

YORKVILLE  
CAPITAL MANAGEMENT LLC

# Yorkville's Quarterly MLP / PTP Beat

## 2012 MLP Highlights

MLPs End 2012 With  
Total Return of +5.8%,  
Worst Relative Performance  
to S&P 500 Since 1999

Highest Equity Issuance in  
MLP History at \$25.8B

\$22.1B in Follow-on  
\$3.7B in IPOs; \$26.5B in  
New Debt

13 Energy MLPs, 2 Financial  
PTPs, 1 PTP Royalty Trust,  
and 1 MLP Affiliate IPO,  
Plus 1 Spin-off

Infrastructure MLPs Lead  
Commodity MLPs in 2012,  
+6.8% vs. +1.3%

MLPs Grow Distributions by  
7.1% YoY, Infrastructure  
+8.0%, Commodity +6.1%

219.8% Spread Between  
Best and Worst MLPs:  
RNF +154.0%, OXF -65.8%

\$11.3B in M&A Activity for  
Fourth Quarter, Yearly Total  
Up to \$40.4B

Spreads Tighten in  
December, MLP-10YR  
Closes 2012 at 4.6%

Yorkville Capital Management LLC  
950 Third Avenue, 24th Floor  
New York, New York 10022  
(212) 755-1970  
info@yorkvillecapital.com

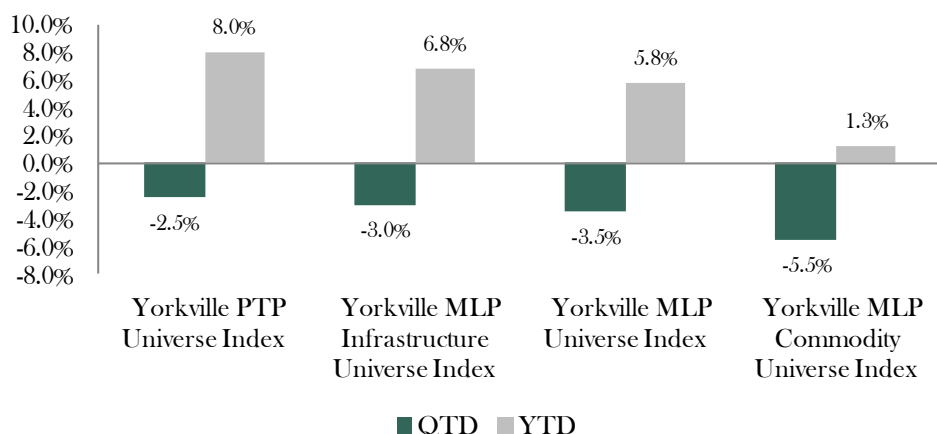
## 2013: The Future Looks Bright

MLPs achieved a total return of +5.8% in 2012. For most asset classes, this would have been a respectable performance. In the case of MLPs, the gains of less than six percent were a disappointment, equaling the fourth lowest return since 1999. This underperformance came in a year in which MLPs battled substantial headwinds coming from uncertainty regarding the fiscal cliff and MLPs' ability to retain their partnership tax status. The American Taxpayer Relief Act of 2012 alleviated these concerns and left MLPs relatively unscathed. They retained their pass-through structure and the increase in dividend tax rates makes their tax-advantaged income more attractive on an after-tax basis.

In 2012, MLPs significantly underperformed other alternative income investments, including REITs (+19.7%) and High Yield Bonds (+15.8%). The tremendous returns that have been achieved by both REITs and High Yield in recent years have stretched valuations and pushed yields to near historic lows. As the U.S. marches towards energy independence, the investment in energy infrastructure has never been greater and the fundamentals for MLPs have never been brighter. MLPs' attractive yield, relative underperformance in 2012, and strong fundamentals have laid the foundation for the asset class to rebound in 2013..

Master Limited Partnerships are an asset class in growth mode and 2012 was a milestone year. The market capitalization for MLPs grew rapidly over the course of the year, ending 2012 at \$325 billion, the highest year-end level in the asset class' 26-year history. Growth was a direct result of a record year in equity issuance in MLPs. In 2012, we saw a record \$25.8 billion in MLP equity issuances. Of the nearly \$26 billion, there were 64 follow-on offerings for a total of \$22.1B and 13 IPOs for a total of \$3.7B. Total MLP debt issuance, at \$26.5

MLP / PTP Composite Indices - Total Return  
(Q4 2012)

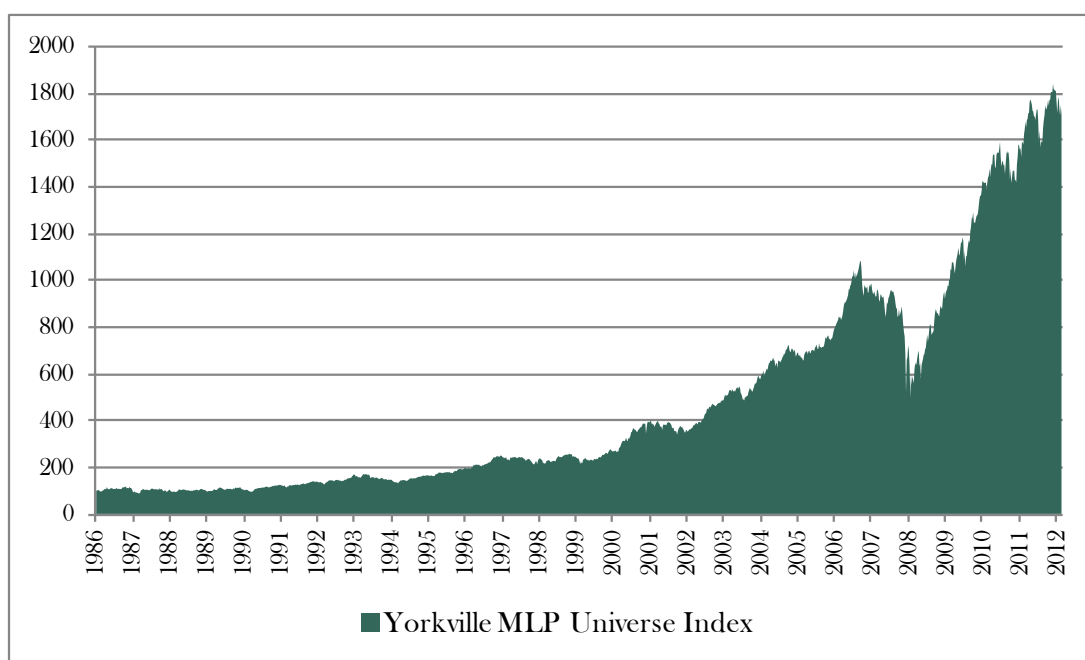


billion in 2012, came in above the previous record of \$20.5 billion in new debt in 2010. In total, new equity and new debt came in at a ratio of 49:51 for a total of \$52.3 billion, the largest total in MLP history. At the closing market cap for the asset class of \$325B, the \$52.3B in new equity and debt represented of 16.1% in the asset class' total capitalization.

MLPs also completed a significant year of M&A activity, with a total of \$40.4 billion in 2012. Included amongst the more than forty billion were some of the biggest deals ever seen in the MLP space, including: Energy Transfer Partner LP's (ETP) purchase of Sunoco (SUN) for \$4.6B, the completion of Energy Transfer Equity's (ETE) acquisition of Southern Union Gas for \$10.8B and Kinder Morgan Inc's (KMI) dropdown of pipeline assets to Kinder Morgan Energy Partners LP for more than \$6 billion. In terms of M&A, the upstream segment was also especially active with many E&P MLPs looking to expand their reserves to more unconventional basins.

One of the major themes of 2012 was the strong performance of MLP IPOs. On the year we saw 13 energy MLPs come to market with an average offer-to-date return of +25.0% including the second-best performer on the year, Northern Tier Energy LP (NTI, +94.3%). The 13 IPOs, plus the spinoff of Atlas Resource Partners LP (ARP), brought the total number of energy MLPs to 93. Amongst the thirteen were 3 variable distribution MLPs, bringing the total number of variable payers to seven. The increasing use of the variable model in 2012 was indicative of an evolution taking place in the MLP asset class as more and more unconventional assets are spun out in the form of MLPs. Going into 2013, we expect several more to hit the market. Another theme of 2012 was the strong performance of Infrastructure MLPs, in particular oil-centric pipeline MLPs. The same could be said for General Partners, which achieved tremendous performance and distribution growth.

Of all MLPs that maintain a minimum quarterly distribution (MQD), there were only 3 distribution cuts on the year, with two coming from the coal space and one out of propane. These cuts were representative of the weak performance of those sectors, with all pure-play coal MLPs down double-digits and all pure-play propane MLPs in the red for the year. All other MLPs with a MQD were able to either maintain or increase distributions. The result was an increase of +7.1% in distributions for the Yorkville MLP Universe. Unsurprisingly, those MLP sectors that performed best were those which were able to grow their distributions at the fastest rates, led by Pipeline MLPs and General Partners.



While MLPs disappointed in terms of performance for 2012, we look for the asset class to rebound in 2013 and beyond. MLPs continue to grow and evolve as an asset class, making new records in terms of market capitalization, capital investment and distributable cash flow each year. With U.S. energy independence, led by the shale revolution, only in its infancy, investment in U.S energy infrastructure has never been more attractive.

## MLP / PTP Composite Performance - Total Returns

Following a weak final quarter (-3.5%), MLPs closed the year up a pedestrian +5.8%, representing an underperformance of approximately 1020 basis points of the S&P 500. The 10.2% beat for the broad market was the first time that the equity benchmark beat MLPs since 2008 and only the second time in the last 13 years. The last year in which MLPs lagged by this wide of a margin was 1999, in which MLPs gained only +0.9% to the S&P 500's +21.0%. Historically, MLPs have significantly outperformed the S&P 500 in the years following underperformance. From 2000-2002, MLPs rebounded +148.9% versus +45.2% for the S&P 500, equal to alpha of 103.4%. Similarly, in 2009 and 2010 MLPs returned +78.1% while the S&P declined -19.9% good for 98.0% of alpha.

For the year, Infrastructure MLPs produced a gain of +6.8% while Commodity MLPs gained +1.3%. It was the second straight year in which Infrastructure came out on top.

The overall universe of Publicly Traded Partnerships (which includes all MLPs) gained +8.0% in 2012, as strong returns from Financial and Legacy Partnerships bolstered returns.

## MLP / PTP Composite Indices - Total Return

as of 12/31/2012

INDEX NAME	BLOOMBERG		
	TICKER	QTD	2012
Yorkville PTP Universe Index	YPTPUX	-2.5%	8.0%
Yorkville MLP Infrastructure Universe Index	YINFUX	-3.0%	6.8%
Yorkville MLP Universe Index	YMLPUX	-3.5%	5.8%
Yorkville MLP Commodity Universe Index	YCOMUX	-5.5%	1.3%
S&P 500	SPXT	-0.4%	16.0%

## MLP / PTP Sector Performance - Total Returns

## MLP / PTP Sector Indices - Total Return

as of 12/31/12

INDEX NAME	BLOOMBERG		
	TICKER	QTD	2012
Yorkville PTP Legacy Partnerships Index	YLEGYX	0.4%	39.7%
Yorkville PTP Financials Index	YFINLX	7.7%	26.8%
Yorkville MLP General Partners Index	YGENPX	2.6%	18.0%
Yorkville MLP Crude Oil Pipelines Index	YOILPX	2.2%	16.8%
Yorkville MLP Energy Services Index	YESVCX	-2.7%	14.7%
Yorkville MLP Marine Transportation Index	YTRANX	-3.3%	11.0%
Yorkville MLP Natural Gas Pipelines Index	YNGLPX	-4.0%	8.9%
Yorkville MLP Refined Product Pipelines Index	YRPPTX	-1.2%	8.3%
Yorkville MLP Natural Resources Index	YNATRX	-2.9%	7.3%
Yorkville MLP Downstream Index	YPROPX	-3.5%	-2.3%
Yorkville MLP Gathering & Processing Index	YGGNPX	-6.4%	-5.6%
Yorkville MLP Exploration & Production Index	YEXNPX	-11.7%	-6.1%
Yorkville PTP Royalty Trusts Index	YPROYX	-18.4%	-26.0%
S&P 500	SPXT	-0.4%	16.0%

In 2012, 7 of 10 MLP sectors (9 of 13 PTP sectors) posted positive total returns. At the top, excluding Legacy and

Financial PTPs, were the MLP General Partners. The GPs, which returned +18.0%, were one of only two MLP sectors to outpace the S&P 500, as returns from ATLS, ETE and newcomer WGP advanced the sector. Given the benefits of their IDRs, it is no surprise that several of the General Partners were able to grow their distributions at accelerated rates, a prime example of strong fundamentals leading to capital appreciation. The only other sector to beat the market was Crude Oil Pipeline MLPs. Seven of eight Oil Pipeline MLPs finished up on the year, with five of the seven winners gaining +29.5% or more. Rose Rock Midstream LP (RRMS, +60.0%) led the way, while the lone name to falter, Enbridge Energy Partners LP (EEP, -9.7%) weighed heavily on returns as the index's largest component.

Apart from Royalty Trusts structured as PTPs, which lost more than a quarter of their value in 2012, Exploration and Production was the weakest sector. E&P MLPs lost -6.1% on a total return basis over the last 12 months as they managed weighted average distribution growth of only +3.6%, the second lowest amongst all sectors. The other two sectors to end the year in the red were Downstream (-2.3%) and Gathering and Processing MLPs (-5.6%), both which were negatively impacted by waning NGL prices and fractionation spreads.

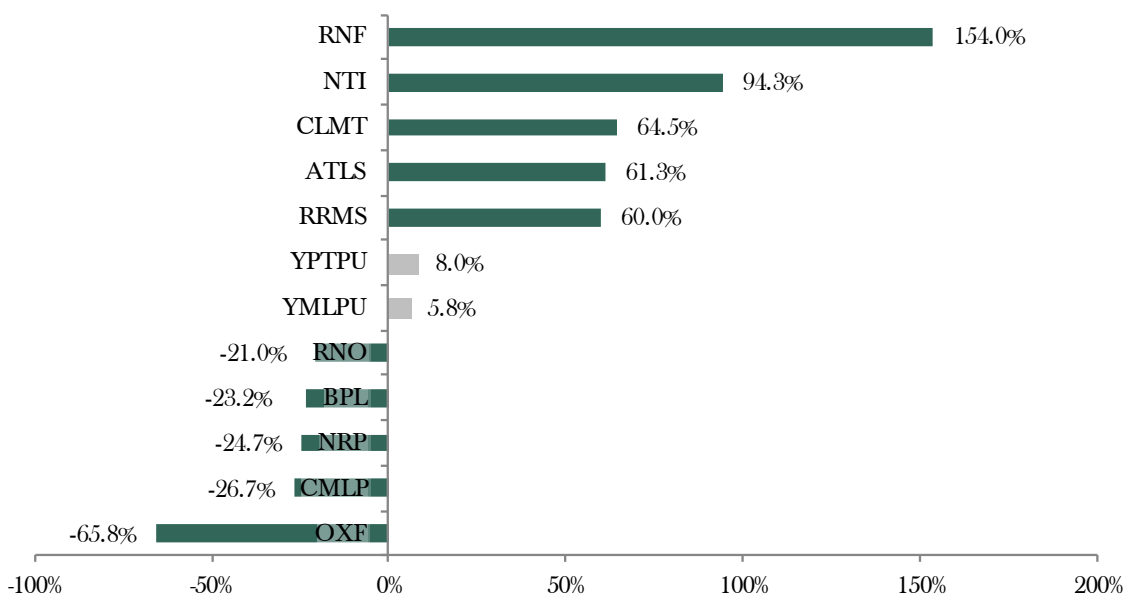
## Master Limited Partnerships - Best and Worst Performing

The best performing MLP on the year was fertilizer producer Rentech Nitrogen Partners LP (RNF) which returned +154.0% in 2012. For the 9 months ended September 30, revenue at RNF grew by almost 24 percent while COGS declined by nearly 14 percent. RNF benefited from higher realized pricing on its production of Ammonia and Urea Ammonium Nitrate (UAN). At the same time, profitability further improved as their average realized purchase price of natural gas, a key feedstock in the production process, declined -24% YoY. This resulted in a +59% increase in EBITDA through the first 9 months of 2012 YoY.

The second best performer for the year was Northern Tier Energy LP (NTI). NTI, which owns a refinery in Minnesota and 166 retail gas stations, returned +94.3% from its July 26, 2012 IPO to the end of the year. NTI is another variable distribution partnership. For the 9 months ended September 30, 2012, adjusted EBITDA increased almost +59% YoY driven by widening crack spreads but the partnership still yielded 23.3% as of December 31<sup>st</sup>.

The third best performer was Calumet Specialty Product Partners LP (CLMT) which returned +64.5%. Calumet is a producer of specialty refined products and fuels. Calumet's adjusted EBITDA for the first 9 months of 2012 more than doubled YoY from \$146mm to \$313mm. Strong performance from the Superior, Wisconsin refinery acquired in late 2011 from Murphy Oil Corporation (MOC) drove adjusted EBITDA growth.

Best and Worst Performing MLPs - Total Return  
(2012)



Ranking 4th was Atlas Energy LP (ATLS) returning +61.3%. ATLS is general partner to gatherer and processor Atlas Pipeline Partners (APL) and Atlas Resource Partners (ARP), an E&P MLP. In March, ATLS spun out ARP as a separately-traded entity. In the first day of trading, ARP appreciated +31.6% and ATLS, which owned 78.4% of the units at the time appreciated by +23.5%.

The 5th best performing MLP in 2012 was Rose Rock Midstream Partners LP (RRMS) returning +60.0% in 2012. RRMS held its IPO in December of 2011 by its parent SemGroup (SEMG); the partnership owns crude oil gathering, transportation, storage, and distribution assets. For the first 9 months of 2012, adjusted EBITDA was up 18% YoY on rising transportation and storage volumes.

The worst performer for the year was Oxford Resource Partners LP (OXF) which declined -65.8% during the year. OXF is a producer of steam coal. In February, the partnership guided toward a decline in both coal production and average realized price per ton for FY2012 causing worry over the sustainability of distribution coverage. From the February 29th announcement to March 1, OXF fell -38.3%. On October 29, OXF announced that it would cut its Q4 2012 distribution to \$0.20, a decrease of -54%. From October 26th (the last day the NYSE was open prior to Hurricane Sandy) to October 31, OXF lost -26%.

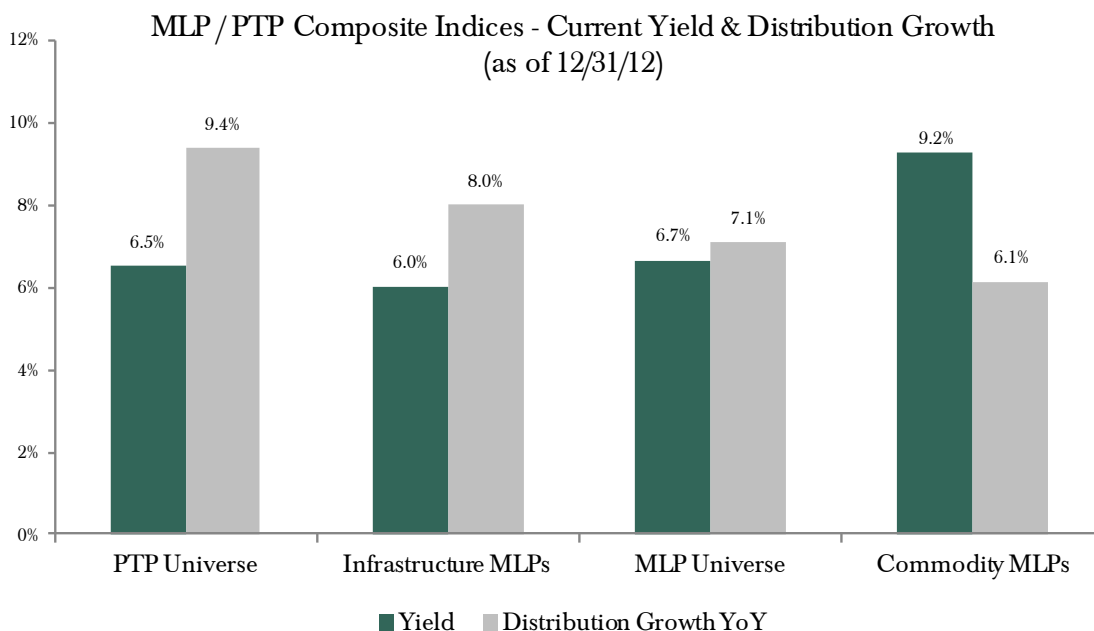
Excluding Royalty Trusts, Crestwood Midstream Partners LP (CMLP) was the 2nd worst performing partnership losing -26.7% on the year. On July 23rd, CMLP announced the purchase of gathering and processing assets from Devon Energy (DVN), guided down adjusted EBITDA expectations for FY2012 by -7.4%, and announced a relatively large follow-on offering. Investors responded by selling down CMLP -11.9% from close of July 23 to July 25.

The third worst performing MLP for 2012 was Natural Resource Partners LP (NRP) which lost -24.7%. NRP owns and manages steam and metallurgical coal reserves. Unlike the other coal MLP in the bottom five performers, NRP has been able to maintain its distribution thus far. However, distributable cash flow in the first 9 months of 2012 declined -14.1% YoY and the partnership announced that they expect both metallurgical and steam coal to continue to face pricing and demand headwinds.

The 4th worst performing MLP, losing -23.2%, was refined product pipeline MLP Buckeye Partners LP (BPL). BPL dropped -8.3% on a total return basis from May 4th (when they released their financials for Q1 2012) to May 10th. Investors were disappointed by lower adjusted EBITDA (as the partnership's energy services segment swung to a loss) and a distribution coverage ratio of only 0.78. For the 9 months ended September 30 2012, adjusted EBITDA has improved by +8.7% YoY but the coverage ratio was still below 1 at 0.95. Another coal producer took the fifth-worst spot for 2012: Rhino Resource Partners LP (RNO) returned -21% for the year. RNO cut its Q3 2012 distribution by -7.4% due to expected weakness in metallurgical coal pricing in 2013.

## MLP / PTP Composite Current Yield & Distribution Growth

Commodity MLPs (9.2%) maintained their yield advantage among the Yorkville composites, coming in 320 basis points above their Infrastructure counterparts (6.0%). As we would expect, additional yield came with lower distribution growth however, with an increase of +6.1% year-over-year (YoY) for Commodity MLPs versus +8.0% YoY for Infrastructure. The overall MLP universe offered a 6.7% yield with +7.1% distribution growth YoY, in line with our 7% growth projection from the beginning of the year. While the current yield of 6.7% + 7.1% growth equals implied total returns of nearly 14 percent, MLP stock prices did not keep pace with distribution growth enough to keep yields in check.



## MLP / PTP Sector Current Yield & Distribution Growth

Excluding Royalty Trust Partnerships which boasted a yield of over fifteen percent, Downstream MLPs, which includes refineries as well as wholesale fuel distribution, was the highest yielding sector (10.3%). Following Downstream, were the four other Commodity MLP sectors, beginning with Natural Resources at a 8.6% yield and ending with Exploration and Production at 8.4%. Natural Resources MLPs managed growth of only +2.2% as the coal MLPs produced a couple of cuts and few increases. Exploration & Production MLPs grew distributions at a similarly low +3.6% YoY, with most E&P names focusing on acquisitions and expanding their reserve bases in 2012.

Due to their accelerated growth prospects, General Partners came in with the lowest yield of all MLP sectors at 4.8%. Crude Oil Pipelines and Refined Product Pipelines came in at 5.8% and 6.2%, respectively, due to their consistency of distribution growth. Refined Product Pipelines posted impressive distribution growth of +12.6% and Crude Oil Pipelines distributions grew +8.0%. In the case of General Partners, weighted average growth was only +4.6% year-over-year for the 4<sup>th</sup> quarter. However, excluding ETE, which comprises a huge weight in the index, distributions actually grew +14.7%, justifying the low yield being placed on GPs.

## MLP / PTP Sector Indices - Current Yield & Distribution Growth as of 12/31/12

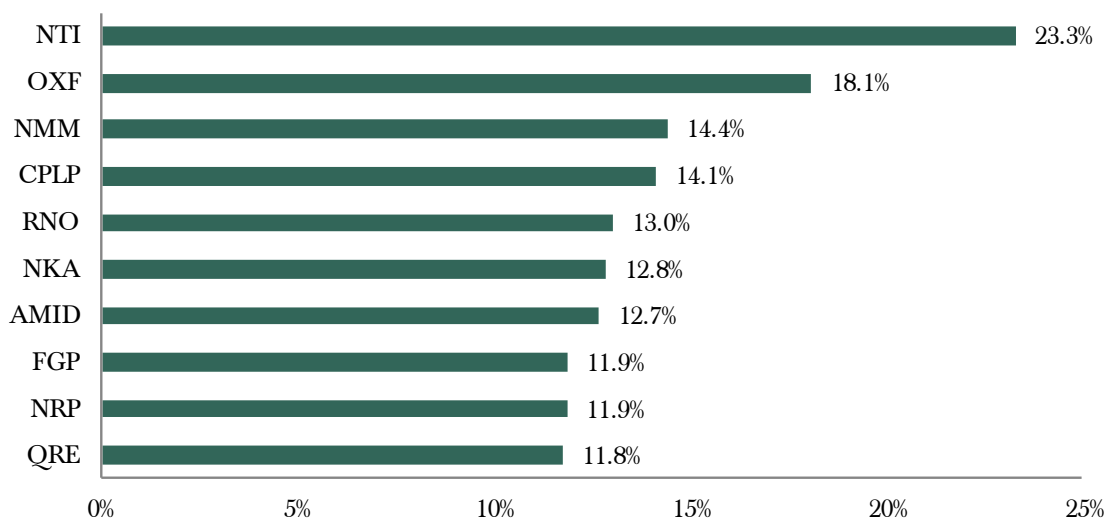
INDEX NAME	BLOOMBERG	YIELD	DIST. GROWTH
	TICKER		
Yorkville PTP Royalty Trusts Index	YPROYX	15.3%	-4.6%
Yorkville MLP Downstream Index	YPROPX	10.3%	6.9%
Yorkville MLP Natural Resources Index	YNATRX	8.6%	2.2%
Yorkville MLP Energy Services Index	YESVCX	8.5%	3.8%
Yorkville MLP Marine Transportation Index	YTRANX	8.5%	6.9%
Yorkville MLP Exploration & Production Index	YEXNPX	8.4%	3.6%
Yorkville MLP Gathering & Processing Index	YGGNPX	6.8%	9.1%
Yorkville MLP Natural Gas Pipelines Index	YNGLPX	6.2%	7.1%
Yorkville MLP Refined Product Pipelines Index	YRPPTX	6.2%	12.6%
Yorkville MLP Crude Oil Pipelines Index	YOILPX	5.8%	8.0%
Yorkville MLP General Partners Index	YGENPX	4.8%	4.6%

## Partnerships - Current Yield & Distribution Growth

Northern Tier Energy (NTI) took over the top yielding spot as of December 31<sup>st</sup> from Oxford Resource Partners LP (OXF), which cut its distribution by more than half as we warned it may do in our [3<sup>rd</sup> Quarter Beat](#). In the case of NTI, however, a price cut is not necessarily imminent, with NTI being structured as a variable distribution MLP.

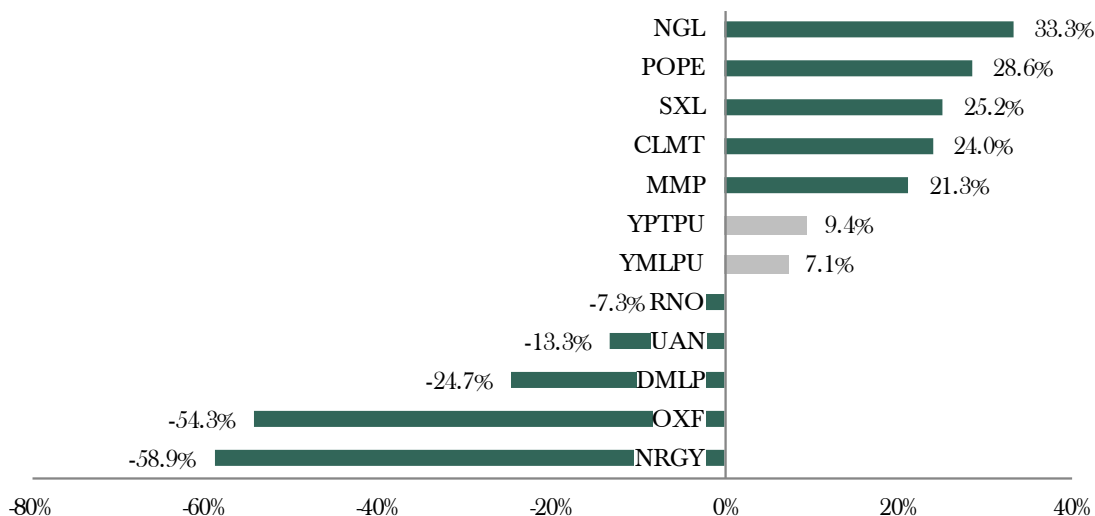
As of year end, the top ten yielding MLPs included 8 Commodity MLPs and 2 Infrastructure MLPs. On an industry level, the breakdown was as follows: 3 Natural Resources (Coal), 2 Marine, 2 Downstream, 1 E&P, 1 Gathering & Processing, and 1 Natural Gas Pipelines (Storage.) Of all PTPs, (all) five Royalty Trust Partnerships make the top ten with yields ranging from 14.7% to 16.6%, and one Financial PTP (Ellington Financial LLC) makes the cut.

Ten Highest Yielding MLPs  
(as of 12/31/12)



For the fourth quarter, propane operator NGL Energy Partners LP grew its distribution most year-over-year, increasing its payment by a third. This was the company's fifth straight distribution increase, having grown its distribution every quarter since its inception. It was followed by the sole timber MLP, Pope Resources LP (POPE) whose distribution was up +28.6% and Sunoco Logistics LP (SXL, +25.2%) which has increased its distribution for

Best and Worst Distribution Changes by MLP - YoY % Change  
(Q4 2012)



30 straight quarters, good for the third longest streak of all MLPs. Coming in fourth and fifth were Calumet Specialty Products LP (CLMT) at positive +24.0% and Magellan Midstream LP (MMP) up +21.3%.

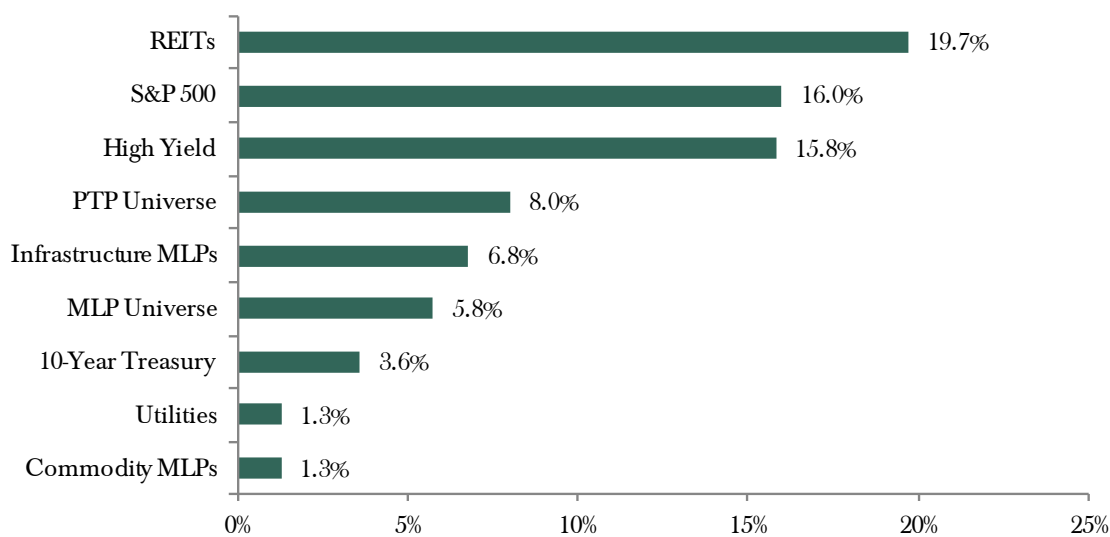
On the losing side was Inergy LP (NRGY), which cut its payment -58.9% in conjunction with its transition out of the retail propane industry, and Oxford Resource Partners LP which cut -54.3% due to poor management of a weak coal market. The following two next worst cutters were variable distribution MLPs, while the fifth worst cut came from Rhino Resource Partners LP (-7.3%).

Looking at all PTPs, four of the top five increases actually came from Financial PTPs and two of the bottom six declines were Royalty Trusts Partnerships. Both Financials and Royalty Trusts do not maintain minimum quarterly distributions.

## MLP / PTP Composite Performance & Yield vs. Other Asset Classes

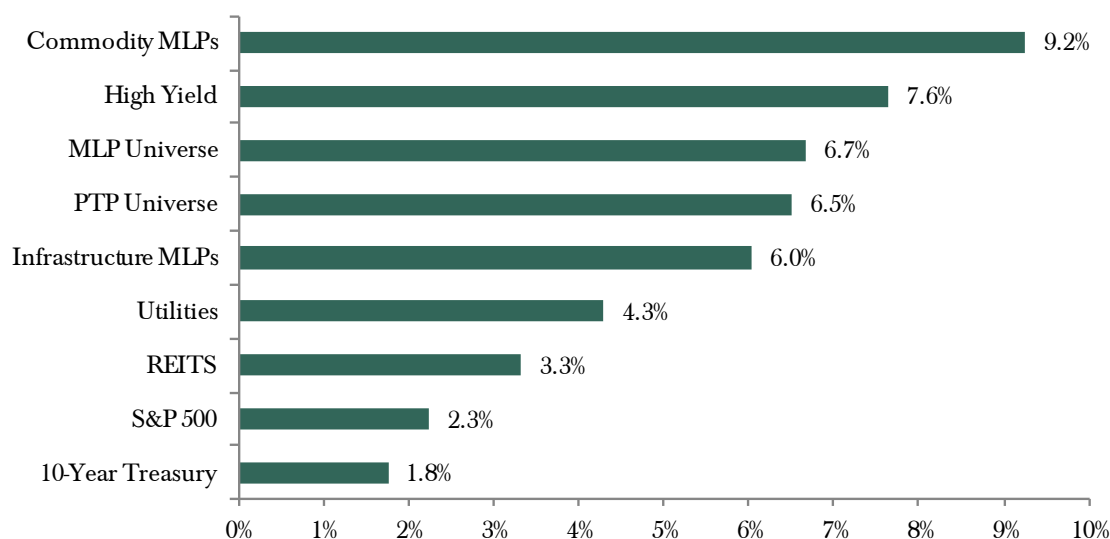
As a result of a weak fourth quarter, MLPs concluded the year up only +5.8% in total return versus +16.0% for the S&P 500. The 1020 basis point underperformance was the weakest comparative return for MLPs versus the equity benchmark since 1999. Despite the modest year for MLPs, other alternative income investments performed well including REITs +19.7% and High Yield Corporate Bonds +15.8%. MLPs were negatively impacted by underperformance from Commodity MLPs, which gained only +1.3% in total return (Infrastructure MLPs were +6.8%). Utilities were only up +1.3% for 2012.

2012 Performance By Asset Class  
(as of 12/31/12)





### Yield by Asset Class (as of 12/31/12)



The spread between MLPs and the U.S. 10-year stood at 490 basis points as of year end. This represented a risk premium of more than 150 basis points above the long-term average. Despite their declining dividend growth, REITs traded at a yield of roughly 3.3% as of December 31<sup>st</sup>, more than 300 basis points lower than MLPs. Same could be said for Utilities, which traded at a negative spread of 200-plus basis points to master limited partnerships.

Due to their weak performance as of late, Commodity MLP yields shot up to 9.2%. This worked out to a whopping 320 basis points more than their Infrastructure MLP peers. As of December 31<sup>st</sup>, High Yield Corporate Bonds yielded 7.6%.

## MLP / PTP Corporate Actions

In the 4th quarter, we saw \$5.8 billion in primary and secondary equity offerings amounting to \$25.8B in total equity offerings for 2012. The \$25.8B 2012 figure eclipses the previous record of \$19B in equity offerings in 2007. Of the \$5.8 billion raised in fourth quarter, there were seven MLP IPOs raising more than \$1.8B with an average offer-to-date return of +25.9%.

MLP / PTP Initial Public Offerings				
4th Quarter 2012				
TICKER	COMPANY	DATE	AMOUNT (\$MLN)	OFFER TO DATE
MPLX	MPLX LP	10/25/2012	\$ 438	32.0%
LGP	Western Gas Equity Partners LP	12/06/2012	\$ 435	31.9%
SDLP	Seadrill Partners LLC	10/18/2012	\$ 221	27.1%
SXE	Southcross Energy Partners LP	11/01/2012	\$ 207	24.4%
DKL	Delek Logistics Partners LP	11/02/2012	\$ 193	23.8%
ALDW	Alon USA Partners LP	11/19/2012	\$ 184	22.3%
LGP	Lehigh Gas Partners LP	10/24/2012	\$ 138	19.9%
<b>TOTAL / AVERAGE</b>			<b>\$ 1,816</b>	<b>25.9%</b>

In terms of secondary offerings, MLPs raised more than \$4.0B this quarter and \$22.1B for the year. For the quarter, Access Midstream Partners LP (ACMP), MarkWest Energy Partners LP (MWE), and Targa Resources Partners LP (TRGP) were the top 3 offerings for the quarter raising \$514mm, \$395mm, and \$342mm respectively.

MLP / PTP Secondary Offerings				
4th Quarter 2012				
TICKER	COMPANY	DATE	AMOUNT (\$MLN)	OFFER TO DATE
ACMP	Access Midstream Partners LP	12/12/2012	\$ 514	4.3%
MWE	MarkWest Energy Partners LP	11/13/2012	\$ 395	9.7%
NGLS	Targa Resources Partners LP	11/15/2012	\$ 342	3.8%
KMP	Kinder Morgan Energy Partners	12/11/2012	\$ 307	1.5%
APL	Atlas Pipeline Partners LP	12/04/2012	\$ 302	1.8%
BWP	Boardwalk Pipeline Partners LP	10/04/2012	\$ 270	-7.7%
LGCY	Legacy Reserves LP	11/08/2012	\$ 216	-4.0%
QRE	QR Energy LP	12/07/2012	\$ 195	2.1%
GEL	Genesis Energy LP	10/02/2012	\$ 193	11.1%
CPNO	Copano Energy LLC	10/19/2012	\$ 193	-1.6%
MEMP	Memorial Production Partners L	12/06/2012	\$ 179	4.9%
ARP	Atlas Resource Partners LP	11/20/2012	\$ 175	-2.3%
TLLP	Tesoro Logistics LP	10/02/2012	\$ 155	4.8%
PVR	PVR Partners LP	11/09/2012	\$ 150	12.4%
GMLP	Golar LNG Partners LP	11/02/2012	\$ 133	-3.2%
SEP	Spectra Energy Partners LP	11/14/2012	\$ 131	13.2%
MMLP	Martin Midstream Partners LP	11/20/2012	\$ 93	-0.3%
MCEP	Mid-Con Energy Partners LP	10/16/2012	\$ 85	-11.8%
<b>TOTAL / AVERAGE</b>			<b>\$ 4,027</b>	<b>2.1%</b>

## MLP / PTP Corporate Actions

In Q4 2012, there was \$5.1B in debt offerings bringing the 2012 total up to \$26.5B. The coupon rate for Q4 2012 issuances averaged 5.9% with an average maturity of ten years. The three largest deals were done by Access Midstream Partners LP (ACMP), Inergy Midstream LP (NRGM) and DCP Midstream Partners LP (DPM), coming in at \$1.4B, \$0.5B and \$0.5B respectively.

New Debt Offerings					
4th Quarter 2012					
TICKER	COMPANY	DATE	MATURITY	COUPON	AMOUNT (\$MLN)
ACMP	Access Midstream Partners LP	12/11/2012	2023	4.9%	\$ 1,400
NRGM	Inergy Midstream LP	12/7/2012	2020	6.0%	\$ 500
DPM	DCP Midstream Partners LP	11/21/2012	2017	2.5%	\$ 500
CQP	Cheniere Energy Partners LP	10/2/2012	2020	6.5%	\$ 420
NGLS	Targa Resources Partners LP	10/22/2012	2023	5.3%	\$ 400
LGCY	Legacy Reserves LP	12/4/2012	2020	8.0%	\$ 300
NTI	Northern Tier Energy LP	11/2/2012	2020	7.1%	\$ 275
MMP	Magellan Midstream Partners LP	11/2/2012	2042	4.2%	\$ 250
GMLP	Golar LNG Partners LP	12/7/2012	2017	6.5%	\$ 227
NGLS	Targa Resources Partners LP	12/10/2012	2023	5.8%	\$ 200
VNR	Vanguard Natural Resources LLC	10/2/2012	2020	7.9%	\$ 200
APL	Atlas Pipeline Partners LP	12/6/2012	2020	6.6%	\$ 175
CMLP	Crestwood Midstream Partners LP	11/8/2012	2019	7.8%	\$ 150
WES	Western Gas Partners LP	10/9/2012	2022	4.0%	\$ 150
<b>SUMMARY</b>			<b>2022</b>	<b>5.9%</b>	<b>\$ 5,147</b>

M&A during the quarter totaled \$11.3B in announced transactions (chart on next page). Williams Partners LP (WPZ), which acquired propylene splitter and olefin production assets in a dropdown from parent Williams Companies Inc (WMB), had the largest transaction of the quarter at \$2.4B or 21% of total M&A activity. Access Midstream Partners LP (ACMP) had the second largest announced transaction of the quarter with the \$2.2B purchase of gathering & processing assets from its former parent Chesapeake Energy Corporation (CHK). The \$11.3B in 4<sup>th</sup> quarter M&A activity boosts the full year 2012 total M&A activity to \$40.4B, approximately flat YoY.

## MLP / PTP Mergers & Acquisitions 4th Quarter 2012

TICKER	COMPANY	TYPE	ANNOUNCED	ASSET (SELLER TICKER)	AMOUNT (\$MLN)	DEAL STATUS
WPZ	Williams Partners LP	DROP	10/31/2012	Multiple Targets (WMB)	\$2,364	Complete
ACMP	Access Midstream Partners LP	DIV	12/11/2012	Chesapeake Midstream Operating LLC (CHK)	\$2,160	Pending
NGLS	Targa Resources Partners LP	DIV	11/15/2012	Williston Basin Oil and Gas Assets	\$950	Complete
APL	Atlas Pipeline Partners LP	DIV	12/3/2012	Cardinal Midstream LLC	\$600	Complete
IGCY	Legacy Reserves LP	DIV	11/7/2012	Permian Basin Oil & Gas Properties (CXO)	\$520	Complete
PAA	Plains All American Pipeline LP	DIV	12/5/2012	Four Operating Crude Oil Rail Terminals	\$500	Pending
NS	NuStar Energy LP	DIV	11/8/2012	Multiple Targets	\$425	Complete
NRGM	Inergy Midstream LP	ACQ	11/5/2012	Rangeland Energy LLC	\$425	Complete
TLLP	Tesoro Logistics LP	DIV	12/11/2012	Northwest Products System (CVX)	\$400	Pending
SEP	Spectra Energy Partners LP	DROP	10/23/2012	Maritimes & Northeast Pipeline LLC (SE)	\$375	Complete
VNR	Vanguard Natural Resources LLC	DIV	11/1/2012	Assets in Colorado and Wyoming (BBG)	\$329	Complete
MEMP	Memorial Production Partners LP	DIV	11/19/2012	Oil and Gas Properties/Southern California	\$271	Complete
BWP	Boardwalk Pipeline Partners LP	DROP	10/15/2012	Boardwalk Louisiana Midstream LLC (L)	\$269	Complete
GMLP	Golar LNG Partners LP	DROP	11/1/2012	Golar Grand (GLNG)	\$265	Complete
ARP	Atlas Resource Partners LP	DIV	11/19/2012	DTE Gas Resources LLC (DTE)	\$255	Complete
BBEP	BreitBurn Energy Partners LP	DIV	12/11/2012	Permian Basin/Texas (LVLEF)	\$190	Complete
RNF	Rentech Nitrogen Partners LP	ACQ	11/1/2012	Agrifos Fertilizer LLC	\$188	Complete
VNR	Vanguard Natural Resources LLC	ACQ	11/15/2012	Oil and Natural Gas Assets/Montana	\$131	Pending
PAA	Plains All American Pipeline LP	DIV	12/13/2012	Crude Oil & Condensate Gathering Assets (CHK)	\$125	Complete
MMLP	Martin Midstream Partners LP	DROP	10/2/2012	Specialty Lubricant Product Packaging Assets	\$122	Complete
CLMT	Calumet Specialty Products Partners LP	DIV	12/17/2012	Operating and Logistics Assets/Texas (NS)	\$115	Complete
BBEP	BreitBurn Energy Partners LP	ACQ	11/23/2012	Oil Properties/Belridge Field	\$97	Complete
GLP	Global Partners LP/MA	ACQ	10/5/2012	Basin Transload LLC	\$80	Pending
TOO	Teekay Offshore Partners LP	DIV	11/9/2012	HiLoad Dynamic Positioning Unit (REMO NO)	\$55	Pending
LGP	Lehigh Gas Partners LP	ACQ	12/26/2012	Express Lane Inc	\$43	Complete
MCEP	Mid-Con Energy Partners LP	ACQ	10/15/2012	Oil Properties/OK	\$24	Pending
LRE	LRR Energy LP	DROP	11/29/2012	Oklahoma Oil & Natural Gas Properties	\$21	Complete
NRP	Natural Resource Partners LP	ACQ	10/30/2012	Frac Sand Reserves	\$15	Complete
TOO	Teekay Offshore Partners LP	ACQ	11/9/2012	Remora AS	\$4	Pending
FGP	Ferrellgas Partners LP	DIV	12/18/2012	IGS Propane	N/A	Complete
FGP	Ferrellgas Partners LP	ACQ	10/31/2012	Flores Gas Co Inc	N/A	Complete
NGL	NGL Energy Partners LP	ACQ	10/24/2012	Pecos Gathering & Marketing LLC	N/A	Complete
TGP	Teekay LNG Partners LP	JV	12/5/2012	Exmar NV	N/A	Pending
<b>TOTAL</b>					<b>\$11,268</b>	



MLP / PTP Universe Fundamentals (continued)

Ticker	Company	Yorkville MLP / PTP Sector	Market Cap (\$MMs)	Yield	Current Price	Total Return MTD	Total Return QTD	Total Return YTD	Q4 2011 Dist.	Q4 2012 Dist.	% Growth
ENGY	Central Energy Partners LP	Natural Gas Pipelines	\$ 1	0.0%	\$ 0.06	-50.0%	-40.0%	-76.0%	\$ -	\$ -	
BWP	Boardwalk Pipeline Partners LP	Natural Gas Pipelines	\$ 5,741	8.6%	\$ 24.90	-3.5%	-8.9%	-2.6%	\$ 0.53	\$ 0.53	0.9%
CQP	Cheniere Energy Partners LP	Natural Gas Pipelines	\$ 3,788	8.0%	\$ 21.26	2.0%	-5.2%	26.8%	\$ 0.43	\$ 0.43	0.0%
SEP	Spectra Energy Partners LP	Natural Gas Pipelines	\$ 3,298	6.3%	\$ 0.00	4.8%	-0.3%	3.8%	\$ 0.47	\$ 0.49	4.3%
EPB	El Paso Pipeline Partners LP	Natural Gas Pipelines	\$ 7,938	6.3%	\$ 36.97	-1.0%	0.9%	13.4%	\$ 0.49	\$ 0.58	18.4%
PNG	PAA Natural Gas Storage LP	Natural Gas Pipelines	\$ 1,612	7.5%	\$ 19.05	2.1%	-2.5%	9.7%	\$ 0.36	\$ 0.36	0.0%
NKA	Niska Gas Storage Partners LLC	Natural Gas Pipelines	\$ 744	12.8%	\$ 10.90	-2.7%	-10.3%	38.6%	\$ 0.35	\$ 0.35	0.0%
NRGM	Inergy Midstream LP	Natural Gas Pipelines	\$ 1,673	6.9%	\$ 22.25	-5.4%	-3.1%	23.6%	\$ -	\$ 0.39	
EQM	EQT Midstream Partners LP	Natural Gas Pipelines	\$ 1,102	4.5%	\$ 31.15	1.4%	9.4%	50.0%	\$ -	\$ 0.35	
POPE	Pope Resources Inc LP	Natural Resources	\$ 246	3.2%	\$ 55.68	6.1%	7.7%	33.9%	\$ 0.35	\$ 0.45	28.6%
TNH	Terra Nitrogen Co LP	Natural Resources	\$ 4,000	7.7%	\$ 214.09	-1.3%	1.0%	37.9%	\$ 3.96	\$ 4.12	4.0%
ARLP	Alliance Resource Partners LP	Natural Resources	\$ 2,141	7.5%	\$ 58.06	2.1%	-1.5%	-18.1%	\$ 0.96	\$ 1.09	13.6%
NRP	Natural Resource Partners LP	Natural Resources	\$ 1,966	11.9%	\$ 18.54	-0.5%	-8.2%	-24.7%	\$ 0.55	\$ 0.55	0.0%
OXF	Oxford Resource Partners LP	Natural Resources	\$ 46	18.1%	\$ 4.42	-22.7%	-50.2%	-65.8%	\$ 0.44	\$ 0.20	-54.3%
RNO	Rhino Resource Partners LP	Natural Resources	\$ 379	13.0%	\$ 1.00	-0.9%	-8.7%	-21.0%	\$ 0.48	\$ 0.45	-7.3%
UAN	CVR Partners LP	Natural Resources	\$ 1,844	7.9%	\$ 25.24	-3.8%	-2.1%	10.2%	\$ 0.57	\$ 0.50	-13.3%
RNF	Rentech Nitrogen Partners LP	Natural Resources	\$ 1,462	9.0%	\$ 37.69	-5.6%	-0.6%	154.0%	\$ -	\$ 0.85	
BPL	Buckeye Partners LP	Refined Product Pipelines	\$ 4,422	9.1%	\$ 45.41	-9.6%	-3.3%	-23.2%	\$ 1.03	\$ 1.04	1.2%
KMP	Kinder Morgan Energy Partners LP	Refined Product Pipelines	\$ 28,180	6.3%	\$ 79.79	-2.1%	-1.9%	-0.5%	\$ 1.16	\$ 1.26	8.6%
MMP	Magellan Midstream Partners LP	Refined Product Pipelines	\$ 9,770	4.5%	\$ 43.19	-2.9%	-0.1%	31.5%	\$ 0.40	\$ 0.49	21.3%
NS	NuStar Energy LP	Refined Product Pipelines	\$ 3,309	10.3%	\$ 42.48	-7.3%	-14.4%	-18.5%	\$ 1.10	\$ 1.10	0.0%
SXL	Sunoco Logistics Partners LP	Refined Product Pipelines	\$ 5,150	4.2%	\$ 49.73	-2.1%	7.7%	31.7%	\$ 0.41	\$ 0.52	25.2%
HEP	Holly Energy Partners LP	Refined Product Pipelines	\$ 1,929	5.6%	\$ 65.78	-2.0%	0.4%	29.8%	\$ 0.88	\$ 0.93	5.7%
TLP	Transmontaigne Partners LP	Refined Product Pipelines	\$ 549	6.7%	\$ 37.97	9.3%	1.7%	21.4%	\$ 0.62	\$ 0.64	3.2%
OILT	Oiltanking Partners LP	Refined Product Pipelines	\$ 1,473	4.0%	\$ 37.86	2.0%	0.2%	41.7%	\$ 0.27	\$ 0.38	40.0%
ECT	ECA Marcellus Trust I	Royalty Trust Partnerships	\$ 269	16.3%	\$ 15.27	-11.0%	-18.2%	-32.5%	\$ 0.63	\$ 0.62	-1.0%
SDT	SandRidge Mississippian Trust I	Royalty Trust Partnerships	\$ 460	16.6%	\$ 16.44	2.4%	-30.6%	-40.7%	\$ 0.82	\$ 0.68	-16.3%
PER	SandRidge Permian Trust	Royalty Trust Partnerships	\$ 670	14.7%	\$ 17.02	-1.8%	-11.6%	-16.4%	\$ 0.72	\$ 0.63	-13.5%
CHKR	Chesapeake Granite Wash Trust	Royalty Trust Partnerships	\$ 580	15.2%	\$ 16.54	-11.4%	-15.1%	-21.9%	\$ 0.58	\$ 0.63	8.6%
SDR	SandRidge Mississippian Trust II	Royalty Trust Partnerships	\$ 809	14.7%	\$ 16.27	-2.9%	-17.3%	-17.0%	\$ -	\$ 0.60	

Yorkville Universe Indices - Constituent Changes (December)

Western Gas Equity Partners LP (WGP) was added to the following indices: Yorkville MLP General Partners Index, Yorkville MLP Infrastructure Universe Index, Yorkville MLP Universe Index and the Yorkville PTP Universe Index.

## **GENERAL NOTES AND DISCLAIMERS**

*The information presented herein is for informational purposes only and is not intended as an offer to sell or a solicitation of an offer to purchase shares or interests in any securities. There can be no assurance that any of the strategies described herein will succeed. Investments in securities are speculative, investors may incur substantial losses on their investments.*

*The views and strategies described herein may not be suitable for all investors. This material is distributed with the understanding that it is not rendering accounting, tax or legal advice. Please consult your accounting, tax or legal advisor concerning such matters.*

*The various market indicators, benchmarks or indices are shown herein because they are well-recognized measures of the broad markets rather than because of any correlations between the performance of the securities comprising these indices and that of the securities in our portfolio. Such market indicators, benchmarks, indices are not managed and accordingly are reduced by any fees or expenses. Dollar is the currency used to express performance.*

*The comparisons herein of the performance of the market indicators, benchmarks or indices may not be meaningful since the constitution and risks associated with each may be significantly different. Accordingly, no representation or warranty, express or implied, is made to the sufficiency, relevance, appropriateness or comprehensiveness of the market data, information or summaries contained herein for any specific purpose.*

*The views contained in this Newsletter are those of Yorkville Capital Management, LLC ("Yorkville") and are based upon information obtained by Yorkville from sources that are believed to be reliable. No representation or warranty, express or implied, is made as to the accuracy or completeness of such information for any specific purpose. Accordingly, Yorkville does not itself endorse or guarantee, and assumes no liability whatsoever for, the accuracy or reliability of any third party data or the financial information contained herein.*

*The information contained herein is given as of the date hereof and does not purport to give information as of any other date. The delivery of this Newsletter shall not under any circumstances create an implication that there has been no change in the matters discussed herein since the date hereof.*

*No part of this publication may be copied or duplicated in any form without the written consent of Yorkville.*

*Yorkville Capital Management LLC ("Yorkville Capital") is a Securities and Exchange Commission federally registered investment adviser." Yorkville Capital claims compliance with GIPS. The firm maintains a complete list and description of composites, which is available upon request. Information regarding the policies for calculating and reporting returns is available upon request.*

*Past performance is not indicative of future results. Investing in accordance in any of Yorkville investment strategies is speculative, and may result in substantial losses. No representation is made that an investor's account will, or is likely to, achieve a record similar to that shown.*

*Please contact Yorkville Capital (212) 755-1970 for a full disclosure page on the composites listed in this newsletter.*

*Yorkville's MLP / PTP Universe Indices are all float-adjusted market capitalization weighted. The indices are maintained and disseminated by Structured Solutions AG. Yorkville Capital has no corporate or ownership affiliation with Structured Solutions AG.*

*Live quotes for the suite of indices is available via both Bloomberg and Reuters. The tickers for each index, as well as Yorkville's comprehensive white papers can be found at: [www.yorkvillecapital.com/indexes.html](http://www.yorkvillecapital.com/indexes.html) Yorkville Capital has no corporate or ownership affiliation with Bloomberg or Reuters.*