

## Equity Research

### Tesoro Logistics L.P.

TLLP: Off To A Strong Start--Raising Estimates

Guidance Exceeds Our Expectations--Maintaining Positive Outlook

Outperform / V

Sector: Small Cap Pipeline MLPs

Overweight

#### Earnings Estimates Revised Up

DCF/unit	2010A	2011E		2012E	
		Curr.	Prior	Curr.	Prior
Q1 (Mar.)	NA	\$0.38 A	0.35	\$0.47	0.42
Q2 (June)	NA	0.43 A	0.35	0.46	0.42
Q3 (Sep.)	NA	0.42	0.36	0.49	0.44
Q4 (Dec.)	NA	0.42	0.37	0.48	0.44
FY	NA	\$1.65	1.46	\$1.90	1.71
CY	NA	\$1.65		\$1.90	
FY P/DCF	NM	13.9x		12.1x	
Rev.(MM)	NE	\$98		\$125	

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters  
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful  
V = Volatile, \* = Company is on the Priority Stock List

- Key Takeaways.** Q2 operating results were ahead of expectations. TLLP anticipates quarterly EBITDA of \$14-15MM, which implies a \$5MM improvement on an annualized basis based on TTM 3/31/12 guidance in the S-1 filing. Management expects to announce a drop-down in the upcoming months. Notably, our model incorporates an assumed \$100MM acquisition in Q1 2012. TLLP also announced new growth initiatives to further expand its crude oil gathering and terminalling assets, which should yield attractive returns starting in 2012. We are raising our 2011 and 2012 DCF/unit estimates to \$1.65 and \$1.90, respectively, from \$1.46 and \$1.71 to reflect Q2 results, a higher run rate for TLLP's base earnings from terminalling, and the anticipated benefit from the new organic growth projects. We are maintaining our Outperform rating given TLLP's above-average growth prospects tied to potential acquisitions from its GP and infrastructure development in the Bakken Shale.
- Off To A Strong Start With Q2 Results Ahead Of Expectations.** For the period beginning 4/26/11 (completion of IPO) and ending 6/30/11, TLLP reported EBITDA of \$10.0MM, net income of \$7.9MM, and available cash flow of \$9.7MM. Adjusting these balances for a full quarter, this equates to EBITDA of \$13.8MM, \$10.9MM, and \$13.4MM, respectively, which all exceed our estimates for Q2. Specifically, adjusted DCF/unit of \$0.43 was above our forecast of \$0.35 primarily due to stronger-than-anticipated terminalling results, lower cash interest expense, and lower maintenance capex. For Q2, TLLP plans to pay a prorated distribution/unit of \$0.2448, which equates to a MQD of \$0.3375 and an annualized distribution/unit of \$1.35.
- Adds To Slate Of Growth Projects.** TLLP plans to invest \$23MM (net of reimbursements from TSO) over the next twelve months, which is expected to generate annualized EBITDA of \$11MM. Management announced three new projects including: (1) connecting the High Plains System to Rangeland Energy's crude oil loading terminal and pipeline facility, (2) building a new gathering hub and related tankage and metering on the High Plains System, and (3) expanding the Los Angeles terminal's capacity by 5,000 Bbls/d.

#### Valuation Range: \$26.00 to \$28.00

Our valuation range is based on (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-DCF multiple of 13.5x our 2012 estimate. Risks to the units trading below our valuation range include a slower-than-forecasted rate of acquisitions, dependence on TSO, and geographic concentration.

#### Investment Thesis:

TLLP is likely to trade at a premium to other small-cap pipeline MLPs, in our view, given the following factors: (1) it offers investors an attractive way to participate in the anticipated growth in Bakken Shale infrastructure, (2) the partnership's above-average multi-year growth outlook from potential drop-down opportunities and organic growth initiatives, and (3) TLLP's low-risk business model. We forecast a five-year distribution CAGR of 9.6%, assuming average annual (1) acquisitions of \$100 million and (2) growth capex of \$25 million. At least 80% of TLLP's distribution is expected to be tax deferred.

Please see page 7 for rating definitions, important disclosures and required analyst certifications

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Ticker	TLLP
Price (08/10/2011)	\$23.00
52-Week Range:	\$21-26
Shares Outstanding: (MM)	30.5
Market Cap.: (MM)	\$701.5
S&P 500:	1,120.76
Avg. Daily Vol.:	114,805
Dividend/Yield:	\$1.35/5.9%
LT Debt: (MM)	\$50.0
LT Debt/Total Cap.:	NM
ROE:	NM
3-5 Yr. Est. Growth Rate:	10.0%
CY 2011 Est. P/DCF/unit-to-Growth:	1.4x
Last Reporting Date:	08/09/2011
	Before Open

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters

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Together we'll go far



**Company Description:**

Tesoro Logistics, L.P. is a publicly traded MLP that owns and operates a crude oil gathering system in the Bakken Shale, eight refined products terminals that primarily serve the Western United States market, and pipeline and storage assets located in Salt Lake City, Utah. The general partner of TLLP is Tesoro Corporation, which is one of the largest independent refiners in the United States.

**Other Takeaways From Earnings Call**

- Management expects to have an offer for a drop-down in the upcoming months but did not provide details on the exact timing or size of the potential acquisition. To note, our model incorporates an assumed \$100MM transaction in Q1'12.
- Tesoro Corp. (TSO) announced plans to increase Bakken crude shipments to its Washington refinery (30,000 Bbls/d) and will invest \$50MM to build related loading and unloading facilities. Management noted that the asset (once completed in late 2012) could potentially be a drop-down candidate for the MLP.
- Management anticipates quarterly EBITDA to approximate \$14-15MM, which reflects the benefit of the recently installed Salt Lake City ethanol project, tariff increases as of 7/1, and new terminalling volumes from TSO. This implies a \$5MM improvement on an annualized basis based on TLLP's S-1 guidance of \$53MM for TTM 3/31/12.
- Crude oil pipeline volumes have recovered to approximately 60,000 Bbls/d, as most of the weather-related issues in the Bakken have been resolved.

**Off To A Strong Start With Q2 Results Ahead Of Expectations**

For the period beginning 4/26/11 (completion of IPO) and ending 6/30/11, TLLP reported EBITDA of \$10.0MM, net income of \$7.9MM, and available cash flow of \$9.7MM. Adjusting these balances for a full quarter, this equates to EBITDA of \$13.8MM, \$10.9MM, and \$13.4MM, respectively, which all exceed our estimates for Q2. Specifically, adjusted DCF/unit of \$0.43 was above our forecast of \$0.35 primarily due to stronger than anticipated terminalling results, lower cash interest expense of \$0.5MM, and lower maintenance capex of \$1MM. For Q2, TLLP plans to pay a prorated distribution/unit of \$0.2448, which equates to a MQD of \$0.3375 and an annualized distribution/unit of \$1.35. The partnership's distribution coverage ratio was solid at 1.3x.

**Figure 1. Adjusted Q2'11 Results Versus Our Estimates**

(\$MM, except per unit data)	Q2'11A	Q2'11E	Var (\$)	Var (%)
Segment EBITDA				
Crude Oil Gathering	\$6.7	\$7.1	(\$0.4)	(4.9%)
Terminalling, Transportation & Storage	\$8.8	\$6.6	\$2.2	34.1%
Other, net	(\$1.7)	(\$0.8)	(\$0.9)	NM
Assumed Drop-Downs	\$0.0	\$0.0	\$0.0	NM
EBITDA	\$13.8	12.9	\$1.0	7.7%
(-) Interest Expense	\$0.0	\$0.5	(\$0.5)	(96.8%)
(-) Maintenance Capex	\$0.4	\$1.5	(\$1.0)	(70.7%)
(-) Other	\$0.0	\$0.0	\$0.0	NM
Available Cash Flow	\$13.4	\$10.9	\$2.5	22.8%
(-) GP Interest	\$0.2	\$0.2	(\$0.0)	(0.0%)
Total Distributable Cash Flow	\$13.2	\$10.7	\$2.5	23.3%
DCF / Unit	\$0.43	\$0.35	\$0.08	23.3%
Distribution / Unit	\$0.34	\$0.34	\$0.00	0.0%
Coverage Ratio	1.28x	1.04x	0.24x	22.8%
Excess Cash Flow	\$2.9	0.4	\$2.5	NM
LP Income / Unit (EPU)	\$0.35	\$0.33	\$0.02	7.1%
Average Units Outstanding	30.5	30.5	(0.0)	(0.0%)

Note: Q2'11A figures reflected TLLP reported numbers for 4/26/11-6/30/11 adjusted for a full quarter.

Source: Partnership reports and Wells Fargo Securities, LLC estimates

Crude oil pipeline and trucking volumes appear to be tracking in line with expectations despite weather-related disruptions in the Bakken during Q2 (i.e. 55,717 Bbbls/d vs. our estimate of 56,352 Bbbls/d and 23,212 Bbbls/d vs. our estimate of 22,780 Bbbls/d). However, terminalling and short-haul pipeline throughput of 134,579 Bbbls/d and 71,395 Bbbls/d, respectively, were well ahead of our forecasts of 118,253 Bbbls/d and 63,583 Bbbls/d. Notably, management indicated that TLLP benefitted from a ~10,000 Bbbls/d increase in terminalling throughput due to new TSO volumes. Additionally, short-haul pipeline volumes in Q2 benefitted from higher run rates at TSO's Salt Lake City refinery.

### Adds To Slate Of Growth Projects

TLLP plans to invest \$28MM (\$23MM net of reimbursements from TSO) over the next twelve months to expand its crude oil gathering system and terminalling assets. The projects are expected to generate annualized EBITDA of approximately \$11MM, which implies an average EBITDA multiple of 2.1x. Management announced three new projects (not included in the S-1):

- 1) **Rangeland Interconnect:** TLLP plans to spend \$3MM to connect its High Plains System to Rangeland Energy's crude oil loading terminal and pipeline facility. The project is expected to be in service in Q2'12 and generate EBITDA of \$1MM.
- 2) **Connelly Gathering Hub:** The partnership will invest \$5MM, which will be reimbursed by TSO, to build a new gathering hub and related tankage and metering on its High Plains System by Q2'12. Initially, 1,500 Bbbls/d of crude oil will be diverted to the pipeline from trucking volumes. Consequently, TLLP does not anticipate incremental EBITDA related to the project. However, the investment should facilitate the partnership's ability to expand nearby gathering lines in the future.
- 3) **LA Terminal Permit Expansion:** Currently, TLLP's Los Angeles terminal is fully utilized. The partnership plans to increase capacity by 5,000 Bbbls/d. The project should be in service by Q1'12 and generate incremental EBITDA of \$1MM.

**Figure 2. Identified Growth Capex And Returns**

\$ in MM Project	Growth Capex		Projected EBITDA	Completion Date
	H2'11E	Total		
High Plains expansion	\$3.5	\$5.0	\$5.0	Q2'12
Rangeland interconnect	\$1.0	\$3.0	\$1.0	Q2'12
Connelly gathering hub	\$2.0	\$5.0	\$0.0	Q2'12
TSO reimbursement	(\$2.0)	(\$5.0)		
<b>Total Crude Oil Gathering Segment</b>	<b>\$4.5</b>	<b>\$8.0</b>	<b>\$6.0</b>	
Ethanol blending	\$2.0	\$3.0	\$1.0	Q2'11-Q1'12
Los Angeles terminal transmix	\$1.5	\$3.0	\$0.5	Q1'12
Stockton terminal storage	\$2.0	\$9.0	\$2.5	Q1'12
Los Angeles terminal permit expansion	\$0.0	\$0.0	\$1.0	Q1'12
<b>Total Terminalling, Transportation and Storage Segment</b>	<b>\$5.5</b>	<b>\$15.0</b>	<b>\$5.0</b>	
<b>Total Growth Capex</b>	<b>\$10.0</b>	<b>\$23.0</b>	<b>\$11.0</b>	

Source: Partnership reports

### Outlook For 2012

For 2012, we forecast EBITDA of \$74.5MM, which represents a 36% (\$20MM) improvement over 2011. The increase in our cash flow estimates is driven primarily by estimated contributions from \$10MM of forecasted growth capex in 2011 and partial contributions from an assumed \$29MM of growth capex in 2012. Additionally, our model incorporates a \$100MM drop-down assumption in Q1'12 to be completed at an EBITDA multiple of 10x. In 2012, we forecast TLLP will increase its distribution by 14.0% to \$1.55 per unit and generate a distribution coverage ratio of 1.2x.

## Raising Our 2011-12 Estimates

We are raising our 2011 and 2012 DCF/unit estimates to \$1.65 and \$1.90, respectively, from \$1.46 and \$1.71 primarily to reflect Q2 results, a higher run rate for TLLP's base earnings from terminalling, and the anticipated benefit from recently announced organic growth projects. We are also increasing our 2011 and 2012 distribution/unit estimates slightly to \$1.36 and \$1.55, respectively, from our previous estimates of \$1.35 and \$1.52. Assuming a long-term distribution coverage ratio of 1.1x (TLLP's target), our 5-year distribution CAGR forecast increases slightly to 9.6% from 9.1%.

Figure 3. Overview Of Changes To Our Estimates

(\$MM, except per unit data)	New 2011E	Old 2011E	Percent Change	New 2012E	Old 2012E	Percent Change
EBITDA						
Crude Oil Gathering	\$27.2	\$29.0	(6.4%)	\$31.0	\$33.0	(5.9%)
Terminalling, Transportation & Storage	\$31.5	\$26.2	20.2%	\$36.6	\$28.3	29.4%
Other, net	(\$4.1)	(\$3.2)	27.8%	(\$3.2)	(\$3.2)	(0.0%)
Assumed Drop-Downs	\$0.0	\$0.0	-	\$10.0	\$10.0	0.0%
Total EBITDA	<b>\$54.6</b>	<b>\$52.0</b>	4.9%	<b>\$74.5</b>	<b>\$68.1</b>	9.4%
(-) Interest Expense	\$1.0	\$2.0	(47.7%)	\$8.9	\$8.8	1.2%
(-) Maintenance Capex	\$2.5	\$4.6	(45.6%)	\$6.5	\$6.0	8.8%
(-) Other	\$0.0	\$0.0	-	\$0.0	\$0.0	-
Available Cash Flow	\$51.0	\$45.5	12.2%	\$59.1	\$53.3	10.8%
(-) GP Interest	\$0.8	\$0.8	0.7%	\$1.1	\$1.0	8.8%
Total Distributable Cash Flow	\$50.2	\$44.6	12.4%	\$58.0	\$52.3	10.8%
DCF / Unit	<b>\$1.65</b>	<b>\$1.46</b>	12.4%	<b>\$1.90</b>	<b>\$1.71</b>	10.8%
Distribution / Unit	\$1.36	\$1.35	0.7%	\$1.55	\$1.52	2.3%
Coverage Ratio	1.2x	1.1x	-	1.2x	1.1x	-
Excess Cash Flow	\$8.7	\$3.5	152.1%	\$10.7	\$6.1	75.3%
Net Income	\$42.9	\$41.0	4.6%	\$50.0	\$44.8	11.5%
LP Income / Unit (EPU)	\$1.38	\$1.32	4.6%	\$1.60	\$1.44	11.4%
Average Units Outstanding	30.5	30.5	(0.0%)	30.5	30.5	(0.0%)

Source: Wells Fargo Securities, LLC estimates

## No Change To Valuation Range Of \$26-28 Per Unit

Our valuation range is based on (1) our three-stage distribution discount model, which assumes a required rate of return of 8.5% and a long-term growth rate of 1.25%, and (2) a price-to-distributable cash flow multiple of 13.5x our 2012 estimate. Risks to the units trading below our valuation range include a slower-than-forecasted rate of acquisitions, dependence on TSO, and geographic concentration.

Figure 4. TLLP Versus Small Cap Pipeline MLPs

	Current Price	Current Yield	Price/DCF 2011E	Price/DCF 2012E	Distrib. Growth Est. 2011E	Distrib. Growth Est. 3-Year	P/DCF To Growth Ratio
Tesoro Logistics LP	\$23.00	5.9%	14.0x	12.1x	0.7%	13.3%	0.9x
Small Cap Pipeline MLP Median		7.1%	11.7x	10.8x	3.4%	4.6%	2.3x

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

**APPENDIX****Figure 5. 2011 Sources & Uses Of Cash**

(\$ in millions)		Q1'11A	Q2'11A	Q3'11E	Q4'11E	2011E
<b>Uses Of Cash</b>	<b>Growth Spending:</b>					
	Acquisition spending	-	-	-	-	-
	Growth capex spending	\$0	-	\$5	\$5	\$10
	<b>Debt Maturities:</b>					
	Long-term debt maturities	-	-	-	-	-
	<b>Total spending</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5</b>	<b>\$5</b>	<b>\$10</b>
<b>Sources Of Cash</b>	<b>Equity Funding:</b>					
	Excess cash flow		\$1	\$3	\$2	\$7
	Secondary equity issuance	-	-	-	-	-
	Cash and other, net	-	(\$1)			(\$1)
	<b>Debt Funding:</b>					
	Long-term debt issuance	-	-	-	-	-
	Credit facility	\$0	(\$0)	\$2	\$3	\$5
	<b>Total financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5</b>	<b>\$5</b>	<b>\$10</b>
	<b>Credit Metrics:</b>					
	Amount drawn on credit facility / CP	\$50	\$50	\$52	\$55	\$55
	Utilization	33%	33%	35%	36%	36%
	Liquidity	\$100	\$100	\$98	\$95	\$95
	<b>Debt/EBITDA ratio</b>				<b>1.0x</b>	<b>1.0x</b>

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

**Master Limited Partnerships**

**TESORO LOGISTICS, L.P. (TLLP) - OPERATIONAL SUMMARY**

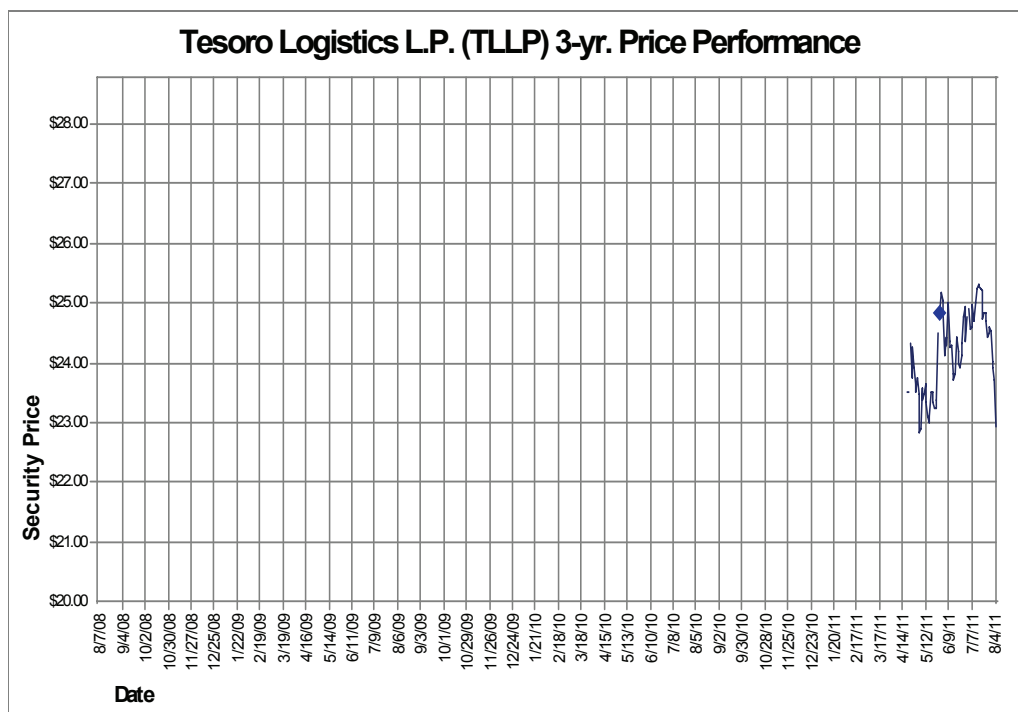
Year ended December 31

(\$ in millions, except for per unit data)

	Q1'11A	Q2'11A	Q3'11E	Q4'11E	PF2011E	Q1'12E	Q2'12E	Q3'12E	Q4'12E	FY2012E	FY2013E	FY2014E	FY2015E	FY2016E
Crude oil pipeline throughput (Bbls/d)	55,301	55,717	57,810	58,709	56,884	59,768	77,886	85,412	85,412	77,120	98,457	112,155	124,619	136,110
Yr/Yr % Change						8.1%	39.8%	47.7%	45.5%	35.6%	27.7%	13.9%	11.1%	9.2%
Trucking volume (Bbls/d)	21,628	23,212	22,900	22,900	22,660	22,900	25,240	26,212	26,212	25,141	27,896	29,665	31,275	32,759
Yr/Yr % Change						5.9%	8.7%	14.5%	14.5%	10.9%	11.0%	6.3%	5.4%	4.7%
Terminal throughput (Bbls/d)	121,546	134,579	134,579	134,579	131,321	147,169	147,169	147,169	147,169	147,169	147,169	147,169	147,169	147,169
Yr/Yr % Change						21.1%	9.4%	9.4%	9.4%	12.1%	0.0%	0.0%	0.0%	0.0%
Short-haul pipeline throughput (Bbls/d)	62,173	71,395	71,395	71,395	69,090	71,395	71,482	71,569	71,657	71,526	71,657	71,657	71,657	71,657
Yr/Yr % Change						14.8%	0.1%	0.2%	0.4%	3.5%	0.2%	0.0%	0.0%	0.0%
Storage capacity reserved (Bbls)	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000	878,000
Yr/Yr % Change						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA By Segment</b>														
Crude oil gathering	6.6	6.7	6.9	6.9	27.2	6.8	7.7	8.3	8.3	31.0	35.8	39.4	43.0	46.6
% of Total	55.4%	48.7%	47.9%	47.9%	49.8%	39.1%	41.9%	42.7%	42.7%	41.7%	39.4%	37.2%	35.6%	34.4%
Terminalling, transportation, and storage	6.1	8.8	8.3	8.3	31.5	8.8	8.9	9.4	9.4	36.6	38.3	39.8	40.9	42.0
% of Total	51.3%	63.5%	57.7%	57.6%	57.7%	51.1%	48.8%	48.6%	48.6%	49.2%	42.2%	37.5%	33.9%	31.0%
Other	(0.8)	(1.7)	(0.8)	(0.8)	(4.1)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Assumed Drop-Downs	-	-	-	-	-	2.5	2.5	2.5	2.5	10.0	20.0	30.0	40.0	50.0
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	14.4%	13.7%	12.9%	12.9%	13.4%	22.0%	28.3%	33.2%	36.9%
<b>Total EBITDA</b>	<b>11.9</b>	<b>13.8</b>	<b>14.4</b>	<b>14.4</b>	<b>54.6</b>	<b>17.3</b>	<b>18.3</b>	<b>19.4</b>	<b>19.4</b>	<b>74.5</b>	<b>90.9</b>	<b>106.0</b>	<b>120.6</b>	<b>135.3</b>
<b>EPU</b>	<b>\$0.30</b>	<b>\$0.35</b>	<b>\$0.37</b>	<b>\$0.36</b>	<b>\$1.38</b>	<b>\$0.40</b>	<b>\$0.39</b>	<b>\$0.41</b>	<b>\$0.41</b>	<b>\$1.60</b>	<b>\$1.75</b>	<b>\$1.85</b>	<b>\$1.87</b>	<b>\$1.90</b>
Average Units Outstanding	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.7	31.9	33.5	34.9
<b>Distributable Cash Flow (DCF)</b>														
Adjusted EBITDA	11.9	13.8	14.4	14.4	54.6	17.3	18.3	19.4	19.4	74.5	90.9	106.0	120.6	135.3
(-) Interest expense	0.0	0.0	0.5	0.5	1.0	1.3	2.4	2.6	2.6	8.9	15.1	19.2	24.1	28.7
(-) Maintenance capital expenditure	0.1	0.4	1.0	1.0	2.5	1.5	1.6	1.7	1.7	6.5	7.9	9.2	10.5	11.8
(-) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available cash flow	11.8	13.4	12.9	12.9	51.0	14.5	14.3	15.1	15.1	59.1	67.9	77.5	86.0	94.8
General Partner's Interest	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.3	0.4	1.1	2.7	5.1	7.9	10.2
Distributable Cash Flow	11.6	13.2	12.7	12.7	50.2	14.3	14.1	14.8	14.7	58.0	65.2	72.5	78.1	84.6
<b>DCF Per Unit</b>	<b>\$0.38</b>	<b>\$0.43</b>	<b>\$0.42</b>	<b>\$0.42</b>	<b>\$1.65</b>	<b>\$0.47</b>	<b>\$0.46</b>	<b>\$0.49</b>	<b>\$0.48</b>	<b>\$1.90</b>	<b>\$2.12</b>	<b>\$2.27</b>	<b>\$2.33</b>	<b>\$2.42</b>
<b>Distribution Declared Per Unit</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.35</b>	<b>\$1.36</b>	<b>\$0.36</b>	<b>\$0.38</b>	<b>\$0.40</b>	<b>\$0.41</b>	<b>\$1.55</b>	<b>\$1.79</b>	<b>\$1.98</b>	<b>\$2.09</b>	<b>\$2.15</b>
Yr/Yr % Change						7.4%	12.6%	17.0%	18.7%	14.0%	15.2%	10.9%	5.7%	2.6%
Distribution Coverage	1.13x	1.28x	1.23x	1.19x	1.21x	1.29x	1.21x	1.23x	1.17x	1.22x	1.17x	1.13x	1.10x	1.11x
Excess Cash Flow (Deficit)	1.3	2.9	2.4	2.1	8.7	3.3	2.5	2.8	2.1	10.7	9.9	8.8	7.7	9.2
<b>% of Total Cash Distribution</b>														
General Partner	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.3%	2.9%	2.3%	4.7%	7.4%	10.1%	11.9%
Limited Partners	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	97.7%	97.1%	97.7%	95.3%	92.6%	89.9%	88.1%
<b>Capital Expenditures</b>														
Acquisition Capex	-	-	-	-	-	100.0	-	-	-	100.0	100.0	100.0	100.0	100.0
Growth Capex	0.4	-	5.0	5.0	10.4	15.1	5.8	4.0	4.0	28.9	25.0	25.0	25.0	25.0
Maintenance Capex	0.1	0.4	1.0	1.0	2.5	1.5	1.6	1.7	1.7	6.5	7.9	9.2	10.5	11.8
<b>Total Capex</b>	<b>0.5</b>	<b>0.4</b>	<b>6.0</b>	<b>6.0</b>	<b>12.9</b>	<b>116.6</b>	<b>7.4</b>	<b>5.7</b>	<b>5.7</b>	<b>135.4</b>	<b>132.9</b>	<b>134.2</b>	<b>135.5</b>	<b>136.8</b>
<b>Credit Metrics</b>														
Equity Issuances	-	-	-	-	-	-	-	-	-	-	50	50	50	50
Total Debt	50	50	52	55	55	168	170	172	173	173	238	304	371	437
TTM EBITDA				55	55	60	64	69	74	74	91	106	121	135
Debt/EBITDA (TTM)				1.0x	1.0x	2.8x	2.6x	2.5x	2.3x	2.3x	2.6x	2.9x	3.1x	3.2x
Debt/annualized EBITDA	1.0x	0.9x	0.9x	0.9x	-	2.4x	2.3x	2.2x	2.2x	-	-	-	-	-
EBITDA/Interest Expense (TTM)				53.4x	53.4x	26.5x	14.0x	10.3x	8.4x	8.4x	6.0x	5.5x	5.0x	4.7x
EBITDA/Interest Expense	796.5x	912.8x	29.6x	28.4x	53.4x	13.8x	7.8x	7.4x	7.4x	8.4x	6.0x	5.5x	5.0x	4.7x
Maintenance capex as % of EBITDA	1%	3%	7%	7%	5%	9%	9%	9%	9%	9%	9%	9%	9%	9%

Source: Partnership reports and Wells Fargo Securities, LLC estimates

## Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
	5/31/2011		Lui			
◆	5/31/2011	24.49	1	26.00	28.00	24.84

Source: Wells Fargo Securities, LLC estimates and Reuters data

### Symbol Key

- ▼ Rating Downgrade
- ▲ Rating Upgrade
- Valuation Range Change
- ◆ Initiation, Resumption, Drop or Suspend
- Analyst Change
- Split Adjustment

### Rating Code Key

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