1.0 Introduction

This report addresses the topic of Master Limited Partnerships, with particular emphasis on the tax implications of this corporate structure. Section 1.0 outlines the scope of this study; Section 2.0 presents a basic description of the Master Limited Partnership (MLP); Section 3.0 provides the historical context for MLPs; Section 4.0 contains a detailed analysis of the implications of the MLP structure with emphasis on tax considerations for companies and investors; Section 5.0 compares MLPs with other tax-advantaged corporate structures; and Section 6.0 concludes the document with an analysis of the current issues affecting MLPs today.

2.0 What is a Master Limited Partnership?

A Master Limited Partnership is publicly traded limited partnership that, unlike a corporation, is considered to be the aggregate of its partners rather than a separate entity. The most distinguishing characteristic of an MLP is that it combines the tax advantages of a partnership with the liquidity of a publicly traded stock. An MLP presents a unique combination of a tax-advantaged corporate structure along with generally stable cash flow generation and the opportunity for growth through organic means or acquisitions.

Operationally, the general partner (GP) oversees operations at the MLP and contributes a small equity interest to the partnership. The limited partners (LPs) have no substantive control over the day-to-day operations of the partnership and provide the bulk of the equity capital.

An MLP's income is passed through to its partners for tax purposes. However, the actual cash distributions made to the partners are not strongly correlated to the firm's top-line income; rather, the cash distributions are based on the MLP's distributable cash flow (DCF), which is similar to free cash flow. An MLP pays out most of its free cash flow or DCF each period to its partners. Investors receive a dividend (distribution) for each share (unit) owned. As distributions to the LPs grow, the GP takes an increasing percentage of the incremental cash flow—this arrangement is known as incentive distribution rights (IDR). The distribution structure is designed to align the incentives of the GP with the LPs. By enabling the GP to capture an increasing proportion of the incremental cash flow, the general partner has a strong incentive to maximize distributions to the LPs.

It is important to note that unlike dividends, the cash distributions to partners are not taxed when they are received. Instead, they are considered reductions in the investment's cost basis and create a tax liability that is deferred until the MLP is sold. Fortunately for investors, MLPs generally have much higher distributable cash flow than they have taxable income. This is a result of significant depreciation and other tax deductions, and is especially true of natural gas and oil pipeline and storage companies, which are the most common businesses to choose an MLP structure. Investors overall receive higher cash payments than the amount upon which they are taxed, creating an efficient means of tax deferral. According to a 2003 report by Wachovia Securities entitled "Master Limited Partnerships: A Primer," the taxable income passed on to investors often is only 10-20 percent of the cash distribution, while the other 80-90 percent is deemed a return of capital and subtracted from the original cost basis of the initial investment.[1]

Given the income generation potential of the asset base and the subsequent payout of the majority of distributable cash flow, the primary valuation metric for the MLP space is yield. The primary yardstick for this measurement is the differential between the yield of an MLP and the 10-year Treasury.

[1] "Master Limited Partnerships: A Primer—Third Edition," Wachovia Capital Markets LLC, 7/14/2008

2.1 Requirements for MLP Status

Not just any company can qualify for MLP status. According to Section 7704 (d) of the Internal Revenue Code, publicly traded partnerships must be treated as corporations unless 90 percent or more of gross income is "qualifying," i.e., derived from the following sources:

- Interest
- Dividends
- Real property rents
- Gains from the sale or other disposition of real property
- Income and gains from commodities or commodities futures
- Natural resource activities, including exploration, production, mining, development, transportation, refinement, and marketing of any natural resource[2]

Most organized MLPs operate in the natural resource, financial services, or real estate industries, with the vast majority of MLPs focused on energy and natural resources. A handful of MLPs involved in other pursuits were grandfathered into changes in the tax code, as discussed in Section 3.0 below. **Exhibit 1** presents a listing of all currently traded MLPs.[3]

3.0 Historical Context

The predecessor to the MLP is the limited partnership, which rose to prominence following the passage of the Economic Tax Recovery Act of 1981. This tax act established a very generous 15-year cost recovery period for

[2] Jones, Lynn Comer, "Master Limited Partnerships: Tax and Investment Issues," The CPA Journal, 12/2008
[3] List compiled by National Association of Publicly Traded Partnerships, http://www.naptp.org, current as of 4/6/2009

all real estate assets and marked the beginning of a period of rapid growth in the number of real estate limited partnerships designed as tax shelters. During the same period, there was also a sharp rise in the number of exploration and production (E&P) limited partnerships formed. However, Apache Petroleum Corporation (APC) was the first limited partnership with equity claims to become an MLP by conducting a public offering on a major exchange. In 1981, the general partner of APC, the Apache Corporation, rolled up limited partnership interests housed in over 30 separate E&P programs and offered its limited partners the advantage of liquidity through a single group of exchange-traded units. Following the formation of APC, several publicly traded partnerships emerged, and the popularity of MLPs increased sharply throughout most of the 1980s.

Five years following the passage of the Economic Tax Recovery Act, President Ronald Reagan signed into law the Tax Reform Act of 1986, which established the foundation for the modern MLP. This tax act reduced both corporate and individual marginal tax rates, and moved the top individual marginal tax rate (28%) below the top corporate marginal tax rate (35%), effectively reducing the value of deductions taken through corporate tax shelters.[4] The attractiveness of the MLP structure increased accordingly, based on its ability to avoid corporate double taxation and therefore allow income to be passed through to owners at lower marginal tax rates and preferential capital gains tax rates.

The 1986 tax code changes prompted a flood of MLP interest, and many diverse businesses rushed to transform from C-corporations into MLPs. Entrants were not confined to the energy sector, and many of the businesses were not well-suited for the MLP structure, which is yield-oriented and requires stable operating cash flows to maintain stable distribution levels. To curtail this trend, which was creating marketplace instability and greatly eroding income tax revenue paid by corporations, the Revenue Act of 1987 was passed. This provision required

[4] Jones, Lynn Comer, "Master Limited Partnerships: Tax and Investment Issues," The CPA Journal, 12/2008

MLPs to derive substantially all of their earnings from natural resource- or real estate-related activities, a requirement that was designed as an incentive for firms to invest in domestic energy development and infrastructure. Additionally, a few MLPs that did not generate “qualifying income” from natural resource- or real estate-related activities were grandfathered into the act and still exist today.[5]

4.0 Implications of MLP Structure

The MLP structure has unique benefits and costs, both for companies that qualify for the structure and for investors who commit capital to the asset class. The implications for each stakeholder group are described below.

4.1 Implications of MLP Structure for Companies

An MLP provides a number of benefits to the sponsor, and companies that are eligible to become MLPs have a strong incentive to do so. By eliminating double taxation, an MLP efficiently functions as a tax-advantaged structure by which to pursue growth opportunities. MLPs typically enjoy a competitive advantage relative to their corporate peers due to this tax-advantaged status. In general, MLPs are able to either (1) pay more for an acquisition than a corporation and realize the same cash flow accretion or (2) realize more accretion from an acquisition given the same acquisition price. In addition, MLPs have traditionally enjoyed good access to capital, which makes financing acquisitions and organic projects highly feasible.

[5] “Master Limited Partnerships Primer: A Guide to Understanding the MLP,” Credit Suisse First Boston Equity Research, 10/10/2005

The benefits of obtaining MLP status are so significant that corporations with MLP-qualifying assets will often purposely create MLPs by isolating their "qualifying" assets into the more tax-efficient MLP structure while still retaining general partner ownership interests. Isolating the volatility of the parent company's earnings stream from the more stable MLP-qualifying cash flows enables the GP to obtain a far better valuation for these "qualifying" assets. It is far more advantageous for highly cyclical, low-P/E energy corporations to not hold these high-multiple assets on their balance sheets, and E&P companies in particular are motivated to obtain MLP status for "qualifying" businesses, given the premium that is placed by their investors on making commodity price-sensitive investments that involve both greater risk and greater potential reward.

One drawback to MLPs is that the incentive distribution structure may work too well. As distributions increase, the GP's share of those distributions quickly escalates to the high-split level, typically resulting in an equal 50% / 50% distribution of additional cash flows brought into the partnership. However, paying out such a large stream to the GPs tends to increases the effective cost of capital for the MLP. As a result, the accretive potential of acquisitions for the LPs is reduced and distribution growth becomes difficult to sustain.[6]

Additionally, the tax-exempt nature of the MLP structure can result in unrelated business taxable income to tax-exempt investment companies, thus limiting institutional interest in the asset class. This aspect of MLPs is discussed further in Section 4.2.2 below.

[6] "Master Limited Partnerships Primer: A Guide to Understanding the MLP," Credit Suisse First Boston Equity Research, 10/10/2005

4.2 Implications of MLP Structure for Investors

At the investor level, individuals investing in MLPs face a different set of benefits and costs than institutional investors. The implications for each investor class are presented below.

4.2.1 Individual Investors

According to the National Association of Publicly Traded Partnerships, investment into MLPs may be suitable for individual investors who are:

- Looking for a source of regular income payments
- Motivated by yield
- Seeking a combination of income and growth
- Wanting to reduce or defer taxes on their investments
- Interested in estate planning[7]

For any investor, the critical advantage of the MLP structure versus a more traditional corporate structure is the elimination of double taxation. The MLP provides investors with the liquidity of publicly traded units while maintaining the favorable tax status of a limited partnership. MLPs distribute available cash flow to their constituent partners each period on a pre-tax basis. In turn, the individual partner's share of the income generated is taxed at that partner's personal tax rate. The net impact of the MLP structure is a lower overall tax rate to the individual partners as compared with a traditional corporate structure, which is taxed both at the corporate level and on dividends the individual level.

[7] "Publicly Traded Partnerships 101," National Association of Publicly Traded Partnerships, 11/2008

In addition to avoiding double taxation on distributions due to the absence of taxes at the corporate level, the investor also enjoys tax deferral status on a significant portion (typically 80-90 percent) of the distributions received. Cash distributions are treated as a return of capital and do not give rise to a current tax liability; in addition, these distributions serve to lower the cost basis of the MLP unit. The taxable event to the investor is the generation of top-line income at the MLP. As a partnership, period earnings are allocated to the unitholders on a proportional basis. The cash distributions exclude large non-cash charges such as depreciation, depletion, and amortization (DD&A); however, the taxable income is calculated to include these non-cash charges. Earnings are generally less than cash flow, which results in a low tax liability for investors relative to the actual cash distributions received.

The amount of pretax income reported by the MLP for financial reporting purposes may vary from the proportional amount of taxable income appearing on a partner's income tax return. The allocation of deductions such as accelerated DD&A typically offset the majority of an investor's share of the partnership's reported earnings, resulting in a relatively low level of taxable income assigned to the investor. The amount upon which the investor accrues a current tax liability is netted against the cash flow distribution to determine the tax-deferred portion of the distribution. If allocated net income less deduction offsets is positive, the investor pays a tax at his individual tax rate. If allocated net income less deduction offsets is negative, this is considered a "passive loss" and is used to offset future gains from the same partnership.

Most often, 80-90 percent of the cash distribution in any period will be tax deferred, generally resulting in a current tax liability in the range of 10 to 20 percent of the distributions received. Given that MLPs are primarily cash flow vehicles, an investor's cash distribution in a given period will typically significantly cover the current tax liability generated from the allocated net income.

The amount of the cash distribution that is tax deferred and not subject to current income tax—the investor's proportional share of DD&A—is treated as a return of capital and reduces the cost basis of the investor's stake in the partnership. At the time of sale, this deferred taxable income is then taxed at the investor's individual income tax rate as "ordinary income" to effectively recapture the portion of income that had been previously shielded by the allocation of DD&A. However, since most of the distributed cash flow is treated as a return of capital, the investor has a strong incentive to hold the unit rather than selling it. In the event that the unitholder's adjusted cost basis reaches zero, taxes would become payable on the cash distributions. [8]

4.2.1.1 Information Reporting

The benefits of the MLP's favorable tax structure come with a price—the individual investor is obligated to fulfill extra filing requirements at tax time. For income tax reporting purposes, investors receive a K-1 form annually from the MLP. The K-1 takes the place of the 1099 form that investors normally use when declaring dividend income received from a traditional corporation. The K-1 shows each partner's share of allocated net income for the period, as well as the offset derived from deductions. Nearly all MLPs make their K-1s available online by the beginning of March, in time for normal tax filing. In addition, most tax-preparation software packages can accommodate these securities and their reporting requirements.

It is important to note that MLP income is source-based, which means that investors are liable for income tax in every state in which the MLP operates. Prospective investors must carefully investigate these potential state income tax liabilities and the associated required paperwork, which could be extraordinarily burdensome.

[8] "Master Limited Partnerships Primer: A Guide to Understanding the MLP," Credit Suisse First Boston Equity Research, 10/10/2005

However, in a practical sense, individual investors are typically able to avoid excessive filing requirements because their MLP income in each individual state is below the minimum threshold of $1,000. In any case, investors do not need to apply complex formulas or sift through mounds of state tax paperwork in order to meet the individual state filing requirements. The K-1 form contains a breakout of the tax data required to complete any state forms that may be due. Although potentially time-consuming from a paperwork perspective, the mechanics of each state filing each follow the same process.[9]

4.2.1.2 Retirement and Estate Planning

MLPs are a tax-efficient means of capturing wealth after retirement and transferring wealth upon death. From a retirement planning viewpoint, MLPs offer an advantage to individual investors who move into a lower ordinary income tax bracket later in life. At the investor's time of sale (post-retirement for instance) of the MLP investment, the recapture of the tax shield is taxed favorably at the lower personal tax rate.

When an investor who owns an MLP dies, the investor's MLP holdings can be transferred to an heir. When doing so, the cost basis of the MLP is reset to the price of the unit on the date of transfer. Thus, the tax liability created by the reduction of the original unitholders cost basis is eliminated.[10]

[9] "Master Limited Partnerships Primer: A Guide to Understanding the MLP," Credit Suisse First Boston Equity Research, 10/10/2005
[10] "Master Limited Partnerships: A Primer—Third Edition," Wachovia Capital Markets LLC, 7/14/2008

4.2.1.3 Foreign Investor Ownership

Foreign investors are legally allowed to own MLPs but generally do not because they are subject to the Foreign Investment in Real Property Tax Act (FIRPTA), which requires foreign investors to file a domestic tax return and pay income tax on capital gains of securities bought and sold on American securities exchanges. FIRPTA essentially imposes an added level of taxation on MLP investments that does not apply to foreign purchases or sales of common securities like Microsoft, for example, which would only be taxed in the investor's country of origin.[11]

4.2.2 Institutional Investors

Institutional investors, which offer tax-exempt products such as IRAs and pension funds, face a serious hurdle to investing in MLPs. Given that MLPs are tax-exempt at the corporate level (with the intention that an MLP's partners absorb the tax bill), tax-exempt investment vehicles generate unrelated business taxable income (UBTI) by investing in MLPs. As a result, institutional investors are subject to unrelated business income tax (UBIT) on any income received from MLP units and also income tax on their share of the MLP's net income. There is only one exemption to the UBIT overhang that allows for the first $1,000 of income received from MLP holdings to go untaxed, allowing institutional investors to hold very small investment positions.[12]

The generation of UBTI is not a transgression or rule violation of any kind, and does not generate any penalty. However, the combination of potential UBIT and added administrative expense associated with K-1 filings has

[11] "Master Limited Partnership Primer—Understanding an Emerging Asset Class," Alerian Capital Management LLC, 4/1/2006
[12] "Master Limited Partnership Primer—Understanding an Emerging Asset Class," Alerian Capital Management LLC, 4/1/2006

dampened institutional investor interest in the MLP asset class, effectively limiting access to a large pool of capital for MLPs.

4.2.2.1 I-Shares

I-shares ("institutional" shares), first offered by Kinder Morgan in 2001, are MLP-related securities that allow institutional investors to invest in MLPs while still avoiding cumbersome tax and filing issues. Under the I-share structure, a limited liability corporation (LLC) is established. The LLC assumes management responsibilities and a percentage ownership in the MLP. In exchange for these rights, the MLP receives cash from the LLC, which is funded by the issuance of I-shares to institutional investors. When the MLP pays out cash distributions to its investors, including the LLC, I-share owners do not receive cash distributions. Instead, they receive dividends from the LLC in the form of additional I-shares equivalent in value to the cash distributions they would have received as individual investors. Because the LLC has elected to be treated as a corporation from a tax perspective, income and deductions are not pushed down to the shareholder level, thus eliminating the need for the K-1 or multiple state income tax filings.

The periodic distribution of additional I-shares does not trigger a taxable event for I-share owners. A taxable event occurs only when I-shares are sold, at which time the seller pays capital gains tax on the sale. The I-share sale is taxed as a long-term capital gain if the holding period is greater than one year. The seller's tax basis is calculated as the initial amount paid for the I-shares divided by the total number of shares received both from the initial purchase and subsequent periodic distributions. If the seller acquired shares for different prices or at different times, the basis of each lot of shares may be used separately in the allocation; otherwise, the first-in, first-out (FIFO) method is used. The holding period for shares received as distributions is marked to the date of the original investment.[13]

The I-share structure benefits both institutional investors and the MLPs. Institutions are able to diversify their portfolios while still avoiding cumbersome tax and filing issues; MLPs gain access to a much broader pool of capital. However, the I-share structure does come with a cost. I-share liquidity is extremely low, and well below the traditional limited partner unit liquidity. The end result is that I-shares tend to trade at a discount to the underlying MLP units.[14] Interestingly, this discount presents a compelling arbitrage opportunity, as the I-share security represents an equal interest in the same underlying cash flow stream produced by the operating MLP.

5.0 Comparison with Other Tax-Advantaged Structures

MLPs are very similar, but not identical, to US royalty trusts and Canadian royalty trusts. A US royalty trust is also a yield-oriented corporate structure whereby a cash flow stream from a designated set of assets (typically oil and gas reserves) is paid to shareholders in the form of cash dividends. A US royalty trust's profit is not taxed at the corporate level provided that a certain percentage (e.g., 90%) of profit is distributed to shareholders as dividends; the dividends are then taxed as personal income.[15] Unlike MLPs, US royalty trusts are not actively managed entities. Cash flow is only paid to investors as it is generated and only until the underlying asset is depleted. US royalty trusts do not make acquisitions or increase their asset bases, resulting in much less

[13] "Master Limited Partnerships: A Primer—Third Edition," Wachovia Capital Markets LLC, 7/14/2008
[14] "Master Limited Partnerships Primer: A Guide to Understanding the MLP," Credit Suisse First Boston Equity Research, 10/10/2005
[15] "Master Limited Partnerships: A Primer—Third Edition," Wachovia Capital Markets LLC, 7/14/2008

steady or sustainable dividends in comparison to MLPs. In contrast, MLPs are actively managed entities that make acquisitions and investments to increase their asset bases and grow cash flow.

Canadian royalty trusts are more similar to MLPs than are US royalty trusts. Like MLPs, Canadian royalty trusts are actively managed entities that make acquisitions or investments to grow production. However, Canadian royalty trusts are only focused on upstream oil & gas activities, while MLPs operate more broadly in the energy and natural resources industry, along with other sectors as described above in Section 2.1. Additionally, within the upstream oil & gas space, Canadian royalty trusts are involved in the exploration and production of crude oil and natural gas whereas upstream MLPs are engaged only in exploitation and production. Canadian royalty trusts also tend to hedge a smaller percentage of their current production volume than upstream MLPs, which typically hedge approximately 70-90 percent of a current year's production.[16]

6.0 MLPs Today

Although the MLP structure has existed for decades, the MLP universe today is still developing as an asset class. Approximately 50 percent of MLPs currently trading have come into existence since 2001. Most energy MLPs operate in the pipeline and midstream sector (81%), followed by propane distribution (8%), coal (7%), and shipping (4%). Shipping MLPs tend to be viewed as the least conservative form of MLP, offering investors indirect exposure to shifting commodity prices along with less predictable levels of maintenance capital expenditures.[17]

[16] "Master Limited Partnerships: A Primer—Third Edition," Wachovia Capital Markets LLC, 7/14/2008
[17] "Master Limited Partnerships Primer: A Guide to Understanding the MLP," Credit Suisse First Boston Equity Research, 10/10/2005

6.1 Barack Obama and MLPs

Barack Obama has never taken a specific position on MLPs; however, he supports taxation of carried interest as "ordinary income," a position that is not entirely favorable for MLPs. As a Senator, Obama co-sponsored the Baucus-Grassley bill that would have taxed investment management publicly traded partnerships as corporations. The proposed budget released by the Obama Administration in February 2009 contains a provision to tax "carried interest" paid by partnerships to investment managers as ordinary income regardless of the character of the income. While the Administration's tax proposals contain no provisions directly aimed at MLPs, this tax proposal regarding carried interest has the potential to impact MLPs solely because of MLPs' partnership status.

The carried interest proposal, if passed, could result in noteworthy changes for the MLP asset class. While LPs would not be directly affected because their cash distributions are already taxed at "ordinary" personal income tax rates, GPs could be adversely affected. If GPs' incentive distribution rights, which award GPs a percentage of total cash distributions that increases with each incremental increase in distributions to LPs, fall within the scope outlined in the carried interest legislation, the IDR could be considered carried interest and taxed accordingly.[18]

In addition to the carried interest proposal, Obama's energy and carbon emissions proposals could significantly affect many of the energy MLPs, particularly those engaged in oil & gas production. Broadly, these proposals tend to direct spending and tax benefits away from oil and gas and toward alternative energy; and support

[18] "What Does the Obama Budget Mean for MLPs?," National Association of Publicly Traded Partnerships, March 2009

reductions in carbon emissions. The proposals, which are generally directed toward all companies in the energy industry and not aimed just at MLPs, include:

- Imposing a new excise tax on offshore oil and gas production in the Gulf of Mexico, effective in 2011
- Repealing the enhanced oil recovery credit
- Repealing the marginal well tax credit
- Repealing the expensing of intangible drilling costs
- Repealing the deduction for tertiary injectants
- Repealing the passive loss exception for working interests in oil and natural gas properties
- Repealing the manufacturing tax deduction for oil and natural gas companies
- Increasing geological and geophysical amortization period for independent producers to seven years
- Repealing the percentage depletion for oil and natural gas
- Repealing ultra-deepwater oil and gas research and development program
- Charging user fees to oil and gas producers for processing drilling permits on federal lands
- Increasing the return from oil and gas production on federal lands through administrative actions such as reforming royalties and adjusting rates
- Implementing a cap and trade program to reduce carbon emissions
- Increasing funding to develop low-carbon coal technologies
- Increasing funding for biofuels and other clean energy technologies[19]

Independent of any actions taken by the Obama Administration, fundamental risks for MLPs include environmental incidents, terrorist attacks, demand destruction from high commodity prices, proliferation of

[19] "What Does the Obama Budget Mean for MLPs?," National Association of Publicly Traded Partnerships, March 2009

alternative energy sources, inadequate supply of external capital to fund organic growth projects and acquisitions, and conflicts of interest between the general and limited partners.

Exhibit 1

MLPs Trading on Major Exchanges	**Exchange/Symbol**
NATURAL RESOURCES, OIL AND GAS: Midstream Operations, Compressing, Refining	
Atlas Pipeline Partners, LP	AMEX/APL
Atlas Pipeline Holdings, LP	AMEX/AHD
Boardwalk Pipeline Partners, LP	NYSE/BWP
Buckeye Partners, LP	NYSE/BPL
Buckeye GP Holdings, L.P	NYSE/BGH
Calumet Specialty Products Partners, LP	NASDAQ/CLMT
Cheniere Energy Partners	AMEX/CQP
Copano Energy, LLC	NASDAQ/CPNO
Crosstex Energy, LP	NASDAQ/XTEX
DCP Midstream Partners, LP	NYSE/DPM
Duncan Energy Partners, LP	NYSE/DEP
Eagle Rock Energy Partners, LP	NASDAQ/EROC
El Paso Pipeline Partners, LP	NYSE/EPB
Enbridge Energy Partners, LP	NYSE/EEP
Enterprise Products Partners, LP	NYSE/EPD
Enterprise GP Holdings, LP	NYSE/EPE
Exterran Partners, LP	NASDAQ/EXLP
Genesis Energy, LP	AMEX/GEL
Hiland Partners, LP	NASDAQ/HLND
Hiland Partners GP, LP	NASDAQ/HPGP
Holly Energy Partners, LP	NYSE/HEP
Kinder Morgan Energy Partners, LP	NYSE/KMP
Magellan Midstream Partners, LP	NYSE/MMP
Magellan Midstream Holdings, LP	NYSE/MGG
MarkWest Energy Partners, LP	AMEX/MWE
NuStar Energy, LP	NYSE/NS
NuStar GP Holdings, LLC	NYSE/NSH
ONEOK Partners, LP	NYSE/OKS
Plains All American Pipeline, LP	NYSE/PAA
Quicksilver Gas Services, LP	NYSE/KGS
Regency Energy Partners, LP	NASDAQ/RGNC

Exhibit 1 (cont.)

Rio Vista Energy Partners	NASDAQ/RVEP
SemGroup Energy Partners, LP	NASDAQ/SGLP
Spectra Energy Partners	NYSE/SEP
Sunoco Logistics Partners, LP	NYSE/SXL
Targa Resources Partners	NASDAQ/NGLS
TC Pipelines, LP	NASDAQ/TCLP
TEPPCO Partners, LP	NYSE/TPP
Transmontaigne Partners, LP	NYSE/TLP
Western Gas Partners, LP	NYSE/WES
Williams Partners LP	NYSE/WPZ
Williams Pipeline Partners, LP	NYSE/WMZ
NATURAL RESOURCES, OIL AND GAS: Propane and Heating Oil	
AmeriGas Partners, LP	NYSE/APU
Energy Transfer Partners, LP	NYSE/ETP
Energy Transfer Equity, LP	NYSE/ETE
Ferrellgas Partners, LP	NYSE/FGP
Global Partners, LP	NYSE/GLP
Inergy, LP	NASDAQ/NRGY
Inergy Holdings, LP	NASDAQ/NRGP
Star Gas Partners, LP	NYSE/SGU
Suburban Propane	NYSE/SPH
NATURAL RESOURCES, OIL AND GAS: Exploration & Production	
Atlas Energy Resources	NYSE/ATN
BreitBurn Energy Partners, LP	NASDAQ/BBEP
Constellation Energy Partners LLC	NYSE/CEP
Dorchester Minerals, LP	NASDAQ/DMLP
Encore Energy Partners, LP	NYSE/ENP
EV Energy Partners, LP	NASDAQ/EVEP
Legacy Reserves, LP	NASDAQ/LGCY
Linn Energy, LLC	NASDAQ/LINE
Pioneer Southwest Energy Partners, LP	NYSE/PSE
Quest Energy Partners, LP	NASDAQ/QELP
Vanguard Natural Resources, LLC	NYSE Arca/VNR

Exhibit 1 (cont.)

NATURAL RESOURCES, OIL AND GAS: Marine Transportation	
Capital Product Partners	NASDAQ/CPLP
K-Sea Transportation Partners, LP	NYSE/KSP
Martin Midstream Partners, LP	NASDAQ/MMLP
Navios Maritime Partners, LP	NYSE /NMM
OSG America, LP	NYSE/OSP
Teekay LNG Partners, LP	NYSE/TGP
Teekay Offshore Partners, LP	NYSE/TOO
U.S. Shipping Partners, LP	NYSE/USS
NATURAL RESOURCES, COAL	
Alliance Resource Partners, LP	NASDAQ/ARLP
Alliance Holdings GP, LP	NASDAQ/AHGP
Natural Resource Partners, LP	NYSE/NRP, NSP
Penn Virginia Resource Partners, LP	NYSE/PVR
Penn Virginia GP Holdings, L.P	NYSE/PVG
NATURAL RESOURCES, OTHER MINERALS AND TIMBER	
Pope Resources	NASDAQ/POPEZ
Terra Nitrogen Company, LP	NYSE/TNH
REAL ESTATE: Income Properties and Homebuilders	
New England Realty Associates, LP	AMEX/NEN
NTS Realty, Ltd.	AMEX/NLP
W. P. Carey & Co. LLC	NYSE/WPC
REAL ESTATE: Mortgage Securities	
America First Tax Exempt Investors	NASDAQ/ATAX
Centerline Holding Company	OTC/CLNH.OB
INVESTMENT/FINANCIAL	
Alliance Bernstein, LP	NYSE/AB
The Blackstone Group LP	NYSE/BX
Brookfield Infrastructure Partners, LP	NYSE/BIP
Fortress Investment Group	NYSE/FIG
Icahn Enterprises, L.P	NYSE/IEP
KKR Financial Holdings LLC	NYSE/KFN
Lazard Ltd.	NYSE/LAZ
Och-Ziff Capital Management Group LLC	NYSE/OZM

Exhibit 1 (cont.)

MISCELLANEOUS BUSINESSES	
Cedar Fair, LP	NYSE/FUN
ML Macadamia Orchards, LP	NYSE/NUT
StoneMor Partners, LP	NASDAQ/STON
COMMODITIES PARTNERSHIPS	
PowerShares DB Commodity Index Tracking Fund	AMEXDBC
United States 12 Month Oil Fund, LP	AMEX/USL
United States Gasoline Fund, LP	AMEX/UGA
United States Heating Oil Fund, LP	AMEX/UHN
United States Natural Gas Fund, LP	AMEX/UNG
United States Oil Fund, LP	AMEX/USO