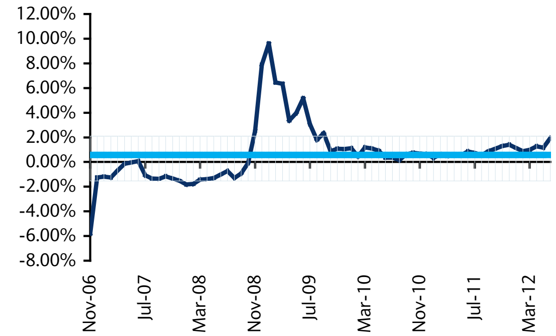
RGP vs. US 10 yr



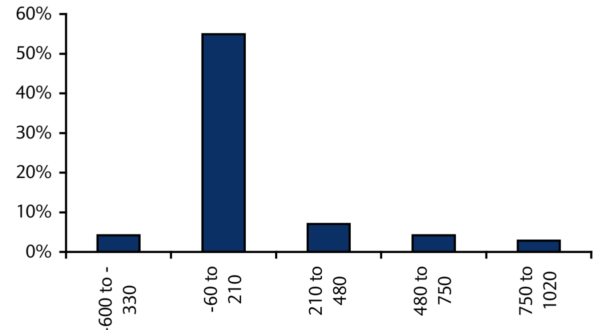
Basis Point Differentials - RGP vs. US 10 yr



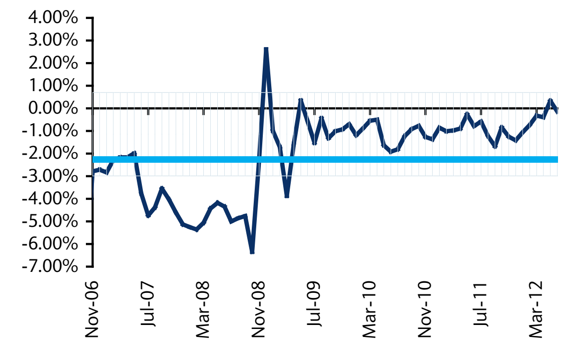
RGP vs. AMZ



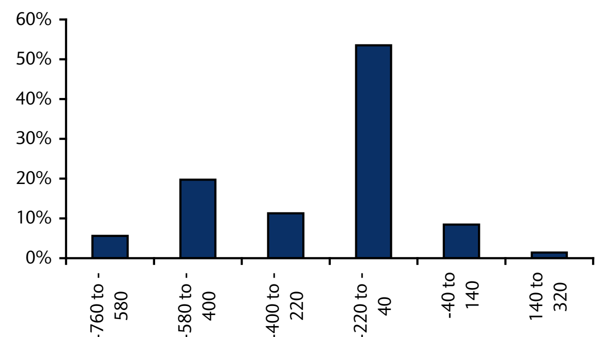
Basis Point Differentials - RGP vs. AMZ



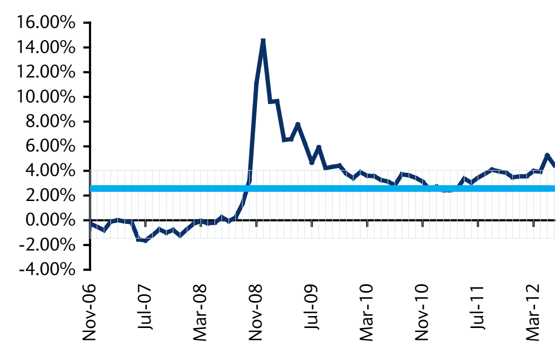
RGP vs. Barclays HY



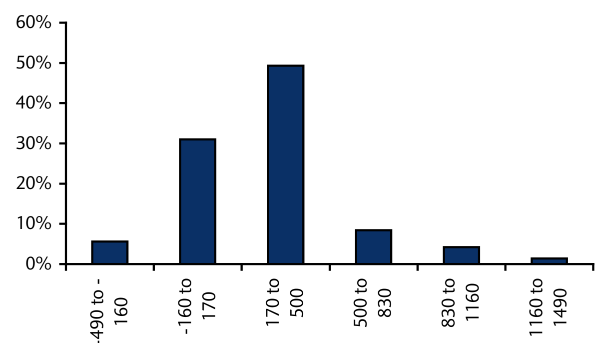
Basis Point Differentials - RGP vs. Barclays HY



RGP vs. Barclays HG



Basis Point Differentials - RGP vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $24 price target is based on a 12-month distribution run rate of $1.84 and a target yield of 7.75%.

Investment Thesis

We estimate that RGP will grow distributions at a CAGR of 2.7% over the next 5-years. Our forecast reflects flat distribution for the remainder of 2012, with growth resumption in 2013, leading to FY YoY growth of ~3% in each of 2013-2016. We expect coverage to remain tight for 2012 and 2013 at ~100%, while moderately improving to ~110% in 2014-2016. RGP's below average growth rate is due to tight coverage in 2012 and a relatively high cost of capital that impacts project accretion, as well as headwinds from Haynesville JV given declining volume trends. We believe RGP's modest growth rate is priced into its current trading yield of ~8%.

RGP is in the process of investing $1.2 billion on organic projects that will come on-line between 2012 and 2014. RGP spent $373 mm in 1H12 vs. a FY capex budget of $775-$825 mm, leaving $400-$450 mm of spending in 2H12. As of Q2, RGP had $375 mm of availability on its revolver. Our model assumes $200 mm of equity issuance in Q4. We expect contributions from organic projects to add ~$100 mm of EBITDA in 2013.

While RGP's relative commodity price exposure is amongst the lowest in the group, we believe the company's tight coverage provides little room to raise distribution in an environment that will put pressure on commodity exposed margins, which account for ~20% of the business (~10% hedged). RGP has attractive geographic exposure that includes the Eagle Ford and Permian on the G&P side and Marcellus/Utica for Compression, which provides visible organic investment opportunities. RGP's diversified asset base with ~80% fee-based margin provides a healthy yield for investors seeking solid income, in our view.

Potential Catalysts / Timeline

- Timing / size of acquisitions, timing or large organic projects.
- Q4 2012earnings 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 177: Rose Rock Midstream L.P. (RRMS

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$1.57
Price Target:	$33.00		**Yield:**	4.85%
Current Price:	$32.40	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	1.9%		**Dist. CAGR (Next 3 Yrs):**	11.04%
52 Week High / Low:	$34.58 - $19		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	FY 2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e	2014e
Cash Distribution Per Unit	$0.07	$0.37	$0.38	$0.39	$0.41	$1.55	$1.77	$2.05
Growth (YoY)	na					7.1%	14.0%	15.5%
Total Distribution Receiving Units (in mm)	16.78	16.78	16.79	16.80	16.80	16.79	16.80	23.00
Distributable Cash flow Calculation	**FY 2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**	**2014e**
Net income	$23.24	$7.76	$5.13	$6.47	$3.62	$22.98	$30.87	$44.76
Depreciation expense	$11.38	$2.97	$3.00	$3.07	$4.67	$13.70	$18.67	$33.00
Interest expense	$1.82	$0.48	$0.48	$0.45	$1.20	$2.61	$10.03	$22.59
Other	($1.64)	$0.21	$0.11	($0.48)	$0.00	($0.16)	$0.00	$0.00
Adjusted EBITDA	$34.80	$11.41	$8.71	$9.51	$9.49	$39.12	$59.57	$100.35
Interest expense	($2.18)	($0.39)	($0.39)	($0.36)	($1.10)	($2.25)	($10.03)	($22.59)
Maintenance capex	($3.38)	($0.48)	($1.30)	($0.83)	($1.00)	($3.61)	($6.61)	($8.31)
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distributable Cash flow	$29.23	$10.54	$7.02	$8.32	$7.39	$33.27	$42.94	$69.45
General Partner Cut	($0.02)	($0.13)	($0.13)	($0.13)	($0.14)	($0.53)	($0.91)	($3.19)
DCF prior to Dec 2011 IPO	($27.92)							
Distributable Cash Flow (LP)	$1.29	$10.41	$6.89	$8.18	$7.25	$32.74	$42.03	$66.26
Distributable Cash Flow Per Unit	$0.08	$0.62	$0.41	$0.49	$0.43	$1.95	$2.50	$2.88
Total Distribution Coverage	115%	167%	107%	124%	107%	126%	141%	141%

Business Description

Rose Rock Midstream, L.P. is a growth-oriented Delaware limited partnership formed by SemGroup® Corporation (NYSE:SEMG) 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. Headquartered in Tulsa, OK, Rose Rock Midstream has operations in six different states with the majority of its assets strategically located in or connected to the Cushing, Oklahoma crude oil marketing hub.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $33 price target is based on a 12-month cash distribution run rate of $1.80 and a target yield of 5.5%. RRMS has stable cash flows and visible growth prospects from both organic projects and drop downs, supporting our 3-year distribution CAGR estimate of 11%.

Investment Thesis

We carry an Overweight rating on RRMS. The Partnership is a crude oil pipeline and storage MLP with strategically located assets and an attractive 11% growth (3-year CAGR). Growth visibility supported by organic projects, including the Rockies, Mid-continent and Cushing plus drop down opportunities. Cash flow stability is supported by approximately 3/4 of gross margin generated from primarily fee-based and to a lesser extent fixed margin storage and pipeline services. Stability underpinned by take-or-pay contracts for storage capacity until 2016.

Potential Catalysts / Timeline

- 1H13 – expected in-service date of White Cliffs crude oil pipeline drop down
- 1H14 – expected in-service date of White Cliffs crude oil pipeline expansion

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 178: Spectra Energy Partners, LP (SEP)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight		**Annualized Distribution:**	$1.96
Price Target:	$31.00		**Yield:**	6.67%
Current Price:	$29.38	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	5.5%		**Dist. CAGR (Next 3 Yrs):**	4.46%
52 Week High / Low:	$33.27 - $27.15		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Cash Distribution Per Unit	$1.74	$1.87	$0.48	$0.49	$0.49	$0.50	$1.95	$2.03
Growth (YoY)	11.5%	7.5%	4.3%	4.3%	4.3%	4.2%	4.3%	4.1%
Total Distribution Receiving Units	80.93	93.08	96.30	96.30	96.30	97.50	96.60	112.31

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	2013E
Net Income	$147.93	$172.01	$52.40	$46.93	$46.08	$43.45	$188.86	$227.97
Interest Expense	$16.20	$25.00	$7.70	$7.70	$7.70	$10.70	$33.80	$37.35
Depreciation and Amortization	$29.40	$33.20	$9.30	$9.30	$9.30	$8.30	$36.20	$36.20
Others	$12.12	$18.16	$6.15	$5.66	$3.82	$5.90	$21.54	$35.36
Adjusted EBITDA	$205.65	$248.37	$75.55	$69.60	$66.90	$68.35	$280.40	$336.88
Net Interest Expense	($15.70)	($22.95)	($7.70)	($7.70)	($7.70)	($10.70)	($33.80)	($33.35)
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)	($9.20)	($3.00)	($5.10)	($19.00)	($19.00)
Distributable Cash flow	$174.50	$212.36	$66.15	$52.70	$56.20	$52.56	$227.60	$284.53
General Partner Cut	($10.48)	($20.48)	($6.48)	($6.97)	($7.45)	($8.03)	($28.93)	($42.60)
Distributable Cash Flow (LP)	$164.02	$191.88	$59.66	$45.73	$48.76	$44.53	$198.68	$241.93
Distributable Cash Flow Per Unit	$2.03	$2.06	$0.62	$0.47	$0.51	$0.46	$2.06	$2.15
Common Distribution Coverage	134%	110%	129%	98%	104%	92%	106%	106%
Total Distribution Coverage	116%	110%	129%	98%	104%	92%	106%	106%

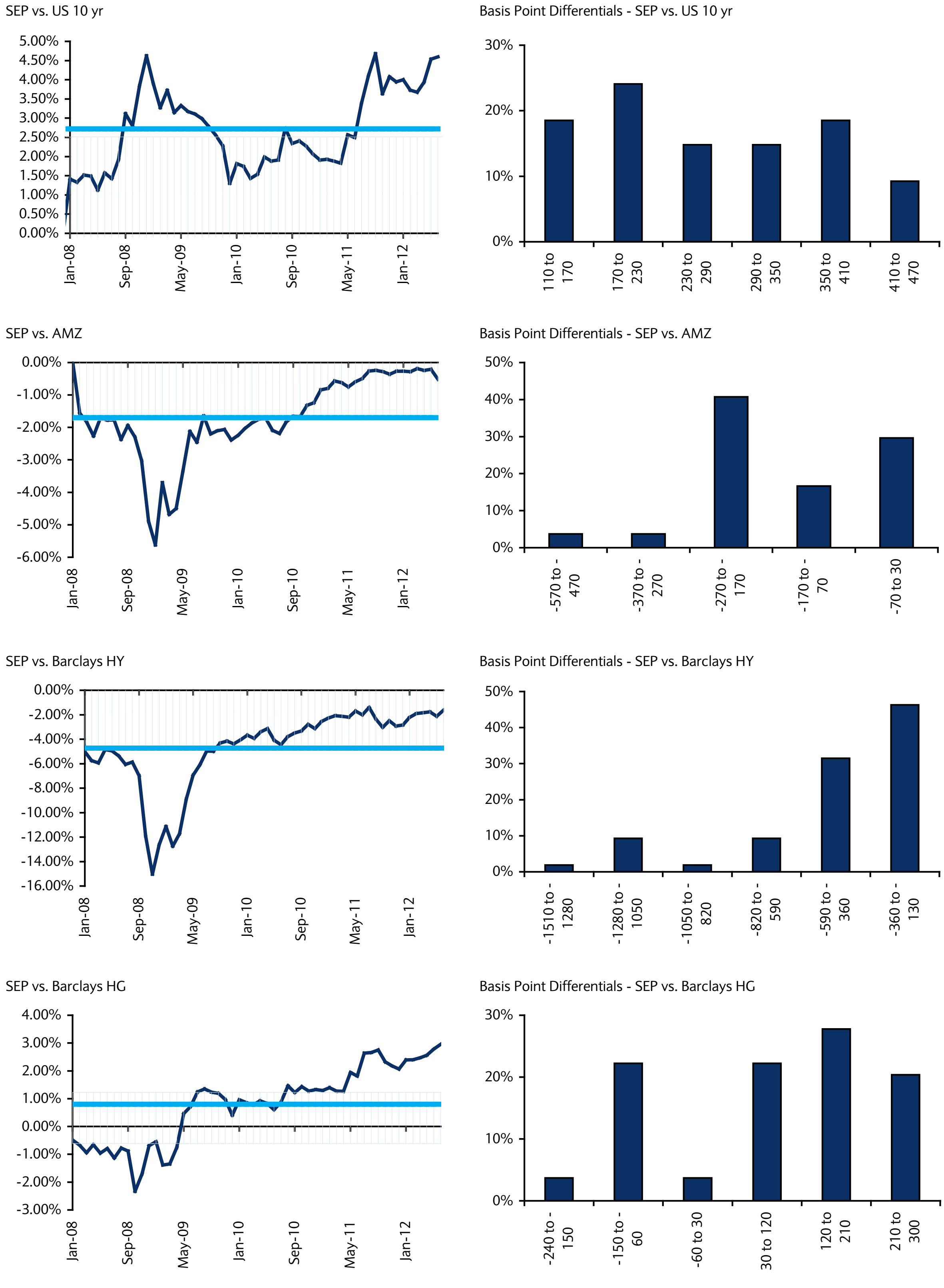
Business Description

Spectra Energy Partners, LP owns interests in natural gas transportation and storage assets in the United States, including more than 3,500 miles of transmission and gathering pipelines and approximately 57 billion cubic feet (Bcf) of natural gas storage. These assets are capable of transporting 4.5 Bcf of natural gas per day from growing supply areas to high-demand markets.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 179: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our price target of $31 is based on an estimated 12 month distribution run rate of $2.01 and a yield of 6.4%. 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 over the '13 – '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
- Drop downs 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 180: Suburban Propane Partners, LP (SPH)

Sub Sector: Wholesale Distribution

Rating:	Underweight		**Annualized Distribution:**	$3.41
Price Target:	$42.00		**Yield:**	8.75%
Current Price:	$38.99	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	5.75%
Potential Upside to Target:	7.7%		**Dist. CAGR (Next 3 Yrs):**	1.71%
52 Week High / Low:	$48.25 - $34.58		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	FY2010	FY2011	1Q12	2Q12	3Q12	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	35.65	49.75	39.25	55.82

Distributable Cash Flow Calculation	FY2010	FY2011	1Q12	2Q12	3Q12	4Q12e	FY2012e	FY2013e
EBIT	$153.37	$143.23	$30.29	$56.13	($2.74)	($6.57)	$77.10	$276.37
Depreciation and Amortization	$30.83	$35.63	$7.79	$7.65	$8.47	$9.00	$32.91	$60.00
Restructuring Charges	$2.82	$2.00	$0.00	$0.00	$5.95	$0.00	$5.95	$0.00
Others	$0.00	$0.00	$1.05	$2.08	($8.22)	$0.00	($5.09)	$0.00
Adjusted EBITDA	$187.02	$180.86	$39.12	$65.85	$3.46	$2.43	$110.86	$336.37
Net Interest Expense	$27.40	$27.38	$6.84	$6.43	$6.48	$30.68	$50.42	$95.28
Maintenance Capital Expenditures	$9.70	$10.13	$1.86	$3.37	$2.63	$2.90	$10.76	$18.00
Others	$0.00	($0.15)	$0.00	$0.00	$0.00	$0.00	$0.00	$20.00
Distributable Cash flow	$149.92	$143.50	$30.42	$56.06	($5.65)	($31.15)	$49.68	$203.09
Distributable Cash Flow (LP)	$149.92	$143.50	$30.42	$56.06	($5.65)	($31.15)	$49.68	$203.09
Distributable Cash Flow Per Unit	$4.22	$4.03	$0.85	$1.56	($0.16)	($0.63)	$1.27	$3.64
Total Distribution Coverage	125%	118%	100%	183%	-19%	-73%	37%	104%

Business Description

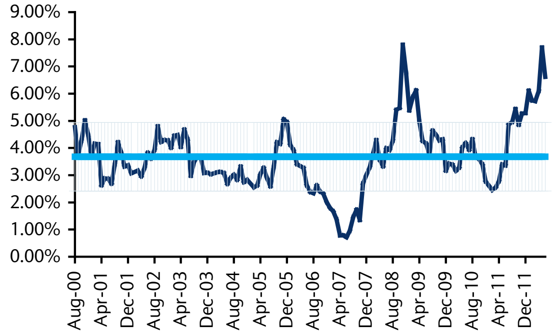
Suburban Propane Partners, L.P., through its subsidiaries, engages in the retail marketing and distribution of propane, fuel oil, and refined fuels, and the marketing of natural gas and electricity in the United States. The Partnership serves the energy needs of more than 1.2 million residential, commercial, industrial and agricultural customers through more than 750 locations in 41 states.

Industry View: Neutral

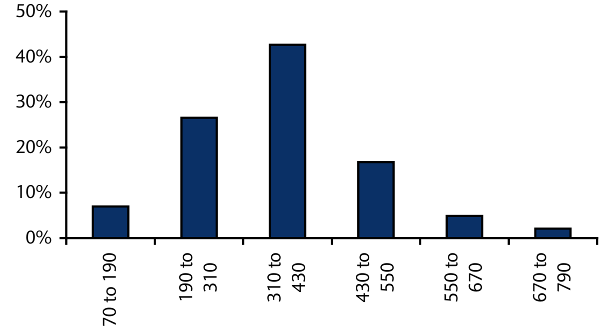
Source: Company filings, FactSet, Barclays Research

Figure 181: Historical Yield Spreads

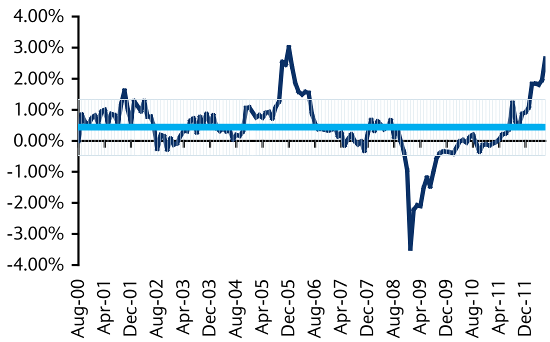
SPH vs. US 10 yr



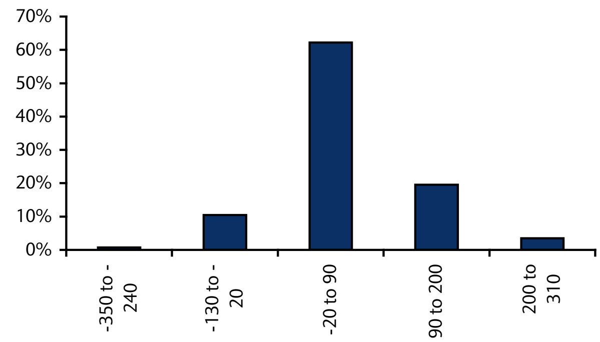
Basis Point Differentials - SPH vs. US 10 yr



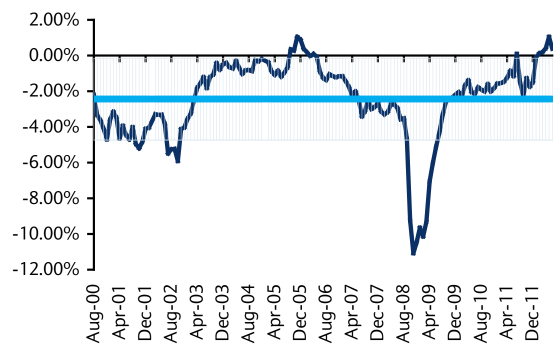
SPH vs. AMZ



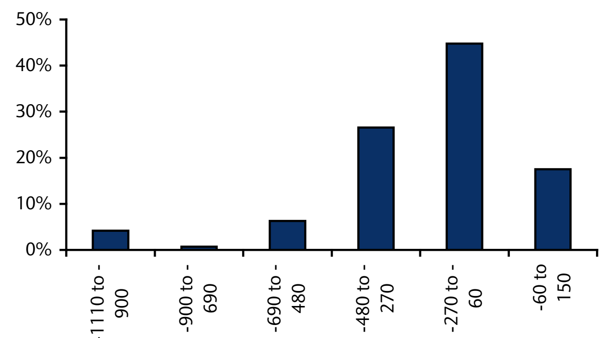
Basis Point Differentials - SPH vs. AMZ



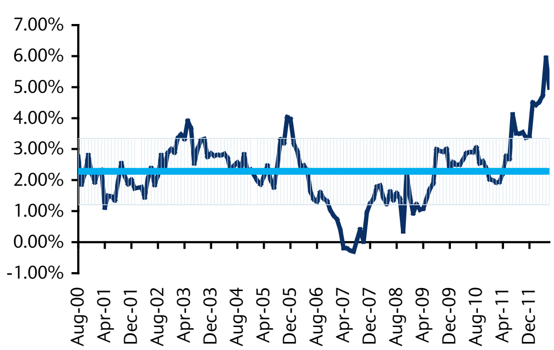
SPH vs. Barclays HY



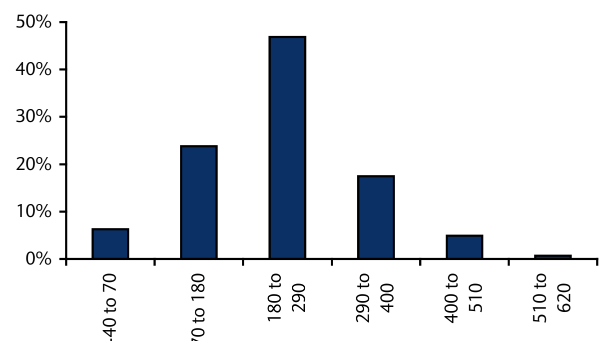
Basis Point Differentials - SPH vs. Barclays HY



SPH vs. Barclays HG



Basis Point Differentials - SPH vs. Barclays HG



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. The acquisition of NRGY's retail propane assets is positive by increasing consolidation in the fragmented US retail propane industry and supports 3% distribution CAGR at SPH.

Potential Catalysts / Timeline

- February – fiscal first quarter earnings release
- Potential acquisitions that would provide both economies of scale and operating synergies.

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 182: Sunoco Logistics Partners, LP (SXL)

Sub Sector: Refined Products & Crude Oil

Rating:	Equal Weight		**Annualized Distribution:**	$2.07
Price Target:	$54.00		**Yield:**	4.14%
Current Price:	$50.05	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	11.49%
Potential Upside to Target:	7.9%		**Dist. CAGR (Next 3 Yrs):**	18.28%
52 Week High / Low:	$52.04 - $31.65		**Tax Deferral:**	75%

$Millions, except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e
Cash Distribution Per Unit	$1.54	$1.64	$0.43	$0.47	$0.52	$0.54	$1.96	$2.36
Growth (YoY)	-63.5%	6.6%	7.3%	16.0%	25.2%	29.2%	19.6%	20.3%
Total Distribution Receiving Units (in mm)	95.7	101.9	103.9	103.9	103.9	103.9	103.9	108.0

Distributable Cash flow Calculation	2010	2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e
Operating Income	$300.6	$436.0	$129.0	$184.0	$165.0	$140.9	$618.9	$618.7
Depreciation, Depletion & Amortization	$64.0	$86.0	$25.0	$25.0	$26.0	$27.0	$103.0	$110.2
Other	$1.0	$22.0	$7.0	($3.0)	($3.0)	$0.0	$1.0	$0.0
Adjusted EBITDA	$365.5	$544.0	$161.0	$206.0	$188.0	$167.9	$722.9	$728.9
Net Interest Expense	$73.1	$89.0	$24.0	$21.0	$20.0	$23.0	$88.0	$114.4
Maintenance Capital Expenditures	$37.0	$42.0	$7.0	$11.0	$11.0	$21.0	$50.0	$60.0
Other	$7.0	$25.0	$8.0	$8.0	$8.0	$8.3	$32.3	$35.3
Distributable Cash flow	$248.5	$388.0	$122.0	$166.0	$149.0	$115.6	$552.6	$519.2
General Partner Cut	$44.6	$50.0	$14.0	$17.0	$19.4	$22.9	$73.2	$115.0
Distributable Cash Flow (LP)	$203.9	$338.0	$108.0	$149.0	$129.6	$92.8	$479.4	$404.2
Distributable Cash Flow Per Unit	$2.13	$3.32	$1.04	$1.43	$1.25	$0.89	$4.61	$3.74
Total Distribution Coverage	139%	203%	243%	305%	241%	165%	236%	159%

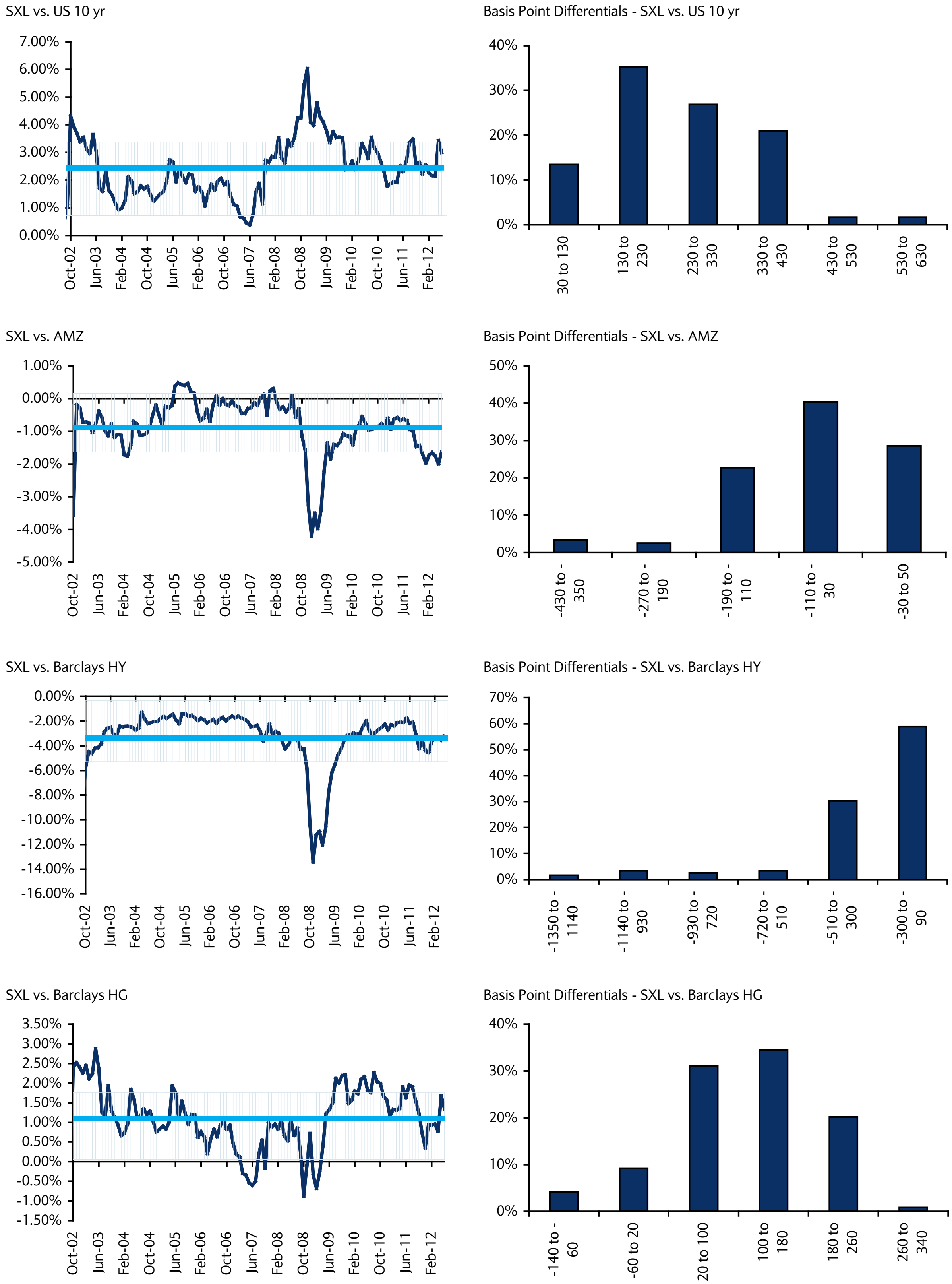
Business Description

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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Figure 183: Historical Yield Spreads



Source: FactSet

Valuation Discussion

Our $54 price target is based on a 12-month cash distribution run rate of $2.39 and a target yield of 4.4%. 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 an 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

- 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.

TC Pipelines, LP (TCP)

Figure 184: TC Pipelines, LP (TCP)

Sub Sector: Natural Gas - NGL Pipelines and Storage

Rating:	Equal Weight		**Annualized Distribution:**	$3.12
Price Target:	$45.00		**Yield:**	7.71%
Current Price:	$40.48	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	4.02%
Potential Upside to Target:	11.2%		**Dist. CAGR (Next 3 Yrs):**	0.65%
52 Week High / Low:	$48.3 - $38.2		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	2013E
Cash Distribution Per Unit	$2.96	$3.06	$0.77	$0.78	$0.78	$0.78	$3.11	$3.12
Growth (YoY)	2.2%	3.4%	2.7%	1.3%	1.3%	1.3%	1.6%	0.3%
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	2Q12	3Q12	4Q12E	2012E	2013E
Net Income	$137.21	$157.43	$39.37	$32.90	$35.04	$31.87	$139.17	$121.69
Cash Flows Provided by Tuscarora	$23.94	$45.51	$12.30	$11.00	$12.00	$9.33	$44.63	$46.63
Cash Distribution from Great Lakes	$69.16	$73.04	$11.01	$12.07	$11.01	$8.44	$42.53	$34.21
Cash Distribution from Northern Border	$86.09	$98.97	$24.99	$26.03	$19.98	$24.08	$95.08	$86.81
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	$12.00	$12.00	$10.00	$43.00	$40.00
	$345.89	$419.96	$96.66	$93.99	$90.03	$83.72	$364.41	$329.34
Tuscarora's Net Income	($16.20)	($35.31)	($7.04)	($10.00)	($10.00)	($7.89)	($34.93)	($35.63)
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)	($7.90)	($6.03)	($4.64)	($27.39)	($21.40)
Equity Income from GTN and Bison	$0.00	($18.60)	($9.00)	($7.00)	($7.00)	($8.70)	($31.70)	($31.70)
Equity Income from Northern Border	($67.34)	($75.52)	($20.50)	($16.00)	($18.01)	($18.04)	($72.55)	($62.49)
Distributable Cash flow	$182.88	$225.44	$51.30	$53.10	$48.99	$44.45	$197.84	$178.12
General Partner Cut	$2.81	$3.06	$1.04	$0.94	$1.04	$1.04	$4.06	$4.12
Distributable Cash Flow (LP)	$180.07	$222.38	$50.26	$52.16	$47.95	$43.41	$193.78	$174.00
Distributable Cash Flow Per Unit	$3.90	$4.36	$0.94	$0.97	$0.90	$0.81	$3.62	$3.25
Total Distribution Coverage	132%	142%	122%	125%	115%	104%	116%	104%

Business Description

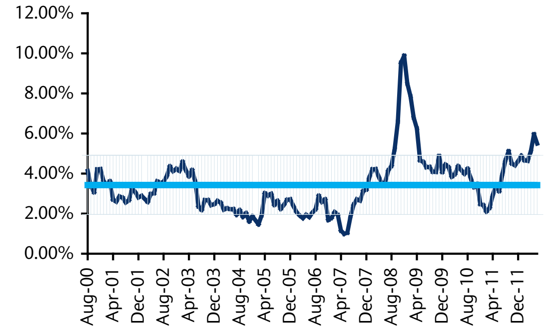
TC PipeLines, LP has interests in over 5,550 miles of federally regulated U.S. interstate natural gas pipelines which serve markets across the United States and Eastern Canada. This includes significant interests in Great Lakes Gas Transmission Limited Partnership and Northern Border Pipeline Company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

Industry View: Neutral

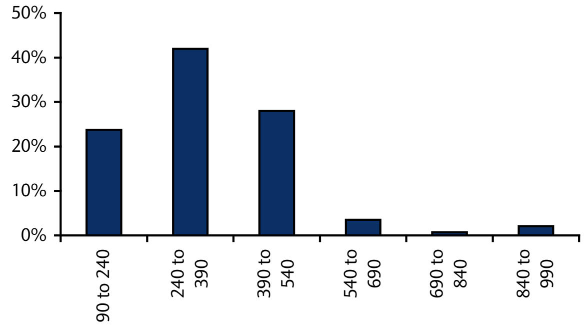
Source: Company filings, FactSet, Barclays Research

Figure 185: Historical Yield Spreads

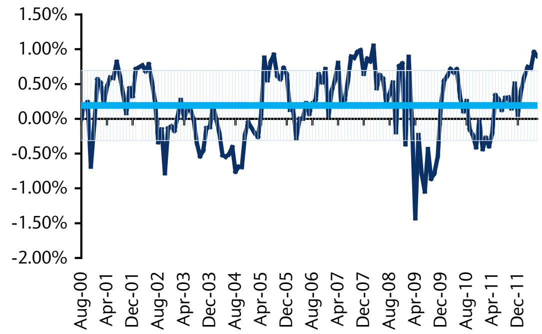
TCP vs. US 10 yr



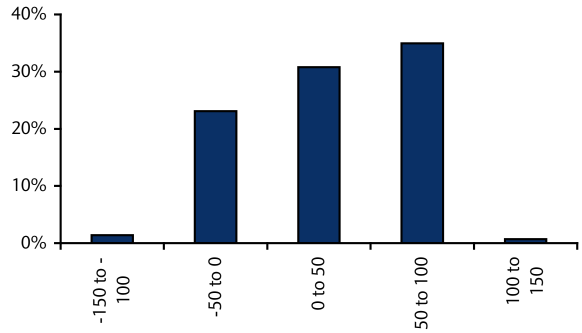
Basis Point Differentials - TCP vs. US 10 yr



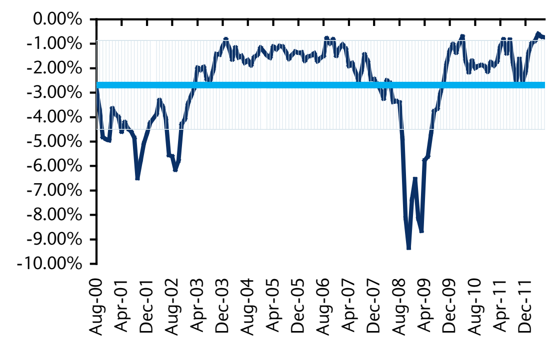
TCP vs. AMZ



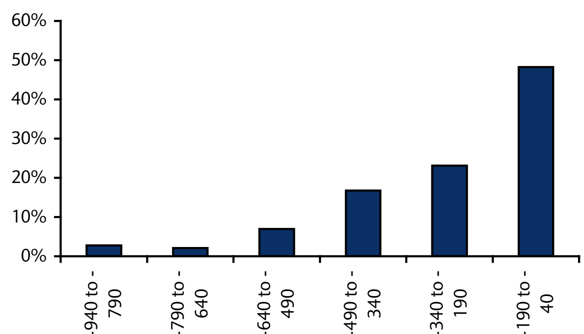
Basis Point Differentials - TCP vs. AMZ



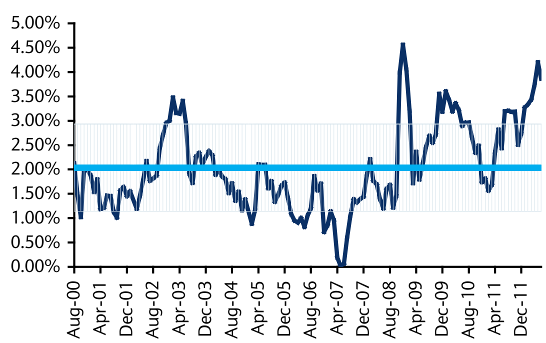
TCP vs. Barclays HY



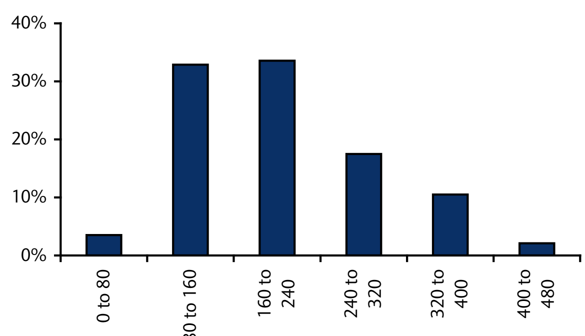
Basis Point Differentials - TCP vs. Barclays HY



TCP vs. Barclays HG



Basis Point Differentials - TCP vs. Barclays HG



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 6.9%.

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 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 its capacity until March 2013, ~2/3 contracted through 2014, and additional contracts beyond 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 drop downs from 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 186: Tesoro Logistics LP (TLLP)

Sub Sector: Refined Products & Crude Oil

Rating:	Overweight		**Annualized Distribution:**	$1.82
Price Target:	$52.00		**Yield:**	4.05%
Current Price:	$44.89	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	na
Potential Upside to Target:	15.8%		**Dist. CAGR (Next 3 Yrs):**	25.76%
52 Week High / Low:	$47.24 - $26.98		**Tax Deferral:**	80%

$ Millions , except per unit amounts

Cash Flow Summary	2010 PF	2011	1Q12	2Q12	3Q12	4Q12e	2012e	2013e
Cash Distribution Per Unit	na	$1.39	$0.38	$0.41	$0.46	$0.48	$1.72	$2.22
Growth (YoY)							24.14%	28.59%
Total Distribution Receiving Units (in mm)	na	30.51	30.55	30.74	30.92	35.17	31.85	35.96
Distributable Cash flow Calculation	**2010 PF**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12e**	**2012e**	**2013e**
Net income	$42.47	$27.95	$11.56	$13.09	$15.58	$21.34	$61.56	$107.67
Depreciation expense	$8.01	$8.08	$2.00	$2.53	$2.91	$2.70	$10.14	$22.00
Interest expense	$2.41	$1.61	$0.51	$1.04	$1.81	$5.14	$8.50	$27.41
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	$16.65	$20.30	$29.18	$80.20	$157.07
Interest expense	($2.01)	($1.17)	($0.37)	($0.58)	($1.81)	($5.04)	($7.80)	($27.01)
Maintenance capex	($1.70)	($1.88)	$0.07	($1.18)	($3.79)	($2.40)	($7.31)	($11.50)
Other	($3.23)	$0.49	($0.15)	$1.07	$3.16	$1.10	$5.18	$0.00
Distributable Cash flow	$45.95	$35.07	$13.62	$15.96	$17.86	$22.84	$70.27	$118.57
General Partner Cut	na	($0.89)	($0.24)	($0.36)	($0.77)	($1.17)	($2.54)	($13.02)
Distributable Cash Flow (LP)	na	$34.18	$13.38	$15.59	$17.08	$21.67	$67.73	$105.55
Distributable Cash Flow Per Unit	na	$1.12	$0.44	$0.51	$0.55	$0.62	$2.13	$2.93
Total Distribution Coverage	na	118%	116%	123%	120%	127%	122%	128%

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.

Industry View: Neutral

Source: Company filings, FactSet, Barclays Research

Valuation Discussion

Our $52 price target is based on a 12-month cash distribution run rate of $2.28 and a target yield of 4.35%. The low yield is based on strong growth prospects due to dropdowns and Bakken Shale exposure and a below-average risk profile.

Investment Thesis

We carry an Overweight rating on TLLP. The Partnership is a high-growth, relatively low-risk crude oil/refined products pipeline MLP with attractive 18% growth (3-year CAGR). Growth visibility supported by organic projects, including the emerging Bakken Shale, drop down 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

- 4Q12 – expected drop down of Anacortes unit train unloading facility

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).

Williams Partners L.P. (WPZ)

Figure 187: Williams Partners L.P. (WPZ)

Sub Sector: Gathering and Processing

Rating:	Overweight		**Annualized Distribution:**	$3.23
Price Target:	$61.00		**Yield:**	6.39%
Current Price:	$50.56	(as of 11/26/12)	**Dist. CAGR (Prev. 3 Yrs):**	8.10%
Potential Upside to Target:	20.6%		**Dist. CAGR (Next 3 Yrs):**	8.57%
52 Week High / Low:	$65.4 - $45.07		**Tax Deferral:**	80%

$Millions, except per unit amounts

Cash Flow Summary	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Cash Distribution Per Unit	$2.72	$2.96	$0.78	$0.79	$0.81	$0.82	$3.20	$3.48
Growth (YoY)	7%	9%	8%	8%	8%	8%	8%	9%
Total Distribution Receiving Units	270.02	289.84	304.34	361.42	363.68	406.48	358.98	427.20

Distributable Cash flow Calculation	**2010**	**2011**	**1Q12**	**2Q12**	**3Q12**	**4Q12E**	**2012E**	**2013E**
Net Income	$1,050.0	$1,378.0	$348.0	$193.0	$237.0	$318.3	$1,096.3	$1,744.3
Depreciation and Amortization	$551.0	$611.0	$156.0	$168.0	$179.0	$213.8	$716.8	$790.0
Equity earnings from investments	($109.0)	($142.0)	($30.0)	($27.0)	($30.0)	($47.0)	($134.0)	($150.0)
Maintenance Capex	($301.0)	($414.0)	($61.0)	($111.0)	($128.0)	($130.0)	($430.0)	($385.0)
Others	($5.0)	$48.0	$10.0	$24.0	$24.0	$0.0	$58.0	$0.0
DCF excluding equity investments	$1,186.0	$1,481.0	$423.0	$247.0	$282.0	$355.1	$1,307.1	$1,999.3
Equity investments cash distributions to WPZ	$133.0	$169.0	$52.0	$46.0	$34.0	$50.0	$182.0	$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)	($111.0)	($128.0)	($130.0)	($430.0)	($385.0)
Others	($9.0)	$414.0	$61.0	$111.0	$128.0	$130.0	$430.0	$385.0
Distributable Cash flow	$1,164.0	$1,650.0	$475.0	$293.0	$316.0	$405.1	$1,489.1	$2,164.3
General Partner Cut	$214.46	$299.77	$90.10	$103.68	$109.42	$113.05	$416.25	$555.84
Distributable Cash Flow (LP)	$1,104.54	$1,350.23	$384.90	$189.32	$206.58	$292.03	$1,072.83	$1,608.46
Distributable Cash Flow Per Unit	$4.09	$4.66	$1.26	$0.52	$0.57	$0.72	$2.99	$3.77
Total Distribution Coverage	136%	143%	145%	75%	78%	91%	95%	106%

Business Description

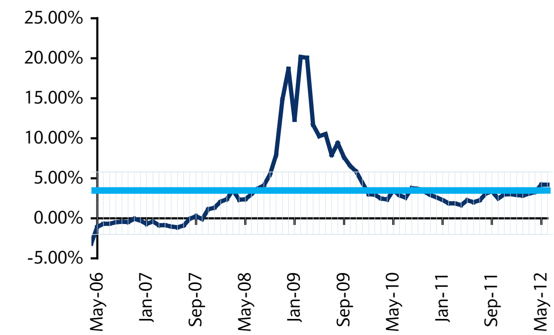
Williams Partners L.P. is a leading diversified master limited partnership focused on natural gas transportation; gathering, treating, and processing; storage; natural gas liquid (NGL) fractionation; and oil transportation. The partnership owns interests in three major interstate natural gas pipelines 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.

Industry View: Neutral

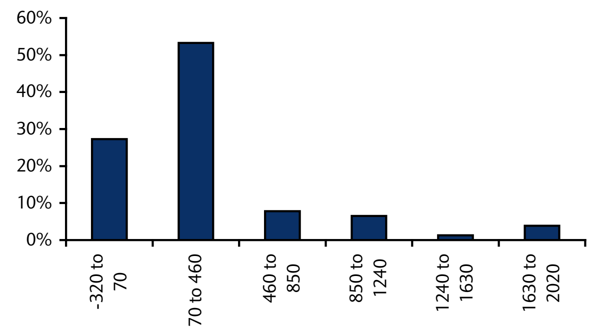
Source: Company filings, FactSet, Barclays Research

Figure 188: Historical Yield Spreads

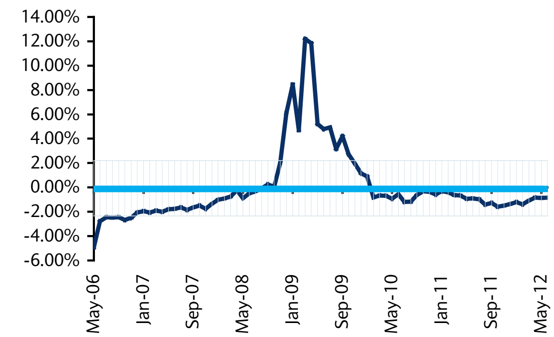
WPZ vs. US 10 yr



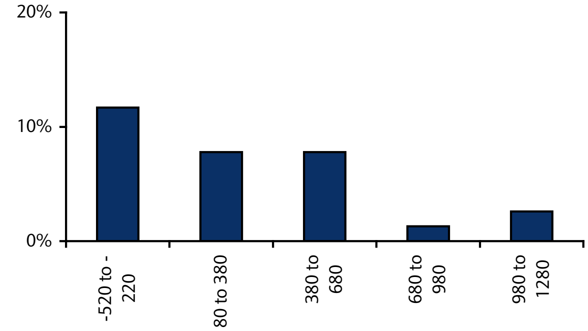
Basis Point Differentials - WPZ vs. US 10 yr



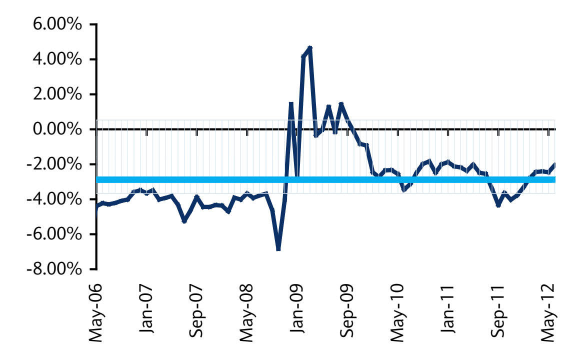
WPZ vs. AMZ



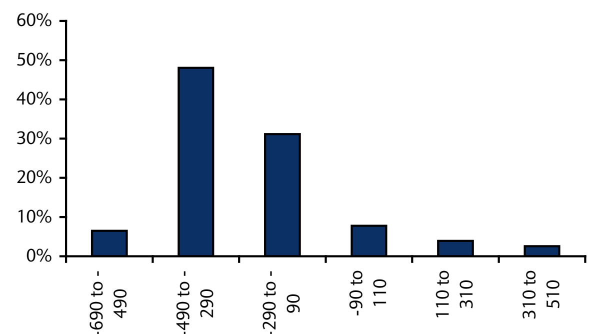
Basis Point Differentials - WPZ vs. AMZ



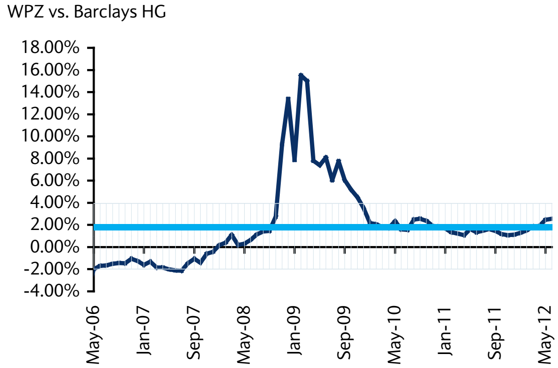
WPZ vs. Barclays HY



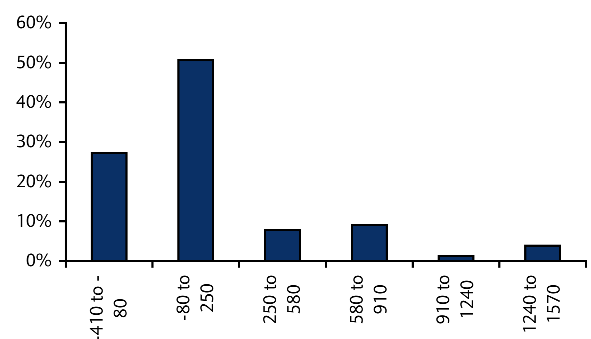
Basis Point Differentials - WPZ vs. Barclays HY



WPZ vs. Barclays HG



Basis Point Differentials - WPZ vs. Barclays HG



Source: FactSet

Valuation Discussion

Our $61 price target is based on a 12-month distribution run rate of $3.51 and a target yield of 5.75%.

Investment Thesis

We view WPZ as one of the fastest growing large cap MLPs. We forecast WPZ's distribution to grow by 8.0% in 2012 (in-line with company guidance) and at a 5-year CAGR of 7.3%, supported by a large inventory of organic projects under development and consideration, including the Marcellus, Eagle Ford, GOM, and the Rockies. Our 2013-2014 growth is in-line with the low end of the company's guidance range of 8-10%. 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 financial position. Commodity exposure (25% of total) has been managed through high coverage.

With regards to the recent Geismar dropdown announcement, we think WPZ coverage marginally improves in 2013 while increasing to 1.16x in 2014. We assume a deal size of $1.77 billion, which we think will be fully funded with 35.4 million WPZ units so as to avoid any tax leakage. We estimate with incremental DCF of $210 mm in 2013 and $290 mm in 2014 tied to the Geismar facility, coverage would rise from 0.98x to just over 1.0x while increasing from 1.11x to 1.16x in 2014. We think it's possible that the GP would waive the IDRs tied to the incremental units in 2013. If that were to happen, 2013 coverage would come up to 1.04x.

Excluding Geismar, WPZ has spent ~$2.9 billion in acquisitions this year, mainly focused on Marcellus/Utica shale assets. The acquisitions enhanced growth visibility, driven by opportunities to build midstream systems in growing shale plays that are short infrastructure. Williams is in the process of investing $2.2 billion of organic capex for 2012 and $2.6 billion for 2013 which will drive distribution growth for the company. WPZ has a healthy balance sheet with a leverage ratio ~3.0x, which we believe will increase to ~4x by end of 2012, without equity issuance, given ~$1.6 billion of remaining growth capex.

Potential Catalysts / Timeline

- Q4 2012 earnings release.
- Potential drop downs from parent
- New organic project announcements

Fundamental Drivers

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

Risk: Medium

WPZ carries average / moderate levels of risk related to commodity prices. ~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 189: MLP Valuation Comps

MLP Valuation Comps (Industry View = Neutral) **11/26/12**

Company	Rating (5)	Ticker	Price 11/26/12	Current Dist.	Expected Return (1) Yield	Growth	Total	Yield Spread to AMZ Current	Avg (4)	Avg - Curr	FCF Multiple (2) 2011	2012e	2013e	FCF Multiple / Expected Return 2011	2012e	2013e	EV / Adj EBITDA - Main Cap (3) 2011	2012e	2013e
Refined Products & Crude Oil																			
Buckeye Partners L.P.	EW	BPL	$49.04	$4.15	8.46%	1.49%	9.95%	2.02%	0.00%	-2.02%	16.2	12.9	11.5	1.4	1.3	1.2	17.4	14.8	12.8
Blueknight Energy Partners, L.P.	UW	BKEP	$6.46	$0.45	6.97%	5.29%	12.26%	0.53%	na	na	78.5	9.7	11.0	na	0.8	0.9	8.8	7.1	6.5
Calumet Specialty Products Partn	EW	CLMT	$31.14	$2.48	7.96%	10.48%	18.44%	1.53%	3.14%	1.62%	6.7	6.2	8.4	0.5	0.3	0.5	9.3	7.7	9.7
Enbridge Energy Partners L.P.	EW	EEP	$28.50	$2.17	7.63%	2.62%	10.24%	1.19%	0.63%	-0.56%	14.8	16.1	13.7	1.5	1.6	1.3	14.4	14.8	12.1
Genesis Energy L.P.	OW	GEL	$34.35	$1.89	5.50%	10.21%	15.72%	-0.94%	-0.34%	0.59%	16.6	15.3	13.6	1.1	1.0	0.9	20.9	16.5	13.9
Holly Energy Partners L.P.	EW	HEP	$64.63	$3.70	5.72%	6.04%	11.77%	-0.71%	0.17%	0.88%	15.5	14.6	14.5	1.4	1.2	1.2	10.1	16.7	14.5
Kinder Morgan Energy Partners L.	OW	KMP	$81.01	$5.04	6.22%	7.40%	13.62%	-0.22%	-0.44%	-0.23%	17.8	16.1	15.0	1.7	1.2	1.1	21.2	16.7	13.3
Magellan Midstream Partners L.P	EW	MMP	$43.31	$1.94	4.48%	12.49%	16.97%	-1.96%	-1.08%	0.88%	17.4	18.6	17.1	1.5	1.1	1.0	18.1	18.4	16.7
NuStar Energy L.P.	EW	NS	$43.19	$4.38	10.14%	0.65%	10.79%	3.70%	0.57%	-3.14%	12.6	17.6	10.5	1.2	1.6	1.0	16.0	21.1	13.8
Oiltanking Partners L.P.	OW	OILT	$36.50	$1.50	4.11%	11.42%	15.53%	-2.33%	-1.52%	0.81%	17.8	19.2	17.5	1.5	1.2	1.1	17.3	18.8	16.0
Plains All American Pipeline L.P.	OW	PAA	$45.95	$2.17	4.72%	8.11%	12.83%	-1.72%	-0.59%	1.12%	14.6	12.9	14.2	1.5	1.0	1.1	na	14.2	14.5
Rose Rock Midstream LP	OW	RRMS	$32.40	$1.57	4.85%	11.04%	15.88%	-1.59%	na	na	na	16.4	13.7	na	1.0	0.9	na	20.3	14.6
Sunoco Logistics Partners L.P.	EW	SXL	$50.05	$2.07	4.14%	18.28%	22.42%	-2.30%	-1.00%	1.30%	12.9	10.8	13.4	1.2	0.5	0.6	13.7	11.6	12.5
Tesoro Logistics LP	OW	TLLP	$44.89	$1.82	4.05%	25.76%	29.82%	-2.38%	-1.61%	0.77%	20.7	21.1	15.3	1.4	0.7	0.5	21.3	19.9	10.6
Average Sub Sector					**6.07%**	**9.38%**	**15.45%**	**-0.37%**	**-0.17%**	**0.17%**	**20.5x**	**14.8x**	**13.5x**	**1.3x**	**1.0x**	**0.9x**	**15.2x**	**15.6x**	**13.0x**
Gathering, Processing & Compression																			
Atlas Pipeline Partners L.P.	OW	APL	$33.29	$2.28	6.85%	9.11%	15.96%	0.41%	-0.68%	-1.09%	16.2	13.8	13.5	1.0	0.9	0.8	15.1	13.9	12.0
Access Midstream Partners L.P.	OW	ACMP	$35.27	$1.74	4.93%	12.26%	17.19%	-1.50%	-0.95%	0.55%	16.3	16.1	15.9	1.1	0.9	0.9	17.2	16.8	13.6
Copano Energy L.L.C.	EW	CPNO	$30.63	$2.30	7.51%	2.95%	10.46%	1.07%	1.26%	0.19%	15.5	13.1	11.0	1.7	1.3	1.1	16.2	14.7	11.6
Crestwood Midstream Partners L	EW	CMLP	$22.75	$2.04	8.97%	4.37%	13.34%	2.53%	0.28%	-2.25%	9.2	11.2	11.7	0.7	0.8	0.9	13.5	12.0	8.5
Crosstex Energy L.P.	EW	XTEX	$14.80	$1.32	8.92%	5.36%	14.28%	2.48%	-0.30%	-2.78%	7.1	10.8	10.7	0.5	0.8	0.8	8.2	10.2	8.8
DCP Midstream Partners L.P.	OW	DPM	$41.66	$2.72	6.53%	6.30%	12.83%	0.09%	0.44%	0.35%	16.5	20.7	14.2	1.4	1.6	1.1	17.9	22.3	12.6
Eagle Rock Energy Partners L.P.	EW	EROC	$9.00	$0.88	9.78%	6.29%	16.07%	3.34%	0.58%	-2.76%	11.5	10.4	11.3	na	0.6	0.7	13.6	12.0	10.6
Exterran Partners L.P.	EW	EXLP	$22.00	$2.03	9.23%	4.21%	13.43%	2.79%	1.71%	-1.08%	8.3	8.7	8.3	0.6	0.6	0.6	12.1	12.1	10.6
MarkWest Energy Partners L.P.	OW	MWE	$50.44	$3.24	6.42%	10.03%	16.45%	-0.01%	0.58%	0.60%	13.0	13.5	13.9	0.8	0.8	0.8	13.5	16.8	12.4
Penn Virginia Resource Partners L	OW	PVR	$23.47	$2.16	9.20%	7.85%	17.06%	2.77%	1.35%	-1.42%	13.4	21.7	9.3	0.8	1.3	0.5	10.8	18.6	10.3
Summit Midstream Partners L.P.	OW	SMLP	$19.12	$1.60	8.37%	8.04%	16.41%	1.93%	na	na	na	10.5	9.9	na	0.6	0.6	na	13.7	12.4
Average Sub Sector					**7.54%**	**7.83%**	**15.36%**	**1.10%**	**0.31%**	**-0.72%**	**13.2x**	**14.0x**	**12.4x**	**1.0x**	**0.9x**	**0.8x**	**14.3x**	**15.1x**	**11.8x**
Natural Gas - NGL Pipelines and Storage																			
Boardwalk Pipeline Partners L.P.	EW	BWP	$25.70	$2.13	8.29%	0.39%	8.68%	1.85%	0.20%	-1.65%	13.8	12.2	12.0	1.4	1.4	1.4	16.5	15.1	13.7
El Paso Pipeline Partners L.P.	EW	EPB	$36.31	$2.32	6.39%	11.47%	17.86%	-0.05%	-1.37%	-1.33%	11.0	13.3	11.9	0.5	0.7	0.7	17.3	14.4	13.2
Energy Transfer Partners L.P.	OW	ETP	$43.00	$3.58	8.31%	3.69%	12.00%	1.88%	0.81%	-1.06%	13.0	12.4	10.9	1.3	1.0	0.9	14.2	14.6	11.0
Enterprise Products Partners L.P.	OW	EPD	$51.05	$2.60	5.09%	6.09%	11.18%	-1.34%	-0.75%	0.59%	14.0	15.0	13.9	1.3	1.3	1.2	16.0	14.9	13.7
EQT Midstream Partners, L.P.	OW	EQM	$29.82	$1.40	4.69%	15.00%	19.69%	-1.74%	na	na	na	17.5	17.5	na	0.9	0.9	na	14.5	14.3
Inergy Midstream LP	OW	NRGM	$23.33	$1.54	6.60%	6.06%	12.66%	0.16%	na	na	na	16.2	12.6	na	1.3	1.0	na	18.7	11.7
Niska Gas Storage Partners	UW	NKA	$12.07	$1.40	11.60%	0.00%	11.60%	5.16%	3.49%	-1.67%	12.5	11.7	11.3	-2.6	1.0	1.0	11.2	10.7	11.3
ONEOK Partners L.P.	OW	OKS	$58.24	$2.74	4.70%	12.24%	16.94%	-1.73%	-0.74%	0.99%	16.4	16.9	18.4	1.4	1.0	1.1	16.2	17.9	17.3
PAA Natural Gas Storage L.P.	EW	PNG	$18.50	$1.43	7.73%	1.75%	9.48%	1.29%	0.28%	-1.01%	13.6	12.1	11.3	1.2	1.3	1.2	20.0	17.7	16.6
Regency Energy Partners L.P.	EW	RGP	$22.30	$1.84	8.25%	1.55%	9.80%	1.81%	1.03%	-0.78%	13.7	12.4	12.0	1.3	1.3	1.2	15.0	13.1	11.6
Spectra Energy Partners L.P.	EW	SEP	$29.38	$1.96	6.67%	4.46%	11.13%	0.23%	-1.06%	-1.30%	15.4	14.4	14.2	1.3	1.3	1.3	17.8	16.0	13.8
TC PipeLines L.P.	EW	TCP	$40.48	$3.12	7.71%	0.65%	8.36%	1.27%	0.22%	-1.05%	12.9	11.2	12.4	1.2	1.3	1.5	11.1	13.2	14.1
Williams Partners L.P.	OW	WPZ	$50.56	$3.23	6.39%	8.57%	14.96%	-0.05%	0.08%	0.13%	14.2	16.9	13.4	1.2	1.1	0.9	14.8	19.8	12.5
Average Sub Sector					**7.11%**	**5.53%**	**12.64%**	**0.67%**	**0.20%**	**-0.74%**	**13.6x**	**14.0x**	**13.2x**	**0.8x**	**1.2x**	**1.1x**	**15.5x**	**15.4x**	**13.4x**
Wholesale Distribution																			
Amerigas Partners L.P.	UW	APU	$40.79	$3.20	7.85%	5.36%	13.20%	1.41%	0.31%	-1.10%	11.7	31.7	11.0	1.0	2.4	0.8	12.0	16.2	8.8
Ferrellgas Partners L.P.	UW	FGP	$18.82	$2.00	10.63%	0.00%	10.63%	4.19%	2.67%	-1.52%	11.3	16.1	11.1	1.1	1.5	1.0	12.7	14.9	11.8
Global Partners LP	EW	GLP	$24.81	$2.13	8.59%	3.58%	12.17%	2.15%	2.12%	-0.02%	10.9	8.8	7.7	1.1	0.7	0.6	16.3	15.1	13.0
Inergy L.P.	EW	NRGY	$18.46	$1.16	6.28%	na	na	-0.15%	1.85%	2.00%	9.0	11.1	18.2	0.6	na	na	11.0	13.3	18.9
Suburban Propane Partners L.P.	UW	SPH	$38.99	$3.41	8.75%	1.71%	10.45%	2.31%	0.39%	-1.92%	12.1	30.8	10.7	1.5	2.9	1.0	12.2	24.2	7.6
Susser Petroleum Partners LP	OW	SUSP	$24.23	$1.75	7.22%	10.08%	17.30%	0.78%	na	na	na	53.0	11.9	na	3.1	0.7	na	15.7	15.2
Average Sub Sector					**8.22%**	**4.14%**	**12.75%**	**1.78%**	**1.47%**	**-0.51%**	**11.0x**	**25.2x**	**11.8x**	**1.1x**	**2.1x**	**0.8x**	**12.8x**	**16.6x**	**12.5x**
Core Average					**6.96%**	**7.40%**	**14.37%**	**0.52%**	**0.20%**	**-0.40%**	**15.4x**	**15.7x**	**12.9x**	**1.1x**	**1.2x**	**0.9x**	**14.8x**	**15.5x**	**12.7x**
E&P Sector																			
BreitBurn Energy Partners L.P.	EW	BBEP	$18.00	$1.86	10.33%	2.08%	12.42%	3.90%	3.55%	-0.35%	8.7	8.0	9.0	0.7	0.6	0.7	9.8	9.8	10.6
Memorial Production Partners LP	EW	MEMP	$17.79	$1.98	11.13%	0.51%	11.64%	4.69%	na	na	na	9.0	7.5	na	0.8	0.6	na	19.3	24.0
Vanguard Natural Resources LLP	OW	VNR	$28.20	$2.40	8.51%	1.18%	9.69%	2.07%	3.00%	0.93%	8.6	11.3	10.8	0.8	1.2	1.1	12.1	13.4	11.6
Average Sub Sector					**9.36%**	**1.03%**	**10.39%**	**2.92%**	**2.90%**	**0.57%**	**9.6x**	**10.1x**	**9.4x**	**0.9x**	**1.0x**	**1.0x**	**11.4x**	**13.7x**	**14.2x**
Other																			
Hi-Crush Partners LP	OW	HCLP	$14.94	$1.90	12.72%	9.07%	21.78%	6.28%	na	na	na	8.7	8.8	na	0.4	0.4	na	15.1	4.7
Northern Tier Energy LP	EW	NTI	$22.07	$5.92	26.82%	na	na	20.39%	na	na	na	8.4	10.7	na	na	na	na	8.6	9.9
Non-Core Average					**11.53%**	**5.05%**	**16.08%**	**8.13%**	**2.90%**	**0.57%**	**9.6x**	**9.3x**	**9.6x**	**0.9x**	**0.7x**	**0.7x**	**11.4x**	**12.8x**	**10.7x**
Total Universe					7.65%	6.92%	14.20%	1.21%	0.39%	-0.33%	14.9x	15.1x	12.5x	1.1x	1.1x	0.9x	14.7x	15.4x	12.6x

(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) OW = Overweight; EW = Equal Weight; UW = Underweight

Source: FactSet, Barclays Research

Figure 190: MLP per Share Comps, $ per unit

MLP Per Share Comps — 11/26/12

	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	2.97	2.87	1.06	0.64	0.77	0.33	0.70	0.66	0.28	0.67	0.59
Buckeye Partners L.P.	90.77	0.00	90.77	5.38	5.57	6.26	1.32	1.20	1.36	0.63	0.57	0.64	3.49	3.81	4.26
Calumet Specialty Products Partners L.	42.54	0.00	42.54	4.96	7.29	5.77	1.06	1.44	1.41	0.56	0.40	0.42	2.94	5.03	3.69
Enbridge Energy Partners L.P. (Cl A)	217.47	0.00	262.25	4.46	4.04	4.27	1.22	1.14	1.11	0.38	0.38	0.35	2.13	1.77	2.08
Genesis Energy L.P.	67.94	0.00	67.94	2.54	3.15	3.51	0.53	0.59	0.67	0.06	0.07	0.08	2.03	2.25	2.53
Holly Energy Partners L.P.	22.84	0.00	22.84	6.52	6.85	7.58	1.57	1.69	1.84	0.24	0.27	0.34	3.65	4.42	4.46
Kinder Morgan Energy Partners L.P.	326.10	0.00	326.10	10.11	11.33	12.62	1.63	1.85	2.16	0.65	0.82	0.77	4.68	5.02	5.41
Magellan Midstream Partners L.P.	225.97	0.00	225.97	2.79	3.10	3.42	0.48	0.49	0.57	0.31	0.29	0.32	2.04	2.32	2.53
NuStar Energy L.P.	65.01	0.00	65.01	7.54	5.18	6.64	1.29	1.30	1.14	0.77	0.63	0.63	4.75	2.46	4.10
Oiltanking Partners L.P.	19.45	19.45	38.90	1.73	2.11	2.51	0.09	0.06	0.22	0.11	0.12	0.15	1.44	1.90	2.08
Plains All American Pipeline L.P.	299.00	0.00	299.00	5.35	6.19	6.03	0.84	0.89	0.95	0.40	0.50	0.50	3.11	3.58	3.24
Rose Rock Midstream LP	8.40	8.39	16.79	na	2.46	3.51	na	0.24	0.68	na	0.24	0.42	na	1.97	2.36
Sunoco Logistics Partners L.P.	101.85	0.00	101.85	5.34	6.96	6.75	0.87	0.85	1.06	0.41	0.48	0.56	3.32	4.61	3.74
Tesoro Logistics LP	15.25	15.25	30.51	1.23	2.52	4.37	0.04	0.24	0.75	0.06	0.23	0.32	1.12	2.13	2.93
Average Sub Sector				**4.63**	**4.98**	**5.44**	**0.92**	**0.90**	**1.05**	**0.38**	**0.41**	**0.44**	**2.69**	**3.00**	**3.14**
Gathering and Processing															
Atlas Pipeline Partners L.P.	53.61	0.00	53.61	3.38	3.92	4.24	0.59	0.76	0.95	0.34	0.36	0.37	2.33	2.41	2.46
Access Midstream Partners L.P.	69.08	69.00	140.97	2.48	3.14	3.46	0.10	0.42	0.57	0.53	0.49	0.55	1.83	2.18	2.21
Copano Energy L.L.C.	72.17	0.00	72.17	3.83	4.11	4.27	0.73	0.95	0.81	0.19	0.16	0.21	2.22	2.33	2.78
Crestwood Midstream Partners LP	32.54	0.00	32.54	3.38	3.16	3.70	0.85	0.84	0.84	0.04	0.15	0.16	1.87	2.03	2.03
Crosstex Energy L.P.	50.14	0.00	50.14	4.26	2.86	2.74	1.58	1.18	1.07	0.25	0.21	0.19	2.36	1.36	1.38
DCP Midstream Partners L.P.	44.46	0.00	44.46	4.03	3.90	5.12	0.76	0.66	0.87	0.21	0.26	0.38	2.81	2.01	2.93
Eagle Rock Energy Partners L.P.*	115.55	0.00	115.55	1.80	1.77	1.72	0.41	0.44	0.49	0.37	0.46	0.43	1.02	0.86	0.80
Exterran Partners L.P.	31.24	4.74	35.98	3.87	4.19	4.50	0.84	0.67	0.87	0.80	0.94	1.04	2.39	2.54	2.64
MarkWest Energy Partners L.P.	81.11	0.00	81.11	5.56	4.68	5.16	1.35	1.04	1.31	0.18	0.17	0.22	4.10	3.74	3.63
Penn Virginia Resource L.P.	66.75	0.00	66.75	3.64	3.41	4.05	0.66	0.77	0.80	0.17	0.13	0.15	2.11	1.08	2.51
Summit Midstream Partners L.P.	25.41	24.41	49.82	na	3.67	3.17	na	0.30	0.25	na	0.10	0.12	na	1.81	1.94
Average Sub Sector				**3.74**	**3.68**	**3.99**	**0.79**	**0.75**	**0.83**	**0.36**	**0.34**	**0.38**	**2.41**	**2.16**	**2.37**
Natural Gas - NGL Pipelines and Storage															
Boardwalk Pipeline Partners L.P.	175.70	22.87	198.57	3.11	3.42	3.52	0.86	0.80	0.74	0.48	0.43	0.41	1.82	2.11	2.15
El Paso Pipeline Partners L.P.	197.40	0.00	197.40	4.54	5.00	5.39	1.25	1.32	1.25	0.51	0.35	0.36	2.62	2.74	3.04
Energy Transfer Partners L.P.	206.60	0.00	206.60	8.43	8.22	8.52	2.29	2.07	1.89	0.65	0.46	0.47	3.40	3.47	3.95
Enterprise Products Partners L.P.	853.85	5.90	859.75	4.48	4.87	5.11	0.88	0.89	1.00	0.34	0.38	0.40	3.14	3.41	3.67
EQT Midstream Partners, L.P.	17.34	17.34	34.68	na	2.45	2.69	na	0.14	0.39	na	0.37	0.55	na	1.71	1.70
Inergy Midstream LP	74.67	0.00	74.67	na	1.55	2.29	na	0.02	0.24	na	0.04	0.07	na	1.44	1.85
Niska Gas Storage Partners	34.32	35.10	69.50	1.96	2.02	1.93	1.01	0.92	0.78	0.03	0.03	0.03	0.88	1.03	1.06
ONEOK Partners L.P.	203.82	0.00	203.82	6.09	5.80	5.95	1.09	0.94	0.92	0.46	0.49	0.50	3.94	3.45	3.16
PAA Natural Gas Storage	56.28	11.93	68.22	1.57	1.70	1.82	0.08	0.11	0.13	0.01	0.01	0.01	1.43	1.53	1.64
Regency Energy Partners L.P.	151.53	0.00	151.53	2.79	2.80	2.80	0.68	0.68	0.68	0.13	0.19	0.18	1.80	1.80	1.86
Spectra Energy Partners L.P.	93.08	0.00	93.08	3.07	3.31	3.36	0.27	0.38	0.42	0.18	0.26	0.25	2.06	2.03	2.07
TC PipeLines L.P.	51.04	0.00	51.04	5.81	5.14	4.85	0.55	0.43	0.44	0.26	0.25	0.26	4.36	3.62	3.25
Williams Partners L.P.	289.84	0.00	289.84	7.77	5.85	6.87	1.40	1.17	1.29	1.43	1.20	0.90	4.66	2.99	3.77
Average Sub Sector				**4.51**	**4.01**	**4.24**	**0.94**	**0.76**	**0.78**	**0.41**	**0.34**	**0.34**	**2.74**	**2.41**	**2.55**
Wholesale Distribution															
Amerigas Partners L.P.	57.15	0.00	57.15	5.87	4.56	6.74	1.11	1.80	1.85	0.67	0.75	0.70	3.94	1.28	3.70
Ferrellgas Partners L.P.	72.32	0.00	72.32	3.15	2.48	3.03	1.29	1.13	1.16	0.21	0.21	0.20	1.68	1.17	1.70
Global Partners LP	21.81	0.00	21.81	3.99	4.83	5.44	1.45	1.36	1.50	0.20	0.51	0.60	2.13	2.83	3.23
Inergy L.P.	108.70	0.00	108.70	3.42	2.57	1.73	0.99	0.62	0.29	0.13	0.10	0.06	2.30	1.66	1.01
Suburban Propane Partners L.P.	0.00	0.00	35.63	4.98	2.82	6.03	0.77	1.28	1.71	0.28	0.27	0.32	3.93	1.27	3.64
Susser Petroleum Partners LP	10.93	10.93	21.86	na	1.98	2.26	na	na	0.12	na	0.08	0.08	na	0.46	2.03
Average Sub Sector				**4.28**	**3.46**	**4.59**	**1.12**	**1.24**	**1.30**	**0.30**	**0.37**	**0.38**	**2.80**	**1.64**	**2.66**
E&P Sector															
BreitBurn Energy Partners L.P.	57.88	0.00	57.88	3.89	4.15	4.00	0.73	0.86	0.87	0.86	1.02	1.16	2.29	2.25	2.00
Memorial Production Partners LP	22.22	0.00	22.22	na	2.46	3.51	na	0.24	0.68	na	0.24	0.42	na	1.97	2.36
Vanguard Natural Resources LLP	31.67	0.00	31.67	5.18	4.35	4.55	0.73	0.83	0.96	0.77	1.00	1.02	3.47	2.50	2.60
Average Sub Sector				**4.95**	**4.40**	**4.89**	**0.99**	**0.95**	**1.13**	**0.87**	**0.99**	**1.11**	**3.07**	**2.48**	**2.69**
Other															
Hi-Crush Partners LP	13.64	13.64	27.28	na	1.05	2.85	na	0.01	0.47	na	0.04	0.07	na	1.71	1.70
Northern Tier Energy LP	73.53	20.68	94.21	na	3.67	3.17	na	0.39	0.40	na	0.35	0.35	na	2.63	2.07
Total Universe				**4.34**	**4.10**	**4.54**	**0.92**	**0.84**	**0.93**	**0.41**	**0.41**	**0.43**	**2.66**	**2.43**	**2.66**

(1) adjusted for non cash items

(2) uses 2011 estimated units; Units in mm

* Note: Total units represent distribution paying units.

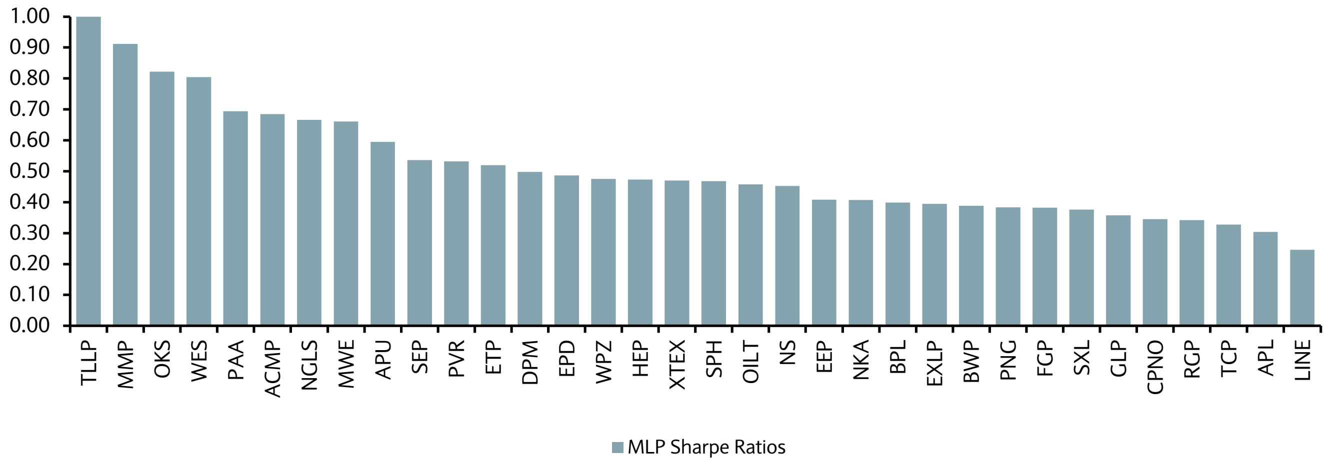
Source: FactSet, Barclays Research

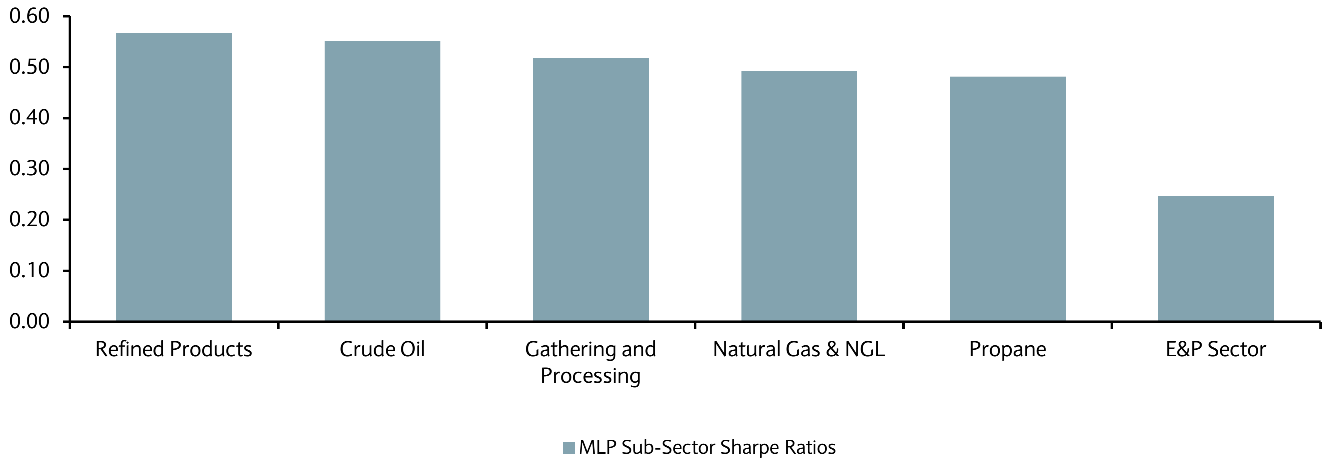
Figure 191: Balance Sheet Comps ($ in millions)

MLP Balance Sheet Comps																				11/26/12
	Common	Debt &	Book	Debt & Pfd /	Equity	Enterprise	Debt & Pfd /	Common Dist Coverage			Total Dist Coverage			EBITDA / Interest			Debt / EBITDA			S&P
Company	Equity	Preferred	Cap	Cap	Mkt Cap	Value	EV	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e	2011	2012e	2013e	Rating
Refined Products & Crude Oil																				
Blueknight Energy Partners, L.P.	$58	$218	$276	79.0%	$146	$364	60%	352%	151%	122%	252%	148%	120%	2.1	4.6	3.7	3.2	3.8	3.7	NR
Buckeye Partners L.P.	$2,317	$2,386	$5,128	46.5%	$4,811	$7,197	33%	86%	92%	102%	86%	92%	102%	4.1	4.7	4.6	4.9	4.9	4.4	BBB
Calumet Specialty Products Partn	$729	$1,082	$1,316	82.2%	$1,791	$2,873	38%	147%	208%	138%	147%	208%	138%	4.7	5.1	4.1	2.8	2.1	2.5	B
Enbridge Energy Partners L.P. (Cl	$4,812	$5,245	$9,858	53.2%	$8,622	$13,867	38%	101%	82%	94%	101%	82%	94%	3.7	3.5	3.8	4.3	4.7	4.6	BBB
Genesis Energy L.P.	$915	$781	$1,774	44.0%	$2,789	$3,570	22%	120%	120%	123%	120%	120%	123%	4.8	5.3	5.2	3.8	3.9	3.9	BB-
Holly Energy Partners L.P.	$329	$871	$935	93.1%	$1,835	$2,706	32%	105%	121%	114%	105%	121%	114%	4.1	4.0	4.1	4.1	4.0	3.5	BB
Kinder Morgan Energy Partners L.	$7,508	$17,382	$20,302	85.6%	$20,390	$37,772	46%	101%	101%	101%	101%	101%	101%	6.2	6.1	5.8	3.9	4.5	4.1	BBB
Magellan Midstream Partners L.F	$991	$1,915	$3,143	60.9%	$9,775	$11,690	16%	129%	124%	122%	129%	124%	122%	5.8	6.4	6.0	3.4	3.2	3.2	BBB
NuStar Energy L.P.	$2,786	$2,616	$5,082	51.5%	$3,364	$5,980	44%	109%	56%	94%	109%	56%	94%	5.9	4.0	5.8	4.7	5.7	4.3	BB+
Oiltanking Partners L.P.	$280	$18	$301	5.9%	$1,420	$1,438	1%	426%	257%	249%	106%	129%	124%	19.2	34.2	11.6	0.4	1.4	1.8	NR
Rose Rock Midstream LP	$308	$204	$512	39.9%	$544	$748	27%	na	258%	278%	na	127%	136%	na	10.3	5.1	na	4.9	3.7	NR
Sunoco Logistics Partners L.P.	$1,189	$1,557	$2,887	53.9%	$5,380	$6,937	22%	203%	236%	159%	203%	236%	159%	6.1	8.2	6.4	3.1	2.4	2.9	BBB
Tesoro Logistics LP	$107	$29	$157	18.5%	$1,370	$1,399	2%	162%	237%	230%	81%	123%	133%	32.3	10.3	5.8	1.3	4.4	3.6	BB-
Plains All American Pipeline L.P.	$5,974	$6,778	$11,173	60.7%	$15,349	$22,127	31%	157%	166%	140%	157%	166%	140%	6.3	7.0	6.3	2.8	2.8	3.1	BBB
Total Sub Sector	**$28,302**	**$41,080**	**$62,843**	**65.4%**	**$77,587**	**$118,668**	**35%**	**169%**	**158%**	**148%**	**130%**	**131%**	**121%**	**8.1x**	**8.1x**	**5.6x**	**3.3x**	**3.8x**	**3.5x**	
Gathering, Processing & Compression																				
Atlas Pipeline Partners L.P.	$1,236	$775	$1,758	44.1%	$1,790	$2,565	30%	119%	106%	102%	119%	106%	102%	5.7	5.2	4.5	2.9	3.9	3.4	B+
Access Midstream Partners L.P.	$2,136	$1,374	$0	na	$5,220	$6,594	21%	124%	128%	116%	124%	128%	116%	24.8	7.5	6.1	3.0	2.9	3.0	BB-
Copano Energy L.L.C.	$872	$1,039	$1,911	54.4%	$2,418	$3,457	30%	96%	101%	106%	96%	101%	106%	5.2	4.3	5.2	4.1	3.8	3.5	B+
Crestwood Midstream Partners L	$456	$533	$968	55.1%	$936	$1,470	36%	132%	100%	96%	132%	100%	96%	4.0	3.8	4.4	4.7	4.2	4.4	B
Crosstex Energy L.P.	$900	$970	$1,658	58.5%	$988	$1,958	50%	294%	129%	120%	192%	103%	101%	2.7	2.4	2.6	3.7	5.3	4.7	B+
DCP Midstream Partners L.P.	$629	$1,030	$1,658	62.1%	$2,545	$3,575	29%	110%	74%	102%	110%	74%	102%	5.3	5.9	5.9	4.2	5.3	4.5	BBB-
Eagle Rock Energy Partners L.P.	$1,007	$875	$1,883	46.5%	$1,327	$2,202	40%	136%	98%	91%	136%	98%	91%	4.4	4.0	3.5	3.5	4.8	4.3	B
Exterran Partners L.P.	$424	$664	$991	67.0%	$930	$1,594	42%	128%	129%	124%	128%	129%	124%	4.6	6.3	5.2	3.9	3.8	3.8	NR
MarkWest Energy Partners L.P.	$1,502	$2,108	$3,610	58.4%	$6,360	$8,468	25%	143%	116%	104%	143%	116%	104%	4.1	4.5	3.9	3.3	4.5	4.5	BB
Penn Virginia Resource L.P.	$1,127	$1,425	$2,552	55.8%	$2,846	$4,271	33%	211%	149%	319%	107%	72%	150%	5.5	3.6	4.4	3.4	6.3	3.6	BB-
Summit Midstream Partners L.P.	$667	$339	$1,006	33.7%	$955	$1,294	26%	na	231%	229%	na	113%	112%	na	12.0	12.7	na	2.1	2.0	NR
Total Sub Sector	**$13,965**	**$13,459**	**$23,526**	**57.2%**	**$34,651**	**$48,110**	**28%**	**151%**	**124%**	**133%**	**132%**	**107%**	**109%**	**6.6x**	**5.5x**	**5.3x**	**3.5x**	**4.1x**	**3.8x**	
Natural Gas - NGL Pipelines and Storage																				
Boardwalk Pipeline Partners L.P.	$3,205	$3,199	$6,404	49.9%	$5,927	$9,125	35%	98%	111%	112%	86%	99%	101%	3.6	4.3	4.8	5.2	4.7	4.5	BBB
El Paso Pipeline Partners L.P.	$2,054	$4,241	$6,295	67.4%	$7,995	$12,237	35%	136%	122%	124%	136%	122%	124%	3.6	3.8	4.3	4.3	4.1	3.8	BBB-
Energy Transfer Partners L.P.	$6,543	$8,580	$14,355	59.8%	$12,924	$21,504	40%	95%	97%	105%	95%	97%	105%	3.7	4.0	4.5	3.9	4.6	3.5	BBB-
Enterprise Products Partners L.P.	$11,829	$13,870	$26,311	52.7%	$45,723	$59,593	23%	129%	133%	134%	129%	133%	134%	5.1	5.5	5.1	3.7	3.6	3.7	BBB
EQT Midstream Partners, L.P.	$463	$10	$473	2.1%	$1,034	$1,044	1%	na	105%	110%	na	105%	110%	na	17.9	6.9	na	na	3.3	NR
Inergy Midstream LP	$555	$324	$972	33.3%	$1,753	$2,077	16%	na	96%	114%	na	96%	114%	na	64.3	9.5	na	3.6	3.5	NR
Niska Gas Storage Partners	$690	$635	$1,320	48.1%	$833	$1,468	43%	127%	149%	154%	60%	73%	77%	2.0	2.2	2.5	4.7	4.6	4.6	BB-
ONEOK Partners L.P.	$3,447	$3,842	$6,962	55.2%	$12,802	$16,644	23%	166%	128%	104%	166%	128%	104%	5.6	6.2	6.4	3.7	3.8	4.2	BBB
PAA Natural Gas Storage	$1,286	$516	$1,739	29.7%	$1,566	$2,082	25%	200%	219%	236%	101%	107%	113%	20.0	15.6	13.8	4.2	4.1	4.0	NR
Regency Energy Partners L.P.	$3,531	$1,924	$5,455	35.3%	$3,809	$5,733	34%	100%	100%	100%	99%	98%	101%	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%	$3,024	$4,237	29%	110%	104%	102%	110%	104%	102%	11.4	8.8	8.0	2.3	2.7	2.6	BBB
TC PipeLines L.P.	$1,333	$1,040	$2,375	43.8%	$2,166	$3,206	32%	142%	116%	104%	142%	116%	104%	10.6	12.0	10.9	3.5	3.7	3.9	BBB
Williams Partners L.P.	$5,228	$6,913	$12,141	56.9%	$17,958	$24,871	27.8%	143%	95%	106%	143%	95%	106%	5.5	5.0	5.3	3.1	3.8	3.4	BBB
Total Sub Sector	**$41,871**	**$46,307**	**$87,158**	**53.1%**	**$117,512**	**$163,820**	**28%**	**131%**	**121%**	**123%**	**115%**	**106%**	**107%**	**6.8x**	**11.8x**	**6.6x**	**3.9x**	**3.9x**	**3.8x**	
Wholesale Distribution																				
Amerigas Partners L.P.	$339	$929	$1,272	73.0%	$3,786	$4,715	20%	135%	41%	112%	135%	41%	112%	5.3	2.5	3.6	3.1	5.2	3.7	NR
Ferrellgas Partners L.P.	$86	$1,102	$1,201	91.8%	$1,487	$2,590	43%	113%	82%	126%	84%	59%	85%	2.4	2.2	2.6	4.9	5.0	4.4	B
Global Partners LP	$315	$1,032	$1,109	93.1%	$681	$1,713	60%	107%	136%	150%	107%	136%	150%	2.7	3.5	3.6	9.3	6.3	5.9	NR
Inergy L.P.	$1,146	$1,681	$2,999	56.1%	$2,431	$4,112	41%	82%	95%	85%	82%	95%	85%	3.5	4.1	6.0	5.0	2.3	4.6	NR
Suburban Propane Partners L.P.	$358	$233	$706	32.9%	$2,185	$2,418	10%	115%	37%	104%	115%	37%	104%	6.5	2.2	3.5	2.0	14.2	3.9	BB
Susser Petroleum Partners LP	$77	$182	$259	70.3%	$530	$711	26%	na	209%	233%	na	105%	116%	na	0.0	19.2	na	4.2	3.7	NR
Total Sub Sector	**$2,321**	**$5,159**	**$7,547**	**68.4%**	**$11,099**	**$16,258**	**32%**	**110%**	**100%**	**135%**	**104%**	**79%**	**109%**	**4.1x**	**2.4x**	**6.4x**	**4.8x**	**6.2x**	**4.4x**	
E&P Sector																				
BreitBurn Energy Partners L.P.	$1,421	$634	$2,055	30.8%	$1,452	$2,085	30%	133%	123%	109%	133%	123%	109%	5.3	4.8	4.6	3.6	3.6	3.9	NR
Memorial Production Partners LP	$317	$204	$521	39.2%	$397	$601	34%	na	126%	145%	na	126%	145%	na	13.4	10.7	na	3.9	3.1	NR
Vanguard Natural Resources LLP	$844	$771	$1,615	47.7%	$1,654	$2,425	32%	150%	104%	109%	150%	104%	109%	7.1	5.2	4.7	3.4	3.8	3.3	B
Total Sub Sector	**$6,011**	**$5,602**	**$11,613**	**48.2%**	**$11,265**	**$16,867**	**33%**	**136%**	**117%**	**125%**	**136%**	**117%**	**125%**	**5.4x**	**6.7x**	**5.9x**	**3.7x**	**3.8x**	**3.5x**	
Other																				
Hi-Crush Partners LP	$90	0	$90	0.0%	$408	$408	0%	na	104%	196%	na	104%	120%	na	208.8	6.0	na	na	2.9	NR
Northern Tier Energy LP	$524	$119	$643	18.5%	$2,022	$2,141	6%	na	127%	128%	na	100%	100%	na	9.4	8.0	na	0.9	1.1	NR
Other Sub Sector	**$615**	**$119**	**$734**	**16.2%**	**$2,429**	**$2,548**	**5%**	**na**	**115%**	**162%**	**na**	**102%**	**110%**	**na**	**109.1x**	**7.0x**	**na**	**0.9x**	**2.0x**	
Total Universe	**$93,084**	**$111,726**	**$193,421**	**50.7%**	**$254,544**	**$366,271**	**29%**	**146%**	**129%**	**135%**	**124%**	**110%**	**113%**	**6.7x**	**7.7x**	**6.0x**	**3.7x**	**4.1x**	**3.7x**	

Source: FactSet, Barclays Research

Figure 192: Sharpe Ratios





Source: FactSet, Barclays Research

Figure 193: 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
09/28/12	1.63%	7.19%	6.15%	4.72%	555	309	451	104	-143
11/14/12	1.59%	7.19%	6.69%	4.46%	560	287	510	50	-223
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
09/28/12	1.63%	7.19%	6.15%	4.72%	-68	-33	-25	-43	-7
YTD	1.59%	7.19%	6.69%	4.46%	-118	-41	89	-207	-130
YTD (BP)	-29	-147	60	-70					

Source: Barclays Fixed Income, Alerian Capital Management, Bloomberg

Figure 194: Quarterly Distribution Increases, 2009

Quarterly Distribution Increases (2009)															
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	$0.3200	$0.3000	6.67%	APU	$0.6700	$0.6400	4.69%	TCLP	$0.7300	$0.7050	3.55%	EPB	$0.3500	$0.3300	6.06%
KGS	$0.3700	$0.3500	5.71%	SEP	$0.3700	$0.3600	2.78%	WES	$0.3100	$0.3000	3.33%	KGS	$0.3900	$0.3700	5.41%
NMM	$0.4000	$0.3850	3.90%	SXL	$1.0150	$0.9900	2.53%	SEP	$0.3800	$0.3700	2.70%	SEP	$0.4000	$0.3800	5.26%
KMP	$1.0500	$1.0200	2.94%	GEL	$0.3375	$0.3300	2.27%	ENP	$0.5125	$0.5000	2.50%	ENP	$0.5375	$0.5125	4.88%
SEP	$0.3600	$0.3500	2.86%	ARLP	$0.7300	$0.7150	2.10%	SXL	$1.0400	$1.0150	2.46%	WES	$0.3200	$0.3100	3.23%
SXL	$0.9900	$0.9650	2.59%	EPB	$0.3250	$0.3200	1.56%	GEL	$0.3450	$0.3375	2.22%	SXL	$1.0650	$1.0400	2.40%
GEL	$0.3300	$0.3225	2.33%	WMZ	$0.3250	$0.3200	1.56%	ARLP	$0.7450	$0.7300	2.05%	GEL	$0.3525	$0.3450	2.17%
ARLP	$0.7150	$0.7000	2.14%	NRGY	$0.6550	$0.6450	1.55%	EPB	$0.3300	$0.3250	1.54%	ARLP	$0.7600	$0.7450	2.01%
NRP	$0.5350	$0.5250	1.90%	EPD	$0.5375	$0.5300	1.42%	WMZ	$0.3300	$0.3250	1.54%	PAA	$0.9200	$0.9050	1.66%
DEP	$0.4275	$0.4200	1.79%	BPL	$0.9000	$0.8875	1.41%	NRGY	$0.6650	$0.6550	1.53%	WMZ	$0.3350	$0.3300	1.52%
WMZ	$0.3200	$0.3150	1.59%	PAA	$0.9050	$0.8925	1.40%	EPD	$0.5450	$0.5375	1.40%	NRGY	$0.6750	$0.6650	1.50%
NRGY	$0.6450	$0.6350	1.57%	HEP	$0.7750	$0.7650	1.31%	BPL	$0.9125	$0.9000	1.39%	EPD	$0.5525	$0.5450	1.38%
EPD	$0.5300	$0.5225	1.44%	BWP	$0.4850	$0.4800	1.04%	HEP	$0.7850	$0.7750	1.29%	BPL	$0.9250	$0.9125	1.37%
BPL	$0.8875	$0.8750	1.43%	NRP	$0.5400	$0.5350	0.93%	SPH	$0.8250	$0.8150	1.23%	HEP	$0.7950	$0.7850	1.27%
HEP	$0.7650	$0.7550	1.32%	SPH	$0.8150	$0.8100	0.62%	DEP	$0.4350	$0.4300	1.16%	NMM	$0.4050	$0.4000	1.25%
MMP	$0.7100	$0.7025	1.07%	DEP	$0.4300	$0.4275	0.58%	BWP	$0.4900	$0.4850	1.03%	DEP	$0.4400	$0.4350	1.15%
BWP	$0.4800	$0.4750	1.05%	EVEP	$0.7520	$0.7510	0.13%	EVEP	$0.7530	$0.7520	0.13%	BWP	$0.4950	$0.4900	1.02%
CPNO	$0.5750	$0.5700	0.88%									OKS	$1.0900	$1.0800	0.93%
SPH	$0.8100	$0.8050	0.62%									NS	$1.0650	$1.0575	0.71%
EVEP	$0.7510	$0.7500	0.13%									SPH	$0.8300	$0.8250	0.61%
Average:			**2.2%**	**Average:**			**1.6%**	**Average:**			**1.8%**	**Average:**			**2.3%**
GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth
ETE	$0.5100	$0.4800	6.25%	NRGP	$0.7500	$0.6750	11.11%	AHGP	$0.4275	$0.4150	3.01%	NRGP	$0.8500	$0.7800	8.97%
NRGP	$0.6750	$0.6500	3.85%	EPE	$0.4850	$0.4700	3.19%	BGH	$0.3700	$0.3500	5.71%	BGH	$0.3900	$0.3700	5.41%
EPE	$0.4700	$0.4550	3.30%	AHGP	$0.4150	$0.4025	3.11%	EPE	$0.5000	$0.4850	3.09%	EPE	$0.5150	$0.5000	3.00%
AHGP	$0.4025	$0.3900	3.21%					NRGP	$0.7800	$0.7500	4.00%	AHGP	$0.4400	$0.4275	2.92%
BGH	$0.3300	$0.3200	3.13%									NSH	$0.4350	$0.4300	1.16%
MGG	$1.4360	$1.4160	1.41%												
Average:			**3.5%**	**Average:**			**5.8%**	**Average:**			**4.0%**	**Average:**			**4.3%**

Source: Company filings

Figure 195: Quarterly Distribution Increases, 2010

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
SGU	$0.0725	$0.0675	7.41%	EPB	$0.3800	$0.3600	5.56%	KGS	$0.4200	$0.3900	7.69%	WES	$0.3700	$0.3500	5.71%
VNR	$0.5250	$0.5000	5.00%	TOO	$0.4750	$0.4500	5.56%	EPB	$0.4000	$0.3800	5.26%	LINE	$0.6600	$0.6300	4.76%
WES	$0.3300	$0.3200	3.13%	TGP	$0.6000	$0.5700	5.26%	VNR	$0.5500	$0.5250	4.76%	GEL	$0.3875	$0.3750	3.33%
EPB	$0.3600	$0.3500	2.86%	APU	$0.7050	$0.6700	5.22%	WES	$0.3500	$0.3400	2.94%	TCLP	$0.7500	$0.7300	2.74%
SEP	$0.4100	$0.4000	2.50%	WPZ	$0.6575	$0.6350	3.54%	ARLP	$0.8100	$0.7900	2.53%	SXL	$1.1700	$1.1400	2.63%
SXL	$1.0900	$1.0650	2.35%	WES	$0.3400	$0.3300	3.03%	EEP	$1.0275	$1.0025	2.49%	EPB	$0.4100	$0.4000	2.50%
GEL	$0.3600	$0.3525	2.13%	SEP	$0.4200	$0.4100	2.44%	SEP	$0.4300	$0.4200	2.38%	ARLP	$0.8300	$0.8100	2.47%
ARLP	$0.7750	$0.7600	1.97%	SXL	$1.1150	$1.0900	2.29%	WPZ	$0.6725	$0.6575	2.28%	SEP	$0.4400	$0.4300	2.33%
NRGY	$0.6850	$0.6750	1.48%	GEL	$0.3675	$0.3600	2.08%	SXL	$1.1400	$1.1150	2.24%	WPZ	$0.6875	$0.6725	2.23%
EPD	$0.5600	$0.5525	1.36%	ARLP	$0.7900	$0.7750	1.94%	GEL	$0.3750	$0.3675	2.04%	BBEP	$0.3900	$0.3825	1.96%
BPL	$0.9375	$0.9250	1.35%	KMP	$1.0700	$1.0500	1.90%	BBEP	$0.3825	$0.3750	2.00%	NGLS	$0.5375	$0.5275	1.90%
HEP	$0.8050	$0.7950	1.26%	TLP	$0.6000	$0.5900	1.69%	NGLS	$0.5275	$0.5175	1.93%	KMP	$1.1100	$1.0900	1.83%
NMM	$0.4100	$0.4050	1.23%	NRGY	$0.6950	$0.6850	1.46%	KMP	$1.0900	$1.0700	1.87%	MMP	$0.7450	$0.7325	1.71%
DEP	$0.4450	$0.4400	1.14%	MMP	$0.7200	$0.7100	1.41%	MMP	$0.7325	$0.7200	1.74%	GLP	$0.4950	$0.4875	1.54%
CLMT	$0.4550	$0.4500	1.11%	EPD	$0.5675	$0.5600	1.34%	DPM	$0.6100	$0.6000	1.67%	EPD	$0.5825	$0.5750	1.30%
BWP	$0.5000	$0.4950	1.01%	BPL	$0.9500	$0.9375	1.33%	NRGY	$0.7050	$0.6950	1.44%	BPL	$0.9750	$0.9625	1.30%
OKS	$1.1000	$1.0900	0.92%	EEP	$1.0025	$0.9900	1.26%	EPD	$0.5750	$0.5675	1.32%	HEP	$0.8350	$0.8250	1.21%
PAA	$0.9275	$0.9200	0.82%	HEP	$0.8150	$0.8050	1.24%	BPL	$0.9625	$0.9500	1.32%	CLMT	$0.4600	$0.4550	1.10%
SPH	$0.8350	$0.8300	0.60%	NMM	$0.4150	$0.4100	1.22%	HEP	$0.8250	$0.8150	1.23%	EXLP	$0.4675	$0.4625	1.08%
EVEP	$0.7550	$0.7540	0.13%	BWP	$0.5050	$0.5000	1.00%	NMM	$0.4200	$0.4150	1.20%	BWP	$0.5150	$0.5100	0.98%
				OKS	$1.1100	$1.1000	0.91%	BWP	$0.5100	$0.5050	0.99%	NS	$1.0750	$1.0650	0.94%
				PAA	$0.9350	$0.9275	0.81%	OKS	$1.1200	$1.1100	0.90%	OKS	$1.1300	$1.1200	0.89%
				SPH	$0.8400	$0.8350	0.60%	PAA	$0.9425	$0.9350	0.80%	PAA	$0.9500	$0.9425	0.80%
				DEP	$0.4475	$0.4450	0.56%	SPH	$0.8450	$0.8400	0.60%	SPH	$0.8500	$0.8450	0.59%
				EVEP	$0.7560	$0.7550	0.13%	DEP	$0.4500	$0.4475	0.56%	DEP	$0.4525	$0.4500	0.56%
								EVEP	$0.7570	$0.7560	0.13%	EVEP	$0.7580	$0.7570	0.13%
Average:			**2.0%**	**Average:**			**2.2%**	**Average:**			**2.1%**	**Average:**			**1.9%**
GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth	GPs	New	Old	Growth
NRGP	$0.9400	$0.8500	10.59%	BGH	$0.4300	$0.4100	4.88%	BGH	$0.4500	$0.4300	4.65%	BGH	$0.4700	$0.4500	4.44%
BGH	$0.4100	$0.3900	5.13%	NRGP	$0.9750	$0.9400	3.72%	NRGP	$0.3400	$0.3250	4.62%	NSH	$0.4800	$0.4600	4.35%
EPE	$0.5300	$0.5150	2.91%	NSH	$0.4500	$0.4350	3.45%	AHGP	$0.4825	$0.4650	3.76%	AHGP	$0.5000	$0.4825	3.63%
AHGP	$0.4525	$0.4400	2.84%	EPE	$0.5450	$0.5300	2.83%	EPE	$0.5600	$0.5450	2.75%	EPE	$0.5750	$0.5600	2.68%
ETE	$0.5400	$0.5350	0.93%	AHGP	$0.4650	$0.4525	2.76%	NSH	$0.4600	$0.4500	2.22%				
				PVG	$0.3900	$0.3800	2.63%								
Average:			**4.5%**	**Average:**			**3.4%**	**Average:**			**3.6%**	**Average:**			**3.8%**

Source: Company filings

Figure 196: 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 197: 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	$1.038	$1.038	$4.150	3.1%

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	$0.590	$0.620	$2.300	18.6%

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	$0.525	$0.533	$2.058	2.9%

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	$0.910	$0.925	$3.615	5.1%

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	$1.230	$1.260	$4.850	5.9%

Source: FactSet, company filings

Figure 198: MLP Cash Distribution History (continued)

MMP	Magellan Midstream Partners L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2001	$0.073	$0.141	$0.144	$0.148	$0.506	
		2002	$0.153	$0.169	$0.175	$0.181	$0.678	34.1%
		2003	$0.188	$0.195	$0.203	$0.208	$0.793	16.9%
		2004	$0.213	$0.218	$0.223	$0.228	$0.881	11.1%
		2005	$0.240	$0.249	$0.266	$0.276	$1.031	17.0%
		2006	$0.283	$0.305	$0.295	$0.301	$1.184	14.9%
		2007	$0.308	$0.315	$0.322	$0.329	$1.274	7.6%
		2008	$0.336	$0.344	$0.351	$0.355	$1.386	8.8%
		2009	$0.355	$0.355	$0.355	$0.355	$1.420	2.4%
		2010	$0.355	$0.360	$0.366	$0.373	$1.454	2.4%
		2011	$0.379	$0.385	$0.393	$0.400	$1.556	7.1%
		2012	$0.408	$0.420	$0.471	$0.485	$1.784	14.6%

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	$1.095	$1.095	$4.380	0.9%

OILT	Oiltanking Partners LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2011	-	-	-	$0.268	$0.268	
		2012	$0.340	$0.350	$0.360	$0.375	$1.425	432.1%

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	$0.470	$0.518	$1.835	14.0%

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	$0.640	$0.640	$2.540	3.3%

TLLP	Tesoro Logistics LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2011	-	-	$0.245	$0.350	$0.595	
		2012	$0.363	$0.378	$0.410	$0.455	$1.605	169.8%

Source: FactsSet, company filings

Figure 199: 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	$0.560	$0.570	$2.240	25.8%

ACMP	Access Midstream Partners LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2010	-	-	-	$0.217	$0.217	
		2011	$0.338	$0.350	$0.363	$0.375	$1.425	558.2%
		2012	$0.390	$0.405	$0.420	$0.435	$1.650	15.8%

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	$0.575	$0.575	$2.300	0.0%

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	$0.250	-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	$0.330	$0.330	$1.310	12.0%

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	$2.400	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	$0.670	$0.680	$2.660	5.8%

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	$0.485	-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	$0.220	$0.220	$0.870	26.5%

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	$0.503	$0.508	$2.000	4.2%

Source: FactsSet, company filings

Figure 200: 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	$0.800	$0.810	$3.160	14.9%

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	$0.763	$0.770	$3.058	0.3%

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	$0.500	$0.510	$2.000	10.5%

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	$0.460	$0.460	$1.840	2.5%

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	$0.643	$0.663	$2.530	12.1%

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	$0.480	$0.500	$1.880	17.9%

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	$0.793	$0.808	$3.140	8.3%

Source: FactSet, company filings

Figure 201: 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	$0.533	$0.533	$2.128	1.6%

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	$0.425	$0.425	$1.700	0.0%

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	$0.550	$0.580	$2.140	14.4%

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	$0.894	$0.894	$3.575	0.0%

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	$0.635	$0.650	$2.533	5.3%

Source: FactSet, company filings

Figure 202: MLP Cash Distribution History (continued)

NRGM	Inergy Midstream LP		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2012	$0.040	$0.370	$0.380	$0.385	$1.175	

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	$0.350	$0.350	$1.400	0.0%

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	$0.660	$0.685	$2.590	11.4%

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	$0.358	$0.358	$1.430	2.7%

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	$0.485	$0.490	$1.930	4.6%

TCP	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	$0.780	$0.780	$3.100	2.0%

Source: FactSet, company filings

Figure 203: 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	$0.544	$0.544	$2.152	2.8%

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	$0.460	$0.473	$1.823	10.5%

PAA	Plains All American Pipeline L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		1999	$0.097	$0.225	$0.231	$0.241	$0.793	
		2000	$0.225	$0.225	$0.232	$0.231	$0.913	15.1%
		2001	$0.231	$0.238	$0.250	$0.256	$0.975	6.8%
		2002	$0.256	$0.263	$0.269	$0.269	$1.056	8.3%
		2003	$0.269	$0.275	$0.275	$0.275	$1.094	3.6%
		2004	$0.281	$0.281	$0.289	$0.300	$1.151	5.3%
		2005	$0.306	$0.319	$0.325	$0.338	$1.288	11.8%
		2006	$0.344	$0.354	$0.363	$0.375	$1.435	11.5%
		2007	$0.400	$0.406	$0.415	$0.420	$1.641	14.4%
		2008	$0.425	$0.433	$0.444	$0.446	$1.748	6.5%
		2009	$0.446	$0.453	$0.453	$0.460	$1.811	3.6%
		2010	$0.464	$0.468	$0.471	$0.475	$1.878	3.7%
		2011	$0.479	$0.485	$0.491	$0.498	$1.953	4.0%
		2012	$0.513	$0.523	$0.533	$0.543	$2.110	8.1%

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	$0.110	$0.113	$0.443	

RRMS	Rose Rock Midstream L.P.		Q1	Q2	Q3	Q4	Annual	Growth YoY
		2012	$0.067	$0.373	$0.383	$0.393	$1.215	

Source: FactSet, company filings

Figure 204: 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	$0.233	$0.233	$0.930	0.0%

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	$0.443	$0.443	$1.765	1.4%

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	$0.675	$0.675	$2.655	5.4%

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	$0.513	$0.513	$2.038	3.2%

Source: FactSet, company filings

Figure 205: MLP Cash Distribution History (continued)

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	$0.800	$0.800	$3.163	8.1%

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	$0.500	$0.500	$2.000	0.0%

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	$0.375	$0.290	$1.745	-38.1%

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	$0.853	$0.853	$3.410	0.0%

Source: FactSet, company filings

Figure 206: 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	$1.063	$1.085	$4.163	14.7%

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	$0.550	$0.550	$2.200	1.4%

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	$0.438	$0.200	$1.513	-13.6%

PVR	PVR Partners LP		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	$0.530	$0.540	$2.100	8.2%

Source: FactSet, company filings

Figure 207: 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	$0.460	$0.465	$1.830	8.4%

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%

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	$0.765	$0.766	$3.058	0.5%

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	$0.560	$0.565	$2.230	4.2%

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	$0.725	$0.725	$2.865	6.1%

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	$0.520	$0.520	$2.070	2.0%

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	$0.600	$0.600	$2.380	4.3%

Source: FactSet, company filings

Figure 208: 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	$0.698	$0.200	$2.203	-3.2%

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	$0.250	$0.270	$1.010	57.8%

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	$0.625	$0.625	$2.500	6.4%

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	$0.510	$0.545	$2.075	6.4%

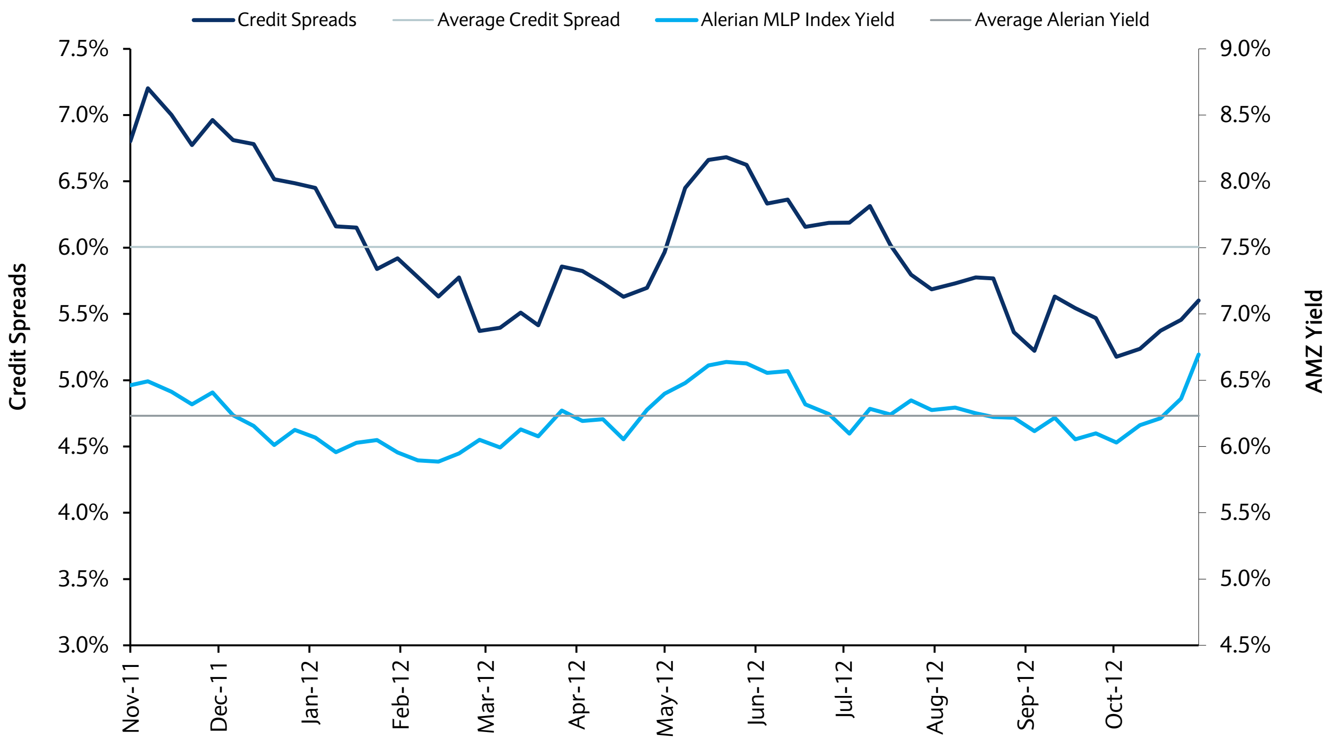
Source: FactSet, company filings

Figure 209: Commodity Price Deck

																	Average	
Price / Ratio	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011e**	**2012e**	**2013e**	**2014e**	**2015e**	**2016e**	**02-06**	**07-11**	**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	$2.75	$3.50	$4.00	$4.50	$4.25	$5.74	$5.62	$3.80
Gas $/Mcf (average)	$3.10	$5.35	$5.69	$8.35	$6.42	$6.64	$8.36	$3.78	$4.33	$3.97	$2.70	$3.43	$3.95	$4.40	$4.15	$5.46	$5.41	$3.73
Ratio (Barclays estimate)	7.0x	4.9x	6.5x	6.0x	9.7x	10.2x	11.3x	15.6x	17.9x	23.7x	34.5x	25.7x	25.0x	22.2x	23.5x	6.7x	15.8x	26.2x
WTI $/Bbl	$23.23	$27.82	$38.18	$52.97	$65.92	$71.17	$100.22	$60.84	$78.85	$95.23	$94.90	$90.00	$100.00	$100.00	$100.00	$38.89	$81.26	$96.98
Brent $/Bbl				$55.22	$66.03	$74.72	$96.71	$63.07	$79.82	$114.20	$112.44	$102.50	$110.00	$110.00	$110.00	$60.63	$85.70	$108.99
Differential				-$2.25	-$0.11	-$3.55	$3.51	-$2.23	-$0.97	-$18.98	-$17.54	-$12.50	-$10.00	-$10.00	-$10.00	-$1.18	-$4.44	-$12.01
Forward Curve													Forward Curve 11-27-12					
Oil - WTI										$94.01	$95.08	$90.64	$89.69	$87.67	$86.04			$89.83
Oil - Brent											$112.54	$105.90	$100.73	$96.43	$93.46			$101.81
Differential											$17.45	$15.26	$11.05	$8.76	$7.42			$11.99
Gas										$4.04	$2.83	$3.96	$4.22	$4.39	$4.58			$3.99
Ratio (Forward Curve)										23.3x	33.6x	22.9x	21.2x	20.0x	18.8x		23.3x	23.3x
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	$34.00	$29.19	$31.56	$30.76	$32.27	$7.77	$28.37	$31.56
Frac Spread $/Gal	$0.13	$0.07	$0.21	$0.16	$0.43	$0.60	$0.60	$0.46	$0.69	$1.02	$0.81	$0.69	$0.75	$0.73	$0.77	$0.19	$0.68	$0.75
Oil/Gas (average)	7.5x	5.2x	6.7x	6.3x	10.3x	10.7x	12.0x	16.1x	18.2x	24.0x	35.1x	26.3x	25.3x	22.7x	24.1x	7.1x	16.2x	26.7x
NGL / WTI - Brent	63.2%	74.9%	71.8%	65.2%	61.1%	64.4%	56.5%	55.8%	57.3%	51.0%	39.4%	41.3%	42.4%	43.2%	43.8%	68.5%	57.0%	42.0%
NGL $/BBL	$17.30	$23.52	$30.65	$38.46	$42.58	$45.86	$57.18	$33.76	$45.69	$58.22	$44.32	$42.29	$46.66	$47.57	$48.13	$28.65	$48.14	$45.79
NGL $/Gal	$0.41	$0.56	$0.73	$0.92	$1.01	$1.09	$1.36	$0.80	$1.09	$1.39	$1.06	$1.01	$1.11	$1.13	$1.15	$0.68	$1.15	$1.09
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	$0.08	$0.03	-$0.03	$1.36	$1.53	$0.06
East Texas - Permian	$0.10	$0.08	$0.19	$0.19	$0.29	$0.31	$0.85	$0.09	$0.01	-$0.02	$0.02	$0.07	$0.07	$0.06	$0.05	$0.13	$0.25	$0.05
Socal Border - SJB	$0.51	$0.38	$0.33	$0.42	$0.39	$0.31	$0.68	$0.45	$0.17	$0.23	$0.25	$0.27	$0.29	$0.32	$0.31	$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	$0.58	$0.49	$0.49	$0.48	$0.45	$0.76	$0.66	$0.50
Supply Areas																		
Rockies	-$1.40	-$1.13	-$0.66	-$1.59	-$1.37	-$2.87	-$2.32	-$0.85	-$0.44	-$0.20	-$0.12	-$0.13	-$0.15	-$0.14	-$0.13	-$1.11	-$1.34	-$0.13
MidCont	-$0.23	-$0.28	-$0.41	-$1.23	-$0.80	-$0.82	-$1.62	-$0.51	-$0.23	-$0.16	-$0.13	-$0.15	-$0.20	-$0.22	-$0.24	-$0.51	-$0.67	-$0.19
E Texas	-$0.13	-$0.20	-$0.22	-$1.04	-$0.51	-$0.51	-$0.43	-$0.37	-$0.17	-$0.14	-$0.07	-$0.06	-$0.07	-$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	-$0.09	-$0.13	-$0.15	-$0.15	-$0.14	-$0.51	-$0.57	-$0.13
San Juan Basin	-$0.67	-$0.88	-$0.66	-$1.66	-$0.99	-$0.85	-$1.67	-$0.51	-$0.28	-$0.19	-$0.13	-$0.15	-$0.17	-$0.18	-$0.16	-$0.89	-$0.70	-$0.16
Appalachia	$0.17	$0.22	$0.30	$0.32	$0.27	$0.26	$0.34	$0.16	$0.15	$0.06	-$0.01	-$0.04	-$0.07	-$0.11	-$0.16	$0.25	$0.19	-$0.08
AECO	-$0.72	-$0.87	-$0.78	-$1.55	-$0.85	-$0.80	-$0.85	-$0.49	-$0.70	-$0.54	-$0.50	-$0.42	-$0.42	-$0.43	-$0.43	-$0.85	-$0.67	-$0.44
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	$0.08	$0.07	$0.05	$0.02	-$0.09	-$0.01	$0.06
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	$0.72	$0.39	$0.22	$0.21	$0.90	$1.28	$0.41
Dawn										$0.34	$0.30	$0.28	$0.22	$0.21	$0.14		$0.34	$0.23
SoCal Border	-$0.16	-$0.51	-$0.33	-$1.24	-$0.60	-$0.54	-$0.99	-$0.06	-$0.11	$0.04	$0.13	$0.12	$0.13	$0.14	$0.15	$0.17	-$0.33	$0.13
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	-$0.06	-$0.06	-$0.06	-$0.06	-$0.34	-$0.23	-$0.06

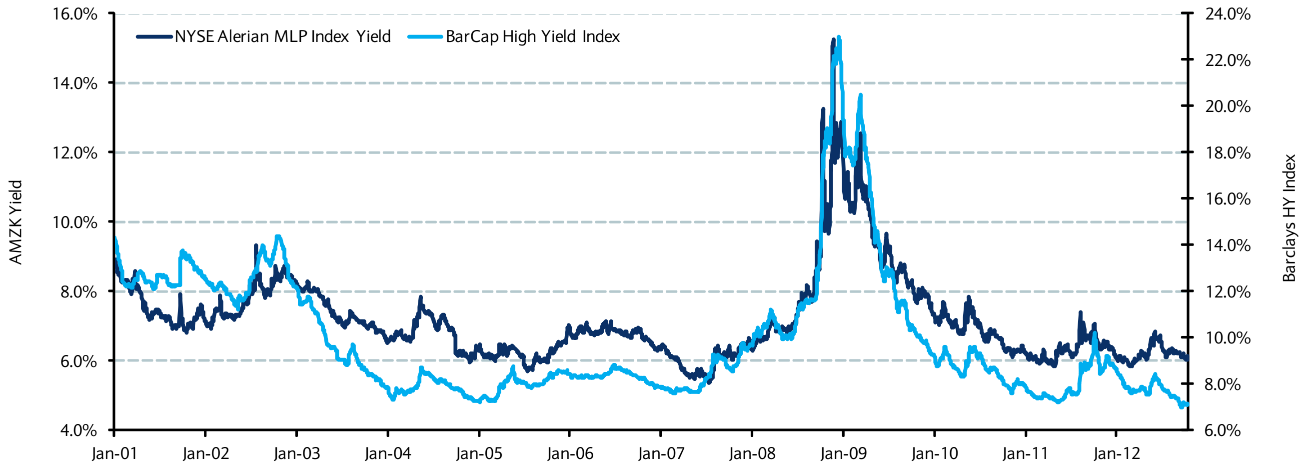
Source: *Natural Gas Week*, *Midstream Monitor*, Bloomberg, Barclays Research

Figure 210: One Year Spread History



Source: Alerian Capital Management, Bloomberg, Barclays Fixed Income

Figure 211: 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
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	02/24/12	336.78	411.67	22.2%	1.89	1.98	0.09	10.20%	7.68%	-2.51%	142	0.157%
6/5/2012	10/17/2012	358.00	414.78	15.9%	1.57	1.82	0.24	8.43%	7.00%	-1.44%	134	0.118%

Average Run-up Days: 125

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
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%
02/27/12	6/4/2012	411.12	352.00	-14.4%	1.93	1.52	-0.40	7.67%	8.38%	0.72%	98	-0.147%
10/18/12	11/15/2012	412.49	369.96	-10.3%	1.83	1.59	-0.24	6.98%	7.28%	0.30%	28	-0.368%

Average Run-down Days: 46

Average Rebound Cycle Days: 79

Source: Alerian Capital Management, Bloomberg, Barclays Fixed Income

Figure 212: 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%

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%

Note: BPL, CPNO, EPD, MWE, NRGY, MMP, PVR and SPH have no IDRs.
Source: Company filings

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Materially Mentioned Stocks (Ticker, Date, Price)

Access Midstream Partners LP (ACMP, 26-Nov-2012, USD 35.27), Overweight/Neutral

AmeriGas Partners, L.P. (APU, 26-Nov-2012, USD 40.79), Underweight/Neutral

Atlas Pipeline Partners LP (APL, 26-Nov-2012, USD 33.29), Overweight/Neutral

Blueknight Energy Partners, L.P. (BKEP, 26-Nov-2012, USD 6.46), Underweight/Neutral

Boardwalk Pipeline Partners LP (BWP, 26-Nov-2012, USD 25.70), Equal Weight/Neutral

Buckeye Partners, L.P. (BPL, 26-Nov-2012, USD 49.04), Equal Weight/Neutral

Calumet Specialty Products Partners, L.P. (CLMT, 26-Nov-2012, USD 31.14), Equal Weight/Neutral

Copano Energy LLC (CPNO, 26-Nov-2012, USD 30.63), Equal Weight/Neutral

Crestwood Midstream Partners LP (CMLP, 26-Nov-2012, USD 22.75), Equal Weight/Neutral

Crosstex Energy LP (XTEX, 26-Nov-2012, USD 14.80), Equal Weight/Neutral

DCP Midstream Partners LP (DPM, 26-Nov-2012, USD 41.66), Overweight/Neutral

Eagle Rock Energy Partners LP (EROC, 26-Nov-2012, USD 9.00), Equal Weight/Neutral

El Paso Pipeline Partners, L.P. (EPB, 26-Nov-2012, USD 36.31), Equal Weight/Neutral

Enbridge Energy Partners (EEP, 26-Nov-2012, USD 28.50), Equal Weight/Neutral

Energy Transfer Equity LP (ETE, 26-Nov-2012, USD 44.85), Overweight/Neutral

Energy Transfer Partners LP (ETP, 26-Nov-2012, USD 43.00), Overweight/Neutral

Enterprise Products Prtns LP (EPD, 26-Nov-2012, USD 51.05), Overweight/Neutral

EQT Midstream Partners LP (EQM, 26-Nov-2012, USD 29.82), Overweight/Neutral

Exterran Partners LP (EXLP, 26-Nov-2012, USD 22.00), Equal Weight/Neutral

Ferrellgas Partners (FGP, 26-Nov-2012, USD 18.82), Underweight/Neutral

Global Partners LP (GLP, 26-Nov-2012, USD 24.81), Equal Weight/Neutral

Holly Energy Partners LP (HEP, 26-Nov-2012, USD 64.63), Equal Weight/Neutral

Inergy L.P. (NRGY, 26-Nov-2012, USD 18.46), Equal Weight/Neutral

Inergy Midstream, L.P. (NRGM, 26-Nov-2012, USD 23.33), Overweight/Neutral

Kinder Morgan Energy Prtnrs LP (KMP, 26-Nov-2012, USD 81.01), Overweight/Neutral

Magellan Midstream Partners, LP (MMP, 26-Nov-2012, USD 43.31), Equal Weight/Neutral

Markwest Energy Partners, LP (MWE, 26-Nov-2012, USD 50.44), Overweight/Neutral

Niska Gas Storage Partners LLC (NKA, 26-Nov-2012, USD 12.07), Underweight/Neutral

NuStar Energy LP (NS, 26-Nov-2012, USD 43.19), Equal Weight/Neutral

Oiltanking Partners LP (OILT, 26-Nov-2012, USD 36.50), Overweight/Neutral

IMPORTANT DISCLOSURES CONTINUED

ONEOK Partners LP (OKS, 26-Nov-2012, USD 58.24), Overweight/Neutral

PAA Natural Gas Storage LP (PNG, 26-Nov-2012, USD 18.50), Equal Weight/Neutral

Plains All American Pipeline (PAA, 26-Nov-2012, USD 45.95), Overweight/Neutral

Regency Energy Partners LP (RGP, 26-Nov-2012, USD 22.30), Equal Weight/Neutral

Rose Rock Midstream, L.P. (RRMS, 26-Nov-2012, USD 32.40), Overweight/Neutral

Spectra Energy Partners, LP (SEP, 26-Nov-2012, USD 29.38), Equal Weight/Neutral

Suburban Propane Partners (SPH, 26-Nov-2012, USD 38.99), Underweight/Neutral

Sunoco Logistics Partners L.P. (SXL, 26-Nov-2012, USD 50.05), Equal Weight/Neutral

TC Pipelines, LP (TCP, 26-Nov-2012, USD 40.48), Equal Weight/Neutral

Tesoro Logistics LP (TLLP, 26-Nov-2012, USD 44.89), Overweight/Neutral

Williams Partners LP (WPZ, 26-Nov-2012, USD 50.56), Overweight/Neutral

Other Material Conflicts

The Corporate and Investment Banking division of Barclays is providing investment banking services to Saddle Butte Pipeline, LLC in the potential sale of Saddle Butte's ownership of its Williston Basin crude oil pipeline and terminal system and its natural gas gathering and processing operations to Targa Resources Partners LP (NGLS). The rating, price target and estimates on Targa Resources Partners LP issued by the Firm's Research Department have been temporarily suspended due to Barclays' role in this potential transaction.

KMP: The Corporate and Investment Banking Division of Barclays is providing investment banking services to Kinder Morgan Energy Partners in the sale of Kinder Morgan Interstate Gas Transmission (KMIGT), Trailblazer Pipeline Company, the Casper-Douglas natural gas processing and West Frenchie Draw treating facilities in Wyoming and the company's 50 percent interest in the Rockies Express Pipeline (REX) to Tallgrass Energy Partners.

One of the analysts on the coverage team owns shares of the common stock of Kinder Morgan Management LLC, which offers an equivalent interest as the units of Kinder Morgan Energy Partners LP.

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Underweight - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. MLPs

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)	Delek Logistics Partners LP (DKL)	Eagle Rock Energy Partners LP (EROC)
El Paso Pipeline Partners, L.P. (EPB)	Enbridge Energy Partners (EEP)	Enduro Royalty Trust (NDRO)

IMPORTANT DISCLOSURES CONTINUED

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)
Genesis Energy, L.P. (GEL)	Global Partners LP (GLP)	Hi-Crush Partners LP (HCLP)
Holly Energy Partners LP (HEP)	Inergy L.P. (NRGY)	Inergy Midstream, L.P. (NRGM)
Kinder Morgan Energy Prtnrs LP (KMP)	Linn Energy LLC (LINE)	Magellan Midstream Partners, LP (MMP)
Markwest Energy Partners, LP (MWE)	Memorial Production Partners (MEMP)	MPLX LP (MPLX)
Niska Gas Storage Partners LLC (NKA)	Northern Tier Energy LP (NTI)	NuStar Energy LP (NS)
Oiltanking Partners LP (OILT)	ONEOK Partners LP (OKS)	PAA Natural Gas Storage LP (PNG)
Pacific Coast Oil Trust (ROYT)	Plains All American Pipeline (PAA)	PVR Partners (PVR)
QR Energy LP (QRE)	Regency Energy Partners LP (RGP)	Rose Rock Midstream, L.P. (RRMS)
Southcross Energy Partners LP (SXE)	Spectra Energy Partners, LP (SEP)	Suburban Propane Partners (SPH)
Summit Midstream Partners LP (SMLP)	Sunoco Logistics Partners L.P. (SXL)	Susser Petroleum Partners LP (SUSP)
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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