CIBC World Markets

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Industry Update

Energy MLPs: Emerging As Stronger Force in US Energy Markets

Master Limited Partnerships

- Benefitting from lower costs of capital (multiple advantage) and a significant portfolio shift towards income-oriented investments, master limited partnerships (MLP) are becoming an increasingly improtant force in energy markets.

- The recent roll-over in MLP valuations likely reflects heightened competition for "MLP-qualified" assets, stricter rating agency guidelines (increase cost of debt-financing, impact on distribution growth), and liquidity issues at selected parent companies.

- With payout ratios approximating 100% of distributable cash flow (DCF) project and/or acquisition backlog coupled with capital market access remains critical to future growth prospects. We currently favor El Paso Energy Partners, Kinder Morgan Partners and Heritage Propane.

- Through I-Shares MLPs now have access to institutional investors, a new pool of capital to drive future growth. With portfolios now targeting income as a larger percentage of total return, the MLP vehicle should attract intrerest from income, utility, value and even growth funds.

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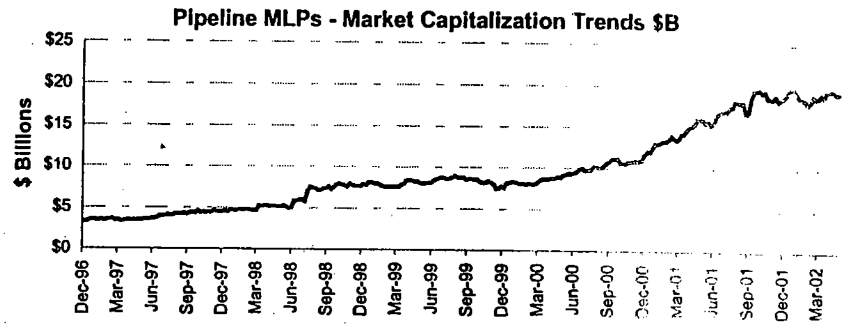
Energy MLPs Emerging As New Force in US Energy Markets

Energy Master Limited Partnerships (MLPs) have emerged as a significan force in U.S. energy markets, controlling an expanding base of long-lived "hard asset" natural gas and petroleum related infrastructure The trend primarily reflects the cost-of-capital advantage "higher multiple" MLP securities command, the subsequent transfer of significant assets from corporate parents to MLP-created entities, and rising demand for income oriented investments with investors seeking yield and stability. Since 1998, the universe of pipeline/mid-stream MLPs have increased from about $5B to $20B in total market capitalization (see Exhibit 1).

Exhibit 1.



Source: StockVal, . MLP pipeline index (BPL EPN EEP EPD KPP KMP NBP PAA TPP WEG)

MLPs have generally benefit from the following trends in recent years:

- **Investment shift to income vs. growth.** With the sharp decline in growth stock sectors since March 2000, investors have increasingly targeted income as a key component of total return. MLPs are designed to payout approximately 100% of distributable cash flow (defined as cash flow from operations less maintenance capital and reserves). Energy MLPs generally control long-lived fee-based assets that provide stable and predictable cash flows with little to no commodity exposure. While varying by MLP, a high proportion of fixed costs result in significant operating leverage to rising volumes.

- **Multiple, cost-of-capital advantage.** Energy MLPs currently command P/CF and EV/EBITDA multiples significantly higher than th majority of merchant energy, diversified gas/power and utility common stocks. An advantageous cost-of-capital has generally allowed managements to execute accretive acquisitions.

- **Attractive vehicle for parent companies.** MLPs have become an attractive vehicle for parent companies, normally the General Partner and operator to raise capital. They have become a preferred means of raising capital by parent companies seeking to improve balance sheets. El Paso, Williams, Enbridge and Kinder Morgan have been the most active in transferring assets. With rating agencies expected to maintain pressure on the larger energy merchants to strengthen balance sheets, optimization of asset ownership between MLPs and parent companies should continue for the next several years.

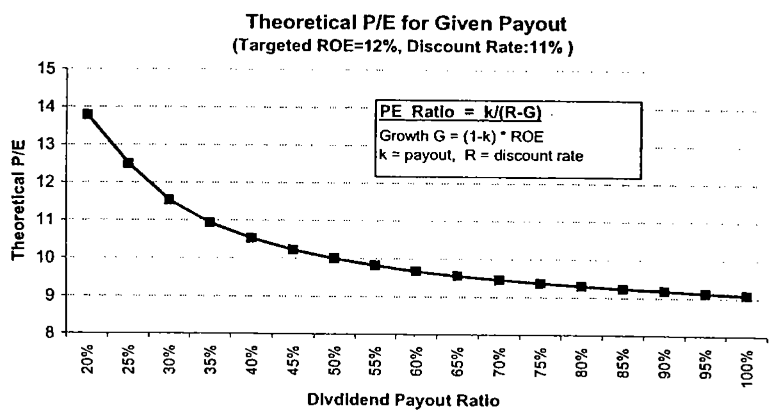
- **Access to new source of capital.** Interestingly, through Institutional I-shares (qualified MLP investments for institutional investors), a new demand force (and source of capital) has emerged. With new rules allowing for the purchase of MLPs by institutional investors, we expect income and utility funds to increasingly target Energy MLPs to round out portfolios. These institutional investors are expected to become an important source for MLPs seeking growth capital. The potential is validated by recent valuation trends in the Electric Utility and Power Sectors, a sector traditionally targeted by income investors.

Recent valuation trends in electric utility sector back up rising investor appetite for income-oriented investments.

Trend suggests institutional demand for MLPs should materialize.

Within the electric utility and power sector, a recent CIBC analysis has shown a significant change in the relationship between payout ratios and P/E ratios. Specifically, in contrast to historical trends, there is now a positive correlation between dividend payout ratios and P/E ratios. Since corporate growth rates (critical P/E driver) are negatively correlated to payout ratios (higher the payout, lower the growth rate), an inverse relationship would be expected given long-term sector cost-of-capital requirements and targeted ROEs. This is illustrated graphically (Exhibit 2 where we plot theoretical P/E's for a company targeting 12% ROEs with an equity discount rate of 11%, inputs we view appropriate for integrated electrics in today's interest rate and market environment.

Exhibit 2. Theoretical P/E Based On Payout Ratios



Source: CIBC, StockVal

Recent valuation trends in the Electric Utility/Power sector back the "high payout" MLP model

As shown Exhibit 3, contrary to expectations, higher dividend payouts no translate into higher P/E's as investors have questioned growth strategies. Obviously investors are wary of future ROE trends or are assuming much higher risk premiums in discounting future growth prospects.

Exhibit 3. Electric Sector, Payouts vs. P/E Ratios (June 2002)

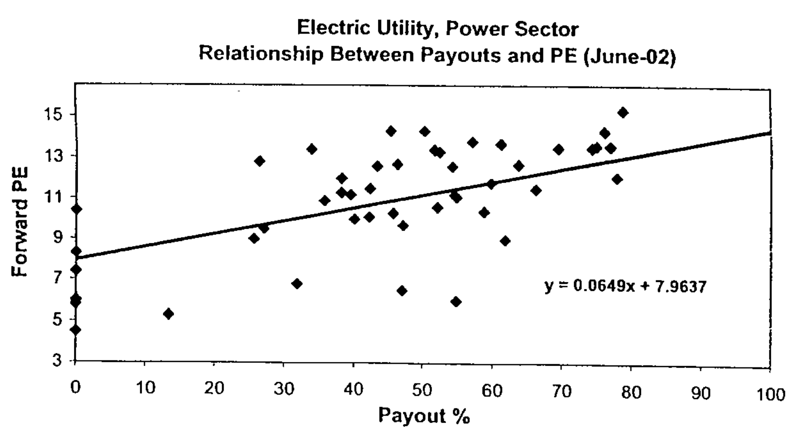
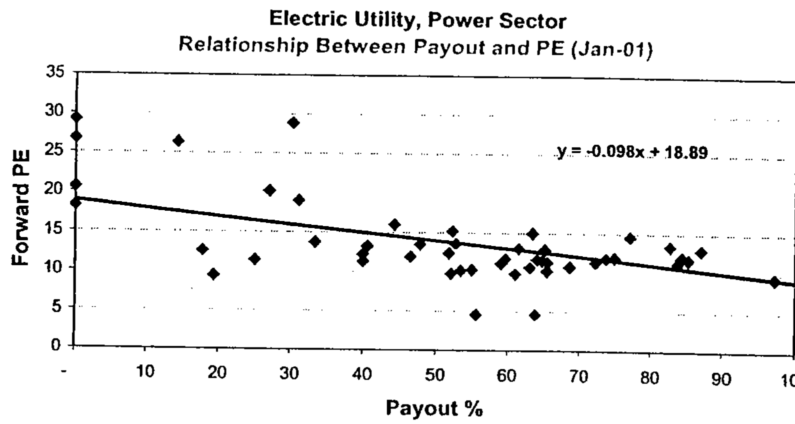


Exhibit 4, which looks at the same relationship 18 months ago (January 2001) shows an entirely different picture. With power prices firm and the return outlook for reinvestment high, investors were willing to pay big premiums for growth strategies. Hence P/E's fell with rising payouts.

Exhibit 4. Electric Sector, Payouts vs. P/E Ratios (January 2001)



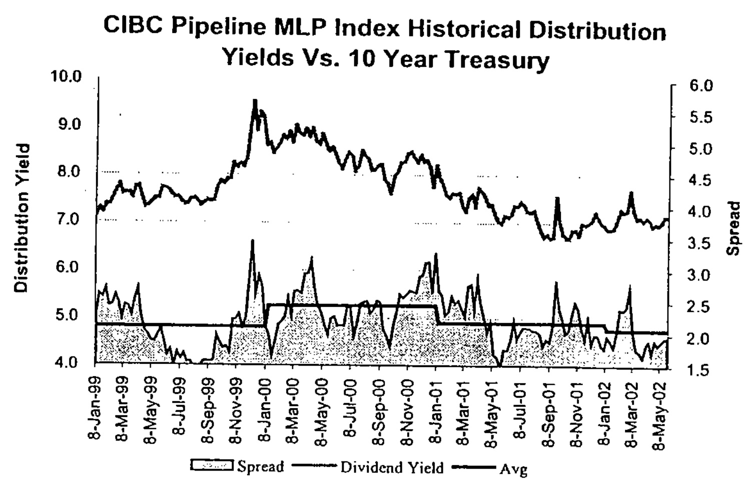
- **Tax-advantaged investment vehicle.** For retail investors, energy MLPs generally offer tax-advantages with as much as 90% of income tax-deferred. A significant portion of income is normally treated as a return of capital.

Valuation of MLPs

MLP's are unique in that they generally payout all of their available cash (cash from operations less maintenance capital and reserves) to limited an general partners. While they lack the "obligation to pay" characteristic of fixed-income securities, with essentially 100% DCF payouts, MLPs draw some comparisons to debt instruments that pay a regular coupon. Accordingly, similar to fixed income instruments MLPs tend to move counter to interest rate trends. In light of the interest rate sensitively, a closely watched valuation metric for MLPs is the relative spread between Treasury bonds and distribution yields.

Exhibit 5.

With increased growth visibility, the spread between Treasuries and MLP Index has been narrowing since 2000.



Source: StockVal, , MLP pipeline index (BPL EPN EEP EPD KPP KMP NBP PAA TPG WEG)
Results presented should not and cannot be viewed as an indicator of future performance.

While interest rate trends remain a valuation driver, growth prospects strongly differentiate Energy MLPs from fixed income investments

While we do not expect valuations to completely de-couple from interest rate trends, unlike debt instruments, organic and acquisition growth prospects allow MLPs to grow distributions. The narrowing in the MLP-to-Treasury yield over the past 18 months reflects this growth element not seen in normal fixed income investments. Energy MLPs perhaps can best be described as hybrid equity/fixed income vehicles drawing characteristics of both security types. While MLPs carry equity risk elements, Energy MLPs have significantly outperformed fixed income benchmarks and the S&P 500 over the last 5 years (Exhibit 6).

Energy MLP performance relative to fixed income and equity indices suggests the MLP growth component is a key valuation factor.

Exhibit 6.

	YTD Total Return	2001 Total Return	5 Yr Annualized
BUCKEYE PARTNERS LP	0.21	38.20	16.99
EL PASO ENERGY PARTNERS	(1.00)	43.78	
ENBRIDGE ENERGY PARTNERS LP	7.13	10.45	10.62
ENTERPRISE PRODUCTS PARTNERS LP	6.73	56.70	
KANEB PIPE LINE PARTNERS LP	(2.58)	42.09	12.47
KINDER MORGAN ENERGY PARTNERS LP	(11.95)	41.16	33.75
NORTHERN BORDER PARTNERS LP	4.49	33.66	13.33
PLAINS ALL AMERICAN PIPELINES LP	0.56	45.84	
TEPPCO	4.53	30.69	14.07
WILLIAMS ENERGY PARTNERS L P	(16.23)	101.00	
Average	**(0.81)**	**44.36**	**16.87**
S&P 500	(2.43)	(7.07)	8.03
PIMCO Total Return Bond Fund	3.53	9.22	8.01
PIMCO Corp High Yield Bond Fund	(0.85)	4.59	3.69

Source: StockVal, Bloomberg

Results presented should not and cannot be viewed as an indicator of future performance.

Key growth drivers which differentiate MLPs include

- Excess capacity of existing asset base
- Backlog of growth projects or acquisitions
- Presence of asset-rich parent company available to sell or "transfer" assets to the partnership

Exhibit 7. Annual Distribution Increases

		Annual Distributions					
		12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	CAG
BPL	BUCKEYE PARTNERS LP	1.72	2.10	2.18	2.40	2.45	7
EPN	EL PASO ENERGY PARTNERS	1.75	2.10	2.10	2.20	2.45	7
EEP	ENBRIDGE ENERGY PARTNERS LP	2.92	3.36	3.49	3.50	3.50	4
EPD	ENTERPRISE PRODUCTS PARTNERS LP*	-	0.39	0.93	1.05	1.20	14
KPP	KANEB PIPE LINE PARTNERS LP	2.50	2.60	2.80	2.80	2.90	3
KMP	KINDER MORGAN ENERGY PARTNERS LP	1.13	1.30	1.38	1.60	2.08	13
NBP	NORTHERN BORDER PARTNERS LP	2.20	2.34	2.48	2.70	3.09	7
PAA	PLAINS ALL AMERICAN PIPELINES LP*	-	0.19	1.84	1.84	2.00	4
TPP	TEPPCO	1.55	1.75	1.85	2.05	2.15	7
WEG	WILLIAMS ENERGY PARTNERS L P	-	-	-	-	2.02	

* CAGR for last 2 years.

Source: CIBC, StockVal, Company Reports

Results presented should not and cannot be viewed as an indicator of future performance.

Background on the MLP Structure

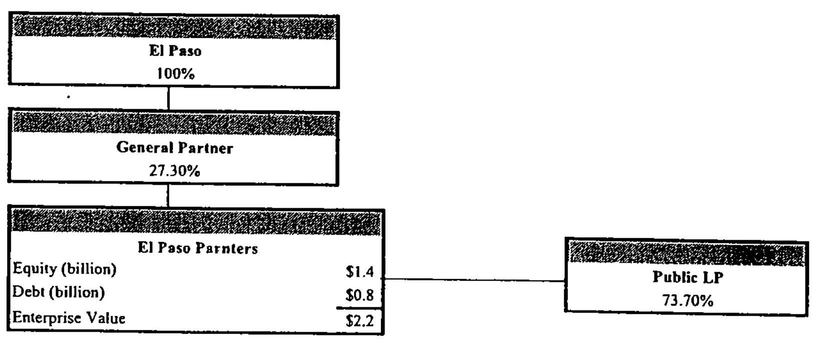
Master limited partnerships are modified forms of the limited partnership designed to trade as securities in secondary markets. Publicly traded MLP provide liquidity not available to traditional private limited partnerships. The motivation to create MLPs is often driven by the need to deleverage o to optimize the valuation of assets that generate high cash flow but low earnings. The surge in new MLPs by Merchant Energy companies is a good example of this motivation to optimize market valuation and de-leverage balance sheets. Assets viewed ideal for the MLP structure tend to be high-cash flow businesses that do not require large amounts of capita spending (low maintenance) to remain competitive.

MLPs in the natural resources sector are primarily involved in the ownership of pipeline/midstream energy assets, propane distributors, the forest/lumber products group, and, to a lesser degree oil and gas exploration and production. In addition to providing exposure to different segments of natural resources they also offer varying risk profiles. Pipeline MLPs generally have the lowest risk asset profile. Retail propane MLPs, which are more weather sensitive, tend to have a higher risk profile Finally, given higher capital requirements to reflect reserve depletion, E&P partnerships tend to have the highest risk profile. Pipeline MLPs tend to be safer investments because their revenues are fee based and they also tend to be regulated by either federal or local authorities.

The pipeline MLPs are common carrier transporters of crude oil, petroleum products, natural gas or natural gas liquids (butane, ethane, natural gasolin and propane). Primary pipeline customers are refiners and marketers of th product being shipped and end users (utility companies, commercial businesses, airports, agricultural enterprises and households).

With regards to corporate governance, MLP's have two key stakeholders, the General Partner (GP) and the Limited Partner (LP). Under the partnership arrangement the GP operates the assets for the benefit of the limited partners and also has an ownership stake in the MLP (See Exhibit 8, illustrative Example of El Paso Partners). In addition to operating the assets, the GP in many cases is also the primary source of assets for acquisition.

Exhibit 8. Partnership Structure



Source: Company Reports

Although the overall partnership structure conforms to traditional partnership norms, it is the close tie between the GP as operator and sourc of acquisitions that has caused some "conflict of interest" concerns among investors. *We believe that these concerns are mitigated by the partnership incentive structure whereby GP payments are directly related to the payou of the LP shares.* As the distributions increase and LP moves into "high splits", the GP receives a greater portion of the incremental distributions. The direct link to LP payments provides the GP with the incentive to increase LP payouts overtime to participate in the upside.

Exhibit 9. Incentive Structure

Split	Min	Max	Locked Amt	GP
1	-	1.30	1.30	1%
2	1.30	1.50	0.20	14%
3	1.50	1.70	0.20	24%
4	1.70	unlimited		49%

Source: EPN Company Reports

By distributing available cash flow directly to unit holders, MLPs avoid the double taxation of dividends seen in the corporate structure. As discussed earlier, high payouts on available cash flows has led investors to value MLPs partly as a tax-advantaged fixed-income instruments. The relative yield variance among different MLPs reflects the expected long-term growth rate in distributions, a function of the growth dimension.

Issues and Risks

- **Diminishing marginal returns to LP.** The majority of MLPs are structured to reward the General Partner with increased incentive payouts as distributions are increased to pre-determined target levels. A each successive target distribution in reached, under the incentive structure the GP is entitled to an increasing share of incremental cash flow. Given the diminishing marginal returns to LP unitholders, as incentive payouts increase MLPs will require larger EBITDA inflows t sustain growth rates. Naturally, the incentive to the GP is a key catalyst however, driving rising distribution streams. Although we believe backlog opportunities remain higher for the sector, MLPs currently in the "high split" incentive levels could find it more difficult to grow in the future.

Exhibit 10.

		2002 Exit Rate Splits GP Split	LP Sp
BPL	BUCKEYE PARTNERS LP	45%	55
EPN	EL PASO ENERGY PARTNERS	49%	51
EEP	ENBRIDGE ENERGY PARTNERS LP	25%	75
EPD	ENTERPRISE PRODUCTS PARTNERS LP	25%	75
KPP	KANEB PIPE LINE PARTNERS LP	30%	70
KMP	KINDER MORGAN ENERGY PARTNERS LP	50%	50
NBP	NORTHERN BORDER PARTNERS LP	25%	75
PAA	PLAINS ALL AMERICAN PIPELINES LP	25%	75
TPP	TEPPCO	50%	50
WEG	WILLIAMS ENERGY PARTNERS L P	25%	75

Source: Company Reports, CIBC

- **Increased Competition for "MLP qualified" assets.** With the growing number of parent companies now sponsoring MLPs, the competition for is likely to increase. Moreover, with parent companies using MLPs as a vehicle to de-leverage their balance sheets without complete EBIT loss—parent companies can "re-capture" portion of so EBIT through its ownership and GP interest—it may be difficult for independent MLPs to compete on price against MLPs of parent companies.

Exhibit 11. Parent Co Relationship

		Parent Co w/ Assets	General Partn
BPL	BUCKEYE PARTNERS LP	NA	Buckeye Pipe Line C
EPN	EL PASO ENERGY PARTNERS	El Paso Corp	El Paso Corp
EEP	ENBRIDGE ENERGY PARTNERS LP	Enbridge	Enbridg
EPD	ENTERPRISE PRODUCTS PARTNERS LP	NA	EPC
KPP	KANEB PIPE LINE PARTNERS LP	NA	Kaneb Servi
KMP	KINDER MORGAN ENERGY PARTNERS LP	NA	Kinder Morga
NBP	NORTHERN BORDER PARTNERS LP	NA	Enro
PAA	PLAINS ALL AMERICAN PIPELINES LP	NA	Amerigas Propan
TPP	TEPPCO	Duke	Duk
WEG	WILLIAMS ENERGY PARTNERS L P	Williams	William

Source: CIBC, Bloomberg

- **Credit Rating Issues, Availability of Capital** With stricter guidelines from rating agencies MLPs may re-evaluate and adjust distribution growth targets downward in favor of stronger balance sheet strength. In essence keeping free cash reserves to accelerate debt repayment or to build cash reserves and enhance liquidity. This may actually have a favorable impact by lowering cost of debt-financing

Exhibit 12.Credit Ratings

		S&P Rating Credit Rating
BPL	BUCKEYE PARTNERS LP	A
EPN	EL PASO ENERGY PARTNERS	BB+
EEP	ENBRIDGE ENERGY PARTNERS LP	A-
EPD	ENTERPRISE PRODUCTS PARTNERS LP	BBB
KPP	KANEB PIPE LINE PARTNERS LP	NA
KMP	KINDER MORGAN ENERGY PARTNERS LP	A- *-
NBP	NORTHERN BORDER PARTNERS LP	A-
PAA	PLAINS ALL AMERICAN PIPELINES LP	BB+
TPP	TEPPCO	BBB
WEG	WILLIAMS ENERGY PARTNERS L P	BBB

Source: Bloomberg

- **Interest Rates.** The high payout (yield characteristics) of MLPs result in interest rate sensitivity. Although the yields are expected to narrow, MLPs are expected to continue to provide premium yields to US Treasuries. The premium can be volatile since it is affected by the general interest rate trends and growth prospects of the MLP. Moreove most MLPs finance growth with at least 50% debt financing. Accordingly, a significant rise in rates can raise the cost-of-capital. .

El Paso Energy Partners (EPN $31.75, Buy, Yield: 8.2%)

Offering an attractive 8.2% yield (90% tax-deferred) and a strong portfolio of organic and acquisition growth projects, EPN remains a top recommendation within our MLP universe. Issues concerning the energy merchants and EPN's parent, El Paso Corp, have obviously been a factor depressing the valuation and raising uncertainty at the partnership. Nonetheless, we expect EPN to deliver 8-10% annual distribution growth for the next several years, yielding expected annua returns of 15-20%. Our target price is $40.

Stable cash flows, strong backlog of value-added projects, acquisition
El Paso Partners (EPN) offers investors the benefit of stable cash flows a disciplined growth, centered around a diversified and growing portfolio of

midstream natural gas assets. The partnerships strong asset position provides both internal growth opportunities as well as accretive acquisitions financed with the "cost of capital advantage" inherent via the MLP structure. EPN's growth over the next several years will be spearheaded by the transfer of El Paso Corp's (EP) midstream asset portfolio, the General Partner and 27% owner of the partnership. While operating as a separate entity, EPN draws on the extensive operating experience of El Paso Corp's management.

General Partner remains key growth driver. EPN is expected to continue to acquire assets from El Paso, the partnership's GP and owner o about 27% of the outstanding units. EP management currently estimates that up to $2.5 billion of assets could be transferred to the partnership. Access to a sizable inventory of MLP qualified assets is a distinct competitive advantage for EPN, particularly in light of the heightened competition for assets. From EP's perspective, selling assets to EPN represents the best financial option given the GP incentive and its ownership stake, factors allowing the parent to de-leverage but still retain meaningful portion of the earnings power of divested assets. This is highlighted by the recent announcement (5/29/02) by EP to sell its natural gas gathering assets in the San Juan Basin for $800 million, as EP embark on a strategic restructuring. With a number of energy merchants seeking to de-leverage balance sheets we expect EPN to see acquisition opportunities beyond assets now controlled by EP.

Kinder Morgan Partners (KMP $31 Buy, Yield: 7.6%)

While competition for quality assets has heightened, a combination of internal growth and acquisitions should sustain above average distribution growth for the next several years. Our estimated exit rate distribution to limited partners is $2.50 for 2002 and $2.70 for 2003, u from the current rate of $2.36. We are maintaining a price target of $3 implying a target yield of about 7.0% on a projected 2003 distribution of $2.70.

Kinder Morgan (KMP) continues to execute its strategy of operating fee-based natural gas and NGL products midstream assets, which have stable fee based revenues. KMP's operating strategy is focused on improving operating leverage through enhanced asset utilization and economies of scale. Key growth drivers remain greenfield expansions and acquisitions. KMP is also able to take advantage of the operating leverage of its existin assets due to significant excess capacity and strategic position in growth markets.

KMP assets tend to have high fixed costs and low variable costs, factors which allow high operating leverage as incremental revenue (above fixed costs) flows straight to the bottom line. As highlighted below, marginal improvement in the top line can provide large incremental growth for LP and GP distributions. With assets that have significant excess capacity in growing markets this leverage provides growth opportunities and increase return on capital.

Exhibit 13.
Operating Leverage - Impact of Internal Growth and Utilization Improvements

	Year 1	Year 2	YoY	
Gross Margin	100	104	4%	
Operating Expenses	50	50		
Operating Income	50	54	8%	
G&A	6	6		
Net Before Debt	44	48		
Interest Expense	11	11		
Net After Debt	33	37	12%	
LP Dist	20	22	10%	LP 60% of total and 50% of incremeta
GP Dist	13	15	15%	GP 40% of total and 50% of incremet

Source: Company Reports

Excess capacity on KMP's products pipeline approximates 25% to 30%. Natural gas pipelines boast excess capacity of about 25%.

Exhibit 14.
KMP Internal Growth Targets

	EBITDA 2001	2002 Change	Internal Growth Target	
Products	347.8	39.6	35.0	
Natural Gas	218.4	113.4	25.0	
CO2	108.4	1.9	25.0	
Terminals	144.6	33.3	5.0	
Total	**819.2**	**188.2**	**90.0**	
Growth		**23%**	**11%**	Significant Internal Growth

Source: Company Reports

Heritage Propane Partners (HPG $25, Buy, Yield: 10.2%)

With coverage ratios projected at 0.8-0.9X for fiscal 2002, HPG units hav stalled. Despite 25% customer growth, 20% warmer than normal weathe is expected to push EBITDA down to $80 MM in fiscal 2002, well down from $92 MM a year ago. Weather normalized EBITDA, is estimated at $100 million (based on 400 MM gal., $0.25 margins), $20 million or $1.25/unit higher than 2002E levels. Importantly, an aggressive cost-cutting program is in place. It is designed to save up to $10 million per year, or about $0.60 per unit. Our current estimate for 2003 is $96 million in EBITDA, a number which still assumes warmer than normal weather. Considering the cost-cutting effort, projections could easily prove conservative; for 2003, our estimated DCF rises to $3.18, suggesting a more comfortable 1.25X coverage ratio. Our target price remains at $30-31 range.

Warm weather, weaker economy key culprits in 2002. Fiscal 2002 ha been pressured by unusually warm weather (retail volumes), a slowdown in economic activity and losses on inventories purchased in summer (for winter delivery). The company's NGL marketing also felt pressure from the weaker economy and mild weather which lowered the value of inventories. Exceptionally mild weather (20% warmer than normal) on to of the added costs associated with a 25-30% growth in customers from recent acquisitions pressured margins.

L.T. business model remains intact, although weather patterns important through 2003. Easy weather comparisons coupled with the aggressive cost-cutting program should result in easy DCF comparison in fiscal 2003. While near term upside (through the summer) could be limite as 2002 coverage ratios (<1) negatively impact valuation, the high 9.5% current yield (90% tax-deferred) coupled with prospects for a strong 2003 recovery suggests an attractive risk/reward relationship. Our 12-month target price is $30-$31.

Exhibit 15. Heritage Propane - EBITDA, Coverage Ratios

Heritage Propane (In thousands)	**2001**	**2002**	**200**
EBITD- Retail	$92,750	$80,500	$95,68
EBITD- Wholesale/Other	2,100	0	500
	94,850	80,500	96,180
Coverage Ratio Analysis			
EBITDA	94,850	80,500	96,180
Interest Expense	(35,567)	(36,000)	(35,000
EBIT	59,283	44,500	61,180
GP Interest	(831)	226	(327
Maintenance Capital	(7,500)	(9,000)	(10,000
Available Cash Flow	50,952	35,726	50,853
LP Distributions	(32,397)	(40,290)	(40,800
Surplus Cash Flow	18,555	(4,564)	10,053
DCF Available Per Unit	3.85	2.26	3.18
LP Distribution/Unit	2.45	2.55	2.55
Coverage Ratio	1.6	0.9	1.25

Exhibit 16. Comparable Company Analysis

Rating	Ticker		Latest Price	Distrib Yield	LTD/ Capital	Dist Growth	Exit Rate Distrib 02	Equity Value	Total Debt	Cash	Ent. Value
		Pipeline MLPs									
NR	BPL	BUCKEYE PARTNERS LP	34.50	7.2%	51.15	10%	2.50	928.6	383.0	8.0	1,303.57
Buy	EPN	EL PASO ENERGY PARTNERS	31.94	8.4%	59.15	8%	2.68	1,089.2	1,425.0	133.4	2,380.75
NR	EPD	ENTERPRISE PRODUCTS PARTNERS LP	21.65	11.5%	42.47	10%	2.50	2,465.0	1,168.6	44.6	3,588.96
NR	KPP	KANEB PIPE LINE PARTNERS LP	36.74	8.2%	54.36	5%	3.00	745.3	453.2	19.4	1,179.07
Buy	KMP	KINDER MORGAN ENERGY PARTNERS LP	31.66	7.9%	40.90	8%	2.50	5,350.5	3,498.2	29.3	8,819.44
Buy	NBP	NORTHERN BORDER PARTNERS LP	38.35	8.6%	47.89	6%	3.31	1,508.7	1,438.3	23.5	2,923.53
NR	PAA	PLAINS ALL AMERICAN PIPELINES LP	25.45	8.1%	46.61	10%	2.05	976.1	494.9	3.3	1,467.68
NR	WEG	WILLIAMS ENERGY PARTNERS L P	30.75	7.7%	38.05	8%	2.36	841.5	148.0	8.3	981.12
		Propane MLP									
Buy	HPG	HERITAGE PROPANE PARTNERS LP	27.00	9.4%	67.21	7%	2.55	424.7	447.8	8.6	863.96

Rating	Ticker		EBITDA LTM	EBITDA 2002	EBITDA 2003	Ent. Value/EBITDA LTM	Ent. Value/EBITDA 2002	EPU LTM	EPU 2002	EPU 2003	DCF Coverage Ratio
		Pipeline MLPs									
NR	BPL	BUCKEYE PARTNERS LP	118.8	117.8	122.2	11.0	11.1	2.50	2.45	2.60	
Buy	EPN	EL PASO ENERGY PARTNERS	234.1	252.4	326.2	10.2	9.4	[illegible]	0.71	0.51	1.39x
NR	EPD	ENTERPRISE PRODUCTS PARTNERS LP	[illegible]	529.1	[illegible]	8.4	6.8	[illegible]	[illegible]	1.18	
NR	KPP	KANEB PIPE LINE PARTNERS LP	111.3	143.2	n/a	10.6	8.2	[illegible]	3.40	n/a	
Buy	KMP	KINDER MORGAN ENERGY PARTNERS LP	824.1	1,074.6	[illegible]	10.7	8.2	[illegible]	1.86	2.02	1.67x
Buy	NBP	NORTHERN BORDER PARTNERS LP	304.3	[illegible]	[illegible]	9.6	8.5	1.36	[illegible]	2.75	1.08x
NR	PAA	PLAINS ALL AMERICAN PIPELINES LP	108.5	143.4	174.4	13.5	10.2	[illegible]	[illegible]	1.85	
NR	WEG	WILLIAMS ENERGY PARTNERS L P	[illegible]	129.2	[illegible]	11.9	7.6	[illegible]	[illegible]	[illegible]	
		Propane MLP									
Buy	HPG	HERITAGE PROPANE PARTNERS LP	74.7	80.5	96.2	11.6	10.7	0.62	[illegible]	1.00	1.25x

Source: CIBC Estimates

Stock prices as of 6/10/02 of other companies mentioned in this report:
Duke Energy, DUK-Hold, $29.09 (4)
El Paso Corp., EP-Buy, $21.00 (4, 6)
El Paso Energy Partners, EPN-Buy, $31.86
Enbridge Energy Partners, EEP-Hold, $43.75
Heritage Propane Partners, HPG-Buy, $26.60 (3, 6)
Kinder Morgan Energy Partners,, KMP-Buy, $30.90
Northern Border Partners, NBP-Buy, $37.70
Williams Cos Inc., WMB-Hold, $8.59 (3, 4, 6)

3) CIBC World Markets Corp., or one of its affiliated companies, managed or co-managed a public offering of securities for this company within the last three years.
4) This company has a convertible included in the CIBC World Markets Corp. convertible universe.
6) The CIBC World Markets Corp. analyst(s) who covers this company also has a position in its securities.