

## Appendix

The Book of Jargon<sup>®</sup>: MLPs (Master Limited Partnerships)

The following table sets forth certain important characteristics of “traditional” MLPs and “variable” MLPs:

	Traditional MLPs	Variable MLPs
<b>Large, single asset</b>	Uncommon	More common
<b>Distribution Stability</b>	Yes	No
<b>Minimum Quarterly Distribution</b>	Yes	No
<b>Coverage Ratio</b>	1.10x – 1.20x	1.0x
<b>Available Cash</b>	Yes	No
<b>Operating Surplus</b>	Yes	No
<b>Capital Surplus</b>	Yes	No
<b>Subordination Period</b>	Typically from 1 to 3 years, but sometimes 5 years	No
<b>Types of Securities</b>		
General Partner Interest	2%	0%
Common Units	Yes	Yes
Subordinated Units	Yes	No
PIK Units	No	Sometimes
Incentive Distribution Rights	Yes	No
<b>Common Unit Arrearages</b>	Yes	No
<b>Maintenance of Distribution Coverage</b>	Yes	No
<b>Working Capital Borrowings to Pay Distributions</b>	Yes	No
<b>Direct exposure to commodity price movements</b>	Avoided	Expected
<b>Direct and immediate exposure to fluctuations in cash generated by the business</b>	No	Yes
<b>Flexible distribution covenants in debt agreements a priority</b>	Yes	Depends