Buckeye GP Holdings L.P.
Form DEFM14A
September 28, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Buckeye GP Holdings L.P.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Buckeye Partners, L.P. **Buckeye GP Holdings L.P.**

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Buckeye Partners, L.P. (the Partnership), Buckeye GP LLC, the general partner of the Partnership (the Partnership GP), Grand Ohio, LLC, a wholly-owned subsidiary of the Partnership (MergerCo), Buckeye GP Holdings L.P. (Holdings), and MainLine Management LLC, Holdings general partner (Holdings GP), have entered into a First Amended and Restated Agreement and Plan of Merger dated as of August 18, 2010 (the merger agreement). Under the merger agreement, the Partnership will acquire Holdings through a merger of MergerCo with and into Holdings (the merger), and all common units and management units of Holdings (Holdings units) will be converted into limited partner interests of the Partnership represented by limited partnership units (Partnership LP units). As a result of the merger, Holdings will be a subsidiary of the Partnership, with the Partnership as Holdings sole limited partner and Holdings GP remaining as the non-economic general partner of Holdings. In connection with the merger, the incentive compensation agreement (the incentive distribution rights, or the IDRs) held by the Partnership GP will be cancelled and the general partner units held by the Partnership GP (representing an approximate 0.5% general partner interest in the Partnership) will be converted to a non-economic general partner interest in the Partnership pursuant to the Partnership s amended and restated partnership agreement (the amended and restated partnership agreement). The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. The form of the Partnership s amended and restated partnership agreement is attached as Annex B to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.

Pursuant to the merger agreement, the Partnership will issue to the holders of Holdings common units and management units (the Holdings unitholders) approximately 20 million Partnership LP units in the merger. Each unitholder of Holdings will receive 0.705 Partnership LP units per Holdings unit (the stated consideration). The stated consideration represents a 32% premium to the closing price of Holdings common units on June 10, 2010, the last trading day before the public announcement of the proposed merger.

The holders of Partnership LP units (the Partnership unitholders) will continue to own their existing Partnership LP units. Following the merger, the Partnership will be owned approximately 72% by current Partnership unitholders and approximately 28% by former Holdings unitholders (including 17% that will be owned by BGH GP Holdings, LLC, the sole member of Holdings GP (BGH GP)). The Partnership LP units will continue to be traded on the New York Stock Exchange under the symbol BPL following the merger.

YOUR VOTE IS VERY IMPORTANT. We cannot complete the merger unless, among other things, (a) the Partnership unitholders approve the merger agreement and the transactions contemplated thereby, including the merger, the issuance of Partnership LP units pursuant to the merger agreement and the amended and restated partnership agreement and (b) the Holdings unitholders approve the merger, the merger agreement and the transactions contemplated thereby at the special meetings of the Partnership unitholders and Holdings unitholders.

The Partnership will hold a special meeting on Tuesday, November 16, 2010 at 11:00 a.m., local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. Holdings will hold a special meeting on Tuesday, November 16, 2010 at 12:00 noon, local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. Whether or not you plan to attend your meeting, to ensure your units are represented at the meeting, please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet as described on your proxy card.

The Audit Committee (the Partnership Audit Committee) of the board of directors of the Partnership GP (the Partnership Board), comprised of independent directors, to which the Partnership Board has delegated full authority to negotiate and approve the merger and any definitive documentation related to the

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merger, has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant thereto, and has determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, are fair and reasonable to and in the best interests of, the Partnership and the unaffiliated Partnership unitholders. Accordingly, the Partnership Audit Committee unanimously recommends that the Partnership unitholders vote to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of the Partnership LP units pursuant to the merger agreement. In addition, the Partnership Audit Committee has unanimously approved and declared the advisability of the amended and restated partnership agreement, has determined that the amended and restated partnership agreement is fair and reasonable to, and in the best interest of, the Partnership and the unaffiliated Partnership unitholders, and unanimously recommends that the Partnership unitholders vote to approve the amended and restated partnership agreement.

The board of directors of Holdings GP (the Holdings Board) has unanimously (with the director who is also the chief executive officer of the Partnership GP and Holdings GP recusing himself) approved and declared the advisability of the merger, the merger agreement and the transactions completed thereby and determined that the merger, the merger agreement and the transactions contemplated thereby are fair and reasonable to, and in the best interests of, Holdings and the Holdings unitholders. Accordingly, the Holdings Board unanimously recommends that the Holdings unitholders vote to approve the merger, the merger agreement and the transactions contemplated thereby.

This joint proxy statement/prospectus gives you detailed information about the special meetings and the proposed merger. The Partnership and Holdings both urge you to read carefully this entire joint proxy statement/prospectus, including all of its annexes. **In particular, please read Risk Factors beginning on page 24 of this joint proxy statement/prospectus for a discussion of risks relevant to the merger, the Partnership and other matters.**

The Partnership LP units are traded on the New York Stock Exchange under the symbol BPL. The last reported sale price of the Partnership LP units on the New York Stock Exchange on September 21, 2010 was $62.80. Holdings common units are traded on the New York Stock Exchange under the symbol BGH. The last reported sale price of Holdings common units on the New York Stock Exchange on September 21, 2010 was $42.79.

Forrest E. Wylie
Chief Executive Officer
MainLine Management LLC

Keith E. St.Clair
Senior Vice President and Chief Financial Officer
Buckeye GP LLC

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated September 24, 2010 and is first being mailed to the Partnership unitholders and the Holdings unitholders on or about September 27, 2010.

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NOTICE OF SPECIAL MEETING OF
BUCKEYE PARTNERS, L.P. UNITHOLDERS
TO BE HELD ON NOVEMBER 16, 2010

To the Unitholders of Buckeye Partners, L.P.:

This is a notice that a special meeting of the unitholders of Buckeye Partners, L.P. (the Partnership) will be held on November 16, 2010 at 11:00 a.m., local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. The purpose of the special meeting is:

1. To consider and vote upon the approval of a First Amended and Restated Agreement and Plan of Merger (the merger agreement) by and among the Partnership, Buckeye GP LLC, the general partner of the Partnership (the Partnership GP), Grand Ohio, LLC (MergerCo), Buckeye GP Holdings L.P. (Holdings) and MainLine Management LLC, the general partner of Holdings (Holdings GP), dated as of August 18, 2010, as such agreement may be amended from time to time, and the transactions contemplated thereby, including (i) the merger of MergerCo with and into Holdings with Holdings surviving as a subsidiary of the Partnership, the Partnership becoming Holdings sole limited partner and Holdings GP remaining as the sole general partner of Holdings and (ii) the issuance of limited partner interests of the Partnership represented by limited partnership units (Partnership LP units) pursuant to the merger agreement;

2. To consider and vote upon the approval of the Amended and Restated Agreement of Limited Partnership of the Partnership (the amended and restated partnership agreement, a copy of which is attached as Annex B to this joint proxy statement/prospectus); and

3. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Pursuant to the merger agreement (i) MergerCo will merge with and into Holdings and Holdings will survive as a subsidiary of the Partnership with the Partnership as Holdings sole limited partner and Holdings GP remaining as the sole general partner of Holdings and (ii) all common units and management units of Holdings will be converted into Partnership LP units (a copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus).

The Audit Committee of the board of directors of the Partnership GP (the Partnership Audit Committee), comprised of independent directors, has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant thereto, and has determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, are fair and reasonable to, and in the best interests of, the Partnership and the holders of Partnership LP units (the Partnership unitholders) who are not affiliated with the Partnership GP. Accordingly, the Partnership Audit Committee unanimously recommends that the Partnership unitholders vote to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement. In addition, the Partnership Audit Committee has unanimously approved and declared the advisability of the amended and restated partnership agreement, has determined that the amended and restated partnership agreement is fair and reasonable to, and in the best interest of, the Partnership and the unaffiliated Partnership unitholders, and unanimously recommends that the Partnership unitholders vote to approve the amended and restated partnership agreement.

The proposals described in paragraphs 1 and 2 above require the affirmative vote of the holders of a majority of the Partnership s outstanding LP units entitled to vote as of the record date. The approval of the proposals described in paragraphs 1 and 2 is a condition to consummation of the merger. Only Partnership unitholders of record at the close

of business on September 17, 2010, the record date, are entitled to receive this notice and to vote at the Partnership special meeting or any adjournment or postponement of that meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions as soon as possible. If you hold Partnership LP units in your name as a unitholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the

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internet website shown on the proxy card. If you hold your Partnership LP units through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not prevent you from attending the Partnership special meeting and voting in person. Please note, however, that if you hold your Partnership LP units through a bank or broker, and you wish to vote in person at the Partnership special meeting, you must obtain from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the Partnership special meeting and voting your Partnership LP units in person at the special meeting. You may also revoke your proxy at any time before it is voted by giving written notice of revocation to Computershare Trust Company, N.A. at the address provided with the proxy card at or before the Partnership special meeting or by submitting a proxy with a later date.

The accompanying document describes the proposed merger in more detail. We urge you to read carefully the entire document before voting your Partnership LP units at the Partnership special meeting or submitting your voting instructions by proxy.

By Order of the Audit Committee of the Board of Directors of Buckeye GP LLC, the general partner of Buckeye Partners, L.P.

William H. Schmidt, Jr.
Secretary

Houston, Texas
September 24, 2010

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NOTICE OF SPECIAL MEETING OF
BUCKEYE GP HOLDINGS L.P. UNITHOLDERS
TO BE HELD ON NOVEMBER 16, 2010

To the Unitholders of Buckeye GP Holdings L.P.:

This is a notice that a special meeting of the unitholders of Buckeye GP Holdings L.P. (Holdings) will be held on November 16, 2010 at 12:00 noon, local time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. The purpose of the special meeting is:

1. To consider and vote upon the approval of (a) the First Amended and Restated Agreement and Plan of Merger (the merger agreement) by and among Holdings, Buckeye Partners, L.P. (the Partnership), Buckeye GP LLC, the general partner of the Partnership (the Partnership GP), Grand Ohio, LLC, a wholly owned subsidiary of the Partnership (MergerCo), and MainLine Management LLC, the general partner of Holdings (Holdings GP), dated as of August 18, 2010, as such agreement may be amended from time to time, pursuant to which (i) MergerCo will merge with and into Holdings and Holdings will survive as a subsidiary of the Partnership with the Partnership as Holdings sole limited partner and Holdings GP remaining as the sole general partner of Holdings and (ii) all common units and management units of Holdings will be converted into limited partner interests of the Partnership represented by limited partnership units (Partnership LP units) (a copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus), (b) the merger, and (c) the transactions contemplated thereby; and

2. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

The board of directors of Holdings GP (the Holdings Board) has unanimously (with the director who is also the chief executive officer of the Partnership GP and Holdings GP recusing himself) approved and declared the advisability of the merger, the merger agreement and the transactions contemplated thereby and determined that the merger, the merger agreement and the transactions contemplated thereby are fair and reasonable to, and in the best interests of, Holdings and the holders of Holdings common units and management units (the Holdings unitholders). Accordingly, the Holdings Board unanimously recommends that the Holdings unitholders vote to approve the merger, the merger agreement and the transactions contemplated thereby.

The proposal described in paragraph 1 above requires the affirmative vote of the holders of (A) a majority of the common units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting as a separate class, and (B) a majority of the common units and management units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting together as a single class. The approval and adoption of the proposal described in paragraph 1 is a condition to consummation of the merger. Only Holdings unitholders of record at the close of business on September 17, 2010, the record date, are entitled to receive this notice and to vote at the Holdings special meeting or any adjournment or postponement of that meeting.

Whether or not you plan to attend the Holdings special meeting, please submit your proxy with voting instructions as soon as possible. If you hold units in your name as a unitholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the internet website shown on the proxy card. If you hold your units through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not prevent you from attending the Holdings special meeting and voting in person. Please note, however, that if you hold your units through a bank or broker, and you wish to vote in person at the Holdings special meeting, you must obtain from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the Holdings special meeting and voting your shares in person at the Holdings special meeting. You may also revoke your proxy at any

time before it is voted by giving written notice of revocation to Computershare Trust Company, N.A. at the address provided with the proxy card at or before the Holdings special meeting or by submitting a proxy with a later date.

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The accompanying document describes the proposed merger in more detail. We urge you to read carefully the entire document before voting your shares at the Holdings special meeting or submitting your voting instructions by proxy.

By Order of the Board of Directors of MainLine Management LLC, the general partner of Buckeye GP Holdings L.P.

William H. Schmidt, Jr.
Secretary

Houston, Texas
September 24, 2010

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IMPORTANT NOTE ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (the SEC), constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), of (a) the Partnership with respect to the solicitation of proxies for the Partnership special meeting to, among other things, approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units, and to approve the Partnership s amended and restated partnership agreement; and (b) Holdings with respect to the solicitation of proxies for the Holdings special meeting to, among other things, approve the merger, the merger agreement and the transactions contemplated thereby. This joint proxy statement/prospectus is also a prospectus of the Partnership under Section 5 of the Securities Act of 1933, as amended (the Securities Act), for the Partnership LP units that Holdings unitholders will receive in the merger.

As permitted under the rules of the SEC, this joint proxy statement/prospectus incorporates by reference important business and financial information about the Partnership and Holdings from other documents filed with the SEC that are not included in or delivered with this joint proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 155. This information is available to you without charge upon your request. You can obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the Partnership or Holdings at the following addresses and telephone numbers:

Buckeye Partners, L.P.
One Greenway Plaza
Suite 600
Houston, Texas 77046
(832) 615-8600
Attention: Investor Relations

Buckeye GP Holdings L.P.
One Greenway Plaza
Suite 600
Houston, Texas 77046
(832) 615-8600
Attention: Investor Relations

Please note that copies of the documents provided to you will not include exhibits.

You may obtain certain of these documents at the Partnership s website, www.buckeye.com, by selecting Investor Center and then selecting SEC Filings, and at Holdings website, www.buckeyegp.com, by selecting Investor Center and then selecting SEC Filings. Information contained on the Partnership s and Holdings websites is expressly not incorporated by reference into this joint proxy statement/prospectus.

In order to receive timely delivery of the documents in advance of the Partnership special meeting and Holdings special meeting, your request should be received no later than November 5, 2010.

The Partnership and Holdings have not authorized anyone to give any information or make any representation about the merger and related matters or about the Partnership or Holdings that is different from, or in addition to, that contained in this joint proxy statement/prospectus or in any of the materials that have been incorporated into this joint proxy statement/prospectus. Therefore, if anyone distributes this type of information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or the solicitation of proxies is unlawful, or you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you. The information contained in this joint proxy statement/prospectus speaks only as of the date of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

In the following questions and answers, selected information from this joint proxy statement/prospectus has been highlighted but all of the information that may be important to the holders of Partnership LP units and the holders of Holdings units regarding the merger and the other transactions contemplated by the merger agreement has not been included. To better understand the merger and the other transactions contemplated by the merger agreement, and for a complete description of their legal terms, please read carefully this joint proxy statement/prospectus in its entirety, including all of its annexes, as well as the documents incorporated by reference in this joint proxy statement/prospectus. Please read Important Note About this Joint Proxy Statement/Prospectus on page v and Where You Can Find More Information beginning on page 155.

Q: What are the proposed transactions?

A: The Partnership and Holdings have agreed to combine by merging MergerCo with and into Holdings under the terms of a merger agreement that is described in this joint proxy statement/prospectus and attached as Annex A to this joint proxy statement/prospectus. Holdings is currently the parent of the Partnership GP. As a result of the merger and the other transactions contemplated by the merger agreement, Holdings will become a subsidiary of the Partnership, with the Partnership as the sole limited partner of Holdings and Holdings GP continuing as the non-economic general partner of Holdings. In addition, the incentive distribution rights held by the Partnership GP will be terminated and the general partner units held by the Partnership GP (representing an approximate 0.5% general partner interest in the Partnership) will be converted to a non-economic general partner interest in the Partnership. The merger agreement provides that all outstanding Holdings units at the effective time of the merger will be converted into Partnership LP units. The merger will become effective on such date and at such time that the certificate of merger is filed with the Secretary of State of the State of Delaware, or such later date and time as may be set forth in the certificate of merger. Throughout this joint proxy statement/prospectus, this is referred to as the effective time of the merger.

Q: Why am I receiving these materials?

A: The merger cannot be completed without obtaining the appropriate approvals of the Partnership unitholders and the Holdings unitholders. The Partnership and Holdings will hold separate special meetings of their respective unitholders to obtain these approvals.

Q: Why are the Partnership and Holdings proposing the merger?

A: The Partnership and Holdings both believe that the merger will provide substantial benefits to the Partnership unitholders and the Holdings unitholders by combining into a single partnership that is better positioned to compete in the marketplace. The Partnership s Audit Committee and the Holdings Board both believe that the combination of the Partnership and Holdings offers the following advantages to the Partnership following the merger:

- eliminates the incentive distribution rights in the Partnership, which will provide a substantially lower cost of equity capital, thereby enhancing the Partnership s ability to compete for new accretive acquisitions;

- improves the potential returns to the Partnership unitholders, including former Holdings unitholders receiving Partnership LP units in the merger, from the Partnership s enhanced competitive position following the merger;

reduces the costly duplication of services required to maintain two public companies; and

increases the public float and trading liquidity of the market for the Partnership LP units.

Q: What will Holdings unitholders receive in connection with the merger?

A: If the merger is completed, Holdings unitholders will receive 0.705 Partnership LP units per Holdings unit. Based on the number of outstanding Holdings units, the total number of Partnership LP units to be received by Holdings unitholders is approximately 20 million. No Holdings unitholder will receive a

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fractional Partnership LP unit; instead, any Holdings unitholder who would otherwise be entitled to receive a fractional Partnership LP unit will receive cash in lieu thereof.

Q: How do I exchange my Holdings units for Partnership LP units?

A: Each holder of record of Holdings units at the close of business on the effective date of the merger will receive a letter of transmittal and other appropriate and customary transmittal materials that will contain instructions for the surrender of Holdings units for Partnership LP units.

Q: Do I have appraisal rights?

A: No. Neither Partnership unitholders nor Holdings unitholders have or are entitled to exercise appraisal rights in connection with the merger under Delaware law or either the Partnership s or Holdings partnership agreement, as applicable.

Q: Will Holdings unitholders be able to trade Partnership LP units that they receive pursuant to the merger?

A: Yes. Partnership LP units received pursuant to the merger will be registered under the Securities Act and will be listed on the New York Stock Exchange under the symbol BPL. All Partnership LP units that each Holdings unitholder receives in the merger will be freely transferable unless such Holdings unitholder is deemed to be an affiliate of the Partnership following the merger for purposes of U.S. federal securities laws.

Q: What will Partnership unitholders receive in connection with the merger?

A: Partnership unitholders will not receive any consideration in the merger. Partnership unitholders will continue to own their existing Partnership LP units.

Q: What happens to distributions by the Partnership?

A: Once the merger is completed and Holdings unitholders receive their Partnership LP units, when distributions are approved and declared by the Partnership GP and paid by the Partnership, the former Holdings unitholders and the current Partnership unitholders will receive distributions on their Partnership LP units.

Q: As a Holdings unitholder, what happens to the payment of distributions for the quarter in which the merger is effective?

A: If the merger is completed before the record date for a quarterly distribution, Holdings unitholders will receive no quarterly distribution from Holdings; instead, a Holdings unitholder will receive Partnership distributions on all Partnership LP units such unitholder received in the merger. If the merger closes after the record date, Holdings unitholders will receive distributions on Holdings units held as of the record date. However, Holdings unitholders will not receive distributions from both Holdings and the Partnership for the same quarter.

Q: What will happen to Holdings after the merger?

A: As a result of the merger, MergerCo will be merged with and into Holdings, and Holdings will become a subsidiary of the Partnership, with the Partnership being the sole limited partner of Holdings and Holdings GP remaining as the sole general partner of Holdings. Holdings GP s general partner interest in Holdings will be non-economic. Holdings units will cease to exist. Holdings will continue to exist, but its purpose will be solely to own the limited liability company interest in the Partnership GP, and Holdings GP will be restricted from causing

Holdings to engage in any business activities other than such ownership and immaterial or administrative actions relating thereto and electing directors of the Partnership GP in accordance with the terms of the amended and restated partnership agreement of the Partnership. Holdings GP will continue to have the power to cause Holdings to appoint, remove and replace the members of the Partnership Board until the effectiveness of the public election provisions, as discussed below.

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Q: What Holdings unitholder and Partnership unitholder approvals are required?

A: The following require the affirmative vote of the holders of at least a majority of the outstanding Partnership LP units entitled to vote as of the record date: (a) the approval of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of the Partnership LP units in the merger; and (b) the approval of the Partnership s amended and restated partnership agreement. Accordingly, if a Partnership unitholder fails to vote, or if a Partnership unitholder abstains from voting, that will have the same effect as a vote against (a) and (b) above.

The approval of the merger, the merger agreement and the transactions contemplated thereby require the affirmative vote of the holders of (a) a majority of the common units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting as a separate class, and (b) a majority of the common units and management units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting as a single class. Accordingly, if a Holdings unitholder fails to vote, or if a Holdings unitholder abstains from voting, that will have the same effect as a vote against the approval of the merger, the merger agreement and the transactions contemplated thereby.

BGH GP, ArcLight Energy Partners Fund III, L.P., ArcLight Energy Partners Fund IV, L.P., Kelso Investment Associates VII, L.P., and KEP VI, LLC, the record and/or beneficial owners of approximately 62% of the Holdings units (the Major Holdings Unitholders), have agreed to vote their Holdings units in favor of the merger and the merger agreement pursuant to a support agreement dated June 10, 2010 among the Partnership and such unitholders (a copy of which is attached as Annex D to this joint proxy statement/prospectus). These units constitute approximately 61% of all outstanding Holdings common units and 97% of all outstanding Holdings management units. Please read The Proposed Merger Transactions Related to the Merger Support Agreement beginning on page 86.

Q: When do you expect the merger to be completed?

A: A number of conditions must be satisfied before the Partnership and Holdings can complete the merger, including the approvals by the Partnership unitholders and Holdings unitholders, the receipt of applicable regulatory approvals and the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, relating to the Partnership LP units to be received by Holdings unitholders. The Partnership and Holdings expect to complete the merger promptly following the Partnership special meeting and the Holdings special meeting, which are scheduled for November 16, 2010.

Q: After completion of the merger, will I be able to vote to elect directors of the Partnership Board?

A: Pursuant to the merger agreement, the Partnership agreed to amend and restate its existing partnership agreement. The amended and restated partnership agreement will include provisions for the Partnership s public unitholders to elect some or all of the members of the Partnership Board (public election provisions). Your right to vote to elect directors of the Partnership Board will be conditioned on either (a) the receipt of approvals from the California Public Utilities Commission (the CPUC) and the Pennsylvania Public Utility Commission (the PaPUC) of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. The Partnership expects to file applications for CPUC and PaPUC approval as soon as possible. While it is possible that such approvals will be obtained prior to the closing of the merger, the Partnership cannot predict when, or guarantee that, such approvals will be obtained. See Regulatory Approvals on page 88.

Under the amended and restated partnership agreement, Holdings GP (as general partner of Holdings) will continue to have the right to appoint, remove and replace all of the members of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and the PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. Upon the occurrence of either (a) or (b) above, Holdings GP will have the right to appoint up to two directors, with the number depending upon the continued ownership of specified thresholds of Partnership LP units by BGH GP and its affiliates, and the remaining directors will be classified into three classes and be subject to election by the holders of Partnership LP units (other than BGH GP and its affiliates). If the Partnership Board is not able to make the determination described in (b) above, the Partnership GP will be obligated

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under the amended and restated partnership agreement to use commercially reasonable efforts to obtain the approvals described in (a) above.

Q: After the merger, who will direct the activities of the Partnership?

A: Pursuant to the amended and restated partnership agreement of the Partnership and the amended and restated limited liability company agreement of the Partnership GP, each of which will be in effect after the merger, the Partnership Board will direct the activities of the Partnership.

Q: What are the expected tax consequences to a Holdings unitholder as a result of the merger?

A: Under current law, it is anticipated that for U.S. federal income tax purposes no income or gain should be recognized by a Holdings unitholder solely as a result of the merger, other than any gain resulting from the exchange of Holdings units for cash in lieu of the distribution of fractional Partnership LP units, in which case such unitholder would recognize gain or loss equal to the difference between the amount of cash received and the unitholder s adjusted tax basis allocable to such fractional unit.

Please read Risk Factors Tax Risks Related to the Merger beginning on page 28, Risk Factors Tax Risks to Holdings Unitholders beginning on page 29, and Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Holdings Common Unitholders beginning on page 118.

Q: Under what circumstances could the merger result in an existing Partnership unitholder recognizing taxable gain as a result of the recalculation of such unitholder s share of the Partnership s nonrecourse liabilities?

A: Upon the completion of the merger, Holdings unitholders who receive Partnership LP units will become limited partners of the Partnership and will be allocated their pro rata share of the Partnership s nonrecourse liabilities. This will result in a reduction in the amount of nonrecourse liabilities allocated to the Partnership s existing unitholders, which is referred to as a reducing debt shift. When an existing Partnership unitholder experiences a reducing debt shift as a result of the merger, such unitholder will be deemed to have received a cash distribution in the amount of such shift. An existing Partnership unitholder will recognize gain to the extent a deemed cash distribution to such holder exceeds such holder s adjusted tax basis in its Partnership LP units. Although the Partnership has not received an opinion with respect to whether any existing Partnership unitholders will recognize gain from a reducing debt shift upon completion of the merger, the Partnership does not expect that any deemed cash distribution will exceed any existing Partnership unitholder s tax basis in its Partnership LP units.

Please read Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Existing Partnership Unitholders Potential for Reducing Debt Shifts beginning on page 117.

Q: What are the expected tax consequences after the merger is completed for Holdings unitholders who receive Partnership LP units in the merger?

A: Each Holdings unitholder who becomes a Partnership unitholder as a result of the merger will, as is the case for existing Partnership unitholders, be required to report on its federal income tax return such unitholder s distributive share of the Partnership s income, gains, losses, deductions and credits. In addition to federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which the Partnership conducts business or owns property or in which the unitholder is resident.

Please read Federal Income Taxation of the Partnership and its Unitholders beginning on page 121.

Q: Who is entitled to vote at the special meetings?

A: *Partnership special meeting:* All of the Partnership s unitholders of record at the close of business on September 17, 2010, the record date for the Partnership s special meeting, are entitled to receive notice of and to vote at the Partnership s special meeting.

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Holdings special meeting: All of Holdings unitholders of record at the close of business on September 17, 2010, the record date for Holdings special meeting, are entitled to receive notice of and to vote at Holdings special meeting.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or by submitting your proxy or voting instruction by telephone or through the internet as soon as possible so that your Partnership LP units or Holdings units will be represented and voted at your special meeting.

If your Partnership LP units or Holdings units are held in street name, please refer to your proxy card or the information forwarded by your broker or other nominee to see which options are available to you. The internet and telephone proxy submission procedures are designed to authenticate Partnership unitholders or Holdings unitholders and to allow you to confirm that your instructions have been properly recorded.

The method you use to submit a proxy will not limit your right to vote in person at the Partnership special meeting or Holdings special meeting if you later decide to attend your special meeting. If your Partnership LP units or Holdings units are held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor from the holder of record, to be able to vote in person at the Partnership special meeting or Holdings special meeting.

Q: If my Partnership LP units or Holdings units are held in street name by my broker or other nominee, will my broker or other nominee vote my units for me?

A: No. Your broker will not be able to vote your Partnership LP units or Holdings units without instructions from you. Please follow the procedure your broker provides to vote your units.

In connection with either special meeting, abstentions and broker non-votes will be considered in determining the presence of a quorum. An abstention will be the equivalent of a NO vote with respect to all of the matters to be voted upon. A broker non-vote will have the effect of a vote against all of the matters to be voted upon at the special meetings.

An abstention occurs when a Partnership unitholder or Holdings unitholder abstains from voting (either in person or by proxy) on one or more of the proposals. Broker non-votes may occur when a person holding units through a bank, broker or other nominee does not provide instructions as to how the units should be voted, and the broker lacks discretionary authority to vote on a particular proposal.

Q: If I am a Holdings unitholder with certificated units, should I send in my unit certificates with my proxy card?

A: No. Please DO NOT send your Holdings unit certificates with your proxy card. A letter of transmittal for your Holdings units and instructions will be delivered to you in a separate mailing. If your Holdings units are held in street name by your broker or other nominee, you should follow their instructions.

Q: If I am a Partnership unitholder, should I send in my Partnership unit certificates with my proxy card?

A:

No. Please DO NOT send your Partnership unit certificates with your proxy card. Since the Partnership LP units are not being exchanged, you should keep your Partnership unit certificates.

Q: If I am planning on attending a special meeting in person, should I still submit a proxy?

A: Yes. Whether or not you plan to attend your special meeting, you should submit a proxy. Partnership LP units or Holdings units will not be voted if the holder of such Partnership LP units or Holdings units does not submit a proxy and if such holder does not vote in person at such holder s special meeting. Failure to submit a proxy would have the same effect as a vote against all the proposals at the Partnership special meeting and will have the same effect as a vote against all the proposals at the Holdings special meeting.

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Q: What do I do if I want to change my vote after I have delivered my proxy card?

A: You may change your vote at any time before Partnership LP units or Holdings units are voted at your special meeting. You can do this in any of the three following ways:

by sending a written notice to Computershare Trust Company, N.A. in time to be received before your special meeting stating that you revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before your special meeting or by submitting a later dated proxy by telephone or the internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, or if you hold a proxy in your favor executed by a holder of record, by attending your special meeting and voting in person.

If your Partnership LP units or Holdings units are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: What should I do if I receive more than one set of voting materials for the Partnership special meeting or the Holdings special meeting?

A: You may receive more than one set of voting materials for the Partnership special meeting or the Holdings special meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold units. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

Q: Can I submit my proxy by telephone or the internet?

A: Yes. In addition to mailing your proxy, you may submit it telephonically or on the internet. Voting instructions for using the telephone or internet are described on your proxy card.

Q: Who can I contact with questions about the special meetings or the merger and related matters?

A: If you have any questions about the merger and the other matters contemplated by this joint proxy statement/prospectus or how to submit your proxy or voting instruction card, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card or voting instruction card, you should contact:

Morrow & Co., LLC
470 West Avenue 3rd Floor
Stamford, CT 06902

Banks and brokers call: (203) 658-9400
Unitholders call toll-free: (800) 573-4412
Email: *buckeye.info@morrowco.com*

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SUMMARY

This brief summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. To understand the merger fully and for a complete description of the terms of the merger and related matters, you should read carefully this joint proxy statement/prospectus, the documents incorporated by reference and the full text of the annexes to this joint proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 155.

The Proposed Merger (page 85)

Under the merger agreement, the Partnership will acquire Holdings through a merger of MergerCo with and into Holdings, and all Holdings units will be converted into Partnership LP units. As a result of the merger, Holdings will be a subsidiary of the Partnership, with the Partnership as the sole limited partner of Holdings and Holdings GP remaining as the sole general partner (with a non-economic general partner interest) of Holdings.

The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.

Please read the merger agreement carefully and fully as it is the legal document that governs the merger. For a summary of the merger agreement, please read The Merger Agreement beginning on page 90.

Merger Consideration (page 91)

Pursuant to the merger agreement, the Partnership will issue to the Holdings unitholders approximately 20 million Partnership LP units in the merger. Each unitholder of Holdings will receive 0.705 Partnership LP units per Holdings unit. This stated consideration represents a 32% premium to the closing price of Holdings common units on June 10, 2010, the last trading day before the public announcement of the proposed merger.

Transactions Related to the Merger (page 86)

Amended and Restated Partnership Agreement

Immediately following the closing of the merger, the Partnership s existing partnership agreement will be amended and restated. Under the amended and restated partnership agreement: (i) the general partner interest represented by the incentive compensation agreement (the incentive distribution rights) will be cancelled and the general partner units (GP units, which currently represent an approximate 0.5% general partner interest in the Partnership) will be converted into a non-economic general partner interest in the Partnership; (ii) the public election provisions will be added but will not take effect until either approval by the CPUC and PaPUC or a determination by the Partnership Board that such approvals are not required; (iii) the Partnership GP s right to acquire all Partnership LP units if the Partnership GP or its affiliates own more than 90% of the outstanding Partnership LP units will be eliminated; (iv) certain provisions added to the existing partnership agreement in 2004 to clarify the separateness of the Partnership GP, the Partnership, and certain related entities from the owners of the Partnership GP, which will become generally inapplicable once the Partnership owns the Partnership GP, will be eliminated; and (v) certain other legacy provisions that are no longer applicable to the Partnership will be eliminated.

For a summary of the amended and restated partnership agreement, please read The Amended and Restated Partnership Agreement of the Partnership beginning on page 105.

The foregoing description of the amended and restated partnership agreement is qualified in its entirety by reference to the full text of the form of amended and restated partnership agreement, which is attached as Annex B to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus.

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Support Agreement

On June 10, 2010, the Partnership entered into a support agreement with the Major Holdings Unitholders. As of June 10, 2010, the last trading day before the public announcement of the proposed merger, the Major Holdings Unitholders beneficially owned 17,004,596 Holdings common units and 509,141 Holdings management units. These units represent approximately 62% of all outstanding Holdings units (61% of the total Holdings common units and 97% of the total Holdings management units).

Pursuant to the support agreement, the Major Holdings Unitholders agreed to vote their Holdings units (a) in favor of the adoption of the merger and the merger agreement, (b) against any action or agreement that would result in a breach of any covenant, representation or warranty of Holdings or Holdings GP contained in the merger agreement, (c) against any acquisition proposal (as defined in the merger agreement) and (d) against any action, agreement or transaction that would or would reasonably be expected to materially impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger and the transactions contemplated by the merger agreement. The support agreement may be terminated upon, among other things, the termination of the merger agreement or a change in recommendation by the Holdings Board.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, which is attached as Annex D to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus.

Registration Rights Agreement

Pursuant to the support agreement described above, on June 10, 2010 the Partnership and the Major Holdings Unitholders entered into a registration rights agreement pursuant to which the Partnership has agreed to file a registration statement covering the potential sale of Partnership LP units to be issued to the Major Holdings Unitholders in the merger. In addition, the registration rights agreement gives the Major Holdings Unitholders piggyback registration rights under certain circumstances.

The foregoing description of the registration rights agreement is qualified in its entirety by reference to the full text of the registration rights agreement, which is filed as an exhibit to the registration statement of which this joint proxy statement/prospectus is a part and incorporated herein by reference.

Directors and Executive Officers of the Partnership GP Following the Merger (page 142)

The Partnership GP will continue to manage the Partnership after the merger. Members of the Partnership GP s management team will continue in their current roles and are expected to manage the Partnership GP following the merger. Following the effective time of the merger, the Partnership Board is expected to consist of nine members. Mr. Forrest E. Wylie, the chief executive officer of the Partnership GP and the current chairman of the Partnership Board, as well as the three current members of the Partnership Audit Committee are expected to continue as directors of the Partnership GP. In addition, the three members of the audit committee of Holdings GP are expected to be appointed to serve as directors of the Partnership GP following the effective time of the merger. Holdings GP has designated Frank J. Loverro and John F. Erhard to serve as additional members of the Partnership Board following the effective time of the merger. Holdings GP (as general partner of Holdings) will continue to have the right to appoint all of the members of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. Following the occurrence of either (a) or (b) above, Holdings GP will continue to have the right to designate two members of the Partnership Board, subject to reduction if the Major Holdings Unitholders ownership of Partnership LP units drops below certain thresholds, and the remaining directors will be classified into three classes

and be subject to election by the holders of Partnership LP units (other than BGH GP and its affiliates).

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Recommendation of the Partnership Audit Committee and Its Reasons for the Merger (page 48)

The Partnership Board delegated full authority to the Partnership Audit Committee to negotiate and approve the merger and any definitive documentation related to the merger on behalf of the Partnership Board. The Partnership Audit Committee engaged independent legal and financial advisors to assist in the negotiations.

The Partnership Audit Committee has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, and has determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, are fair and reasonable to, and in the best interests of, the Partnership and its unitholders (other than the Partnership GP, Holdings or their respective affiliates). Accordingly, the Partnership Audit Committee unanimously recommends that the Partnership s unitholders vote FOR the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement.

In addition, the Partnership Audit Committee has unanimously approved and declared the advisability of the Partnership s amended and restated partnership agreement and has determined that the amended and restated partnership agreement is fair and reasonable to, and in the best interests of, the Partnership and its unitholders (other than the Partnership GP, Holdings or their respective affiliates). Accordingly, the Audit Committee unanimously recommends that the Partnership s unitholders vote FOR the proposal to approve the amended and restated partnership agreement.

To review the background of and the Partnership Audit Committee s reasons for the merger in greater detail, please read Special Factors Background of the Merger beginning on page 31 and Special Factors Recommendation of the Partnership Audit Committee and Its Reasons for the Merger beginning on page 48. To review certain risks related to the merger, please read Risk Factors beginning on page 24.

Recommendation of the Holdings Board and Its Reasons for the Merger (page 51)

The Holdings Board has unanimously (with the director who is the chief executive officer of the Partnership GP and Holdings GP recusing himself) approved and declared the advisability of the merger, the merger agreement and the transactions contemplated thereby and determined that the merger, the merger agreement and the transactions contemplated thereby are fair and reasonable to, and in the best interests of, Holdings and the Holdings unitholders. Accordingly, the Holdings Board unanimously recommends that Holdings unitholders vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

To review the background of and the Holdings Board s reasons for the merger in greater detail, please read Special Factors Background of the Merger beginning on page 31 and Special Factors Recommendation of the Holdings Board and Its Reasons for the Merger beginning on page 51. To review certain risks related to the merger, please read Risk Factors beginning on page 24.

Conditions to the Completion of the Merger (page 100)

Before the Partnership and Holdings can complete the merger, a number of conditions must be satisfied, or where permissible, waived by the Partnership or Holdings, as appropriate. For the complete list of conditions to the completion of the merger, please see The Merger Agreement Conditions to the Completion of the Merger.

The Parties to the Merger Agreement (page 76)

Buckeye Partners, L.P.

The Partnership is a publicly traded Delaware limited partnership. The Partnership operates and reports in five business segments: Pipeline Operations; Terminalling & Storage; Natural Gas Storage; Energy Services;

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and Development & Logistics. The Partnership s principal line of business is the transportation, terminalling, and storage of refined petroleum products in the United States for major integrated oil companies, large refined petroleum product marketing companies and major end users of refined petroleum products on a fee basis through facilities it owns and operates. The Partnership also markets refined petroleum products in certain of the geographic areas served by its pipeline and terminalling operations. The Partnership owns a major natural gas storage facility in northern California. In addition, the Partnership operates and maintains approximately 2,400 miles of other pipelines under agreements with major oil and gas, petrochemical and chemical companies, and performs certain engineering and construction management services for third parties.

The executive offices of the Partnership are located at One Greenway Plaza, Suite 600, Houston, Texas 77046. The telephone number is (832) 615-8600.

Buckeye GP Holdings L.P.

Holdings is a publicly traded Delaware limited partnership that owns the Partnership GP. Holdings only cash-generating assets are its direct and indirect partnership interests in the Partnership, which are comprised of the following:

- the indirect ownership of the incentive distribution rights in the Partnership;
- the indirect ownership of the general partner interests in certain of the Partnership s operating subsidiaries (representing an approximate 1% interest in each of such operating subsidiaries);
- the indirect ownership of the general partner interests in the Partnership (representing 243,914 GP units), or an approximate 0.5% interest in the Partnership; and
- 80,000 Partnership LP units.

The incentive distribution rights noted above entitle Holdings (through its ownership of the Partnership GP) to receive amounts equal to specified percentages of the incremental amount of cash distributed by the Partnership to the holders of Partnership LP units when target distribution levels for each quarter are exceeded. The 2,573,146 Partnership LP units originally issued to the Buckeye Pipe Line Services Company Employee Stock Ownership Plan (the ESOP) are excluded for the purpose of calculating incentive distributions. The target distribution levels begin at $0.325 and increase in steps to the highest target distribution level of $0.525 per eligible Partnership LP unit. When the Partnership makes quarterly distributions above this level, the incentive distributions include an amount equal to 45% of the incremental cash distributed to each eligible unitholder for the quarter, or approximately 30% of total incremental cash distributed by the Partnership above $0.525.

The executive offices of Holdings are located at One Greenway Plaza, Suite 600, Houston, Texas 77046. The telephone number is (832) 615-8600.

Relationship of the Parties (page 76)

Holdings and the Partnership are closely related. Holdings currently owns all of the limited liability company interests of the Partnership GP and 80,000 Partnership LP units. The Partnership GP currently directly owns an approximate 0.5% general partner interest in the Partnership and all of the Partnership s incentive distribution rights, and indirectly owns the general partner interests in certain of the Partnership s operating subsidiaries.

Since Holdings initial public offering in August 2006, distributions by the Partnership have increased from $0.775 per Partnership LP unit for the quarter ended September 30, 2006 to $0.9625 per Partnership LP unit payable for the quarter ended June 30, 2010; and as a result, distributions from the Partnership to Holdings (through the Partnership GP) have increased.

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The following table summarizes the cash Holdings received for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 as a result of its direct and indirect ownership of partnership interests in the Partnership (dollars in thousands):

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
Incentive distributions from the Partnership	$ 29,978	$ 38,895	$ 45,739	$ 24,918
Distributions from the ~ 1% ownership in certain of the Partnership s operating subsidiaries	1,292	1,131	1,955	403
Distribution from the ownership of 243,914 GP units	786	835	884	460
Distribution from the ownership of 80,000 Partnership LP units	258	274	290	151
	$ 32,314	$ 41,135	$ 48,868	$ 25,932

Moreover, certain directors and executive officers of Holdings GP are also directors and executive officers of the Partnership GP. Messrs. Forrest E. Wylie, John F. Erhard and Robb E. Turner serve as members of both the Holdings Board and the Partnership Board. The executive officers of Holdings GP are also executive officers of the Partnership GP.

Information About the Special Meetings and Voting (page 78)

The Partnership Special Meeting

Where and when: The Partnership special meeting will take place at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010, on November 16, 2010 at 11:00 a.m., local time.

What the Partnership unitholders are being asked to vote on: At the Partnership special meeting and any adjournment or postponement thereof, the Partnership unitholders will be asked to consider and vote on the following matters:

a proposal to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement;

a proposal to approve the Partnership s amended and restated partnership agreement; and

any proposal to transact such other business as may properly come before the Partnership special meeting and any adjournment or postponement thereof.

Who may vote: You may vote at the Partnership special meeting if you owned Partnership LP units at the close of business on the record date, September 17, 2010. You may cast one vote for each Partnership LP unit that you owned at the close of business on the record date.

How to vote: Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet procedures described on your proxy card.

What vote is needed: The affirmative vote of the holders of at least a majority of the outstanding Partnership LP units is required to: (1) approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement; and (2) approve the Partnership s amended and restated partnership agreement.

Recommendations of the Partnership Audit Committee: The Partnership Audit Committee unanimously recommends that you vote FOR the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement. In addition, the Partnership Audit Committee unanimously recommends that you vote FOR the proposal to approve the Partnership s amended and restated partnership agreement.

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The approval of each of the merger agreement and the amended and restated partnership agreement by the Partnership s unitholders are conditions to completion of the merger.

The Holdings Special Meeting

Where and when: The Holdings special meeting will take place at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010, on November 16, 2010 at 12:00 noon, local time.

What Holdings unitholders are being asked to vote on: At the Holdings special meeting, Holdings unitholders will be asked to consider and vote on the following matters:

a proposal to approve the merger, the merger agreement and the transactions contemplated thereby; and

any proposal to transact such other business as may properly come before the Holdings special meeting and any adjournment or postponement thereof.

Who may vote: You may vote at the Holdings special meeting if you owned Holdings units at the close of business on the record date, September 17, 2010. You may cast one vote for each Holdings unit that you owned at the close of business on the record date.

How to vote: Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet procedures described on your proxy card.

What vote is needed: The affirmative vote of the holders of (A) a majority of the common units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting as a separate class, and (B) a majority of the common units and management units of Holdings outstanding and entitled to vote at the meeting as of the record date, voting together as a single class, is required to approve the merger, the merger agreement and the transactions contemplated thereby.

Recommendations of the Holdings Board: The Holdings Board unanimously recommends that you vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

The approval of the merger and the merger agreement by the Holdings unitholders is a condition to the completion of the merger.

Risk Factors (page 24)

You should consider carefully all of the risk factors together with all of the other information included in this joint proxy statement/prospectus before deciding how to vote. Certain risks related to the merger are described under the caption Risk Factors beginning on page 24 of this joint proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

the directors and executive officers of the Partnership GP and of Holdings GP may have interests that differ from your interests;

at the effective time, the market value of the Partnership LP units to be received in the merger could decrease and Holdings unitholders cannot be sure of the market value of such Partnership LP units;

no ruling has been obtained with respect to the tax consequences of the merger; and

the benefits of the merger may not be realized.

Appraisal Rights (page 87)

Neither Partnership unitholders nor Holdings unitholders have or are entitled to exercise appraisal rights in connection with the merger under Delaware law or either the Partnership s or Holdings partnership agreement, as applicable.

No Solicitation of Other Offers by Holdings (page 99)

Pursuant to the merger agreement, Holdings agreed not to (a) knowingly initiate, solicit or encourage the submission of any acquisition proposal; or (b) participate in any discussions or negotiations regarding, or

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furnish to any person any non-public information with respect to, any acquisition proposal. Notwithstanding these restrictions, at any time prior to the approval of the merger agreement by Holdings unitholders, Holdings is permitted to enter into or participate in any discussions or negotiations with any party that has made an unsolicited written acquisition proposal if the Holdings Board determines, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal constitutes or is likely to result in a superior proposal and that failure to take such action would be inconsistent with its fiduciary duties under the existing partnership agreement of Holdings or applicable law. See The Merger Agreement No Solicitation of Other Offers by Holdings beginning on page 99.

In addition, Holdings may terminate the merger agreement and enter into a definitive agreement with respect to a superior proposal. See The Merger Agreement No Solicitation of Other Offers by Holdings Change in Recommendation by the Holdings Board on page 99.

Termination of the Merger Agreement (page 102)

The merger agreement may be terminated at any time prior to the effective time in any of the following ways:

by mutual written consent of Holdings and the Partnership;

by either Holdings or the Partnership upon written notice to the other:

if the merger is not completed on or before December 31, 2010, unless the failure of the closing to occur by this date is primarily due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligation under the merger agreement or a material breach of the merger agreement by such party. Either the Partnership or Holdings may extend the termination date to February 28, 2011 unless a change in U.S. law has been adopted such that gain or loss would be recognized by holders of Holdings units upon exchange of such Holdings units for Partnership LP units (other than gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code or cash or other property distributions);

if any regulatory authority has issued a final and nonappealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins or prohibits the consummation of the merger; *provided*, that the terminating party is not in breach of its covenant to use commercially reasonable best efforts to complete the merger promptly;

if Holdings fails to get the necessary unitholder approval at the Holdings special meeting, subject to certain limitations;

if there has been a material breach of any agreements or covenants, or there is any material inaccuracy in any of the representations or warranties of any of the other parties set forth in the merger agreement under certain circumstances;

if the Partnership fails to get the necessary unitholder approval at the Partnership special meeting, subject to certain limitations;

by the Partnership if the Holdings Board makes a change in recommendation;

by Holdings if:

prior to obtaining the necessary unitholder approval at the Holdings special meeting, Holdings receives a third party acquisition proposal which the Holdings Board concludes, in good faith, is a superior proposal; the Holdings Board makes a change in recommendation; Holdings has not knowingly and intentionally breached the no solicitation provisions of the merger agreement; and Holdings subsequently enters into an agreement for the superior proposal, and pays the termination fee described below; or

the Partnership Audit Committee makes a change in recommendation regarding the merger.

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Termination Fees and Expenses (page 103)

Holdings or the Partnership will be obligated to pay termination fees (to be held by an escrow agent) upon the termination of the merger agreement in the following circumstances:

Holdings will be obligated to pay a fee to the Partnership equal to $29.0 million in cash, reduced by certain amounts paid, if:

the merger agreement is terminated by the Partnership because the Holdings Board makes a change in recommendation regarding the merger;

after an acquisition proposal for 50% or more of the assets of, the equity interest in or businesses of Holdings has been made to the Holdings unitholders or an intention to make such an acquisition proposal has been made known, the merger agreement is terminated by either the Partnership or Holdings because the merger was not consummated by the termination date or Holdings failed to obtain the requisite unitholder approvals or by the Partnership because of a breach of Holdings representations and warranties or agreements and covenants and, in either case, within 12 months after the merger agreement is terminated, Holdings enters into a definitive agreement in respect of any acquisition proposal and consummates the transaction contemplated by such definitive agreement (which need not be the same acquisition proposal as the acquisition proposal first mentioned in this paragraph); or

the merger agreement is terminated by Holdings to enter into a superior proposal under certain circumstances.

The Partnership will be obligated to pay a fee to Holdings equal to $29.0 million in cash if the Partnership Audit Committee makes a change in recommendation regarding the merger and Holdings terminates the merger agreement because of such change in recommendation.

In the event that Holdings or the Partnership is obligated to pay the termination fee to the Partnership or Holdings, respectively, the escrow agent will release to the Partnership or Holdings, as applicable, a portion of the termination fee equal to no greater than 70% of the maximum remaining amount which, in the good faith view of the Partnership GP or Holdings GP, as applicable, may be taken in the gross income of the Partnership or Holdings, as the case may be, without exceeding the permissible qualifying income limits for a publicly traded partnership based on applicable provisions of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Following the year in which the initial release of the termination fee occurs, additional amounts may be released or a portion of the fee may be required to be returned so that the amount released equals between 80% and 90% of the maximum which the Partnership or Holdings, as applicable, could actually have taken in gross income. Any amount of the termination fee not distributed to the party to which the fee is due will be refunded to the party that paid the fee. In addition, Holdings has waived for itself and its affiliates, and will cause the Partnership GP to waive, any rights to any distribution by the Partnership of any termination fee paid to the Partnership.

To the extent that Holdings has already paid the Partnership its expenses in connection with the termination of the merger agreement and subsequently Holdings is obligated to pay the termination fee to the escrow agent on the Partnership s behalf, Holdings is only obligated to pay the escrow agent an amount equal to the difference between the applicable termination fee and the expenses previously paid.

Holdings or the Partnership will be obligated to pay expenses upon the termination of the merger agreement in the following circumstances:

Holdings will be obligated to pay the Partnership s expenses, not to exceed $6.0 million, if the merger agreement is terminated by:

the Partnership because of a breach of Holdings or Holdings GP s material representations and warranties or agreements and covenants; or

the Partnership or Holdings because Holdings failed to obtain the requisite approvals from its unitholders.

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The Partnership will be obligated to pay Holdings expenses, not to exceed $6.0 million, if the merger agreement is terminated by:

Holdings because of a breach of the Partnership s or the Partnership GP s material representations and warranties or agreements and covenants; or

Holdings or the Partnership because the Partnership failed to obtain the requisite approvals from its unitholders.

If the merger is consummated, the Partnership will pay the property and transfer taxes imposed on either party in connection with the merger. The Partnership will pay the expenses for filing, printing, and mailing this joint proxy statement/prospectus. Any filing fees payable pursuant to regulatory laws and other filing fees incurred in connection with the merger agreement will be paid by the party incurring the fee.

Opinion of Barclays Capital Inc. Financial Advisor to the Partnership Audit Committee (page 56)

The Partnership Audit Committee retained Barclays Capital Inc., or Barclays, to act as its financial advisor in connection with the merger. At a meeting of the Partnership Audit Committee held on June 10, 2010, Barclays rendered its opinion to the Partnership Audit Committee that, as of June 10, 2010, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio to be paid is fair, from a financial point of view, to the Partnership and accordingly, the holders of the Partnership LP units, other than Holdings, the Partnership GP, ArcLight Capital Partners, LLC and certain of its affiliates and Kelso & Company and certain of its affiliates.

The full text of the Barclays opinion, dated as of June 10, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Barclays in rendering its opinion, is attached as Annex E to this joint proxy statement/prospectus and is incorporated herein by reference. The summary of the Barclays opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion. The holders of Partnership LP units are urged to read the Barclays opinion carefully and in its entirety. Barclays provided financial advisory services and its opinion for the information and assistance of the Partnership Audit Committee in connection with its consideration of the merger. The Barclays opinion does not constitute a recommendation to any holder of Partnership LP units as to how such holder should vote with respect to the merger or any other matter. Pursuant to an engagement letter between the Partnership Audit Committee and Barclays, the Partnership has agreed to pay Barclays fees for its services, a principal portion of which is contingent upon consummation of the merger.

Opinion of Credit Suisse Securities (USA) LLC Financial Advisor to the Holdings Board (page 67)

On June 10, 2010, Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse, rendered its oral opinion to the Holdings Board, in its capacity as the board of directors of the general partner of Holdings (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) to the effect that, as of June 10, 2010, the exchange ratio was fair, from a financial point of view, to the unaffiliated unitholders of Holdings. For purposes of its opinion, Credit Suisse defined the unaffiliated unitholders of Holdings as the holders of Holdings units, other than BGH GP and its affiliates.

Credit Suisse s opinion was directed to the Holdings Board, in its capacity as the board of directors of the general partner of Holdings, and only addressed the fairness, from a financial point of view, to the unaffiliated unitholders of Holdings of the exchange ratio and did not address any other aspect or implication of the merger. The summary of Credit Suisse s opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of

its written opinion, which is included as Annex F to this joint proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse s written opinion nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and they do not constitute, advice or a recommendation to any holder of Holdings units as to how such holder should vote or act with respect to any matter relating to the merger.

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Comparison of Partnership Unitholder Rights and Holdings Unitholder Rights (page 146)

As a result of the merger, Holdings unitholders will become holders of Partnership LP units. The rights of holders of Partnership LP units will be governed by the Partnership s amended and restated partnership agreement and applicable Delaware law. There are differences between the rights of Holdings unitholders and Partnership unitholders pursuant to the existing partnership agreement of Holdings and the amended and restated partnership agreement of the Partnership. Certain of these differences are described under Comparison of Partnership Unitholder Rights and Holdings Unitholder Rights beginning on page 146.

Interests of Certain Persons in the Merger (page 138)

In considering the recommendations of the Partnership Audit Committee and Holdings Board, Partnership unitholders and Holdings unitholders should be aware that some of the executive officers and directors of the Partnership GP and Holdings GP have interests in the merger that may differ from, or may be in addition to, the interests of Partnership unitholders or of Holdings unitholders generally. These interests include:

Holdings and Partnership Units. Some of the executive officers and directors of the Partnership GP and Holdings GP currently own Holdings units and will be receiving Partnership LP units as a result of the merger. Holdings units held by the directors and executive officers will be converted into Partnership LP units at a ratio of 0.705 Partnership LP units per Holdings unit. This is the same ratio as that applicable to all other holders of Holdings units. In addition, certain directors and officers of the Partnership GP and Holdings GP currently own Partnership LP units.

Indemnification and Insurance. The merger agreement provides for indemnification by the Partnership and Holdings of each person who was, as of the date of the merger agreement, or is at any time from the date of the merger agreement through the effective date, an officer or director of Holdings or any of its subsidiaries or acting as a fiduciary under or with respect to any employee benefit plan of Holdings and for the maintenance of directors and officers liability insurance covering directors and executive officers of Holdings GP for a period of six years following the merger. The Partnership and MergerCo also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in the Holdings agreement of limited partnership (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any of Holdings subsidiaries) and the indemnification agreements of Holdings or any of its subsidiaries will be assumed by Holdings, the Partnership and the Partnership GP in the merger, without further action, at the effective time of the merger and will survive the merger and will continue in full force and effect in accordance with their terms.

Director and Executive Officer Interlock. Certain of Holdings GP s directors and all of Holdings GP s executive officers are currently directors and executive officers of the Partnership GP, respectively, and are expected to remain directors and executive officers of the Partnership GP following the merger. Messrs. Wylie, Smith, St.Clair and Schmidt are officers of BGH GP. Mr. Wylie is a director of BGH GP. After the effective time, the Partnership Board is expected to consist of nine members, three of whom are expected to be the existing members of the Partnership Audit Committee, one of whom is expected to be the existing chief executive officer of the Partnership GP and three of whom are expected to be the three existing members of the audit committee of the Holdings Board. The amended and restated partnership agreement of the Partnership will provide that, following (a) the receipt of approvals from the CPUC and the PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required, Holdings GP shall have the right to designate (a) two directors for so long as BGH GP, ArcLight Capital Partners, LLC

(ArcLight) and Kelso & Company (Kelso) and their affiliates (directly and indirectly) own at least 10,495,107 Partnership LP units (85% of the number they will own after the closing of the merger) or (b) one director for so long as they own at least 5,247,554 Partnership LP units (42.5% of the number they will own after the closing of the merger).

Interests in BGH GP. In addition, all of the executive officers and certain of the directors of the Partnership GP and Holdings GP have limited liability company interests in BGH GP, which owns approximately 61% of the total Holdings common units and 97% of the total Holdings management units and has entered into a support agreement and registration rights agreement. For more information

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on the support agreement and registration rights agreement, please read The Proposed Merger Transactions Related to the Merger.

Senior management of the Partnership GP and Holdings GP prepared projections with respect to the Partnership s future financial and operating performance. These projections were provided to Barclays and Credit Suisse for use in connection with the preparation of their opinions to the Partnership Audit Committee and the Holdings Board, respectively, and related financial advisory services. The projections were also provided to the Partnership Audit Committee and the Holdings Board.

Accounting Treatment of the Merger (page 88)

The merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations Overall Changes in Parent s Ownership Interest in a Subsidiary*, which is referred to as FASB ASC 810. Holdings is considered as the surviving consolidated entity for accounting purposes rather than the Partnership, which is the surviving consolidated entity for legal and reporting purposes. Therefore, the changes in Holdings ownership interest will be accounted for as an equity transaction and no gain or loss will be recognized as a result of the merger.

Material Federal Income Tax Consequences of the Merger (page 115)

Tax matters associated with the merger are complicated. The tax consequences to a Holdings unitholder of the merger and related matters will depend on such unitholder s own personal tax situation. Holdings unitholders are urged to consult their tax advisors for a full understanding of the federal, state, local and foreign tax consequences of the merger that will be applicable to them.

The Partnership expects to receive an opinion from Vinson & Elkins L.L.P. to the effect that no gain or loss should be recognized by existing holders of Partnership LP units as a result of the transactions (other than gain resulting from any decrease in Partnership liabilities pursuant to Section 752 of the Internal Revenue Code). Holdings expects to receive an opinion from Latham & Watkins LLP to the effect that no gain or loss should be recognized by the holders of Holdings units to the extent Partnership LP units are received in exchange therefor as a result of the merger, other than gain resulting from either (i) any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code, or (ii) any cash or other property distributions. Opinions of counsel, however, are not binding on the Internal Revenue Service, or IRS, and no assurance can be given that the IRS would not successfully assert a contrary position regarding the merger and the opinions of counsel.

The federal income tax consequences described above may not apply to some holders of Partnership LP units and Holdings units. Please read Risk Factors Tax Risks Related to the Merger beginning on page 28, Risk Factors Tax Risks to Holdings Unitholders beginning on page 29, Risk Factors Tax Risks to Existing Partnership Unitholders beginning on page 30 and Material Federal Income Tax Consequences of the Merger beginning on page 115 for a more complete discussion of the federal income tax consequences of the merger.

Litigation (page 89)

On August 24, 2010, the District Court of Harris County, Texas, entered an order consolidating the three previously filed putative class actions under the caption of *Broadbased Equities v. Forrest E. Wylie, et al* and appointing interim co-lead class counsel and interim co-liason counsel. Plaintiff subsequently filed a consolidated amended class action and derivative complaint on September 1, 2010. The consolidated amended complaint purports to be a putative class and derivative action alleging that Holdings GP and its directors breached their fiduciary duties to Holdings public unitholders in connection with the merger by, among other things, accepting insufficient consideration and failing to

disclose all material facts in order that Holdings unitholders may cast an informed vote on the merger agreement, and that the Partnership, Partnership GP, Holdings GP, MergerCo, BGH GP, ArcLight and Kelso aided and abetted the breaches of fiduciary duty. The consolidated amended complaint seeks an order certifying a class consisting of all of Holdings public unitholders, a determination that the action is a proper derivative action, a declaration that the defendants have

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breached their fiduciary duties to Holdings and Holdings public unitholders or aided and abetted such breaches, damages in unspecified amounts and an award of attorneys fees and costs.

The Partnership and Holdings do not believe that the claims alleged in the consolidated amended complaint have any merit, and they intend to defend the action accordingly.

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Ownership Structure

The following diagrams depict the Partnership s and Holdings ownership structure before and after giving effect to the merger and based on the Partnership s ownership as of September 21, 2010.

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Summary Historical and Unaudited Pro Forma Financial Information of Holdings

Holdings will be treated as the surviving consolidated entity of the merger for accounting purposes, even though the Partnership will be the surviving consolidated entity for legal and reporting purposes. The following table sets forth summary consolidated historical financial data and pro forma combined financial data for Holdings. The summary historical financial data as of and for the years ended December 31, 2005 through 2009 are derived from Holdings historical audited consolidated financial statements and related notes. The summary historical financial data as of and for the six months ended June 30, 2010 are derived from Holdings historical unaudited condensed consolidated financial statements and related notes. The summary financial data should be read in conjunction with Holdings consolidated financial statements, including the notes thereto. Holdings consolidated balance sheets as of December 31, 2008 and 2009 and as of June 30, 2010 and the related consolidated statements of operations, partners capital and cash flows for each of the years in the three-year period ended December 31, 2009 and for the six months ended June 30, 2010 are incorporated by reference into this joint proxy statement/prospectus from Holdings quarterly report on Form 10-Q for the quarter ended June 30, 2010 and annual report on Form 10-K for the year ended December 31, 2009.

Currently, the Partnership, a publicly traded limited partnership, is a consolidated subsidiary of Holdings, which also is a publicly traded limited partnership. If the merger and merger agreement as described in this joint proxy statement/prospectus are approved by the unitholders of both Holdings and the Partnership and all other conditions set forth in the merger agreement are met, the Partnership GP will become a subsidiary of the Partnership, with the Partnership as the sole limited partner of Holdings and Holdings GP continuing as the non-economic general partner of Holdings. In addition, the incentive distribution rights held by the Partnership GP will be cancelled and the general partner units held by the Partnership GP (representing an approximate 0.5% general partner interest in the Partnership) will be converted to a non-economic general partner interest in the Partnership. For accounting purposes, Holdings is considered the accounting acquirer of the Partnership s noncontrolling interests.

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The unaudited pro forma condensed consolidated financial data provided below gives pro forma effect to the merger, reflecting the issuance of 0.705 Partnership LP units for each outstanding Holdings unit. In addition, the Partnership s existing partnership agreement will be amended and restated to provide for the cancellation of the incentive distribution rights and the approximate 0.5% general partner interest in the Partnership owned, directly and indirectly, by the Partnership GP will be converted into a non-economic general partner interest in the Partnership. The unaudited pro forma balance sheet data assumes the merger occurred as of June 30, 2010. The unaudited pro forma income statement data for the year ended December 31, 2009 and for the six months ended June 30, 2010 assumes the merger occurred as of January 1, 2009 and January 1, 2010, respectively.

	Holdings Consolidated Historical						Pro Forma	
	Year Ended December 31,					Six Months Ended June 30,	Year Ended December 31,	Six Mon End June
	2005(1)	2006	2007	2008	2009	2010 (Unaudited)	2009 (Unaudited)	201 (Unauc
	(In thousands, except per unit amounts)							
e Statement								
t sales	$ 6,629	$ 9,840	$ 10,680	$ 1,304,097	$ 1,125,653	$ 1,069,914	$ 1,125,653	$ 1,06
ortation and other s	401,817	451,920	508,667	592,555	644,719	328,536	644,719	32
evenues(2)	408,446	461,760	519,347	1,896,652	1,770,372	1,398,450	1,770,372	1,39
f product sales								
ural gas storage s	6,457	9,637	10,473	1,274,135	1,103,015	1,068,382	1,103,015	1,06
ng expenses	190,293	217,737	245,271	281,965	275,930	135,352	275,930	13
iation and tization	32,408	39,629	40,236	50,834	54,699	29,197	54,699	2
mpairment e					59,724		59,724	
l and strative	23,419	29,884	28,014	43,226	41,147	24,089	41,147	2
nization expense					32,057		32,057	
ng income(2)	155,869	164,873	195,353	246,492	203,800	141,430	203,800	14
ment income	884	1,410	1,490	1,553	453	240	453	
t and debt e	(55,366)	(60,702)	(51,721)	(75,410)	(75,147)	(43,006)	(75,239)	(4
gs from equity ments	5,303	6,219	7,553	7,988	12,531	5,416	12,531	
ome	106,690	111,800	152,675	180,623	141,637	104,080	141,545	10
et income able to trolling interests	(99,704)	(103,066)	(129,754)	(154,146)	(92,043)	(81,303)	(4,202)	(

ome attributable										
lings(2)	$ 6,986	$ 8,734	$ 22,921	$ 26,477	$ 49,594	$ 22,777	$ 137,343	$ 10		
ome from August										
cember 31, 2006	$	$ 2,599	$	$	$	$	$	$		
gs per limited										
unit:(3)										
	$	$ 0.09	$ 0.81	$ 0.94	$ 1.75	$ 0.80	$ 1.95	$		
	$	$ 0.09	$ 0.81	$ 0.94	$ 1.75	$ 0.80	$ 1.94	$		

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	Holdings Consolidated Historical						Pro Forma	
	Year Ended December 31,					Six Months Ended June 30,	Year Ended December 31,	S Mo En Jun
	2005(1)	2006	2007	2008	2009	2010	2009	20
						(Unaudited)	(Unaudited)	(Unau
	(In thousands, except per unit amounts)							
d EBITDA:(4)								
me	$ 106,690	$ 111,800	$ 152,675	$ 180,623	$ 141,637	$ 104,080	$ 141,545	$ 1
t income ble to rolling interests	(99,704)	(103,066)	(129,754)	(154,146)	(92,043)	(81,303)	(4,202)	
me attributable ngs unitholders	6,986	8,734	22,921	26,477	49,594	22,777	137,343	1
and debt	55,366	60,702	51,721	75,410	75,147	43,006	75,239	
tax expense	874	596	760	801	(343)	(662)	(343)	
ation and tion	32,408	39,629	40,236	50,834	54,699	29,197	54,699	
A	95,634	109,661	115,638	153,522	179,097	94,318	266,938	1
h deferred lease				4,598	4,500	2,117	4,500	
pairment					59,724		59,724	
ization expense					32,057		32,057	
h unit-based sation expense		329	968	1,912	4,405	3,718	4,405	
l EBITDA	$ 95,634	$ 109,990	$ 116,606	$ 160,032	$ 279,783	$ 100,153	$ 367,624	$ 1
Sheet Data (at nd):								
sets(2)	$ 2,040,832	$ 2,212,585	$ 2,354,326	$ 3,263,097	$ 3,486,571	$ 3,343,879	n/a	$ 3,3
bt, including portion	1,104,660	1,020,449	869,463	1,555,719	1,746,473	1,619,959	n/a	1,6
Capital	80,442	240,617	238,330	232,060	242,334	240,003	n/a	1,3
rolling interests	711,722	772,525	1,066,143	1,166,774	1,209,960	1,163,827	n/a	
stribution								
tributions per unit(5)	$	$ 0.350	$ 1.040	$ 1.260	$ 1.520	$ 0.880	$ 3.250	$
	$	$ 0.125	$ 0.980	$ 1.215	$ 1.440	$ 0.840	$ 3.180	$

tributions paid
5)

(1) Certain amounts for the year ended December 31, 2005 presented in this table as product sales and transportation and other services have been reclassified to conform to the presentation for the years ended December 31, 2006, 2007, 2008 and 2009 and the six months ended June 30, 2010. These reclassifications for 2005 have not been audited.

(2) Substantial increases in revenue, operating income, net income and total assets for the year ended December 31, 2008 resulted from the acquisitions of Lodi Gas Storage, L.L.C. and Farm & Home Oil Company LLC in the first quarter of 2008.

(3) Earnings per limited partner unit is presented only for the period since August 9, 2006, the date Holdings became a public company.

(4) EBITDA, a measure not defined under U.S. generally accepted accounting principles, referred to as GAAP, is defined as net income attributable to Holdings unitholders before interest expense, income taxes and depreciation and amortization. EBITDA should not be considered an alternative to net income, operating income, cash flow from operations or any other measure of financial performance presented in accordance with GAAP. The EBITDA measure eliminates the significant level of non-cash depreciation and

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amortization expense that results from the capital-intensive nature of Holdings businesses and from intangible assets recognized in business combinations. In addition, EBITDA is unaffected by Holdings capital structure due to the elimination of interest expense and income taxes. Adjusted EBITDA, which is also a non-GAAP measure, is defined as EBITDA plus (i) non-cash deferred lease expense, which is the difference between the estimated annual land lease expense for the natural gas storage facility in the Natural Gas Storage segment to be recorded under GAAP and the actual cash to be paid for such annual land lease, and (ii) non-cash unit-based compensation expense. In addition, for the year ended December 31, 2009, the Buckeye NGL impairment expense of $59.7 million and the reorganization expense of $32.1 million have been excluded from Adjusted EBITDA in order to evaluate Holdings results of operations on a comparative basis over multiple periods. The EBITDA and Adjusted EBITDA data presented may not be comparable to similarly titled measures at other companies because EBITDA and Adjusted EBITDA exclude some items that affect net income attributable to Holdings unitholders, and these items may vary among other companies. Historically, the Partnership s senior management used Adjusted EBITDA to evaluate consolidated operating performance and the operating performance of the business segments and to allocate resources and capital to the business segments. In addition, the Partnership s senior management used Adjusted EBITDA as a performance measure to evaluate the viability of proposed projects and to determine overall rates of return on alternative investment opportunities. Adjusted EBITDA is provided in this joint proxy statement/prospectus because the Partnership believes that investors benefit from having access to the same financial measures that the Partnership has historically used. Further, Adjusted EBITDA is provided in this joint proxy statement/prospectus because the Partnership and Holdings believe that this measure is useful to investors because it is one of the bases for comparing its operating performance with that of other companies with similar operations, although its measures may not be directly comparable to similar measures used by other companies. Given the nature of the transactions the merger agreement contemplates, the Partnership and Holdings believe investors benefit from having Adjusted EBITDA for partnership comparison purposes.

(5) Cash distributions declared represent distributions declared associated with each calendar year. Distributions are generally declared and paid within 60 days following the close of each quarter. Cash distributions paid represent cash payments for distributions during each of the periods presented. Cash distributions declared/paid reflect the distribution decisions made by the Holdings Board and the Partnership Board at their respective quarterly board meetings. As such, these pro forma calculations are not necessarily indicative of the distribution decision that the Holdings Board or the Partnership Board would have made had the merger been completed at January 1, 2009 or January 1, 2010. For comparison to the historical Holdings per unit data, the pro forma data should be multiplied by the 0.705 conversion ratio.

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Selected Historical Financial Information of the Partnership

The following table sets forth summary condensed consolidated historical financial information for the Partnership. The summary historical financial data as of and for the years ended December 31, 2005 through 2009 are derived from the Partnership s historical audited consolidated financial statements and related notes. The summary historical financial data as of and for the six months ended June 30, 2010 are derived from the Partnership s historical unaudited condensed consolidated financial statements and related notes. The summary financial data should be read in conjunction with the Partnership s consolidated historical financial statements, including the notes thereto. The Partnership s consolidated balance sheets as of December 31, 2008 and 2009 and as of June 30, 2010 and the related consolidated statements of operations, partners capital and cash flows for each of the years in the three-year period ended December 31, 2009 and the six months ended June 30, 2010 are incorporated by reference into this joint proxy statement/prospectus from the Partnership s quarterly report on Form 10-Q for the quarter ended June 30, 2010 and annual report on Form 10-K for the year ended December 31, 2009.

	The Partnership Consolidated Historical					
	Year Ended December 31,					Six Months Ended June 30,
	2005(1)	2006	2007	2008	2009	2010 (Unaudited)
	(In thousands, except per unit amounts)					
Income Statement Data:						
Product sales	$ 6,629	$ 9,840	$ 10,680	$ 1,304,097	$ 1,125,653	$ 1,069,914
Transportation and other services	401,817	451,920	508,667	592,555	644,719	328,536
Total revenues(2)	408,446	461,760	519,347	1,896,652	1,770,372	1,398,450
Cost of product sales and natural gas storage services	6,457	9,637	10,473	1,274,135	1,103,015	1,068,382
Operating expenses	185,628	211,801	240,258	279,454	273,985	133,269
Depreciation and amortization	36,760	44,039	44,651	55,299	59,164	31,430
Asset impairment expense					59,724	
General and administrative	18,288	19,216	21,885	34,143	33,984	20,510
Reorganization expense					32,057	
Operating income(2)	161,313	177,067	202,080	253,621	208,443	144,859
Other income	637	1,944	1,362	1,429	777	239
Interest and debt expense	(43,357)	(52,113)	(50,378)	(74,387)	(74,851)	(42,811)
General partner incentive compensation	(20,180)	(18,277)				
Earnings from equity investments	5,303	6,219	7,553	7,988	12,531	5,416
	103,716	114,840	160,617	188,651	146,900	107,703

Income from continuing operations						
Income from discontinued operations				1,230		
Net income(2)	103,716	114,840	160,617	189,881	146,900	107,703
Less: net income attributable to noncontrolling interests	(3,758)	(4,600)	(5,261)	(5,492)	(5,918)	(3,583)
Net income attributable to the Partnership	$ 99,958	$ 110,240	$ 155,356	$ 184,389	$ 140,982	$ 104,120
Earnings per LP unit:						
Basic	$ 2.12	$ 2.14	$ 2.91	$ 3.00	$ 1.84	$ 1.52
Diluted	$ 2.12	$ 2.14	$ 2.91	$ 3.00	$ 1.84	$ 1.51

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	The Partnership Consolidated Historical					
	Year Ended December 31,					Six Months Ended June 30,
	2005(1)	2006	2007	2008	2009	2010 (Unaudited)
	(In thousands, except per unit amounts)					
Adjusted EBITDA:(3)						
Net income	$ 103,716	$ 114,840	$ 160,617	$ 189,881	$ 146,900	$ 107,703
Less: Net income attributable to noncontrolling interests	(3,758)	(4,600)	(5,261)	(5,492)	(5,918)	(3,583)
Less: Income from discontinued operations				(1,230)		
Net income attributable to the Partnership s unitholders from continuing operations	99,958	110,240	155,356	183,159	140,982	104,120
Interest and debt expense	43,357	52,113	50,378	74,387	74,851	42,811
Income tax expense (benefit)	866	595	763	796	(348)	(665)
Depreciation and amortization	36,760	44,039	44,651	55,299	59,164	31,430
EBITDA	180,941	206,987	251,148	313,641	274,649	177,696
General partner incentive compensation	20,180	18,277				
Non-cash deferred lease expense				4,598	4,500	2,117
Asset impairment expense					59,724	
Reorganization expense					32,057	
Non-cash unit-based compensation expense		329	378	486	3,079	2,794
Adjusted EBITDA	$ 201,121	$ 225,593	$ 251,526	$ 318,725	$ 374,009	$ 182,607
Balance Sheet Data (at period end):						
Total assets(2)	$ 1,816,867	$ 1,995,470	$ 2,133,652	$ 3,034,410	$ 3,255,649	$ 3,110,335
Long-term debt	899,077	994,127	849,177	1,445,722	1,498,970	1,421,181
General Partner s capital (deficit)	2,529	1,964	(1,005)	(6,680)	1,849	1,762
Limited Partners capital	756,531	807,488	1,100,346	1,201,144	1,214,136	1,199,649
		785	(9,169)	(18,967)	(847)	(37,533)

Accumulated other comprehensive income (loss)						
Noncontrolling interests	19,516	20,169	21,468	20,775	20,957	22,037
Cash Distribution Data:						
Cash distributions declared per LP unit(4)	$ 2.8750	$ 3.0750	$ 3.2750	$ 3.4750	$ 3.6750	$ 1.9125
Cash distributions paid per LP unit(4)	$ 2.8250	$ 3.0250	$ 3.2250	$ 3.4250	$ 3.6250	$ 1.8875

(1) Certain amounts for the year ended December 31, 2005 presented in this table as product sales and transportation and other services have been reclassified to conform to the presentation for the years ended December 31, 2006, 2007, 2008 and 2009 and the six months ended June 30, 2010. These reclassifications for 2005 have not been audited.

(2) Substantial increases in revenue, operating income, net income and total assets for the year ended December 31, 2008 resulted from the acquisitions of Lodi Gas Storage, L.L.C. and Farm & Home Oil Company LLC in the first quarter of 2008.

(3) EBITDA, a measure not defined under GAAP, is defined as net income attributable to the Partnership s unitholders from continuing operations before interest expense, income taxes and depreciation and

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amortization. EBITDA should not be considered an alternative to net income, operating income, cash flow from operations or any other measure of financial performance presented in accordance with GAAP. The EBITDA measure eliminates the significant level of non-cash depreciation and amortization expense that results from the capital-intensive nature of the Partnership s businesses and from intangible assets recognized in business combinations. In addition, EBITDA is unaffected by the Partnership s capital structure due to the elimination of interest expense and income taxes. The Partnership defines Adjusted EBITDA, which is also a non-GAAP measure, as EBITDA plus (i) general partner incentive compensation, (ii) non-cash deferred lease expense, which is the difference between the estimated annual land lease expense for the Partnership s natural gas storage facility in the Natural Gas Storage segment to be recorded under GAAP and the actual cash to be paid for such annual land lease, and (iii) non-cash unit-based compensation expense. In addition, for the year ended December 31, 2009, the Partnership has excluded the Buckeye NGL impairment expense of $59.7 million and the reorganization expense of $32.1 million from Adjusted EBITDA in order to evaluate its results of operations on a comparative basis over multiple periods. The EBITDA and Adjusted EBITDA data presented may not be comparable to similarly titled measures at other companies because EBITDA and Adjusted EBITDA exclude some items that affect net income attributable to the Partnership s unitholders, and these items may vary among other companies. The Partnership s senior management uses Adjusted EBITDA to evaluate consolidated operating performance and the operating performance of the business segments and to allocate resources and capital to the business segments. In addition, the Partnership s senior management uses Adjusted EBITDA as a performance measure to evaluate the viability of proposed projects and to determine overall rates of return on alternative investment opportunities. The Partnership believes that investors benefit from having access to the same financial measures that it uses. Further, the Partnership believes that these measures are useful to investors because they are one of the bases for comparing its operating performance with that of other companies with similar operations, although its measures may not be directly comparable to similar measures used by other companies.

(4) Cash distributions declared represent distributions declared associated with each calendar year. Distributions are generally declared and paid within 60 days following the close of each quarter. Cash distributions paid represent cash payments for distributions during each of the periods presented.

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COMPARATIVE PER UNIT INFORMATION

The following table sets forth certain historical per unit information of the Partnership and Holdings and the unaudited pro forma combined per unit information after giving pro forma effect to the merger, and the Partnership s issuance of 0.705 Partnership LP units for each outstanding Holdings unit.

You should read this information in conjunction with the summary historical financial information included elsewhere in this joint proxy statement/prospectus and the historical consolidated financial statements of Holdings and the Partnership and related notes that are incorporated by reference in this joint proxy statement/prospectus and in conjunction with the Unaudited Pro Forma Condensed Consolidated Financial Statements and related notes included elsewhere in this joint proxy statement/prospectus. The unaudited pro forma combined per unit information does not purport to represent what the actual results of operations of Holdings and the Partnership would have been had the partnerships been combined or to project Holdings and the Partnership s results of operations that may be achieved after the merger is completed.

	Historical				Pro Forma	
	Year Ended		Six Months Ended		Year Ended	Six Months Ended
	December 31, 2009		June 30, 2010		December 31,	June 30,
Per Unit Data:	Partnership	Holdings	Partnership	Holdings	2009 Partnership(e)	2010 Partnership(e)
Net Income:						
Basic(a)	$ 1.84	$ 1.75	$ 1.52	$ 0.80	$ 1.95	$ 1.42
Diluted(b)	$ 1.84	$ 1.75	$ 1.51	$ 0.80	$ 1.94	$ 1.42
Cash Distributions:						
Declared Per Unit(c)	$ 3.68	$ 1.52	$ 1.91	$ 0.88	$ 3.25	$ 1.73
Paid Per Unit(c)	$ 3.63	$ 1.44	$ 1.89	$ 0.84	$ 3.18	$ 1.69
Book Value(d)	$ 24.03	$ 51.32	$ 23.02	$ 46.91		$ 19.47

(a) For the Partnership and Holdings, the amounts are based on the weighted-average number of units outstanding for the period. The pro forma amounts are based on information provided in Unaudited Pro Forma Condensed Consolidated Financial Statements included elsewhere in this joint proxy statement/prospectus.

(b) For the Partnership, the amount is based on the weighted-average number of LP units outstanding plus the potential dilution that would occur associated with certain awards granted under the Partnership s equity compensation plans. Holdings had no dilutive units at December 31, 2009 or June 30, 2010. The pro forma combined amount is based on information provided in Unaudited Pro Forma Condensed Consolidated Financial Statements included elsewhere in this joint proxy statement/prospectus.

(c) The pro forma cash distribution declared/paid amounts are based on the weighted-average cash distributions declared/paid for the Partnership and Holdings for each quarterly period and give effect to the additional Partnership LP units outstanding as a result of the merger. Cash distributions declared/paid reflect the distribution decisions made by the Partnership GP and Holdings GP at their respective quarterly board meetings. As such,

these pro forma calculations are not necessarily indicative of the distribution decisions that the Partnership GP would have made had the merger been completed at January 1, 2009 for the period ended December 31, 2009 or January 1, 2010 for the six months ended June 30, 2010.

(d) For the Partnership and Holdings, these amounts are computed by dividing partners capital for each entity by their respective limited partner units outstanding as of December 31, 2009 and as of June 30, 2010, as applicable. The pro forma combined amounts are computed by dividing the pro forma partners capital as of June 30, 2010 by the number of limited partner units outstanding at June 30, 2010, adjusted to include the estimated number of Partnership LP units to be outstanding as a result of the merger. Pro forma data is not presented for December 31, 2009 because a pro forma balance sheet for that date is not included in this filing.

(e) Represents the pro forma combined results of the merger. For comparison to historical Partnership per unit data, no further adjustments are necessary to these amounts.

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MARKET PRICES AND DISTRIBUTION INFORMATION

The Partnership LP units are traded on the New York Stock Exchange under the symbol BPL, and the Holdings common units are traded on the New York Stock Exchange under the symbol BGH. The Holdings management units are not publicly traded. The following table sets forth, for the periods indicated, the range of high and low sales prices per unit for the Partnership LP units and the Holdings common units, as well as information concerning quarterly cash distributions for the Partnership LP units and Holdings common units. The sales prices are as reported in published financial sources.

	Partnership LP Units			Holdings Common Units		
	High	Low	Distributions(1)	High	Low	Distributions(1)
2008						
First Quarter	$ 51.09	$ 43.66	$ 0.8500	$ 29.92	$ 21.65	$ 0.3000
Second Quarter	50.00	42.65	0.8625	26.44	18.00	0.3100
Third Quarter	44.54	36.08	0.8750	22.70	13.35	0.3200
Fourth Quarter	42.39	22.00	0.8875	18.72	9.51	0.3300
2009						
First Quarter	$ 43.25	$ 32.00	$ 0.9000	$ 17.25	$ 12.75	$ 0.3500
Second Quarter	43.69	35.01	0.9125	20.56	14.90	0.3700
Third Quarter	49.44	41.43	0.9250	30.00	18.17	0.3900
Fourth Quarter	57.00	47.51	0.9375	30.00	23.01	0.4100
2010						
First Quarter	$ 61.50	$ 51.68	$ 0.9500	$ 34.77	$ 26.45	$ 0.4300
Second Quarter	62.39	45.00	0.9625	40.75	27.93	0.4500
Third Quarter (through September 21, 2010)	66.00	57.19	(2)	44.05	37.00	(2)

(1) Represent cash distributions per Partnership LP unit or Holdings common unit declared with respect to the quarter and paid (or payable) in the following quarter. The Holdings management units receive cash distributions identical to those received by the Holdings common units.

(2) Cash distributions for Partnership LP units or Holdings common units for the third quarter of 2010 have not yet been declared or paid.

As of September 21, 2010, the Partnership had 51,550,531 outstanding Partnership LP units. As of September 21, 2010, the Partnership LP units were held of record by approximately 1,900 holders. The Partnership has not formally adopted a cash distribution policy that requires it to distribute its available cash to its partners on a quarterly or other basis, although it has historically distributed its available cash to its partners on a quarterly basis.

Holdings has 27,774,016 outstanding common units. As of September 21, 2010, Holdings common units were held of record by 7 holders. Holdings has 525,984 outstanding management units. As of September 21, 2010, Holdings management units were held of record by two holders. Holdings partnership agreement requires Holdings to distribute all of its available cash, as defined in Holdings partnership agreement, within 75 days after the end of each quarter.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including, without limitation, the risk factors and other information contained in the Partnership s Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, and the risk factors and other information contained in Holdings Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, you should carefully consider the following risk factors in deciding whether to vote to approve the merger agreement and the transactions contemplated thereby and the Partnership s amended and restated partnership agreement. This joint proxy statement/prospectus also contains forward-looking statements that involve risks and uncertainties. Please read Forward-Looking Statements on page 75.

Risks Related to the Merger and Related Matters

The market value of the stated consideration to Holdings unitholders will be determined by the price of the Partnership LP units, the value of which will decrease if the market value of the Partnership LP units decreases, and Holdings unitholders cannot be sure of the market value of Partnership LP units that will be issued.

Pursuant to the merger agreement, Holdings unitholders will receive approximately 20 million Partnership LP units as a result of the merger. The aggregate market value of the Partnership LP units that Holdings unitholders will receive in the merger will fluctuate with any changes in the trading price of the Partnership LP units. This means there is no price protection mechanism contained in the merger agreement that would adjust the number of Partnership LP units that Holdings unitholders will receive based on any decreases in the trading price of Partnership LP units. If the Partnership LP unit price decreases, the market value of the stated consideration received by Holdings unitholders will also decrease. Consider the following example:

Example: Pursuant to the merger agreement, Holdings unitholders will receive 0.705 Partnership LP units for each Holdings unit, subject to receipt of cash in lieu of any fractional Partnership LP units. Based on the closing sales price of Partnership LP units on June 10, 2010 of $58.17 per unit, the market value of all Partnership LP units to be received by Holdings unitholders would be approximately $1,161 million. If the trading price for Partnership LP units decreased 10% from $58.17 to $52.35, then the market value of all Partnership LP units to be received by Holdings unitholders would be approximately $1,045 million.

Accordingly, there is a risk that the 32% premium estimated by the Holdings Board to exist at the date the merger agreement was executed will not be realized by Holdings unitholders at the time the merger is completed. Partnership LP unit price changes may result from a variety of factors, including general market and economic conditions, changes in its business, operations and prospects, and regulatory considerations. Many of these factors are beyond the Partnership s control. For historical prices of Holdings common units and Partnership LP units, please read Market Prices and Distribution Information on page 23.

The directors and executive officers of Holdings GP and the Partnership GP may have interests that differ from your interests.

Certain directors and all of the executive officers of Holdings GP are also directors and executive officers of the Partnership GP. Messrs. Wylie, Erhard and Turner serve as members of both the Holdings Board and the board of the Partnership GP. Mr. Wylie is the President and Chief Executive Officer of both Holdings GP and the Partnership GP. Clark C. Smith is the President and Chief Operating Officer of both Holdings GP and the Partnership GP. Keith E.

St.Clair is the Senior Vice President and Chief Financial Officer of both Holdings GP and the Partnership GP. William H. Schmidt, Jr. is the Vice President, General Counsel and Secretary of both Holdings GP and the Partnership GP. Robert A. Malecky is the Vice President, Customer Services of both Holdings GP and the Partnership GP. Khalid A. Muslih is the Vice President, Corporate Development of both Holdings GP and the Partnership GP.

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In considering the recommendation of the Partnership Audit Committee or Holdings Board, as applicable, to approve the merger, the merger agreement and the transactions contemplated thereby, and to approve the amended and restated partnership agreement, you should consider that the executive officers and directors of Holdings GP and the Partnership GP have interests that differ from, or are in addition to, their interests as Holdings unitholders or Partnership unitholders generally. These interests include:

Some of the executive officers and directors of the Partnership GP and Holdings GP currently own Holdings units and will be receiving Partnership LP units as a result of the merger. Holdings units held by the directors and executive officers will be converted into Partnership LP units at a ratio of 0.705 Partnership LP units per Holdings unit. This is the same ratio as that applicable to all other holders of Holdings units. In addition, certain directors and officers of the Partnership GP and Holdings GP currently own Partnership LP units.

The merger agreement provides for indemnification by the Partnership and Holdings of each person who was, as of the date of the merger agreement, or is at any time from the date of the merger agreement through the effective date, an officer or director of Holdings or any of its subsidiaries or acting as a fiduciary under or with respect to any employee benefit plan of Holdings and for the maintenance of directors and officers liability insurance covering directors and executive officers of Holdings GP for a period of six years following the merger. The Partnership and MergerCo also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in the Holdings agreement of limited partnership (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any of Holdings subsidiaries) and the indemnification agreements of Holdings or any of its subsidiaries will be assumed by Holdings, the Partnership and the Partnership GP in the merger, without further action, at the effective time of the merger and will survive the merger and will continue in full force and effect in accordance with their terms.

Certain of Holdings GP s directors and all of Holdings GP s executive officers are currently directors and executive officers of the Partnership GP, respectively, and are expected to remain directors and executive officers of the Partnership GP following the merger. Messrs. Wylie, Smith, St.Clair and Schmidt are officers of BGH GP. Mr. Wylie is a director of BGH GP. After the effective time, the Partnership Board is expected to consist of nine members, three of whom are expected to be the existing members of the Partnership Audit Committee, one of whom is expected to be the existing chief executive officer of the Partnership GP and three of whom are expected to be the three existing members of the audit committee of the Holdings Board. Holdings GP (through Holdings) will continue to have the right to appoint all of the members of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. Following the occurrence of either (a) or (b) above, Holdings GP will continue to have the right to designate two members of the Partnership Board, subject to reduction if the Major Holdings Unitholders ownership of Partnership LP units drops below certain thresholds. The remaining directors will be classified into three classes and be subject to election by the holders of Partnership LP units (other than BGH GP and its affiliates).

In addition, all of the executive officers and certain of the directors of the Partnership GP and Holdings GP have limited liability company interests in BGH GP, which owns approximately 61% of the total Holdings common units and 97% of the total Holdings management units and has entered into a support agreement and registration rights agreement. For more information on the support agreement and registration rights agreement, please read The Proposed Merger Transactions Related to the Merger.

Senior management of the Partnership GP and Holdings GP prepared projections with respect to the Partnership s future financial and operating performance. These projections were provided to Barclays and Credit Suisse for use in connection with the preparation of their opinions to the Partnership Audit Committee and the Holdings Board,

respectively, and related financial advisory services. The projections were also provided to the Partnership Audit Committee and the Holdings Board.

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The right of a Holdings unitholder to distributions will be changed following the merger.

Under the Partnership s current partnership agreement, Holdings is entitled to receive approximately 0.5% of all distributions made by the Partnership and increasing percentages, up to a maximum of 45%, of the amount of incremental cash distributed by the Partnership in respect of the Partnership LP units (other than 2,573,146 Partnership LP units) as certain target distribution levels are reached in excess of $0.325 per Partnership LP unit in any quarter. This results in Holdings being currently entitled to receive incentive distributions of approximately 21% of the aggregate amount of distributions to the Partnership s partners and this percentage could theoretically go as high as approximately 31%. After the merger, the former Holdings unitholders as a group will be entitled to receive approximately 28% of all distributions made by the Partnership. As a result of this change, the distributions received by the former unitholders of Holdings could be significantly different. If distributions from the Partnership were to increase significantly, the distributions to the former Holdings unitholders would be significantly less than they would be if the current structure was not changed.

The matters contemplated by the merger agreement may not be completed even if the requisite Holdings unitholder and Partnership unitholder approvals are obtained, in which case the partnership agreement of the Partnership will not be amended and restated.

The merger agreement contains conditions that, if not satisfied or waived, would result in the merger not occurring, even though Holdings unitholders and Partnership unitholders may have voted in favor of the merger agreement and related matters. In addition, Holdings and the Partnership can agree not to complete the merger even if all unitholder approvals have been received. The closing conditions to the merger may not be satisfied, and Holdings or the Partnership may choose not to waive any unsatisfied condition, which may cause the merger not to occur. If the merger does not occur, the Partnership s partnership agreement will not be amended and restated.

The Partnership and Holdings may be unable to obtain regulatory approvals that may be required to complete the merger or provide the Partnership s public unitholders with the right to elect directors in the anticipated time frame, or at all.

The merger and other matters related thereto may be subject to the authorization, approval or consent of state agencies and authorities. The Partnership and Holdings intend to seek all regulatory authorizations, approvals or consents that they determine are required. The Partnership and Holdings can provide no assurance that all required regulatory authorizations, approvals or consents that may be required will be obtained prior to the termination date in the merger agreement, the consummation of the merger or at all.

If the Partnership and Holdings fail to seek a regulatory authorization, approval or consent that a state agency or authority asserts is required to complete the merger, the merger may be delayed or may not occur. If, by the termination date in the merger agreement, the Partnership and Holdings are unable to obtain regulatory authorizations, approvals or consents that are required to complete the merger, the merger agreement may terminate and the merger may not occur. Any delay beyond December 31, 2010 increases the risk that the merger will not occur because the ability of each of the Partnership and Holdings to unilaterally extend the termination date to February 28, 2011 is conditioned upon there being no law of the United States adopted such that gain or loss should be recognized by the holders of Holdings units to the extent Partnership LP units are received in exchange therefor as a result of the merger, with certain exceptions. Please see The Merger Agreement Termination of the Merger Agreement and Tax Risks Related to the Merger The tax treatment of the merger could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis. In addition, if the Partnership and Holdings are unable to obtain the regulatory authorizations, approvals or consents that are required for the effectiveness of the public election provisions, then the Partnership s public unitholders may never obtain the right to elect directors. If the Partnership or Holdings fail to obtain a required regulatory approval and consummate the

merger, the Partnership could be subject to fines, penalties, costs and other adverse action undertaken by applicable regulatory bodies.

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While the merger agreement is in effect, Holdings opportunities to enter into different business combination transactions with other parties on more favorable terms may be limited, and both Holdings and the Partnership may be limited in their ability to pursue other attractive business opportunities.

While the merger agreement is in effect, Holdings is prohibited from knowingly initiating, soliciting or encouraging the submission of any acquisition proposal or from participating in any discussions or negotiations regarding any acquisition proposal, subject to certain exceptions. As a result of these provisions in the merger agreement, Holdings opportunities to enter into more favorable transactions may be limited. Likewise, if Holdings were to sell directly to a third party, it might have received more value with respect to the general partner interest in the Partnership and the incentive distribution rights in the Partnership based on the value of the business at such time.

Moreover, the merger agreement provides for the payment of up to $29.0 million in termination fees under specified circumstances, which may discourage other parties from proposing alternative transactions that could be more favorable to the Holdings unitholders or Partnership unitholders. For a detailed discussion of these termination fees, please read The Merger Agreement Termination Fees and Expenses beginning on page 103.

Both Holdings and the Partnership have also agreed to refrain from taking certain actions with respect to their businesses and financial affairs pending completion of the merger or termination of the merger agreement. These restrictions could be in effect for an extended period of time if completion of the merger is delayed. These limitations do not preclude the Partnership from conducting its business in the ordinary or usual course or from acquiring assets or businesses so long as such activity does not have a material adverse effect as such term is defined in the merger agreement or materially affect the Partnership s or Holdings ability to complete the transactions contemplated by the merger agreement. For a detailed discussion of these restrictions, please read The Merger Agreement Actions Pending the Merger beginning on page 92.

In addition to the economic costs associated with pursuing the merger, the management of Holdings GP and the Partnership GP will continue to devote substantial time and other human resources to the proposed merger, which could limit Holdings and the Partnership s ability to pursue other attractive business opportunities, including potential joint ventures, stand-alone projects and other transactions. If either Holdings or the Partnership is unable to pursue such other attractive business opportunities, then its growth prospects and the long-term strategic position of their businesses following the merger could be adversely affected.

Existing Partnership unitholders will be diluted by the merger.

The merger will dilute the ownership position of the existing Partnership unitholders. Pursuant to the merger agreement, Holdings unitholders will receive approximately 20 million Partnership LP units as a result of the merger. Immediately following the merger, the Partnership will be owned approximately 72% by its current unitholders and approximately 28% by former Holdings unitholders.

The number of outstanding Partnership LP units will increase as a result of the merger, which could make it more difficult to pay the current level of quarterly distributions.

As of September 21, 2010, there were approximately 52 million Partnership LP units outstanding. The Partnership will issue approximately 20 million Partnership LP units in connection with the merger. Accordingly, the dollar amount required to pay the current per unit quarterly distributions will increase, which will increase the likelihood that the Partnership will not have sufficient funds to pay the current level of quarterly distributions to all Partnership unitholders. Using the amount of $0.9625 per Partnership LP unit payable with respect to the second quarter of 2010, the aggregate cash distribution payable to Partnership unitholders will total $49.6 million, resulting in a distribution of $13.1 million to the Partnership GP for its GP units and incentive distribution rights. Therefore, the Partnership s

combined total distribution payable with respect to the second quarter of 2010 will be $62.7 million. Pursuant to the merger agreement, Holdings unitholders will receive approximately 20 million Partnership LP units as a result of the merger. The combined pro forma Partnership distribution with respect to the second quarter of 2010, had the merger been completed prior to such distribution, would result in $0.9625 per unit being distributed on approximately 71 million

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Partnership LP units, or a total of $68.7 million, with the Partnership GP no longer receiving any distributions. As a result, the Partnership would be required to distribute an additional $6.0 million per quarter in order to maintain the distribution level of $0.9625 per Partnership LP unit payable with respect to the second quarter of 2010.

Although the elimination of the incentive distribution rights may increase the cash available for distribution to Partnership LP units in the future, this source of funds may not be sufficient to meet the overall increase in cash required to maintain the current level of quarterly distributions to holders of Partnership LP units.

Failure to complete the merger or delays in completing the merger could negatively impact the Partnership LP unit price and Holdings unit price.

If the merger is not completed for any reason, the Partnership and Holdings may be subject to a number of material risks, including the following:

- the Partnership will not realize the benefits expected from the merger, including a potentially enhanced financial and competitive position;
- the price of Partnership LP units or Holdings units may decline to the extent that the current market price of these securities reflects a market assumption that the merger will be completed; and
- some costs relating to the merger, such as certain investment banking fees and legal and accounting fees, must be paid even if the merger is not completed.

The costs of the merger could adversely affect the Partnership s operations and cash flows available for distribution to its unitholders.

The Partnership and Holdings estimate the total costs of the merger to be approximately $12.0 million, primarily consisting of investment banking and legal advisors fees, accounting fees, financial printing and other related costs. These costs could adversely affect the Partnership s operations and cash flows available for distributions to its unitholders. The foregoing estimate is preliminary and is subject to change.

If the merger agreement were terminated, Holdings may be obligated to pay the Partnership for costs incurred related to the merger. These costs could require Holdings to seek loans or use Holdings available cash that would have otherwise been available for distributions.

Upon termination of the merger agreement, and depending upon the circumstances leading to that termination, Holdings could be responsible for reimbursing the Partnership for merger related expenses that the Partnership has paid. For a detailed discussion of the various circumstances leading to a reimbursement of expenses, please read The Merger Agreement Termination Fees and Expenses beginning on page 103.

If the merger agreement is terminated, the expense reimbursements required by Holdings under the merger agreement may require Holdings to seek loans, borrow amounts under its revolving credit facility or use cash received from its distributions from the Partnership to reimburse these expenses. In either case, reimbursement of these costs could reduce the cash Holdings has available to make its quarterly distributions.

Tax Risks Related to the Merger

In addition to reading the following risk factors, you should read Material Federal Income Tax Consequences of the Merger beginning on page 115 and Federal Income Taxation of the Partnership and Its Unitholders beginning on

page 121 for a more complete discussion of the expected material federal income tax consequences of the merger and of owning and disposing of Partnership LP units received in the merger.

No ruling has been obtained with respect to the tax consequences of the merger.

No ruling has been or will be requested from the IRS with respect to the tax consequences of the merger. Instead, the Partnership and Holdings are relying on the opinions of their respective counsel as to the tax

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consequences of the merger, and counsel s conclusions may not be sustained if challenged by the IRS. Please read Material Federal Income Tax Consequences of the Merger.

The intended tax consequences of the merger are dependent upon each of the Partnership and Holdings being treated as a partnership for tax purposes.

The treatment of the merger as nontaxable to the Partnership unitholders and Holdings unitholders is dependent upon each of the Partnership and Holdings being treated as a partnership for federal income tax purposes. If either the Partnership or Holdings were treated as a corporation for federal income tax purposes, the consequences of the merger would be materially different and the merger would likely be a fully taxable transaction to a Holdings unitholder.

The tax treatment of the merger could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The federal income tax consequences of the merger depend in some instances on determinations of fact and interpretations of complex provisions of federal income tax law. The federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to Treasury regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships. The present federal income tax consequences of the merger to Partnership unitholders and Holdings unitholders may be modified by administrative, legislative or judicial interpretation at any time. Any modification to the federal income tax laws and interpretations thereof may or may not be applied retroactively and could change the tax treatment of the merger as nontaxable to Partnership unitholders and Holdings unitholders. For example, in response to recent public offerings of interests in the management operations of private equity funds and hedge funds, the U.S. House of Representatives has passed legislation that may cause the merger to be treated as a taxable exchange to a Holdings unitholder. The U.S. Senate is considering similar legislation, although the most current version of the legislation under consideration by the U.S. Senate would not cause the merger to be treated as a taxable exchange if (i) the merger is treated as an assets over merger of Holdings into the Partnership (see Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger General) and (ii) a Holdings unitholder agreed to make an affirmative election that, as currently interpreted, could change the tax treatment of future sales of Partnership LP units received in the merger. The most current version of the legislation under consideration in the U.S. Senate would apply to transactions, such as the merger, that occur after December 31, 2010. We are unable to predict whether this proposed legislation or any other proposals will ultimately be enacted, and if so, whether any such proposed legislation would be applied retroactively.

Tax Risks to Holdings Unitholders

A Holdings unitholder may recognize taxable income as a result of receiving cash in lieu of fractional units.

Although it is anticipated that for U.S. federal income tax purposes no gain or loss should be recognized by a Holdings unitholder solely as a result of the merger, the receipt of cash in lieu of any fractional Partnership LP units will result in a Holdings unitholder recognizing gain or loss equal to the difference between the amount of cash received and the Holdings unitholder s adjusted tax basis allocable to such fractional Partnership LP units. Please read Material Federal Income Tax Consequences of the Merger.

Holdings estimates that the merger will result in an increase in the amount of net income (or decrease in the amount of net loss) allocable to all of the Holdings unitholders that receive Partnership LP units in the merger.

Holdings estimates that the closing of the merger will result in an increase in the amount of net income (or decrease in the amount of net loss) allocable to all of the Holdings unitholders that receive Partnership LP units in the merger. In addition, the federal income tax liability of such unitholders could be further increased if the Partnership makes a future offering of Partnership LP units and uses the proceeds of the offering in a

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manner that does not produce substantial additional deductions, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to the Partnership s assets. Please read Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Holdings Common Unitholders.

Tax Risks to Existing Partnership Unitholders

An existing Partnership unitholder may be required to recognize gain as a result of the decrease in its allocable share of Partnership nonrecourse liabilities as a result of the merger.

As a result of the merger, the allocable share of nonrecourse liabilities allocated to the existing Partnership unitholders will be recalculated to take into account Partnership LP units issued by the Partnership in the merger. If an existing Partnership unitholder experiences a reduction in its share of nonrecourse liabilities as a result of the merger, which is referred to as a reducing debt shift, such Partnership unitholders will be deemed to have received a cash distribution equal to the amount of the reduction. A reduction in a Partnership unitholder s share of liabilities will result in a corresponding basis reduction in a Partnership unitholder s Partnership LP units. A reducing debt shift and the resulting deemed cash distribution may, under certain circumstances, result in the recognition of taxable gain by a Partnership unitholder, to the extent that the deemed cash distribution exceeds such Partnership unitholder s tax basis in its Partnership LP units. Although the Partnership has not received an opinion with respect to the shift of nonrecourse liabilities, the Partnership does not expect that any constructive cash distribution will exceed an existing unitholder s tax basis in its Partnership LP units. Please read Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Existing Partnership Unitholders.

The Partnership estimates that the merger will result in an increase in the amount of net income (or decrease in the amount of net loss) allocable to most of the existing Partnership unitholders.

The Partnership estimates that the closing of the merger will result in an increase in the amount of net income (or decrease in the amount of net loss) allocable to most of the existing Partnership unitholders. In addition, the federal income tax liability of an existing Partnership unitholder could be further increased if the Partnership makes a future offering of Partnership LP units and uses the proceeds of the offering in a manner that does not produce substantial additional deductions, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to the Partnership s assets. Please read Material Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Existing Partnership Unitholders.

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SPECIAL FACTORS

Background of the Merger

From time to time over the past three years, senior management of the Partnership GP (senior management), along with the Holdings Board and the Partnership Board, evaluated ways to enhance long-term value to unitholders of the Partnership and Holdings. This has led to a focus on improving the competitive position of the Partnership by reducing its cost of equity capital and enhancing its long-term growth prospects, which could benefit unitholders of both the Partnership and Holdings. Senior management believed that the Partnership s cost of equity capital was high in comparison to peer master limited partnerships (MLPs). As the holder of the incentive distribution rights, the Partnership GP is entitled to increasing percentages of the cash distributed from the Partnership above certain levels. For instance, the Partnership GP is currently receiving approximately 21% of all cash distributed by the Partnership and would be entitled to approximately 30% of any incremental Partnership distribution increases in the future. Senior management s focus on reducing the Partnership s cost of equity capital became more acute after other midstream MLPs, including Sunoco Logistics Partners LP, Nustar Energy LP and Magellan Midstream Partners, L.P. (Magellan), acted to reduce their cost of equity capital by repurchasing, capping, or eliminating their incentive distribution rights. By eliminating the incentive distribution rights, senior management believed that the Partnership would be more competitive when pursuing acquisitions and able to finance organic growth projects less expensively, which should enhance the Partnership s long-term distribution growth prospects.

During late 2009 and early 2010, senior management, along with the Holdings Board and the Partnership Board, continued to discuss ways of reducing the Partnership s cost of equity capital.

On February 23, 2010, Mr. Forrest Wylie, Chairman of the Partnership Board and CEO of the Partnership GP, met with Mr. C. Scott Hobbs, a member of the Partnership Board and the Chairman of the Partnership Audit Committee, to suggest that the Partnership Audit Committee consider, on behalf of the Partnership, a possible acquisition of Holdings by the Partnership for the purpose of eliminating the incentive distribution rights, simplifying the Partnership s capital structure, and reducing the Partnership s cost of equity capital. Khalid A. Muslih, Vice President, Corporate Development of the Partnership GP and Christopher S. Pine, Senior Corporate Development Associate of the Partnership GP, were also present. At the conclusion of the meeting, Mr. Hobbs asked Mr. Wylie to contact ArcLight and Kelso to determine if they would be receptive to a proposal for this type of transaction. Mr. Wylie subsequently spoke with a representative of Kelso, Mr. Frank J. Loverro, a director of the Holdings Board, who indicated that ArcLight and Kelso would be receptive. Mr. Wylie called Mr. Hobbs on March 1 to suggest that Mr. Hobbs initiate a process with the Partnership Audit Committee.

The Partnership Audit Committee held a telephonic meeting on March 2, which was attended by Mr. Hobbs and the other two members of the Partnership Audit Committee, Mr. Mark C. McKinley and Mr. Oliver G. Richard, III. Also attending the Partnership Audit Committee meeting were representatives of Prickett, Jones & Elliott, P.A. (Prickett Jones), special Delaware counsel to the Partnership Audit Committee. At the meeting, Mr. Hobbs described his conversation with Mr. Wylie. The Partnership Audit Committee then discussed various matters, including: (1) whether such a transaction would be in the best interests of the public unitholders of the Partnership, (2) precedent MLP general partner acquisition transactions, (3) potential conflicts of interests and the special approval process under the Partnership s partnership agreement, (4) the likely need for a delegation of authority by the Partnership Board to the Partnership Audit Committee and the desirability of a resolution of the Partnership Board to that effect, (5) the engagement of financial advisors and initial consideration of potential advisors, (6) the engagement of potential securities law and M&A counsel, and (7) the unitholder approval requirements at Holdings and at the Partnership. After discussion, the Partnership Audit Committee decided to use Prickett Jones as special Delaware counsel with

respect to the potential transaction and directed Prickett Jones to assemble a list of candidates to serve as securities law and M&A counsel to the Partnership Audit Committee. The Partnership Audit Committee also agreed that further discussion with Mr. Wylie was needed to understand the rationale for a possible transaction.

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On March 3, 2010, the Partnership Audit Committee held a telephonic meeting, with representatives of Prickett Jones in attendance. The Partnership Audit Committee discussed potential law firms to act as special securities law and M&A counsel to the Partnership Audit Committee and potential investment banking firms to act as financial advisor to the Partnership Audit Committee.

On March 4, 2010, the Partnership Audit Committee met telephonically to further discuss the retention of special securities law and M&A counsel for the Partnership Audit Committee. Representatives of Vinson & Elkins L.L.P. (V&E) joined the call at the invitation of the Partnership Audit Committee, and discussed their experience representing MLPs in similar transactions, their experience with and knowledge of the Partnership and Holdings, and their ability to serve as counsel to the Partnership and advise the Partnership Audit Committee under the supervision of Prickett Jones. The Partnership Audit Committee and the representatives of V&E also discussed V&E s prior and current work for the Partnership and Holdings; their prior work for Riverstone/Carlyle Global Energy and Power Fund, the former controlling party of the Partnership GP and Holdings; and their recent communications with Mr. Muslih and Mr. William H. Schmidt, Jr., Vice President, General Counsel and Secretary of the Partnership GP, regarding a possible acquisition of Holdings. After the representatives of V&E left the call, the Partnership Audit Committee determined to engage V&E as special securities law and M&A counsel to the Partnership.

On March 8, 2010, the Partnership Audit Committee met in Houston with representatives of Prickett Jones and a representative of V&E. Members of senior management were also in attendance at the meeting for the purpose of making a presentation to the Partnership Audit Committee regarding the strategic rationale and economic case for an acquisition of Holdings. At the meeting, senior management described the Partnership s five-year plan and related assumptions, together with their thoughts about the beneficial effects of reducing the Partnership s cost of equity capital. Senior management described the increasingly competitive market among MLPs and discussed what other MLPs had done to reduce their high cost of equity capital, including temporary and permanent solutions. Senior management expressed its preference for a permanent reduction of the cost of equity capital by eliminating the incentive distribution rights through the acquisition of Holdings, which currently entitles Holdings, through its ownership of the Partnership GP, to approximately 30% of any incremental cash distributions by the Partnership. Senior management stated that an acquisition of Holdings could be in the best interest of the Partnership because it would:

- reduce the Partnership s cost of equity capital by eliminating the incentive distribution rights and the Partnership GP s economic interest in the Partnership,
- result in an improved ability to compete successfully for acquisition opportunities,
- better position the Partnership to execute on consolidation opportunities,
- provide a much higher opportunity for long-term growth in distributions, and
- allow the Partnership s unitholders to receive valuable corporate governance rights through the election of directors to the Partnership Board.

On the downside, senior management noted that an acquisition of Holdings could lead to:

- dilution for a number of years resulting from the issuance of additional Partnership LP units as acquisition consideration, and
- elimination of perceived drop-down acquisition opportunities from the private equity owners of Holdings.

Also at the March 8 meeting, senior management presented an accretion and dilution analysis of a possible acquisition of Holdings based on a number of assumptions, including an exchange ratio of .695, representing a 25% premium for Holdings units based on recent trading prices, which was used for illustrative purposes only and was the premium in the Magellan transaction. After the presentation, senior management left the meeting, and the Partnership Audit Committee then discussed the appropriate scope of its authority and the appropriate level of fees to request for their services in connection with the potential transaction. After discussion, the Partnership Audit Committee determined that it should have the authorization to make a

recommendation regarding the potential transaction with Holdings to the entire Partnership Board, rather than absolute authority to approve the potential transaction with Holdings. In consideration of the anticipated work and time commitment associated with the potential transaction, and after consideration of fees payable to conflict committee members in precedent situations, the Partnership Audit Committee determined to request a continuation of the current per meeting fees and an additional one time fee of $25,000 to the chairman and $20,000 to the other members of the Partnership Audit Committee.

At the March 8 meeting, the Partnership Audit Committee also discussed:

appropriate contact personnel in management,

governance issues that may arise from the proposed transaction, including possible unitholder votes to approve the transaction at the Partnership and Holdings, possible benefits from a simplification of the Partnership s governance structure, and the potential opportunity to update the Partnership s agreement of limited partnership,

the policy announcements of shareholder advocacy groups, such as Risk Metrics, regarding MLP coverage and their possible effect on a unitholder vote in connection with a proposed transaction, and

potential issues regarding any third party bid that may arise for either the Partnership or Holdings or both.

Thereafter, the Partnership Audit Committee interviewed representatives of three investment banking firms to serve as its financial advisor.

On March 9, 2010, Mr. Hobbs called Mr. John F. Erhard and Mr. Loverro, both of whom are directors on the Holdings Board, to indicate that the Partnership Audit Committee was contemplating making a proposal to eliminate the Partnership GP s incentive distribution rights through the acquisition of Holdings by the Partnership.

On March 10, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones and V&E in attendance. The Partnership Audit Committee and its legal advisors discussed the need for confidentiality and the Partnership s announcement of the non-binding open season for a proposed pipeline project (the Marcellus Union Pipeline Project). The Partnership Audit Committee then discussed the candidates to serve as financial advisor to the Partnership Audit Committee, including their respective qualifications, potential conflicts and proposed fees.

On March 11, 2010, the Partnership Audit Committee again met telephonically, with representatives of Prickett Jones and V&E in attendance, to discuss the potential engagement of Barclays Capital, Inc. (Barclays), one of the investment banks previously interviewed by the Partnership Audit Committee, as financial advisor to the Partnership Audit Committee. The Partnership Audit Committee and its legal counsel discussed Barclays breadth of experience in the MLP space, Barclays knowledge of and prior work for both the Partnership and Holdings, Barclays prior work for organizations with which Mr. Wylie previously was affiliated, and Barclays prior work for ArcLight and Kelso, with particular emphasis on Barclays role as financial advisor to ArcLight and Kelso in connection with their acquisition of the interest in Holdings. At the conclusion of the meeting, the Partnership Audit Committee determined to retain Barclays as financial advisor.

To manage the potential conflicts of interest of senior management and certain directors who are directors and/or officers of both the Partnership GP and Holdings GP, the Partnership Board executed a unanimous written consent dated March 10, 2010, authorizing and directing the Partnership Audit Committee to, among other things, (i) consider, review and evaluate a possible acquisition of Holdings by the Partnership or an alternative transaction that the Partnership Audit Committee deems appropriate, (ii) consider, review and evaluate any conflict, agreement, transaction or situation in connection therewith, (iii) negotiate with Holdings and its representatives or any other

appropriate person with respect to the terms and conditions of any proposed transaction and any such alternative transaction, (iv) determine whether any proposed transaction or any such alternative transaction is fair and reasonable to, and in the best interests of, the Partnership and all of its public unitholders (other than Holdings, the Partnership GP and other unitholders affiliated with Holdings or the Partnership GP), (v) make a recommendation to the Partnership Board regarding what action, if any, should be

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taken by the Partnership Board, the Partnership GP and the Partnership with respect to any proposed transaction or any such alternative transaction, and (vi) determine whether to provide Special Approval (as defined in the existing partnership agreement of the Partnership) of any proposed transaction or any such alternative transaction. The Partnership Board resolution also approved and ratified the Partnership Audit Committee s engagement of legal and financial advisors, and approved the payment of an additional one-time fee to the members of the Partnership Audit Committee consistent with the request of the Partnership Audit Committee.

Over the following weeks, Barclays reviewed projections prepared by senior management and probed their assumptions. As part of its review, Barclays applied a number of sensitivities to develop alternate cases to the projections, including (i) the base case of senior management, (ii) the base case of senior management including construction of the Marcellus Union Pipeline Project, (iii) a downside case, and (iv) an upside case.

In mid-March, the Holdings Board interviewed potential legal and financial advisors with respect to Holding GP s review of strategic alternatives for Holdings.

On March 18, 2010, the Holdings Board met telephonically, and after considering Latham & Watkins LLP s (Latham & Watkins) knowledge and experience with respect to public company M&A transactions, the energy industry generally and the Partnership and Holdings particularly, as well as Latham & Watkins experience advising MLPs and other companies with respect to transactions similar to the proposed transaction, the Holdings Board determined to retain Latham & Watkins on behalf of Holdings. At that meeting, Latham & Watkins also discussed various issues related to a possible transaction between the Partnership and Holdings, including, without limitation, fiduciary duty issues and the advisability of recusal by overlapping directors. It was later determined that because no meetings of the Partnership Board were held between the date of this meeting of the Holdings Board and the date the Partnership Audit Committee was given full authority to negotiate and approve the proposed merger, no such recusals by overlapping directors were necessary.

On March 25, 2010, the Partnership Audit Committee met in Houston, with representatives of Prickett Jones and V&E in attendance. During the meeting, the Partnership Audit Committee confirmed the continued independence of its members from the Partnership and Holdings. Mr. Hobbs described his relationship with Kelso, including (i) the occasional provision of informal, unpaid advice to Kelso concerning the oil and gas industry in connection with potential Kelso acquisitions, (ii) his service as an officer for Optigas, Inc., a Denver-based midstream services company in which Kelso was an investor, and (iii) his service as an outside director for CVR Energy, Inc., a public company in which Kelso has an equity interest. Mr. Hobbs noted that he is not an investor with or through Kelso. Mr. Hobbs agreed that his informal advisory services for Kelso would cease, and expressed his view that his prior relationships with Kelso would not impair his independence or his ability to act on an arms-length basis with Holdings. After discussion, the other two committee members determined that Mr. Hobbs was independent and should continue to serve as chairman of the Partnership Audit Committee. In addition, the Partnership Audit Committee discussed the fact that Mr. Richard had previously served as a member of the Holdings Board. Mr. Richard affirmed that the prior board service would not affect his independence or his ability to act on an arms-length basis with Holdings, and the other two committee members determined that Mr. Richard was independent. Representatives of Prickett Jones and V&E then discussed the Partnership Audit Committee members fiduciary duties under Delaware law and the Partnership s existing partnership agreement. Representatives of Barclays also made an extended presentation to the Partnership Audit Committee regarding Barclays preliminary financial analysis of a possible acquisition of Holdings by the Partnership.

On March 29, 2010, the Holdings Board, including Mr. Wylie, met in New York, with Latham & Watkins in attendance, to discuss the possible acquisition of Holdings by the Partnership. Representatives of Latham & Watkins provided a brief overview of certain ministerial matters associated with the interaction between the Holdings Board and the members of the Partnership Board. The Holdings Board considered the overlap of three directors on the

Holdings Board and the Partnership Board, noting that such directors, other than Mr. Wylie, were affiliated with ArcLight and did not have any material interest in the Partnership other than through that affiliation. Accordingly, the overlapping directors (other than Mr. Wylie) determined to recuse themselves from meetings of the Partnership Board and Mr. Wylie was asked to recuse himself from meetings

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of the Holdings Board, in each case to the extent discussions and deliberations by those boards related to the potential strategic transaction between Holdings and the Partnership. Representatives of Latham & Watkins then provided an overview of the typical relationship between a public MLP and its public general partner, together with the effect of increases in the cost of equity capital at the MLP level caused by increasing payments to the general partner under incentive distribution rights. The Holdings Board discussed recent precedent transactions in which MLPs have reduced their cost of equity capital either temporarily or permanently. Mr. Wylie then departed the meeting. Representatives of Latham & Watkins then advised the Holdings Board of its fiduciary duties under the circumstances and the normal procedure for dealing with the inquiry from Mr. Hobbs. The Holdings Board then asked Mr. Erhard, Mr. Loverro and Frank S. Sowinski (the Transaction Committee) to gather information on behalf of the Holdings Board, interact with the Holdings Board s legal and financial advisors and facilitate discussions with the Partnership Audit Committee. The Transaction Committee was not authorized to approve the proposed transaction with the Partnership or to take any other extraordinary action, which power remained with the Holdings Board. The Holdings Board then interviewed representatives of Credit Suisse with respect to the potential engagement of Credit Suisse to serve as financial advisor to Holdings in connection with a potential transaction involving the Partnership. After considering Credit Suisse s knowledge and experience with respect to M&A transactions and the energy industry generally, as well as Credit Suisse s experience advising MLPs and other companies with respect to transactions similar to the proposed transaction, the Holdings Board determined to retain Credit Suisse as Holdings financial advisor in connection with a potential transaction involving the Partnership.

Over the course of several meetings from late-March until April 12, the Partnership Audit Committee and its legal and financial advisors discussed a number of factors relating to a possible acquisition by the Partnership of Holdings, including:

- transaction structures, with a focus on a post-closing structure that would not trigger a change of control as defined under the Partnership s credit agreement,
- alternatives to the acquisition of Holdings,
- anticipated growth of the Partnership, both organically and through acquisitions,
- pro forma consequences of the proposed acquisition, including the post-closing ownership percentages of ArcLight and Kelso in the Partnership, and their ability to appoint or elect directors of the Partnership GP,
- analyses of possible consideration to be proposed to Holdings, including an analysis of relative post-closing ownership, comparable companies and comparable transactions,
- exclusivity of the proposed bid and whether Holdings would agree not to shop the transaction following an offer by the Partnership,
- an analysis of incremental capital expenditures necessary to increase cash flows across various case models in order to make the proposed transaction accretive to the Partnership s existing unitholders, and
- the benefits and detriments of waiting to effect an acquisition of Holdings.

In addition, during this period, the Partnership Audit Committee members conferred with Barclays, and Mr. Hobbs conferred with senior management, regarding organic growth capital projects identified as reasonably achievable by senior management, particularly without the incentive distribution rights burden. At the request of the Partnership Audit Committee, Barclays developed an additional no-acquisitions financial case for analysis. Separately, Mr. Hobbs met with senior management to review the planning, budget and financing for the Marcellus Union Pipeline Project

along with the status of competing projects proposed by Buckeye s competitors.

At several meetings during this period, the Partnership Audit Committee affirmed their strong desire to obtain for the unitholders of the Partnership the ability to vote for directors of the Partnership Board following the transaction. In addition, the Partnership s financial and legal advisors conferred with the Partnership Audit Committee regarding negotiating tactics, deal-protection issues, including the size of any termination fees, the effect of material adverse changes, the scope of representations and warranties, no-shop provisions and the appropriate level of support by ArcLight and Kelso for any proposed transaction. During these meetings, the Partnership Audit Committee and its legal and financial advisors discussed whether it would be appropriate for

the Partnership Audit Committee to be delegated full authority to propose and approve on behalf of the Partnership any potential acquisition of Holdings by the Partnership.

On April 5, 2010, the Partnership Board expanded the authority of the Partnership Audit Committee in connection with the consideration of a potential acquisition of Holdings to (i) consider, review, evaluate and analyze a potential transaction and to consider, review, evaluate and analyze any conflict, agreement, transaction or situation in connection therewith; (ii) make proposals to Holdings with respect to a potential transaction; (iii) consider and analyze any counterproposal received from Holdings; (iv) negotiate or delegate the ability to negotiate with Holdings; (v) determine whether the potential transaction is fair and reasonable to, advisable for and in the best interests of the Partnership and all of its public unitholders (other than Holdings, the Partnership GP and other unitholders affiliated with Holdings or the Partnership GP); (vi) if applicable and as appropriate, exercise the full authority of the Partnership Board with respect to the approval of the potential transaction and with respect to the solicitation of the vote or consent of the unitholders of the Partnership and the making of any recommendation to the unitholders in connection therewith; and (vii) if applicable and as appropriate, provide Special Approval with respect to the potential transaction.

On April 9, 2010, the members of Holdings Board and the Partnership Board met with senior management to obtain an update on the status of the Marcellus Union Pipeline Project.

On April 12, 2010, the Partnership Audit Committee met to discuss a possible proposal to purchase Holdings. Barclays presented updated preliminary financial analyses of the potential acquisition. The Partnership Audit Committee discussed, among other things, the appropriate exchange ratio for a proposal, the exchange ratio s impact on accretion and dilution to the existing holders of Partnership LP units, meetings with senior management regarding the Marcellus Union Pipeline Project, an analysis of the Partnership s credit agreement, negotiating strategy, the importance of support by ArcLight and Kelso for any agreement between the Partnership and Holdings, and the desirability of confidentiality and exclusivity. The Partnership Audit Committee determined that it would propose to acquire Holdings in a merger transaction pursuant to which each unitholder of Holdings would receive 0.65 Partnership LP units and to request that Holdings sign a confidentiality agreement and commit to a 60-day exclusivity period. The Partnership Audit Committee directed Mr. Hobbs to send a letter to the Transaction Committee to convey the proposal. In response, Mr. Hobbs sent the following letter on April 13.

AUDIT COMMITTEE OF BUCKEYE GP LLC

April 13, 2010

Transaction Committee of
MainLine Management LLC

Dear Mr. Sowinski, Mr. Loverro and Mr. Erhard:

On behalf of the Audit Committee of Buckeye GP LLC and Buckeye Partners, L.P. (Partners), I am pleased to propose to the Transaction Committee of MainLine Management LLC a merger transaction pursuant to which holders of common units of Buckeye GP Holdings L.P. (Holdings) would receive LP units of Partners in a tax-free exchange.

Consideration. We propose that each common unit of Holdings be exchanged for 0.65 LP units of Partners. This represents a 17% premium over Holdings common units closing price as of April 12, 2010. Based on management s estimated 2010 distributions and the proposed exchange ratio, Holdings unitholders would receive distributions which are approximately 43% higher than the estimated 2010 Holdings distributions.

Support. We expect that ArcLight and Kelso will support the proposed transaction to the fullest extent lawful, and in a manner designed to avoid triggering a change of control under the Partners credit agreement.

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Governance. Following the proposed transaction, the public holders of Partners would be entitled to elect five of the directors of Buckeye GP LLC, and ArcLight and Kelso will each be entitled to elect one director. With future dispositions by ArcLight and Kelso of their interest in Partners, we expect that the two director seats would be shifted to Partners public holders.

Partnership Agreement. As part of the proposed transaction, we expect to amend the Partners partnership agreement primarily to (i) eliminate the general partner interest represented by the Incentive Compensation Agreement, (ii) eliminate allocations of cash or income on the GP units, and (iii) facilitate public voting for election of the members of the board of directors of Buckeye GP LLC.

We are excited about purchasing Holdings and see benefits for unitholders of both entities. The proposed transaction will enable a lower, more competitive cost of capital, enhanced opportunities for acquisitions and growth projects, and a deeper market for securities of the asset base that the two partnerships share. We think the proposed transaction is attractive from Holdings perspective particularly in view of the ability of all Holdings unitholders to continue to participate in a faster growing and more competitive combined Buckeye, with a premium-enhanced tax-deferred interest and substantial accretion to Holdings expected future distributions.

We are mindful of the process that your committee must undertake, and are happy to discuss the foregoing with you. In view however of the time and attention this endeavor will consume, we ask that you agree to a 60 day period of exclusivity to allow us to engage with you in a thoughtful way, and that you agree that this letter and the proposed transaction remain confidential. Both commitments are in the attached letter. To be clear, execution of that letter does not commit you to anything other than the exclusivity and confidentiality provisions. Our willingness to proceed with discussions regarding the proposed transaction is dependent upon execution of the attached letter.

The Audit Committee of Buckeye GP LLC has been delegated full authority to process this proposed transaction, and we look forward to hearing your reaction.

Sincerely,

C. Scott Hobbs

cc: Mark C. McKinley
Oliver G. Rick Richard, III

* * *

On April 14, 2010, the Holdings Board met with their legal and financial advisors to discuss the Partnership s April 13th proposal. Representatives of Latham & Watkins summarized the terms and conditions of the April 13th proposal, with an emphasis on the proposed exchange ratio, the request for exclusivity, the soliciting of competing proposals and possible restrictions on those rights in a definitive agreement, the treatment of confidential information and the nature of the support for the transaction from ArcLight and Kelso. The Holdings Board then discussed the possible timing, nature and content of a proposed response to the April 13th proposal, noting that the proposed exchange ratio was insufficient.

On April 16, 2010, the Transaction Committee met with representatives of Credit Suisse and Latham & Watkins to discuss the financial terms of the April 13th proposal. Credit Suisse reviewed and discussed its preliminary financial analyses with respect to Holdings, the Partnership and the proposed transaction with the Transaction Committee. The Transaction Committee then discussed the appropriate response to the April 13th proposal.

On April 19, 2010, Mr. Erhard and Mr. Loverro advised Mr. Hobbs that the terms of the April 13th proposal were not acceptable. Mr. Hobbs explained the process by which the Partnership Audit Committee arrived at the proposed terms, including the exchange ratio, and suggested that Credit Suisse speak with

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Barclays to understand the assumptions used to arrive at the proposed exchange ratio. Messrs. Erhard and Loverro expressed their appreciation for the proposal but characterized the exchange ratio as insufficient, while also noting that the Holdings Board needed additional information in order to arrive at an appropriate exchange ratio. Given that and other facts, Messrs. Erhard and Loverro indicated that they did not believe it was appropriate to consider exclusivity or other terms until the parties could get closer on an exchange ratio and Holdings could obtain additional information to facilitate a more thorough understanding of the business and prospects of the Partnership.

On April 20, 2010, the Partnership Audit Committee met, with representatives of Prickett Jones, V&E and Barclays in attendance. Mr. Hobbs reported that on the prior day he received a telephone call from Messrs. Erhard and Loverro with respect to the April 13th proposal letter. Mr. Hobbs reported that the Holdings Board needed additional time and information to complete its analysis of the April 13th proposal. After discussion, the Partnership Audit Committee directed Mr. Hobbs to urge the Holdings Board to provide a specific response by April 30th or the Partnership would withdraw its proposal, which Mr. Hobbs communicated in a telephone call to Messrs. Erhard and Loverro, and which he confirmed in a letter to the Transaction Committee dated April 21.

Also on April 20, 2010, the Transaction Committee met with representatives of Latham & Watkins and Credit Suisse to discuss recent conversations with Mr. Hobbs. After a discussion, Mr. Erhard and Mr. Sowinski decided to schedule a diligence session with senior management to better assess the business case for the proposed transaction between Holdings and the Partnership.

On April 22, 2010, Mr. Wylie signed a waiver of notice and recusal from all meetings of the Holdings Board where strategic transactions for Holdings were to be discussed. Mr. Wylie did not participate in any further meetings of the Holdings Board where strategic transactions for Holdings were discussed.

On April 26, 2010, members of the Holdings Board and representatives from Credit Suisse and Latham & Watkins attended a presentation by senior management regarding the business and prospects of the Partnership and the strategic rationale for, and financial implications of, the acquisition of Holdings by the Partnership.

On April 27, 2010, the Transaction Committee met with representatives of Latham & Watkins and Credit Suisse to discuss the management presentation held on the preceding day. Credit Suisse reviewed and discussed its updated preliminary financial analyses and sensitivity analyses with respect to Holdings, the Partnership and the proposed transaction with the Transaction Committee. The Transaction Committee, with the assistance of Holdings legal and financial advisors, then discussed the range of potential exchange ratios, the other terms of a possible transaction and the pro forma effects of an acquisition of Holdings by the Partnership.

On April 28, 2010, the Holdings Board met to discuss the Holdings response to the April 13th proposal. Credit Suisse reviewed and discussed its updated preliminary financial analyses and sensitivity analyses with respect to Holdings, the Partnership and the proposed transaction. The Holdings Board, with the assistance of its legal and financial advisors, then discussed the pro forma effects of the proposed transaction and an appropriate counter to the April 13th proposal. The Holdings Board evaluated the nature of the consideration, an increase in the exchange ratio, whether Holdings should have an affirmative right to shop itself after signing a definitive agreement, the universe of potential buyers for Holdings and whether Holdings should be able to respond to unsolicited written proposals after signing a definitive agreement. After discussion, the Holdings Board asked the Transaction Committee to develop a response to the April 13th proposal and give further consideration to the appropriate exchange ratio and the other terms of the transaction.

On April 29, 2010, the Transaction Committee met with representatives of Latham & Watkins and Credit Suisse to discuss the financial terms of a potential counterproposal.

On April 30, 2010, the Holdings Board met and, with the assistance of Holdings legal and financial advisors and input from the Transaction Committee, discussed potential responses to the April 13th proposal. The Holdings Board again considered the pro forma consequences of the proposed transaction and reconsidered the appropriate components of a counterproposal. After discussion, the Holdings Board decided to counter with a proposed exchange ratio of 0.76, while continuing to resist exclusivity and deferring negotiation of

other terms until it appeared reasonably likely that agreement would be reached on the exchange ratio. The Holdings Board also took action to formalize the Transaction Committee, with Mr. Sowinski serving as chairman. As part of such action, the Holdings Board authorized the Transaction Committee to: (i) review, evaluate and negotiate the terms of the proposed transaction with the Partnership, (ii) obtain advice from and otherwise consult with the officers of Holdings GP and the Holdings Board s legal and financial advisors, and (iii) make a recommendation to the Holdings Board regarding the proposed transaction. The Holdings Board did not delegate to the Transaction Committee the ability to approve or otherwise authorize the proposed transaction with the Partnership. Later that day, Mr. Erhard and Mr. Loverro delivered the Holdings Board s response to the April 13th proposal to Mr. Hobbs.

On April 30, 2010, the Partnership Audit Committee held a telephonic meeting, with representatives of Prickett Jones, V&E and Barclays in attendance. Mr. Hobbs reported that the Transaction Committee had responded earlier in the day with a counterproposal of 0.76 for the exchange ratio. Mr. Hobbs explained his understanding of Holdings rationale for the 0.76 exchange ratio. Mr. Hobbs then advised the Partnership Audit Committee that the Transaction Committee informed him that the other issues could be resolved quickly if the parties could agree to a mutually acceptable exchange ratio. After discussion, the Partnership Audit Committee directed Barclays to prepare an analysis of Holdings counterproposal, and to arrange a meeting with Credit Suisse to discuss the financial assumptions underlying the Partnership s proposal and the Transaction Committee s counterproposal.

On May 4, 2010, a telephonic meeting of the Partnership Audit Committee was held, with representatives of Prickett Jones, V&E and Barclays in attendance. Barclays presented an analysis of Holdings proposed exchange ratio of 0.76. As part of its presentation, Barclays estimated the incremental growth capital required to reach accretion within a fixed number of years, and the types and availability of acquisition opportunities and management s history in executing sizeable acquisitions. In addition, the Partnership Audit Committee and its financial and legal advisors discussed what would be an acceptable period of dilution resulting from the proposed transaction for the Partnership and its unitholders. The Partnership Audit Committee then reiterated its request that Barclays meet with Credit Suisse to discuss the financial assumptions underlying the Partnership s proposal and Holdings counterproposal.

On May 5 and May 6, 2010, the Holdings Board and the Partnership Board met in regularly scheduled joint sessions to discuss the Partnership s operations and financial results for the first quarter of 2010. The proposed transaction between Holdings and the Partnership was not discussed at these sessions.

On May 7, 2010, as directed by the Holdings Board and the Partnership Audit Committee, respectively, Credit Suisse and Barclays met to discuss certain aspects of the April 13th proposal and Holdings counterproposal and the financial assumptions underlying both proposals.

On May 11, 2010, the Transaction Committee, Credit Suisse and Latham & Watkins met to discuss the status of negotiations with the Partnership.

On May 12, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance. The Partnership Audit Committee heard additional detail from Barclays regarding a number of financial aspects associated with the Holdings counterproposal, including a review of incremental exchange ratios between the initial 0.65 proposal by the Partnership and the 0.76 counterproposal by Holdings, the required growth capital to reach accretion under each case and the valuation suggested by an array of different analyses, including a discounted cash flow analysis. The Partnership Audit Committee also determined that senior management should provide an updated forecast for 2010 based on actual results to-date and expectations for the balance of the year. In addition, Barclays reported on its meeting with Credit Suisse, and reported to the Partnership Audit Committee on the recently announced acquisition by Energy Transfer Equity, L.P. of the general partner of Regency Energy Partners LP. The Partnership Audit Committee then directed its advisors to prepare a letter to the Transaction Committee with (i) a revised proposed exchange ratio to be determined, (ii) a proposal regarding the make-up of the

Partnership Board following the transaction, including a representative from each of ArcLight and Kelso, (iii) a 45-day period of exclusive negotiations, and (iv) full support for the transaction by ArcLight and Kelso.

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On May 18, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance. Barclays presented its preliminary financial analysis, taking into account a new exchange ratio and an updated financial forecast from senior management. Barclays presented its analysis under four financial cases: (i) the base case of senior management, (ii) a no-acquisition case, (iii) a downside case, and (iv) an upside case (which included construction of the Marcellus Union Pipeline Project). The Partnership Audit Committee discussed an exchange ratio of 0.705, the midpoint between the initial proposal of 0.65 and the counterproposal of 0.76, and the Partnership s ability to maintain its distribution growth, together with a break even analysis to achieve accretion for the Partnership unitholders. Based on the closing price for the Partnership LP units for the prior day and based on the prior 30-day and 90-day average closing prices for the Partnership LP units, the premium associated with the proposed exchange ratio was approximately 25%, which was consistent with the premium paid in the Magellan transaction. Based on Barclays preliminary pro forma analysis and assuming reasonable levels of incremental annual capital expenditures, the Partnership Audit Committee believed the dilution from the proposed exchange ratio would be for no more than four years and then become accretive to the Partnership s unitholders. The Partnership Audit Committee emphasized the importance of signaling to Holdings that this represented its final and best offer. The Partnership Audit Committee also discussed with its advisors possible transaction terms, including the likelihood of a third party bid for Holdings, the Partnership or both, and potential protections for Holdings if directors are elected by the public unitholders, including a staggered board and a rights plan. The Partnership Audit Committee also heard a presentation from Prickett Jones respecting the directors fiduciary duties under Delaware law and the Partnership s existing partnership agreement in connection with consideration of the possible acquisition transaction.

On May 19, 2010, the Partnership Audit Committee met and authorized Mr. Hobbs to send to the Transaction Committee a letter with revised terms. Accordingly, on May 20, Mr. Hobbs sent the following letter and, in a subsequent telephone call with Messrs. Erhard and Loverro, reinforced the best and final nature of the proposal:

AUDIT COMMITTEE OF BUCKEYE GP LLC

May 20, 2010

Confidential

Transaction Committee of
MainLine Management LLC

Dear Mr. Sowinski, Mr. Loverro and Mr. Erhard:

On behalf of the Audit Committee of Buckeye GP LLC and Buckeye Partners, L.P. (Partners), I am following up on our earlier letter to you of April 13, 2010 and our subsequent phone calls regarding a proposed merger transaction pursuant to which holders of common units of Buckeye GP Holdings L.P. (Holdings) would receive LP units of Partners in a tax-free exchange.

Consideration. We propose that each common unit of Holdings be exchanged for 0.705 LP units of Partners. This represents a significant premium to Holdings common units and based on management s estimated 2011 distributions and the proposed exchange ratio, Holdings unitholders would receive distributions which are approximately 46% higher than the estimated 2011 Holdings distributions.

Support. Pursuant to the proposed transaction, (i) the board of MainLine Management LLC will agree, to the fullest extent permitted by the terms of the Holdings partnership agreement and Delaware law, to recommend and bring the proposed transaction to a vote of Holdings unitholders, (ii) BGH GP Holdings, LLC (and ArcLight and Kelso as controlling persons of the general partner of Holdings) will commit to vote in favor of and to support the proposed

transaction, and (iii) Holdings and its representatives will agree, to the fullest extent permitted by the terms of the Holdings partnership agreement and Delaware law, not to solicit, facilitate, discuss or negotiate an alternative transaction. The issuance by Partners of the LP units pursuant to

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the proposed transaction and the related amendments to the Partners partnership agreement will be subject to the approval of a majority interest of Partners unitholders.

Structure. We believe that the proposed transaction can be effected without triggering a change of control under the Partners credit agreement, and look forward to sharing with you and your advisors our thoughts on the post-closing structure of Partners.

Governance. Following the consummation of the proposed transaction, the holders of the Partners units will elect the directors of Buckeye GP LLC. We envision the initial board of Buckeye GP LLC to be composed of nine members, namely, (a) the three current members of the audit committee of Buckeye GP LLC, (b) the three members of the audit committee of MainLine Management LLC, (c) a representative from each of ArcLight and Kelso, and (d) the CEO.

Partnership Agreement. In connection with the consummation of the proposed transaction, the Partners partnership agreement will be amended primarily to (i) eliminate the general partner interest represented by the Incentive Compensation Agreement, (ii) eliminate allocations of cash or income on the GP units, and (iii) facilitate unitholder voting for election of the members of the board of directors of Buckeye GP LLC.

You know of our enthusiasm for the proposed transaction, and our belief that, for many reasons, it will be beneficial for the unitholders of both Partners and Holdings. We believe that time is of the essence for both Partners and Holdings and that maintaining the confidentiality of these proceedings is crucial to negotiating a mutually beneficial transaction. As such, we ask that you execute the attached letter that provides for a 45 day exclusivity period and contains confidentiality provisions. To be clear, execution of that letter does not commit you to anything other than the exclusivity and confidentiality provisions.

We look forward to hearing your endorsement of this proposal, and ask that you respond to us within the coming week.

Sincerely,

C. Scott Hobbs

cc: Mark C. McKinley
Oliver G. Rick Richard, III

* * *

On May 24, 2010, the Transaction Committee met and, with the assistance of representatives of Credit Suisse and Latham & Watkins, reviewed and discussed the May 20th proposal. Representatives of Credit Suisse reviewed and discussed their preliminary financial analyses with respect to the Partnership, Holdings and the proposed transaction (including a discussion of any correlation between Holdings common units and Partnership LP units). Representatives of Latham & Watkins summarized other components of the revised proposal. The Transaction Committee then discussed the revised proposal and considered whether it should seek an increase in the proposed exchange ratio above 0.705. The Transaction Committee decided to take the matter under advisement and discuss it with the Holdings Board at the next Holdings Board meeting.

On May 25, 2010, the Holdings Board met and, with the assistance of Holdings legal and financial advisors, discussed potential responses to the May 20th proposal of the Partnership Audit Committee. The Holdings Board discussed, among other things, the pro forma consequences of the proposed transaction, an increase in the exchange ratio, whether Holdings should have an affirmative right to shop itself after signing a definitive agreement, the universe of

potential buyers for Holdings and whether Holdings should be able to respond to unsolicited written proposals after signing a definitive agreement. Following those discussions, the Holdings Board decided to counter with a proposed exchange ratio of 0.715. The Holdings Board directed the Transaction Committee to (1) continue resisting exclusivity prior to signing a definitive agreement, (2) accept limitations on Holdings ability to affirmatively shop itself after the signing of a definitive agreement, (3) retain

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the right to respond to unsolicited written proposals, (4) accept the proposal regarding post-closing governance, and (5) emphasize the importance of promptly executing a definitive agreement.

On May 26, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance. Mr. Hobbs reported to the Partnership Audit Committee that he had heard from the Transaction Committee with their reaction to the May 20th proposal. According to Mr. Hobbs, the Transaction Committee expressed the following:

a counterproposal of an exchange ratio of 0.715 in response to the proposal by the Partnership Audit Committee of 0.705,

a rejection of the Partnership Audit Committee s request regarding exclusivity,

a willingness to sign a definitive agreement within 7 days,

a willingness to obtain the full commitment of ArcLight and Kelso within the confines of Delaware law,

a confirmation that Holdings would not insist on the right to affirmatively market itself after the signing of a definitive agreement with respect to the proposed transition, and

agreement on the proposal by the Partnership Audit Committee that the post-transaction Partnership Board be composed of 9 directors, of which 2 would be effectively appointed by BGH GP, and 7 would be elected by the unitholders of the Partnership.

At the meeting, the Partnership Audit Committee discussed the exchange ratio, and Barclays presented materials showing the consequences of an exchange ratio of 0.705, 0.710 and 0.715. The legal advisors discussed other aspects of the Holdings response, including the rejection of exclusivity. The Partnership Audit Committee also discussed the term of the two directors to be appointed by BGH GP, and when the appointment rights would cease. The Partnership Audit Committee continued to express concern regarding a possible third party which might seek to acquire Holdings following an announcement of the merger. At the end of the meeting, the Partnership Audit Committee members (i) authorized Mr. Hobbs to respond that the Partnership Audit Committee was no longer flexible on the exchange ratio and was reaffirming its proposed ratio of 0.705 and (ii) directed counsel to prepare promptly drafts of definitive agreements for review by the Partnership Audit Committee.

Later in the day on May 26, Mr. Hobbs advised the Transaction Committee that the Partnership Audit Committee was not flexible on the exchange ratio and was reaffirming its proposed ratio of 0.705.

On May 27, 2010, the Holdings Board met, and with the advice and assistance of its legal and financial advisors, discussed the Partnership Audit Committee s position with respect to the exchange ratio and other terms of the potential transaction. The Holdings Board discussed its repeated efforts to increase the exchange ratio, the increase in the exchange ratio since the April 13th proposal, and the relatively small difference between the exchange ratios proposed by the Holdings Board and the Partnership Audit Committee. The Holdings Board considered the possibility of competing proposals and the characteristics of potential bidders who could potentially be interested in acquiring Holdings. The Holdings Board noted that no such proposal had been received and that Holdings would require customary provisions in the merger agreement to consider unsolicited acquisition proposals and the right to accept a superior proposal from a third party. The Holdings Board also considered other factors, including the risk of nonconsummation resulting from further delays and increasing volatility in the financial markets. Representatives of Latham & Watkins also provided an update on proposed legislation in the U.S. Congress that could affect the taxation of certain direct and indirect holders of incentive distribution rights. After further discussion, the Holdings Board

instructed the Transaction Committee to communicate the Holdings Board s agreement with the 0.705 exchange ratio, subject to prompt negotiation of final deal terms and the execution of definitive agreements.

On May 27, 2010, Messrs. Erhard and Loverro responded by telephone to Mr. Hobbs and indicated agreement with the Partnership Audit Committee s proposed ratio of 0.705, subject to prompt negotiation of final deal terms and the execution of definitive agreements.

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On May 29, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance. The Partnership Audit Committee and its legal and financial advisors discussed the terms of a draft merger agreement with respect to the proposed acquisition of Holdings by the Partnership and a draft support agreement to be entered into by ArcLight and Kelso. The Partnership Audit Committee directed its legal advisors to send revised agreements to Latham & Watkins, counsel to Holdings, with a copy to Mr. Schmidt, who until that time had not been involved in the negotiations. On May 30, counsel to the Partnership Audit Committee sent to Latham & Watkins and Mr. Schmidt a draft merger agreement and draft support agreement.

On June 1, 2010, Mr. Schmidt provided comments to the draft merger agreement and support agreement to V&E and Prickett Jones. Also on June 1, the Transaction Committee and representatives of Latham & Watkins met to discuss various issues in the merger agreement and support agreement. The Transaction Committee discussed, among other things, the requirement for a Partnership unitholder vote, the potential for a change in recommendation and its consequences, the right to consider and provide information in connection with unsolicited written proposals, termination rights and termination fees. Further, after deliberation and consultation with its legal advisors, the Transaction Committee determined that approval of the merger by a majority of the minority unitholders was not required under Delaware law or the limited partnership agreement of Holdings.

From June 1 through June 10, 2010, representatives of V&E held several telephone conferences with Mr. Schmidt and other members of management respecting due diligence matters, including tax issues, insurance issues, accounting issues and other matters addressed in the representations and warranties of the draft merger agreement.

On June 3, 2010, Latham & Watkins provided comments to the draft merger agreement and support agreement to the Partnership Audit Committee s legal advisors. Later on June 3, representatives of Prickett Jones and V&E engaged in a telephone call with representatives of Latham & Watkins and Richards, Layton & Finger, P.A., special Delaware counsel to Holdings, to discuss the necessity of a vote by the Partnership s unitholders on the proposed transaction.

On June 4, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance, to discuss comments to the draft merger agreement and draft support agreement received from Latham & Watkins and from senior management. After discussion, the Partnership Audit Committee determined that it would not authorize a proposed transaction that was not conditioned on receipt of a vote of the Partnership s unitholders. The Partnership Audit Committee and its legal advisors then discussed other issues raised by Holdings comments, including changes to the deal protection provisions in the merger agreement, the definition of material adverse effect, and changes to the termination provisions of the support agreement, and the terms of a registration rights agreement with Kelso and ArcLight. After a number of questions and comments, the Partnership Audit Committee directed its legal advisors to send revised drafts of the merger agreement and support agreement to Latham & Watkins. Also during the meeting, representatives of V&E further reported on, and answered questions with respect to, the tax treatment of the proposed transaction.

Later on June 4, 2010, counsel for the Partnership Audit Committee sent revised drafts of the merger agreement and support agreement to Latham & Watkins, which provided, among other things, for a vote of the Partnership s unitholders, that a decision by the Holdings Board to change its recommendation or terminate the merger agreement to accept a superior proposal should include the approval of a majority of the conflicts committee of the Holdings Board and maintaining a post-closing lock-up period of 60 days with respect to units received by ArcLight and Kelso in the merger.

On June 5, 2010, the Transaction Committee and representatives of Latham & Watkins met to discuss various issues in the merger agreement and support agreement. The Transaction Committee discussed, among other things, the requirement for a Partnership unitholder vote, the ability of each of the Holdings Board and the Partnership Audit Committee to change its recommendation, the right of each of Holdings and the Partnership to terminate the merger

agreement and the amount of termination fees for each party.

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Later on June 5, 2010, counsel for the Partnership Audit Committee sent to Latham & Watkins a draft amended and restated partnership agreement of the Partnership to be adopted in connection with the transaction.

On June 6, 2010, Latham & Watkins provided the Partnership Audit Committee with comments on the revised transaction documents, with changes relating to, among other things, the deal protection provisions (including, without limitation, the ability to consider and accept a superior proposal without the payment of a termination fee), the definition of material adverse effect, termination events, termination fees, support agreement termination and terms of a registration rights agreement with ArcLight and Kelso.

On June 7, 2010, Mr. Hobbs engaged in a telephone conversation with Mr. Loverro with respect to deal protection provisions and the amount of termination fees, which the Transaction Committee proposed to set at zero for Holdings in the event it accepted a superior proposal, 3% to be paid by the Partnership in the event the Partnership Board changed its recommendation and 1% to be paid by Holdings in the event the Holdings Board changed its recommendation.

Later on June 7, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance, to discuss comments to the draft transaction documents received from Latham & Watkins, and to discuss Mr. Hobbs conversation with Mr. Loverro. Also during the meeting, representatives of V&E further reported on, and answered questions with respect to, the tax treatment of the proposed transaction. The Partnership Audit Committee and its advisors also discussed fluctuations in the trading prices of the Partnership s and Holdings units, and Barclays confirmed that these factors did not have a material effect on its analysis of the proposed transaction. The Partnership Audit Committee expressed its agreement with various changes proposed by the Holdings Board, but continued to insist on a termination fee in an amount equal to 3% of the equity value of the transaction (including in the event Holdings accepted a superior proposal) and a provision that an alternative proposal for both the Partnership and Holdings could not be a superior proposal without Partnership Audit Committee approval. Mr. Hobbs was directed to engage in further conversations with Mr. Loverro to discuss and attempt to resolve these open issues in accordance with the direction provided by the Partnership Audit Committee.

Later on June 7, 2010, Mr. Hobbs engaged in further discussions with Messrs. Loverro and Erhard with respect to certain of the open issues. Later on June 7, counsel to the Partnership Audit Committee distributed revised drafts of the merger agreement and support agreement to Latham & Watkins and senior management, which reflected the Partnership Audit Committee s determinations and Mr. Hobbs discussions with Messrs. Loverro and Erhard.

Late on June 7, 2010, counsel for the Partnership Audit Committee distributed to senior management a draft registration rights agreement for their input and comments. On June 8, Mr. Hobbs and representatives of V&E engaged in discussions with members of senior management respecting the draft registration rights agreement.

On June 8, 2010, the Transaction Committee and representatives of Latham & Watkins met to discuss various issues in the transaction documents. The Transaction Committee provided guidance to Latham & Watkins, which continued negotiating the transaction documents with the legal advisors to the Partnership Audit Committee.

Later on June 8, 2010, Mr. Hobbs engaged in discussions with Messrs. Loverro and Erhard respecting certain open issues, including proposed termination fees. Also on June 8, V&E sent a draft registration rights agreement to Latham & Watkins.

Later on June 8, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance, to discuss the registration rights agreement and proposed changes to the termination rights, termination fees and other issues in the merger agreement.

Later on June 8, 2010, Latham & Watkins distributed revised drafts of the merger agreement to the Partnership Audit Committee s legal advisors, requesting among other things a 3% termination fee to apply to the Partnership and a 1.5% termination fee to apply to Holdings, eliminating the approval requirement of the Partnership Audit Committee for a superior proposal involving an acquisition of both the Partnership and Holdings and eliminating the termination fee for Holdings breach of the no-solicitation provision. Latham &

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Watkins also distributed comments of the Holdings Board to the draft amended and restated agreement of limited partnership of the Partnership.

On June 9, 2010, V&E distributed to Latham & Watkins a draft amended and restated partnership agreement for Holdings to be adopted in connection with the proposed merger.

On June 9, 2010, the Transaction Committee and representatives of Latham & Watkins met to discuss various issues in the transaction documents. The Transaction Committee provided guidance to Latham & Watkins, which continued negotiating the transaction documents with the legal advisors to the Partnership Audit Committee.

Also on June 9, 2010, Mr. Hobbs engaged in telephone discussions with Messrs. Loverro and Erhard. During the call, the parties agreed on a reciprocal termination fee of 2.5% of transaction value for both Holdings and the Partnership, the elimination of a termination fee for breach of the no-solicitation provision and clarifying language with respect to whether an acquisition proposal for both Holdings and the Partnership could be a superior proposal without the approval of the Partnership Audit Committee. Open issues with respect to the registration rights agreement were identified but not resolved.

Later on June 9, 2010, Latham & Watkins distributed a revised draft of the registration rights agreement to the Partnership Audit Committee s legal advisors. Mr. Hobbs suggested to V&E that senior management be involved to discuss the impact of the terms of the registration rights agreement on Partnership activities going forward. V&E and Mr. Hobbs discussed various issues with members of senior management, and Mr. Schmidt delivered senior management s recommendations to both the representatives of the Partnership Audit Committee and the representatives of the Transaction Committee.

On the evening of June 9, 2010, senior management, V&E, Mr. Hobbs, Latham & Watkins and representatives of the Transaction Committee resolved most of the open issues with respect to the registration rights agreement.

Late on June 9, 2010, V&E distributed to Latham & Watkins revised drafts of the merger agreement, the registration rights agreement and the amended and restated partnership agreements of each of the Partnership and Holdings.

On June 10, 2010, further drafts of the transaction documents were exchanged between counsel for the Partnership Audit Committee and counsel to the Holdings Board, and further discussions were held to resolve minor drafting issues.

On June 10, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones, V&E and Barclays in attendance, to review and consider the proposed transaction between the Partnership and Holdings. Prior to the meeting, the members of the Partnership Audit Committee were provided drafts of the merger agreement and certain related agreements as well as materials to assist the Partnership Audit Committee in evaluating the proposed merger and the related transactions. Barclays presented its financial analysis of the proposed merger transaction and, at the conclusion of its presentation, delivered to the Partnership Audit Committee its oral opinion (which was subsequently confirmed in writing) that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated therein, from a financial point of view, the exchange ratio to be paid by the Partnership in the proposed transaction is fair to the Partnership and, accordingly, its unitholders (other than Holdings, the Partnership GP, ArcLight and Kelso). The Partnership Audit Committee did not discuss a price-protection mechanism because it viewed the relative valuation of the Partnership LP units and Holdings units as significantly more important than the absolute value of the Partnership and Holdings. Representatives of V&E then reviewed the terms of the transaction documents, and the resolution of certain open issues. A representative of Prickett Jones reviewed the members fiduciary duties under Delaware law and the Partnership s partnership agreement. After considering the benefits of the proposed transaction as well as the associated risks, and after consideration of other

relevant factors including the Barclays fairness opinion, the Partnership Audit Committee unanimously resolved to approve and declare advisable the merger agreement and the related agreements, and resolved that the merger agreement, the related agreements and the transactions contemplated thereby were fair and reasonable to, and in the best interests of, the Partnership and the Partnership unitholders (other than Holdings, the Partnership GP and their respective affiliates), resolved to recommend the approval of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, and the amended and restated partnership agreement of the Partnership, by the unitholders

of the Partnership, and resolved that such approval by the Partnership Audit Committee constituted special approval (as defined in the Partnership s existing limited partnership agreement).

Later on June 10, 2010, the Holdings Board, with all members in attendance (other than Mr. Wylie, who recused himself), met to review and consider the proposed merger between Holdings and the Partnership. Prior to the meeting, the members of the Holdings Board were provided drafts of the merger agreement and certain related agreements and other documents as well as other materials to assist the Holdings Board in evaluating the proposed merger. Latham & Watkins discussed (1) the fiduciary duties of the directors and the judicial standard of review under the circumstances, and (2) recent developments relating to proposed legislation in the U.S. Congress that could affect the taxation of certain direct and indirect holders of incentive distribution rights. Credit Suisse then reviewed and discussed its financial analyses with respect to the Partnership, Holdings and the proposed merger, and, thereafter, at the request of the Holdings Board, rendered its opinion to the Holdings Board (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated June 10, 2010) with respect to the fairness, from a financial point of view, to the unaffiliated unitholders of Holdings of the exchange ratio. The Holdings Board did not discuss price-protection mechanisms because it viewed the relative value received by Holdings unitholders under the exchange ratio as significantly more important than the absolute value of the consideration received. Latham & Watkins then summarized, and responded to questions regarding, the merger agreement, the support agreement, the registration rights agreement, the amended and restated agreement of limited partnership of the Partnership and the amended and restated agreement of limited partnership of Holdings. The Transaction Committee then summarized its efforts in negotiating the merger agreement, the support agreement, the registration rights agreement, the amended and restated agreement of limited partnership of the Partnership and the amended and restated agreement of limited partnership of Holdings, the meetings held to evaluate the terms of the transaction, and its discussions with the Holdings Board s legal and financial advisors and representatives of the Partnership GP. The Transaction Committee then provided its recommendation that the merger, the merger agreement, and the transactions contemplated thereby are advisable, fair, and reasonable to and in the best interests of Holdings and its partners and recommended that the Holdings Board approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.

After discussion, the Holdings Board unanimously (not including Mr. Wylie, who recused himself) (1) determined that the merger, the merger agreement and the transactions contemplated thereby are advisable, fair and reasonable to and in the best interests of Holdings and its partners, (2) approved the merger agreement and the transactions contemplated thereby (including the merger) and (3) resolved (subject to certain exceptions in the merger agreement) to recommend the approval and adoption of the merger, the merger agreement and the transactions contemplated thereby by the unitholders of Holdings.

During the evening of June 10, the Partnership, the Partnership GP, MergerCo, Holdings and Holdings GP executed the merger agreement, and the Partnership and the Major Unitholders executed the support agreement and the registration rights agreement.

On June 11, 2010, the Partnership and Holdings issued a joint press release announcing the proposed merger.

On August 10, 2010, at a meeting of the Partnership Board, the Partnership Board approved Amendment No. 1 to the Partnership s existing partnership agreement. The amendment permits the Partnership GP to adjourn a meeting of limited partners, without notice of the adjourned meeting or setting a new record date for the meeting, if the time and place thereof are announced at the adjourned meeting, unless the adjournment (together with any prior adjournments in connection with which a new record date was not fixed) is for more than 60 days.

On August 11, 2010, the Holdings Board met telephonically with Mr. Schmidt and outside counsel from Latham & Watkins and Duane Morris LLP (Duane Morris), California regulatory counsel to the Partnership, to discuss

regulatory matters, including the role of the CPUC. The Holdings Board received advice from outside counsel with respect to regulatory matters and then discussed possible amendments to the merger agreement to defer the public election of directors pending the outcome of regulatory proceedings. After discussion, the Holdings Board asked representatives of Latham & Watkins and Duane Morris to conduct further analysis of the possible amendments to the merger agreement and to explain what courses of action were available with respect to certain regulatory approvals.

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On August 12, 2010, the Partnership Audit Committee met telephonically with Mr. Schmidt and representatives of Prickett Jones, V&E, and Barclays and a representative of Duane Morris to consider under what circumstances CPUC approval might be required. The Partnership Audit Committee received advice from outside counsel with respect to regulatory matters and then discussed possible amendments to the merger agreement to defer the public election of directors pending the outcome of regulatory proceedings.

On August 13, 2010, the Holdings Board, with all members in attendance (other than Mr. Wylie), met telephonically with representatives of Latham & Watkins and Duane Morris to further consider regulatory matters and possible amendments to the merger agreement. At that time, the Holdings Board discussed with outside counsel alternative courses of action and the relative merits of each. After deliberating, the Holdings Board determined to consider the matter further.

On August 13, 2010, the Partnership Audit Committee met telephonically, with representatives of Prickett Jones and V&E in attendance, to review and consider a First Amended and Restated Agreement and Plan of Merger and revisions to certain related agreements, to among other things, (1) provide that Holdings GP (through Holdings) will continue to have the right to appoint, remove and replace all of the directors of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required, (2) remove the obligations of Holdings and Partners to cause comfort letters to be delivered to each other as a condition to closing of the merger and (3) to make certain technical amendments to the merger agreement and form of amended and restated partnership agreement. Prior to the meeting, the members of the Partnership Audit Committee were provided drafts of a First Amended and Restated Agreement and Plan of Merger and a revised form of amended and restated partnership agreement and certain related agreements. Representatives of V&E reviewed the proposed revisions to the transaction documents. After considering the proposed revisions to the transaction documents, the Partnership Audit Committee unanimously resolved to approve and declare advisable the First Amended and Restated Agreement and Plan of Merger and the related agreements, and resolved that the First Amended and Restated Agreement and Plan of Merger, the related agreements and the transactions contemplated thereby were fair and reasonable to, and in the best interests of, the Partnership and the Partnership unitholders (other than Holdings, the Partnership GP and their respective affiliates).

On August 17, 2010, the Holdings Board (with Mr. Wylie recusing himself) met telephonically with representatives of Latham & Watkins, representatives from Jones Day, special California regulatory counsel to the Partnership, and a representative of Post & Schell P.C., Pennsylvania regulatory counsel to the Partnership (Post & Schell), to consider under what circumstances CPUC and PaPUC approval might be required and possible amendments to the merger agreement to defer the public election provisions. After receiving the reports of outside counsel on regulatory issues, the Board then discussed proposed amendments to the merger agreement and revisions to certain related agreements to, among other things, (1) provide that Holdings GP (through Holdings) will continue to have the right to appoint, remove and replace all of the directors of the Partnership Board until the earlier to occur of (a) the receipt of applicable regulatory approvals or (b) a determination by the Partnership Board that such approvals are not required, (2) remove the delivery of comfort letters to each of Holdings and the Partnership as a condition to closing of the merger and (3) to make certain technical amendments. After further deliberation, the Holdings Board determined that entry into the First Amended and Restated Agreement and Plan of Merger, the related agreements and the transactions contemplated thereby were fair and reasonable to, and in the best interest of, Holdings and the Holdings unitholders and unanimously approved the First Amended and Restated Agreement and Plan of Merger, the related agreements and the transactions contemplated thereby.

On August 17, 2010 a telephonic informational session was held with members of the Partnership Board (including all members of the Partnership Audit Committee), Mr. Schmidt and representatives of Prickett Jones and V&E, and representatives of Jones Day, to receive a report of outside counsel on regulatory issues and consider under what

circumstances CPUC approval might be required.

On August 18, 2010, the Partnership, the Partnership GP, MergerCo, Holdings and Holdings GP executed the First Amended and Restated Agreement and Plan of Merger to, among other things, (1) provide that Holdings GP (through Holdings) will continue to have the right to appoint, remove and replace all of the directors of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required, (2) remove the obligations of Holdings and Partners to cause comfort letters to be delivered

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to each other as a condition to closing of the merger and (3) to make certain technical amendments to the merger agreement and form of amended and restated partnership agreement.

Recommendation of the Partnership Audit Committee and Its Reasons for the Merger

At a meeting of the Partnership Audit Committee held on June 10, 2010, the Partnership Audit Committee, comprised of independent directors, received a presentation from its financial advisor concerning the financial analyses of the proposed merger, and reviewed with its legal counsel the terms of the merger agreement and the other related agreements. At the meeting, the Partnership Audit Committee considered the benefits of the merger as well as the associated risks and has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, and the Partnership s amended and restated partnership agreement, are fair and reasonable to the Partnership, and in the best interests of the Partnership and its unitholders (other than the Partnership GP, Holdings or their respective affiliates) and has approved and declared the advisability of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement, and including the Partnership s amended and restated partnership agreement. Accordingly, the Partnership Audit Committee unanimously recommends that the Partnership unitholders vote to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement and the Partnership s amended and restated partnership agreement.

In reaching its decision on the merger, the Partnership Audit Committee consulted with its legal and financial advisors and considered the following factors that supported the approval of the merger:

- the fact that the Partnership will no longer have any issued and outstanding incentive distribution rights as a result of the merger;
- the significant reduction in the Partnership s equity cost of capital because the Partnership will no longer have any issued and outstanding incentive distribution rights as a result of the merger;
- the enhancement of the Partnership s ability to compete for new acquisitions following the merger as a result of its reduced equity cost of capital;
- the fact that the merger is expected to be long-term accretive to the Partnership s distributable cash flow per Partnership LP unit;
- the fact that the merger is expected to result in a long-term increase in the growth rate of the Partnership s distributable cash flow per Partnership LP unit, thereby improving potential total return due to both valuation and potential distribution growth;
- the potential to accelerate the anticipated strategic benefits of the merger;
- the probability that the Partnership and Holdings will be able to complete the merger, including their ability to obtain unitholder approvals;
- the fact that the Partnership s approval of the merger is subject to the vote of the holders of Partnership LP units;
- the fact that the merger will likely result in a capital structure and governance structure of the Partnership that is more easily understood by the investing public;

the fact that Partnership unitholders will be entitled to elect 7 of the 9 directors of the Partnership Board;

the fact that the merger has been structured to avoid a change of control event of default under the Partnership s credit agreement;

the fact that the merger will eliminate potential conflicts of interest that may arise as a result of a person being an officer of the Partnership GP and of Holdings GP and as a result of a person being a member of the Partnership Board and a member of Holdings Board;

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the fact that the merger will reduce potential conflicts of interest between the owners of Holdings GP and the Partnership and its unitholders;

the fact that having a greater number of outstanding Partnership LP units is expected to increase the public float and trading liquidity of the market for Partnership LP units;

the terms of the merger agreement permit the Partnership Audit Committee to change or withdraw the recommendation of the merger if the Partnership Audit Committee has concluded in good faith, after consultation with its outside legal advisors and financial consultants, that the failure to withdraw, modify or qualify its recommendation would be inconsistent with its fiduciary duties under the Partnership s existing partnership agreement and applicable law;

the written opinion of Barclays, dated as of June 10, 2010, that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the stated consideration to be paid pursuant to the merger agreement is fair, from a financial point of view, to the Partnership and accordingly to the holders of Partnership LP units (other than Holdings, the Partnership GP, ArcLight and certain of its affiliates, and Kelso and certain of its affiliates);

the elimination of certain control rights that Holdings possesses with respect to the Partnership as the sole member of the Partnership GP; and

the terms of the merger as set forth in the relevant agreements, including without limitation, the Partnership s amended and restated partnership agreement, the second amended and restated agreement of limited partnership agreement of Holdings, the merger agreement and the related transaction documents.

The Partnership Audit Committee also considered the following factors that weighed against the approval of the merger:

the potential delay in timing with respect to some anticipated benefits of the merger;

the fact that the merger is expected to be near-term dilutive to the Partnership s distributable cash flow per Partnership LP unit;

the fact that the merger might not be completed as a result of a failure to satisfy the conditions contained in the merger agreement, including the failure to receive applicable unitholder approvals;

the fact that, as of June 10, 2010, the value of the Partnership LP units to be issued in the merger represented a 36% premium to the per unit closing price of Holdings common units as of June 9, 2010, the last trading day before the approval of the proposed merger (and approximately a 32% and 24% premium over the average closing price of Holdings for the 30 and 90 days, respectively, preceding the approval when negotiations were being conducted);

the risk that potential benefits sought in the merger might not be fully realized;

the fact that the bases on which the Partnership Audit Committee made its determination, including assumptions associated with management s projections, are uncertain;

the terms under which the Holdings Board may change its recommendation to holders of Holdings units to approve the merger agreement and the transactions contemplated thereby and terminate the merger agreement;

the fact that the Partnership may be required in certain circumstances to pay to Holdings a termination fee or reimburse Holdings for its expenses upon termination of the merger agreement; and

the fact that the merger might not be completed in a timely manner.

In the view of the Partnership Audit Committee, these factors did not outweigh the advantages of the merger. The Partnership Audit Committee also reviewed a number of procedural factors relating to the merger, including, without limitation, the following factors:

that because of the possible conflicts of interest associated with the negotiations between the Partnership and Holdings leading to agreement with respect to the merger, the Partnership Audit

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Committee was delegated the power and authority to consider, analyze and approve, on behalf of the Partnership and the Partnership Board, a strategic transaction between the Partnership and Holdings;

that the delegation of power to the Partnership Audit Committee included the authority to deny the approval, or recommend against the approval, as applicable, of the merger or any similar transaction;

that the Partnership Audit Committee consists of independent directors who are not affiliated with Holdings or Holdings GP;

that the terms and conditions of the merger were determined through arm s-length negotiations between the Partnership Audit Committee and Holdings Board and their respective representatives and advisors;

that the Partnership Audit Committee was given authority to select and compensate its legal, financial and other advisors in the discretion of the Partnership Audit Committee;

that the Partnership Audit Committee retained and was advised by independent legal counsel experienced in advising on matters of this kind;

that the Partnership Audit Committee retained and was advised by independent investment bankers experienced with publicly traded limited partnerships to assist in evaluating the fairness of the merger;

that the Partnership Audit Committee received the written opinion of Barclays dated as of June 10, 2010, that as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the stated consideration to be paid pursuant to the merger agreement is fair, from a financial point of view, to the Partnership and accordingly to the holders of Partnership LP units (other than Holdings, the Partnership GP, ArcLight and certain of its affiliates, and Kelso and certain of its affiliates);

the fact that the approval of the merger requires the affirmative vote of the holders of a majority of outstanding Partnership LP units; and

the fact that the former holders of Holdings units will hold approximately 28% of the Partnership LP units after completion of the merger.

The foregoing discussion of the factors considered by the Partnership Audit Committee is not intended to be exhaustive, but it does set forth the principal factors considered by the Partnership Audit Committee.

The Partnership Audit Committee reached its unanimous conclusion to recommend the merger agreement and the Partnership s amended and restated partnership agreement in light of various factors described above and other factors that each member of the Partnership Audit Committee believed were appropriate.

In view of the wide variety and complexity of factors considered by the Partnership Audit Committee in connection with its evaluations of these matters, the Partnership Audit Committee did not consider it practical, and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decisions and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determinations. Rather, the Partnership Audit Committee made its recommendations based on the totality of the information presented to it and the investigations conducted by it. In considering the factors discussed above, individual directors may have given different weight to different factors.

It should be noted that this explanation of the reasoning of the Partnership Audit Committee and all other information presented in this section is forward-looking in nature and, therefore, should be read along with the factors discussed under the heading Forward-Looking Statements.

For the reasons set forth above, the Partnership Audit Committee has unanimously approved and declared the advisability of the merger agreement and the transactions contemplated thereby, and the Partnership s amended and restated partnership agreement, and unanimously recommends that Partnership unitholders vote FOR the approval of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement and FOR the approval of the Partnership s amended and restated partnership agreement.

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Recommendation of the Holdings Board and Its Reasons for the Merger

At a meeting of the Holdings Board held on June 10, 2010, the Holdings Board, with the assistance of Holdings legal and financial advisors, reviewed and discussed the terms of the merger agreement and the other related agreements. At the meeting, the Holdings Board considered the benefits of the merger as well as the associated risks and unanimously determined (with Mr. Wylie recusing himself) that the merger, the merger agreement and the matters contemplated thereby are fair and reasonable to, and in the best interests of, Holdings and the Holdings unitholders. Accordingly, the Holdings Board unanimously recommends that the Holdings unitholders vote to approve the merger, the merger agreement and the transactions contemplated thereby.

In reaching its decision on the merger, the Holdings Board consulted with its legal and financial advisors and considered the following factors that supported the approval of the merger:

- the Holdings unitholders will hold a public equity stake in the Partnership and participate in the expected benefits of the operations of the Partnership, including any future unit price appreciation and/or distribution increases;
- after the merger, the Partnership will no longer have any incentive distribution rights, and, as a result, the Partnership s cost of equity capital will be reduced, which will enhance the Partnership s ability to compete in future acquisitions and finance organic growth projects;
- the expectation that the Partnership would be able to maintain its current distribution growth rate;
- a common equity currency for the Partnership and Holdings could facilitate future acquisitions and mergers;
- the value of the consideration to be issued in the merger represented a 32% premium to the closing price of Holdings common units on June 10, 2010;
- the merger is expected to be long-term accretive to the distributable cash flow received by Holdings unitholders;
- the merger is expected to result in a long-term increase in the growth rate of the Partnership s distributable cash flow per Partnership LP unit, thereby improving potential total return due to both valuation and potential distribution growth;
- the pro forma increase of approximately 42% in distributions per unit expected to be received by Holdings unitholders in 2011;
- the merger will likely result in a capital structure and governance structure of the Partnership that is more easily understood by the investing public;
- the fact that Holdings unitholders, as Partnership unitholders after the effective time, will be entitled to participate in the election of 7 of the 9 directors of the Partnership Board;
- the probability that the Partnership and Holdings will be able to consummate the merger, including their ability to obtain any necessary unitholder approvals;

the merger will eliminate potential conflicts of interest that may arise as a result of a person being an officer of both the Partnership GP and Holdings GP and as a result of a person being a member of both the Partnership Board and the Holdings Board;

the merger will reduce potential conflicts of interest between the owners of Holdings GP and the Partnership and its unitholders;

the merger will eliminate the duplication of services required to maintain two public limited partnerships;

as a result of the merger, Holdings will no longer be a reporting company, which is expected to save approximately $0.9 million annually;

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the terms of the merger agreement permit the Holdings Board to change its recommendation of the merger if the Holdings Board (including, in the absence of a Holdings superior proposal, a majority of the members of the Holdings Audit Committee) has concluded in good faith, after consultation with its outside legal and financial advisors, that the failure to make such a change in recommendation would be inconsistent with its fiduciary duties under the Holdings partnership agreement and applicable law;

the financial analysis reviewed and discussed with the Holdings Board by representatives of Credit Suisse as well as the oral opinion of Credit Suisse rendered to the Holdings Board on June 10, 2010 (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) with respect to the fairness, from a financial point of view, to the unaffiliated unitholders of Holdings of the exchange ratio;

presentations by and discussions with representatives of Latham & Watkins, Holdings legal counsel, regarding the terms of the merger agreement, including the ability of Holdings to enter into discussions with another party in response to an unsolicited written offer, if the Holdings Board, after consultation with its outside legal and financial advisors, determines in good faith (a) that such unsolicited written offer constitutes or is reasonably likely to constitute a superior proposal and (b) that the failure to take such action would be inconsistent with its fiduciary duties under the Holdings partnership agreement and applicable law;

Holdings ability to terminate the merger agreement under certain conditions;

information concerning the businesses, assets, liabilities, results of operations, financial conditions and competitive positions and prospects of the Partnership and Holdings, in each case, before and after the merger;

the fact that the value of the Partnership LP units to be received by the holders of Holdings units in the merger may increase as a result of fluctuations in the price of the Partnership LP units and that any such increase in value will not be limited by any collar arrangement;

the merger will mitigate the risk of underperformance associated with the Partnership s underlying businesses to Holdings unitholders;

the current and prospective environment in which Holdings operates;

the holders of Holdings units, generally, should not recognize any income or gain, for U.S. federal income tax purposes, solely as a result of the receipt of the Partnership LP units pursuant to the merger; and

the terms of the merger as set forth in the relevant agreements, including without limitation, the amended and restated agreement of limited partnership of the Partnership, the support agreement and the merger agreement, including the conditions to closing which include the delivery of various tax opinions.

The Holdings Board also considered the following factors that weighed against the approval of the merger:

the possibility that the proposed carried interest legislation could be enacted with a retroactive effective date or with an effective date before consummation of the merger and the potential material tax liability that could be incurred;

the potential delay in timing with respect to some anticipated benefits of the merger;

the merger is expected to be near-term dilutive to the Partnership s distributable cash flow per Partnership LP unit;

there can be no assurance that the capital requirements necessary to fund the continued growth of the Partnership can be funded through the simplified capital structure;

the bases on which the Holdings Board made its determination are uncertain;

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the possibility that the Partnership LP unit price could diminish prior to closing, reducing the premium available to Holdings unitholders;

the risk that potential benefits sought in the merger might not be fully realized;

the risk that the merger might not be completed in a timely manner;

the terms under which the Partnership Audit Committee may change its recommendation to holders of the Partnership s LP units to approve the merger agreement and thereafter terminate the merger agreement;

the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including the failure to receive applicable unitholder approvals or regulatory approval;

the potential adverse effects on Holdings business, operations and financial condition if the merger is not completed following public announcement of the execution of the merger agreement;

the capital requirements necessary to fund the continued growth of the combined Partnership s businesses will be significant, and there can be no assurance that they can be funded from operating cash flows;

the elimination of certain control rights that Holdings possesses with respect to the Partnership;

the limitations on Holdings ability to solicit other offers;

the fact that the merger will eliminate all benefits associated with the incentive distribution rights in the event of increases in distributions by the Partnership;

the fact that Holdings may be required in certain circumstances to pay to the Partnership a termination fee upon termination of the merger agreement;

the possibility, under certain circumstances, that Holdings could be required to reimburse the Partnership for expenses incurred by the Partnership in connection with the merger; and

certain members of management of Holdings may have interests that are different from those of the holders of common units in Holdings.

In the view of the Holdings Board, these factors did not outweigh the advantages of the merger. The Holdings Board also reviewed a number of procedural factors relating to the merger, including, without limitation, the following factors:

the terms and conditions of the proposed merger were determined through arm s-length negotiations between the Partnership Audit Committee and the Holdings Board and their respective representatives and advisors;

the Holdings Board retained legal and financial advisors with knowledge and experience with respect to public company M&A transactions, the energy industry generally and the Partnership and Holdings particularly, as well as substantial experience advising MLPs and other companies with respect to transactions similar to the proposed transaction;

the Holdings Board reviewed and discussed financial analyses with respect to the merger with representatives of Credit Suisse; and

the Holdings Board received the oral opinion of Credit Suisse on June 10, 2010 (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) with respect to the fairness, from a financial point of view, to the unaffiliated unit holders of Holdings of the exchange ratio.

The foregoing discussion of the factors considered by the Holdings Board is not intended to be exhaustive, but it does set forth the principal factors considered by the Holdings Board.

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The Holdings Board reached its unanimous conclusion (with Mr. Wylie recusing himself) to recommend the approval and adoption of the merger, the merger agreement and the transactions contemplated thereby, in light of various factors described above and other factors that each member of the Holdings Board believed were appropriate.

In view of the complexity of and wide variety of factors considered by the Holdings Board in connection with its evaluation of these matters, the Holdings Board did not consider it practical, and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decisions and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determinations. Rather, the Holdings Board made its recommendations based on the totality of the information presented to it and the investigations conducted by it. In considering the factors discussed above, individual directors may have given different weight to different factors. Additionally, Messrs. Sowinski, White and LaSala, who are directors unaffiliated with ArcLight and Kelso, received a fee of $20,000 in respect of such director s service in reviewing and analyzing the merger, and Mr. Sowinski received an additional fee of $5,000 in respect of his service as chairman of the Transaction Committee.

It should be noted that portions of this explanation of the reasoning of the Holdings Board and certain information presented in this section is forward-looking in nature and, therefore, should be read along with the factors discussed under the heading Forward-Looking Statements.

For the reasons set forth above, the Holdings Board (other than Mr. Wylie, who recused himself) has unanimously (1) determined that the merger, the merger agreement and the transactions contemplated thereby are advisable, fair and reasonable to and in the best interests of Holdings and its partners, (2) approved the merger agreement and the transactions contemplated thereby (including the merger) and (3) recommended that the Holdings unitholders vote FOR the approval and adoption of the merger, the merger agreement and the matters contemplated thereby.

Financial Projections

In connection with the proposed merger, management of the Partnership GP and Holdings GP prepared projections that included expected future financial and operating performance. The projections were prepared for the Partnership on a stand-alone basis. In addition, a projection of distributable cash flow and distributable cash flow per unit was prepared on a pro forma basis, giving effect to the proposed merger, in order to illustrate the impact of the merger on the distributable cash flow per Partnership LP unit, based on an assumed exchange ratio. The projections were reviewed by the Partnership Audit Committee and the Partnership stand-alone projection of distributable cash flow was corrected to eliminate certain redundancies in the underlying assumptions. The Partnership stand-alone projections, including the correction, were provided to Barclays and Credit Suisse for use in connection with the preparation of their opinions to the Partnership Audit Committee and the Holdings Board, respectively, and related financial advisory services. The Partnership stand-alone projections were also presented to the Partnership Audit Committee and the Holdings Board. Barclays and Credit Suisse used the Partnership stand-alone projections, as corrected, for their financial analysis in connection with the preparation of their opinions to the Partnership Audit Committee and the Holdings Board, respectively, and related financial advisory services. There have been no material changes in the Partnership s operations or performance or in any of the projections or assumptions upon which they are based since the delivery of the opinions of Barclays and Credit Suisse on June 10, 2010 and no such material changes are currently anticipated to occur before the special meetings of Holdings or the Partnership. The following Partnership stand-alone projected information is included in this joint proxy statement/prospectus only because this information was provided to the financial advisors, the Partnership Audit Committee and the Holdings Board in connection with the merger.

The following Partnership projections are a summary of the corrected, stand-alone projections provided to the financial advisors, the Partnership Audit Committee and the Holdings Board, and include only summary projections

through 2014. Information from the projection prepared on a pro forma basis is not presented because the pro forma calculation to give effect to the proposed merger on distributable cash flow was not revised when the stand-alone projections were corrected and because the assumed exchange ratio used to calculate distributable cash flow per unit in the projections before they were corrected is different than the

stated consideration of .705 Partnership LP units per Holdings unit subsequently agreed to. The summary projections set forth below summarize the most recent projections provided to the financial advisors, the Partnership Audit Committee and the Holdings Board prior to execution of the merger agreement. The inclusion of the following summary Partnership projections in this joint proxy statement/prospectus should not be regarded as an indication that either the Partnership or Holdings or their respective representatives considered or consider the Partnership projections to be a reliable or accurate prediction of future performance or events, and the summary Partnership projections set forth below should not be relied upon as such.

The summary Partnership projections set forth below were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. In addition, the summary Partnership projections are not presented in accordance with GAAP. The projections, including the summary projections in this joint proxy statement/prospectus, have been prepared by, and are the responsibility of, management of Holdings and the Partnership. Neither Deloitte & Touche LLP, nor any other independent registered public accounting firm, have compiled, examined or performed any procedures with respect to the prospective financial information contained in the Partnership projections and, accordingly, Deloitte & Touche LLP does not express an opinion or any other form of assurance with respect thereto. The Deloitte & Touche LLP reports incorporated by reference in this joint proxy statement/prospectus relate to historical financial information of the Partnership and Holdings. Such reports do not extend to the Partnership projections and should not be read to do so.

The internal financial forecasts (upon which the projected information is based) of the Partnership are, in general, prepared solely for internal use to assist in various management decisions, including with respect to capital budgeting. Such internal financial forecasts are inherently subjective in nature, susceptible to interpretation and accordingly such forecasts may not be achieved. The internal financial forecasts also reflect numerous assumptions made by management, including material assumptions that may not be realized and are subject to significant uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the preparing party. Accordingly, there can be no assurance that the assumptions made in preparing the internal financial forecasts upon which the foregoing projected financial information was based will prove accurate. There will be differences between actual and forecasted results, and the differences may be material. The risk that these uncertainties and contingencies could cause the assumptions to fail to be reflective of actual results is further increased due to the length of time in the future over which these assumptions apply. The assumptions in early periods have a compounding effect on the projections shown for the later periods. Thus, any failure of an assumption to be reflective of actual results in an early period would have a greater effect on the projected results failing to be reflective of actual events in later periods. You should consider the risks identified in the Partnership s and Holdings most recent Annual Reports on Form 10-K, which are incorporated by reference into this joint proxy statement/prospectus, and the matters discussed elsewhere in this joint proxy statement/prospectus under Forward-Looking Statements.

In developing the Partnership projections, senior management of the Partnership GP and Holdings GP made numerous material assumptions with respect to the Partnership, including:

- organic growth and acquisition opportunities and the amounts and timing of related costs and potential economic returns;
- the availability and cost of capital;
- the cash flow from existing assets and business activities, including assumptions related to shipments on the Partnership s refined petroleum products pipeline systems, annual tariff rate adjustments for these pipeline systems which are impacted by the annual U.S. Producer Price Index and/or market forces, throughput volumes in the Partnership s terminals, lease and hub services revenues related to its natural gas storage facilities and

volumes of refined products sold and margins realized in the Partnership s energy services segment;

the prices of crude oil, the impact it has on the broader refined petroleum products market and prices and the impact it has on the Partnership s commodity related activities; most significantly its energy services segment; and

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other general business, market and financial assumptions.

All of these assumptions involve variables making them difficult to predict, and most are beyond the control of the Partnership and Holdings. Although senior management of the Partnership GP and Holdings GP believes that there was a reasonable basis for the Partnership projections and underlying assumptions, any assumptions for near-term projected cases remain uncertain, and the risk of inaccuracy increases with the length of the forecasted period.

Among other financial information, senior management of the Partnership GP and Holdings GP prepared projections of distributable cash flow. Projections for the Partnership were prepared based on the assumption that the Partnership would invest $75 million per year on growth capital expenditures, assuming a 6.0x investment multiple, such investments being in addition to projects that were already in progress at the time the projections were prepared, and $200 million per year for acquisitions, assuming a purchase multiple of 9.0x EBITDA. Projections were also based on a compound annual growth rate (CAGR) of approximately 1.5% and 2.5% for pipeline volumes and tariffs, respectively, and for the terminalling and storage segment, projections were based on a CAGR of approximately 1.2% and 2.0% for volumes and rates, respectively. Annual maintenance capital expense in the range of $30 to $35 million (not including any capital expenses included with additional capital investments) was assumed for the purposes of the projections. The projections were provided to the Partnership Audit Committee in March 2010 and Holdings Board in April 2010 and were based on management assumptions as of the dates of their preparation and have not been updated since that time. Distributable cash flow as set forth in the table below may not be indicative of distributions to be declared or paid in the future.

The Partnership (Stand Alone Basis)

	2011E	2012E	2013E	2014E
		($ in millions)		
Total distributable cash flow	$ 324.5	$ 360.9	$ 401.3	$ 447.5

The projections are forward-looking statements and are subject to risks and uncertainties. Accordingly, the assumptions made in preparing the projections may not prove to be reflective of actual results, and actual results may be materially different than those contained in the projections. Neither the Partnership nor Holdings intends to make publicly available any update or other revisions to the projections to reflect circumstances existing after the date of the projections. Neither Deloitte & Touche LLP, Barclays, Credit Suisse nor any of their respective representatives assumes any responsibility for the validity, reasonableness, accuracy or completeness of the projected financial information, and neither the Partnership nor Holdings has made any representations to Partnership unitholders or Holdings unitholders regarding such information. The inclusion of the projections in this joint proxy statement/prospectus should not be regarded as an indication that the financial advisors, the Partnership Audit Committee or Holdings Board considered the projections predictive of actual/future events or that the projections should be relied on for that purpose. In light of the uncertainties inherent in any projected data, Partnership unitholders and Holdings unitholders are cautioned not to rely on the foregoing projections.

Opinion of Barclays Capital Inc. Financial Advisor to the Partnership Audit Committee

The Partnership Audit Committee selected Barclays to act as its financial advisor with respect to the proposed merger. On June 10, 2010, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to the Partnership Audit Committee that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the stated consideration to be paid by the Partnership

in the proposed merger is fair to the Partnership and accordingly, the holders of Partnership LP units (other than Holdings, the Partnership GP, ArcLight and certain of its affiliates and Kelso and certain of its affiliates (the Affiliated Unitholders)).

The full text of Barclays written opinion, dated as of June 10, 2010, is attached as Annex E to this joint proxy statement/prospectus. Barclays written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken, by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of

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Barclays opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

Barclays opinion, the issuance of which was approved by Barclays Fairness Opinion Committee, is addressed to the Partnership Audit Committee, addresses only the fairness, from a financial point of view, of the stated consideration to be paid in connection with the proposed merger, and does not constitute a recommendation to any unitholder of the Partnership or Holdings as to how such unitholder should vote with respect to the proposed merger or any other matter. The terms of the proposed merger were determined through arm s-length negotiations between the Partnership Audit Committee and Holdings and were unanimously approved by the Partnership Audit Committee. Barclays was not requested to opine as to, and Barclays opinion does not in any manner address, (i) the underlying business decision to proceed with or effect the proposed merger, (ii) any of the tax or other consequences of the proposed merger to the holders of the Partnership LP units, (iii) the prices at which the Partnership LP units and the Holdings common units will trade at any time following the announcement of the proposed merger or the prices at which the Partnership LP units will trade at any time following the consummation of the proposed merger or (iv) the likelihood of the consummation of the proposed merger. In addition, Barclays expresses no opinion on, and Barclays opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the proposed merger, or any class of such persons, relative to the stated consideration paid in the proposed merger or otherwise.

In arriving at its opinion, Barclays reviewed and analyzed, among other things:

- the merger agreement and the specific terms of the proposed merger;
- the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of April 14, 2008 (the LP Agreement) and the Fifth Amended and Restated Incentive Compensation Agreement dated as of August 9, 2006 (together with the merger agreement and the LP Agreement, the Agreements);
- publicly available information concerning the Partnership and Holdings that Barclays believed to be relevant to its analysis, including the Partnership s and Holdings Annual Reports on Form 10-K for the fiscal year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the fiscal quarter ended March 31, 2010;
- financial and operating information with respect to the business, operations and prospects of the Partnership and Holdings, furnished by the management of the Partnership, including financial projections (the Financial Projections) of the Partnership prepared by the management of the Partnership;
- a trading history of the Partnership LP units and the Holdings common units from August 4, 2006 to June 9, 2010;
- a comparison of the historical financial results and present financial condition of the Partnership and Holdings with each other and with those of other companies that Barclays deemed relevant;
- a comparison of the financial terms of the proposed merger with the financial terms of certain other transactions that Barclays deemed relevant;
- the potential pro forma impact of the proposed merger on the future financial performance of the combined company;
- published estimates of independent research analysts with respect to the future financial performance and trading price targets of the Partnership and Holdings; and

the relative trading liquidity of the Partnership LP units and the Holdings common units.

In addition, Barclays had discussions with the management of the Partnership and Holdings concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and undertook such other studies, analyses and investigations as it deemed appropriate.

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In arriving at its opinion, Barclays assumed and relied upon:

the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information;

the assurances of management of the Partnership that they were not aware of any facts or circumstances that would make such information inaccurate or misleading;

with respect to the Financial Projections, the advice of the Partnership that such Financial Projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Partnership as to the future financial performance of the Partnership and Holdings on a standalone basis;

the Financial Projections;

other assumptions and estimates resulting in certain adjustments to the Financial Projections (the Adjusted Projections) and the Partnership Audit Committee s agreement with the appropriateness of the use of such Adjusted Projections; and

the Adjusted Projections.

In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of the Partnership or Holdings and did not make or obtain any evaluations or appraisals of the assets or liabilities of the Partnership or Holdings. Barclays opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, June 10, 2010. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after June 10, 2010.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the Partnership LP units or the Holdings common units but rather made its determination as to fairness, from a financial point of view, of the stated consideration to be paid in the proposed merger on the basis of the various financial, comparative and other analyses described below. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the proposed merger. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to the Partnership Audit Committee. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Partnership, Holdings or any

other parties to the proposed merger.

None of the Partnership, Holdings, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

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Summary of Valuation Methodologies

Barclays evaluated the fairness of the stated consideration by analyzing the value of each of Holdings and the Partnership using the following valuation methodologies:

discounted cash flow analysis,

comparable company analysis,

comparable transaction analysis, and

analysis of research analyst price targets.

The implied equity value ranges per Holdings common unit derived from each of these methodologies were compared to the stated consideration. Based on the closing price of the Partnership LP units on the New York Stock Exchange on June 9, 2010 of $57.90 per unit, the stated consideration of 0.7050x implies a merger consideration value of $40.82 per Holdings common unit. The implied equity value ranges derived using the various valuation methodologies listed above supported Barclays conclusion that, as of the date of its opinion, from a financial point of view, the stated consideration to be paid by the Partnership in the proposed merger is fair to the Partnership and accordingly, the holders of the Partnership LP units (other than Holdings, the Partnership GP and the Affiliated Unitholders).

In addition to analyzing the value of the Partnership and Holdings under the above valuation methodologies, Barclays also analyzed and reviewed (i) the pro forma impact of the proposed merger on, among other things, projected 2010 and 2011 distributable cash flow, sometimes referred to as DCF, and (ii) the stated consideration based on a comparison of the historical trading prices of the Partnership LP units and (iii) the Holdings common units to calculate the amount of the premium paid to holders of the Partnership LP units.

Barclays made qualitative judgments as to the significance and relevance of each analysis. In addition, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Partnership or Holdings. Accordingly, the methodologies and the implied common equity value range derived must be considered as a whole and in the context of the narrative description of the financial analyses, including the assumptions underlying these analyses. Considering the implied common equity value ranges without considering the full narrative description of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the process underlying, and conclusions represented by, Barclays opinion.

In performing its evaluation analysis, Barclays has analyzed data under four different Partnership operating and financial scenarios (the Financial Cases), as generally described below:

Case I (Base Case): Operating assumptions consistent with the Partnership s long-term plan (the Long-Term Plan), assuming $50 million in acquisitions capital in 2010 and $200 million annually thereafter and $70 million in growth capital expenditures in 2010 and $75 million annually thereafter;

Case II (No Acquisitions): Operating assumptions consistent with the Long-Term Plan, assuming $50 million in acquisitions capital in 2010 and none thereafter and $70 million in growth capital expenditures in 2010 and $75 million thereafter;

Case III (Downside): Pipeline volumes and tariffs grow at 50% of assumed growth rate under the Long-Term Plan, assuming $50 million in acquisitions capital in 2010 and $100 million thereafter and $70 million in

growth capital expenditures in 2010 and $50 million thereafter; and

Case IV (Upside): Pipeline volumes and tariffs grow at 150% of assumed growth rate under the Long Term Plan, assuming $50 million in acquisitions capital in 2010 and $300 million thereafter, $70 million in growth capital expenditures in 2010 and $100 million thereafter and a large cap organic growth project operational in 2013.

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Adjusted Projections. Barclays prepared Adjusted Projections through 2014 of net income from continuing operations before interest expense, income taxes and depreciation and amortization (EBITDA), distributable cash flow, distributable cash flow per Partnership LP unit, distributable cash flow allocable to the Partnership s general partner interest and distributions and cash coverage per Partnership LP unit for each of the Financial Scenarios. These projections have been provided to and reviewed with the Partnership Audit Committee. Distributable cash flow and distributable cash flow per unit may not be indicative of distributions to be declared or paid in the future. The table below sets forth this information with respect to distributable cash flow, distributable cash flow per Partnership LP unit and distributions.

	2010E	2011E	2012E	2013E	2014E
	(In millions except per unit amounts)				
DCF					
Case I Base Case	$ 274	$ 313	$ 347	$ 385	$ 429
Case II No Acquisitions	$ 274	$ 306	$ 325	$ 346	$ 372
Case III Downside	$ 274	$ 301	$ 317	$ 335	$ 357
Case IV Upside	$ 274	$ 325	$ 375	$ 456	$ 575
DCF/Unit					
Case I Base Case	$ 4.13	$ 4.53	$ 4.77	$ 5.05	$ 5.38
Case II No Acquisitions	$ 4.13	$ 4.50	$ 4.69	$ 4.90	$ 5.15
Case III Downside	$ 4.13	$ 4.41	$ 4.51	$ 4.62	$ 4.79
Case IV Upside	$ 4.13	$ 4.64	$ 4.94	$ 5.46	$ 6.33
DCF Allocable to Holdings					
Case I Base Case	$ 61	$ 72	$ 82	$ 92	$ 105
Case II No Acquisitions	$ 61	$ 70	$ 76	$ 82	$ 89
Case III Downside	$ 61	$ 69	$ 73	$ 78	$ 84
Case IV Upside	$ 61	$ 75	$ 89	$ 112	$ 147

Holdings only assets are its indirect interests, including incentive distribution rights, its 0.5% general partner interest in the Partnership and 80,000 Partnership LP units and an approximate 1% interest in certain of the Partnership s operating subsidiaries. Accordingly, Barclays valuation of Holdings is highly dependent on the underlying prospects and performance of the Partnership. Given the organizational and ownership structure of Holdings and the Partnership, any valuation of Holdings is highly dependent on the cash distributions received by Holdings from the Partnership. In any scenario where the Partnership reduces or suspends cash distributions, Holdings would receive reduced or no cash distributions. Further affecting the valuation of Holdings is Holdings ownership (through its ownership of the Partnership GP) of the incentive distribution rights, which do not receive cash distributions unless the Partnership unitholders are paid the minimum quarterly distribution and all arrearages and certain target distribution levels above the minimum quarterly distribution are met. When Partnership distributions are lowered below the minimum quarterly distribution level, the Partnership GP receives reduced cash distributions on the Partnership LP units and its general partner interest in the Partnership, and no cash distributions on the incentive distribution rights. The 80,000 Partnership LP units owned by Holdings were valued at $57.90, which was the closing price of the Partnership LP units on the New York Stock Exchange on June 9, 2010.

Discounted Cash Flow Analysis

In order to estimate the present value of the Partnership LP units and Holdings common units, Barclays performed a discounted cash flow analysis of the Partnership and of Holdings under each of the Financial Cases described above.

A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

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Barclays performed a discounted cash flow analysis of projected free cash flows to each of the Partnership and Holdings for the fiscal year beginning April 1, 2010 and ending December 31, 2014. For Cases I, II and III, Barclays assumed discount rates ranging from 10% to 12%. For Case IV, Barclays assumed discount rates ranging from 11% to 13%. In each case, Barclays calculated terminal values using a terminal multiple on 2014 estimated distributions. The assumed terminal value multiples were based on comparable publicly traded general partner multiples. The range of terminal multiples used for Holdings was 16.0x to 18.0x for Case I, 15.0x to 17.0x for Cases II and III, and 18.0x 20.0x for Case IV. For the Partnership, the range of terminal value multiples used was 12.0x to 15.0x for Case I, 11.0x to 14.0x for Cases II and III, and 13.0x to 16.0x for Case IV.

Barclays then added to the resulting Holdings equity value ranges $4.6 million in value from the 80,000 Partnership LP units owned by Holdings (which were excluded from the DCF analysis), and $3.6 million in cash on hand at Holdings, and divided the resulting equity value ranges by the number of Holdings units outstanding, to calculate the implied equity value range per Holdings common unit. For each Partnership LP unit Barclays divided the resulting equity value ranges by the number of Partnership LP units outstanding, to calculate the implied equity value range per Partnership LP unit.

The following table summarizes the results of this analysis:

Implied Equity Value per Holdings Common Unit	**Low**	**High**
Case I Base	$ 37.40	$ 44.46
Case II No Acquisitions	$ 30.33	$ 36.51
Case III Downside	$ 28.56	$ 33.86
Case IV Upside	$ 48.88	$ 57.71

Implied Equity Value per Partnership LP Unit:	**Low**	**High**
Case I Base	$ 57.77	$ 72.81
Case II No Acquisitions	$ 48.54	$ 61.65
Case III Downside	$ 47.09	$ 59.71
Case IV Upside	$ 68.93	$ 86.89

Implied Stated Consideration	**Low**	**High**
Case I Base	0.5136x	0.7697x
Case II No Acquisitions	0.4919x	0.7522x
Case III Downside	0.4784x	0.7191x
Case IV Upside	0.5625x	0.8373x

These implied exchange ratios were compared to the stated consideration of 0.7050x in the merger.

Comparable Company Analysis

Holdings. In order to assess how the public market values units of similar publicly traded general partner holding companies, Barclays reviewed and compared specific financial data relating to Holdings with selected publicly traded general partner holding companies (Selected GP Holdcos) that Barclays deemed comparable to Holdings. The

Selected GP Holdcos are as follows:

Selected GP Holdcos

Energy Transfer Equity, L.P.

Enterprise GP Holdings L.P.

Inergy Holdings, L.P.

NuStar GP Holdings, LLC

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Barclays calculated and compared various financial multiples and ratios of Holdings and the Selected GP Holdcos. As part of its selected comparable company analysis, Barclays calculated and analyzed each company s ratio of its general partner value to estimated 2010 and 2011 distributable cash flow and distributions and to current yields. All of these calculations were performed, and based on publicly available financial data and closing prices, as of June 9, 2010, the last trading date prior to the delivery of Barclays opinion. The results of this selected comparable company analysis are summarized below:

Selected Holdco Statistics and Multiples

	Multiple Range of Comparable Companies of Holdings		
	Low	**Median**	**High**
General Partner as a Multiple of			
Distributable Cash Flow			
2010E	11.8x	13.8x	19.6x
2011E	10.3x	11.7x	13.8x
Distributions			
2010E	15.5x	16.9x	20.5x
2011E	13.5x	14.5x	17.6x
Holdco Value as a Multiple of			
Current Yield	7.1%	6.0%	5.0%

The Selected GP Holdcos were selected by Barclays because they are general partners or own interests in general partners, which for the purposes of analysis may be considered similar to Holdings due to organizational structure and broadly, due to the nature of the business of the underlying MLP. However, because of the inherent differences between the business, operations and prospects of Holdings and those of the Selected GP Holdcos, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Holdings and the Selected GP Holdcos that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Holdings and the Selected GP Holdcos. Based on these judgments, Barclays selected enterprise value multiples of distributable cash flow of 13.0x to 19.0x for 2010 and 11.0x to 14.0x for 2011. Barclays selected enterprise value multiples of distributions of 15.5x to 20.0x for 2010 and 14.0x to 17.0x for 2011. Barclays selected current yields of 7.0% to 5.0% to be applied to Holdings latest annualized quarterly distributions. Barclays then applied the reference ranges of these multiples to the corresponding financial data for Holdings, using estimates provided by the Partnership management, then added the value of the 80,000 Partnership LP units to the general partner multiples. The resulting equity value ranges after adding Holdings cash on hand of $3.6 million was then divided by the number of Holdings common units outstanding as of June 9, 2010 to arrive at an implied indicative equity valuation range per Holdings Common Unit of $25.75 to $34.58.

The Partnership. In order to assess how the public market values units of similar publicly traded limited partnerships, Barclays reviewed and compared specific financial and operating data relating to the Partnership with selected publicly traded limited partnerships that Barclays deemed comparable to the Partnership. The selected comparable companies (Selected MLPs) are as follows:

Selected MLPs

Holly Energy Partners L.P.

Magellan Midstream Partners, L.P.

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NuStar Energy L.P.

Sunoco Logistics Partners L.P.

Barclays calculated and compared various financial multiples and ratios of the Partnership and the Selected MLPs. As part of its selected comparable company analysis, Barclays calculated and analyzed each Selected MLP s ratio of its enterprise value to EBITDA, its last quarter annualized cash distribution yield, and its distributable cash flow yield. All of these calculations were performed, and based on publicly available financial data and closing prices, as of June 9, 2010, the last trading date prior to the delivery of Barclays opinion. The results of this analysis are summarized below:

Selected MLP Statistics and Multiples

	Multiple Range of Comparable Companies of the Partnership:		
	Low	**Median**	**High**
Enterprise Value as a Multiple of			
2010E EBITDA	10.9x	12.5x	13.3x
2011E EBITDA	9.6x	10.8x	11.8x
Last Quarter Annualized Cash Distribution Yield	8.25%	7.13%	6.64%
DCF Yield			
2010E	9.14%	8.74%	7.39%
2011E	10.00%	9.15%	8.21%

Barclays reviewed and compared specific financial and operating data relating to the Partnership with selected companies that Barclays, based on its experience in the refined petroleum product industry and with MLPs, deemed comparable to the Partnership. Because of the inherent differences between the business, operations and prospects of the Partnership and those of the Selected MLPs, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of the Partnership and the Selected MLPs that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between the Partnership and the companies included in the selected company analysis. Based on these judgments, Barclays selected enterprise value multiples of 11.0x to 13.5x 2010 EBITDA and 9.5x to 12.0x for 2011 EBITDA. Barclays selected a distributed cash flow yield range of 8.25% to 6.75% for last quarter annualized limited partner distributions, 9.25% to 7.50% for 2010 limited partner distributable cash flow, and 10.00% to 8.25% for 2011 limited partner distributable cash flow. Barclays then applied the reference ranges of these multiples to the corresponding financial data for the Partnership, using estimates provided by management. The resulting number, after adjusting the enterprise value for net debt and the value of Holdings equity value, was then divided by the number of Partnership common units outstanding to arrive at an implied indicative equity valuation range per Partnership LP Unit of $38.83 to $54.37.

The comparable companies analysis of Holdings and the Partnership implied an exchange ratio range of 0.4736x 0.8905x.

These implied exchange ratios were compared to the stated consideration of 0.7050x in the merger.

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Comparable Transaction Analysis

Holdings. Barclays reviewed and compared the purchase prices and financial multiples paid in selected other transactions involving general partners (or interests in such general partner) of MLPs. These transactions principally involved publicly traded MLPs and their general partners (or the parents of their general partners). Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to Holdings and the Partnership, primarily with respect to size, structure and other characteristics of their businesses.

Specifically, Barclays examined the following transactions:

Acquiror	Target	Announcement Date
Energy Transfer Equity, L.P.	Regency Energy Partners GP	May 11, 2010
Affiliates of Harold Hamm	Hiland Holdings GP, LP/Hiland Partners, LP	December 4, 2009
Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.	March 3, 2009
Occidental Petroleum Corp.	Plains All American GP LLC	July 2, 2008
MarkWest Energy Partners, L.P.	MarkWest Hydrocarbon, Inc./10.3% interest in MarkWest Energy GP, L.L.C.	September 5, 2007
GE Energy Financial Services	Regency GP LP	June 19, 2007
Enterprise GP Holdings L.P.	Texas Eastern Products Pipeline Company, LLC	May 7, 2007
ArcLight Capital Partners, LLC Kelso & Company and Lehman Brothers holdings Inc.	Buckeye GP Holdings L.P.	April 4, 2007
Suburban Propane Partners, L.P.	Suburban Energy Services Group LLC	October 19, 2006
Plains All American Pipeline, L.P.	Pacific Energy Partners, L.P.	June 12, 2006
ONEOK, Inc.	General Partnership Interest in Northern Border Partners, L.P.	February 15. 2006
EPCO, Inc.	Texas Eastern Products Pipeline Company, LLC	February 24, 2005
EPCO, Inc.	Enterprise Products GP LLC	January 14, 2005
Valero L.P.	Kaneb Pipe Line Partners, L.P.	November 1, 2004
LB Pacific, L.P.	Pacific Energy GP	October 29, 2004
ONEOK, Inc.	Northern Plains Natural Gas Company	September 16, 2004
Carlyle/Riverstone Global Energy and Power Fund II, L.P.	Glenmoor, Ltd.	March 5, 2004
First Reserve	Arch Coal Inc s G.P. Interest in Natural Resources Partners	December 22, 2003
Enterprise Products Partners L.P.	GulfTerra Energy Partners, L.P.	December 15, 2003
Vulcan Capital	Plains Resources Inc.	November 20, 2003
Energy Transfer Company	U.S. Propane L.P.	November 6, 2003
Goldman Sachs	GulfTerra Energy Partners, L.P.	October 3, 2003
Madison Dearborn/Riverstone	Williams Energy Partners L.P.	April 21, 2003

Specifically, Barclays calculated multiples of transaction value to distributable cash flow and distributions for the target companies in the comparable transactions. The projected distributable cash flow and cash distributions for Holdings were derived from publicly available information. The following table contains the multiples considered by Barclays:

Implied GP Value as a Multiple of	Minimum	Median	Maximum
LTM Distributable Cash Flow	2.0x	11.6x	145.7x
1-Year Forward Distributable Cash Flow	3.2x	9.7x	16.2x
Latest Quarter Annualized Distributions	9.4x	16.8x	117.0x

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The reasons for and the circumstances surrounding each of the selected comparable transactions analyzed were diverse and there are inherent differences between the businesses, operations, financial conditions and prospects of Holdings and the Partnership and the companies included in the comparable transaction analysis. Accordingly, Barclays believed that a purely quantitative comparable transaction analysis would not be particularly meaningful in the context of considering the proposed merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected comparable transactions and the proposed merger that would affect the acquisition values of the selected target companies and Holdings and the Partnership. Based on these judgments, Barclays selected the enterprise value multiples ranging from 10.0x to 18.0x for the latest twelve months distributable cash flow, 11.0x to 20.0x for the projected 2010 distributable cash flow and 12.0x to 25.0x for the latest quarterly annualized distributions, of Holdings (LQA) to determine the implied ranges for Holdings. Barclays then added $4.6 million to the implied ranges to account for the 80,000 Partnership LP units owned by Holdings (which were excluded from the analysis) to arrive at the preliminary implied equity value range of approximately $21.33 to $40.76 per Holdings common unit based on the benchmark multiple ranges used in this analysis, after adjusting for Holdings cash on hand and dividing by the number of outstanding Holdings units.

The Partnership. Barclays reviewed the purchase prices and financial multiples used in selected other transactions involving MLPs. Specifically, Barclays examined the following transactions:

Acquiror	Target	Announcement Date
Enterprise Products Partners L.P.	TEPPCO Partners, L.P.	June 29, 2009
Plains All-American Pipeline, L.P.	Pacific Energy Partners, L.P.	June 12, 2006
Valero L.P.	Kaneb Pipeline Partners, L.P.	November 1, 2004
Enterprise Products Partners L.P.	Gulfterra Energy Partners, L.P.	December 15, 2003
Kinder Morgan Energy Partners, L.P.	Santa Fe Pacific Pipeline Partners, L.P.	October 20, 1997

Barclays calculated multiples of transaction value to LTM EBITDA and EBIT and equity value to distributed cash flow and net income. The financial data regarding the comparable transactions was derived from publicly available information. The following table contains the mean and median multiples derived from this analysis:

	Median	Mean
Enterprise Value as a Multiple of		
LTM EBITDA	13.8x	13.9x
LTM EBIT	19.5x	18.9x
Equity Value as a Multiple of		
LTM DCF	18.5x	16.8x
LTM Net Income	21.3x	22.0x

The reasons for and the circumstances surrounding each of the selected comparable transactions analyzed were diverse and there are inherent differences between the businesses, operations, financial conditions and prospects of the Partnership and the companies included in the comparable transaction analysis. Accordingly, Barclays believed that a purely quantitative comparable transaction analysis would not be particularly meaningful in the context of considering the proposed merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected comparable transactions and the proposed merger that would affect the acquisition values of the selected target companies and the Partnership. Based on these judgments Barclays then selected enterprise value multiples of 13.0 to 17.0x for the Partnership s LTM EBITDA and equity value multiples of 15.0 to

19.0x for the Partnership s LTM DCF. After adjusting the enterprise value range for net debt outstanding as of March 31, 2010 and the equity value of Holdings (based on market value as of June 9, 2010), Barclays calculated an implied equity value range of approximately $54.85 to $80.10 per Partnership LP unit based on the benchmark multiple ranges used in this analysis, after dividing by the number of outstanding Partnership LP units.

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The comparable transactions analysis of Holdings and the Partnership implied an exchange ratio range of 0.2663x 0.7432x.

These implied exchange ratios were compared to the stated consideration of 0.7050x in the merger.

Research Analyst Price Targets

Barclays evaluated the publicly available price targets for Holdings and the Partnership published by independent equity research analysts associated with various Wall Street firms in order to calculate the implied equity value per unit range for Holdings and the Partnership. The independent equity research analyst target prices evaluated ranged from $28.00 to $38.00 per Holdings common unit and from $56.50 to $65.00 per Partnership LP unit, implying an exchange ratio of 0.4308x to 0.6726x.

These implied exchange ratios were compared to the stated consideration of 0.7050x in the merger.

Premiums Paid Analysis

Barclays reviewed certain publicly available information related to selected general partner transactions to calculate the amount of the premiums paid by the acquirers to the acquired companies stockholders. Barclays analyzed selected general partner transactions announced for the period from November 20, 2003 to January 15, 2009.

The following table sets forth the transactions analyzed to calculate premiums paid:

Acquirer	Target	Announcement Date
Affiliates of Harold Hamm	Hiland Holdings GP LP/Hiland Partners LP	January 15, 2009
Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.	March 3, 2009
MarkWest Energy Partners, L.P.	MarkWest Hydrocarbon, Inc. & 10.3% interest in MWE GP	September 5, 2007
Valero L.P.	Kaneb Pipe Line Partners, L.P.	November 1, 2004
Vulcan Capital	Plains Resources Inc.	November 20, 2003

For each of precedent transactions analyzed, Barclays calculated the premiums paid by the acquirer by comparing the per unit purchase price in each transaction to the historical unit price of the acquired company as of one day, five days and 30 days prior to the announcement date. Barclays compared the premiums paid in the precedent transactions to the premium levels in the proposed merger consideration based on closing prices as of June 9, 2010.

The table below sets forth the summary results of the analysis:

Period	Low	Median	High
1 Day Prior	21.2%	25.0%	37.9%
5 Days Prior	6.7%	22.2%	36.2%
30 Days Prior	16.5%	20.0%	34.6%

The implied premiums to Holdings common units on a one trading day prior, five trading days prior, and 30 trading days prior were 35.8%, 36.8% and 26.3%, respectively. Barclays noted that the implied premium paid to Holdings

unitholders as of June 9, 2010 of 35.8% was within the range of premiums implied in recent comparable general partner transactions.

Pro Forma Analysis

Barclays analyzed the pro forma impact of the merger on the estimated distributable cash flow to the existing holders of Partnership LP units on a per unit basis for the years 2011 through 2014 based on the Financial Cases described above. In each of Case I, Case II and Case III, the proposed merger resulted in dilution in distributable cash flow per Partnership LP unit through 2014 and in Case IV, the proposed merger resulted in dilution in distributable cash flow per Partnership LP unit through 2013. Barclays also analyzed

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the estimated required annual incremental capital, using an assumed return, that would be required, after giving effect to the merger, for the Partnership to break-even on a distributable cash flow per unit basis in each of 2012, 2013 and 2014 under the Financial Cases described above. Barclays found, among other things, that under Case I an estimated $250 million in annual incremental capital, using an assumed return, would be required to break-even on a distributable cash flow per unit basis in 2012 and an estimated $120 million would be required to break-even in 2013.

General

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The Partnership Audit Committee selected Barclays because of its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, as well as substantial experience in transactions comparable to the proposed merger.

Barclays is acting as financial advisor to the Partnership Audit Committee in connection with the proposed merger. Pursuant to the terms of its engagement letter with the Partnership, Barclays received a fee of $1 million upon the delivery of its fairness opinion, and will receive an additional fee of $3 million upon the closing of the merger. Barclays may also receive up to an additional $500,000 at the sole discretion of the Partnership Audit Committee. In addition, the Partnership has agreed to reimburse Barclays for its expenses and indemnify Barclays for certain liabilities that may arise out of its engagement by the Partnership Audit Committee and the rendering of Barclays opinion. Barclays has performed various investment banking and financial services for the Partnership and Holdings in the past, and has received customary fees for such services. Specifically, in the past two years, Barclays has performed the following investment banking and financial services for the Partnership and Holdings: (i) acted as Joint Bookrunner on the Partnership s offering of $275 million aggregate principal amount of its 5.500% senior notes due 2019; (ii) committed $40 million to the $350 million revolving credit facility of an operating subsidiary of the Partnership; (iii) acted as Joint Bookrunner in connection with the Partnership s follow-on equity offering of $108 million aggregate principal amount of Partnership LP units and (iv) engaged in hedging and risk-management transactions with the Partnership. In connection with the foregoing services, Barclays has received fees of approximately $4.6 million.

Barclays is a full service securities firm engaged in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of the Partnership, Holdings and certain of their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Opinion of Credit Suisse Securities (USA) LLC Financial Advisor to the Holdings Board

On June 10, 2010, Credit Suisse rendered its oral opinion to the Holdings Board (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) to the effect that, as of June 10, 2010, the exchange ratio was fair, from a financial point of view, to the unaffiliated unitholders of Holdings.

Credit Suisse s opinion was directed to the Holdings Board and only addressed the fairness, from a financial point of view, to the unaffiliated unitholders of Holdings of the exchange ratio and did not address any other aspect or implication of the merger. The summary of Credit Suisse s opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex E to this joint proxy

statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse s written opinion nor the summary of its

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opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and they do not constitute, advice or a recommendation to any holder of Holdings units as to how such holder should vote or act with respect to any matter relating to the merger.

In arriving at its opinion, Credit Suisse:

- reviewed a draft, dated June 9, 2010, of the merger agreement; a draft, dated June 9, 2010, of the amended and restated partnership agreement of the Partnership; a draft, dated June 9, 2010, of the second amended and restated partnership agreement of Holdings; and a draft, dated June 7, 2010, of the support agreement to be entered into by and among the Partnership and the holders of Holdings units named therein;

- reviewed certain publicly available business and financial information relating to Holdings and the Partnership;

- reviewed certain other information relating to Holdings and the Partnership, including financial forecasts relating to Holdings and the Partnership, provided to or discussed with Credit Suisse by the management of Holdings and the Partnership responsible for the operation and management of Holdings and the Partnership, respectively;

- met with certain members of the management of Holdings and the Partnership to discuss the business and prospects of Holdings and the Partnership, respectively;

- considered certain financial data of Holdings and the Partnership and certain market data for their publicly traded securities, and Credit Suisse compared that data with similar data for other companies with publicly traded securities in businesses Credit Suisse deemed similar to those of Holdings and the Partnership;

- considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been effected; and

- considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information, and Credit Suisse assumed and relied upon such information being complete and accurate in all material respects. With respect to the financial forecasts for Holdings and the Partnership that Credit Suisse used in its analyses, the management of Holdings and the Partnership advised Credit Suisse, and Credit Suisse assumed, that such forecasts had been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the management of Holdings and the Partnership as to the future financial performance of Holdings and the Partnership, respectively. Credit Suisse was advised that both Holdings and the Partnership are operated and managed (and their respective forecasts are prepared) by employees of Buckeye Pipe Line Services Company, which we refer to as the Services Company, a consolidated affiliate of Holdings owned by the ESOP and that Services Company owns approximately 3.0% of the outstanding Partnership LP units. Credit Suisse also assumed, with the consent of the Holdings Board, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Holdings, the Partnership or the contemplated benefits of the merger and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Furthermore, Credit Suisse assumed that the definitive merger agreement, the amended and restated partnership agreement of the Partnership, the second amended and restated partnership agreement of Holdings and the Support Agreement would conform to the drafts reviewed by it in all respects material to Credit Suisse s analyses. Credit Suisse did not investigate or otherwise evaluate the potential

effects of the merger on the federal, state or other taxes or tax rates payable by Holdings, the Partnership or their respective security holders and, with the consent of the Holdings Board, assumed, that such taxes and tax rates would not be affected by or after giving effect to the merger. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or

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liabilities (contingent or otherwise) of Holdings or the Partnership, nor was Credit Suisse furnished with any such evaluations or appraisals.

Credit Suisse s opinion addresses only the fairness, from a financial point of view, to the unaffiliated unitholders of Holdings of the exchange ratio and does not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise, including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the merger, or class of such persons, relative to the exchange ratio or otherwise. Furthermore, no opinion, counsel or interpretation was intended regarding matters that require legal, regulatory, accounting, insurance, tax, executive compensation or other similar professional advice. It was assumed that such opinions, counsel, interpretations or advice had been or would be obtained from the appropriate professional sources. The issuance of Credit Suisse s opinion was approved by its authorized internal committee.

Credit Suisse s opinion is necessarily based upon information made available to Credit Suisse as of the date of its opinion and financial, economic, market and other conditions as they exist and can be evaluated on the date of its opinion and upon certain assumptions regarding such financial, economic, market and other conditions that are currently subject to unusual volatility and that, if different than assumed, could have a material impact on Credit Suisse s analyses or opinion. In addition, as the Holdings Board was aware, the financial projections and estimates that Credit Suisse reviewed relating to the future financial performance of Holdings and the Partnership reflect certain assumptions regarding the oil and gas industry that are subject to significant volatility and that, if different than assumed, could have a material impact on Credit Suisse s analyses and opinion. Credit Suisse did not express any opinion as to what the value of Partnership LP units actually would be when issued to the holders of Holdings units pursuant to the merger or the prices at which Partnership LP units or Holdings units would trade at any time. Credit Suisse s opinion did not address the relative merits of the merger as compared to alternative transactions or strategies that might be available to Holdings, nor did it address the underlying business decision of Holdings to proceed with the merger. Credit Suisse was not requested to, and did not solicit, third party indications of interest in acquiring all or any part of Holdings.

It is understood that Credit Suisse s opinion was for the information of the Holdings Board, as the board of directors of the general partner of Holdings (solely in the Board s capacity as such), in connection with its consideration of the merger and does not constitute advice or a recommendation to any securityholder of Holdings as to how such securityholder should vote or act on any matter relating to the proposed merger.

In preparing its opinion to the Holdings Board, Credit Suisse performed a variety of analyses, including those described below. The summary of Credit Suisse s valuation analyses is not a complete description of the analyses underlying Credit Suisse s opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Credit Suisse s opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Credit Suisse arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Credit Suisse considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company or business used in Credit Suisse s analyses for comparative purposes is identical to Holdings, the Partnership or the

proposed transaction. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Credit Suisse did not make separate or quantifiable judgments regarding individual analyses. The implied exchange ratio reference ranges indicated

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by Credit Suisse s analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond Holdings control, the Partnership s control and the control of Credit Suisse. Much of the information used in, and accordingly the results of, Credit Suisse s analyses are inherently subject to substantial uncertainty.

Credit Suisse s opinion and analyses were provided to the Holdings Board, as the board of directors of the general partner of Holdings, in connection with its consideration of the proposed merger and were among many factors considered by the Holdings Board in evaluating the proposed merger. Neither Credit Suisse s opinion nor its analyses were determinative of the exchange ratio or of the views of the Holdings Board with respect to the proposed merger.

The following is a summary of the material valuation analyses performed in connection with the preparation of Credit Suisse s opinion rendered to the Holdings Board on June 10, 2010. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Credit Suisse s analyses.

For purposes of its analyses, Credit Suisse reviewed a number of financial metrics including:

LP Distributed/Distributable Cash Flow Per Unit: generally the amount of the relevant partnership s operating cash flow for a specified time period that is distributed/available for distribution to its limited partners.

Implied GP Only Distributed Cash Flow Per Unit: generally the amount of the relevant partnership s operating cash flow derived from its general partner interests and incentive distribution rights in the underlying master limited partnership(s) for a specified time period that is distributed to its limited partners.

Unless the context indicates otherwise, unit prices for the selected companies used in the Selected Companies Analysis described below were as of June 9, 2010. Estimates of financial performance for Holdings and the Partnership for the calendar years ending December 31, 2010 to 2011 were based on the forecasts provided by management of Holdings and the Partnership. Estimates of financial performance for the selected companies listed below for the calendar year ending during calendar years 2010 and 2011 were based on publicly available research analyst estimates for those companies. Current yields reflect annualized yields based on latest quarterly results.

Selected Companies Analysis

Credit Suisse considered certain financial data for Holdings and the Partnership and selected master limited partnerships with publicly traded equity securities. The financial data reviewed for Holdings included:

Current Implied GP Only Distributed Cash Flow Yield;

Implied GP Only Distributed Cash Flow Yield for CY 2010E; and

Implied GP Only Distributed Cash Flow Yield for CY 2011E.

The selected companies were selected because they are MLPs with publicly traded equity securities and were deemed to be similar to Holdings and the Partnership in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were

used to select the selected companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller company with substantially similar lines of businesses and business focus may

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have been included while a similarly sized company with less similar lines of business and greater diversification may have been excluded. Credit Suisse identified a sufficient number of companies for purposes of its analysis but may not have included all companies that might be deemed comparable to Holdings and the Partnership, respectively.

The selected MLPs with publicly traded equity securities for Holdings selected companies analysis were:

Energy Transfer Equity, L.P.

Enterprise GP Holdings L.P.

Alliance Holdings GP, L.P.

Inergy Holdings, L.P.

NuStar GP Holdings, LLC

Penn Virginia GP Holdings, L.P.

The selected companies analysis for Holdings indicated the following high, low, mean and median multiples for the selected MLPs with publicly traded equity securities and for Holdings:

Multiple Description	High	Low	Mean	Median	Implied Multiples for Holdings Based on Closing Price on 6/9/10	Implied Multiples for Holdings Based on Proposed Stated Consideration
Implied GP Only Distributed Cash Flow Yield (%)(1)						
Current	9.8%	4.1%	6.0%	5.5%	5.7%	4.2%
2010E	10.1%	4.3%	6.3%	5.7%	5.9%	4.3%
2011E	13.2%	5.0%	7.4%	6.4%	6.7%	4.8%

(1) Based on 5-day average market price as of June 9, 2010.

The financial data reviewed for the Partnership included:

Current LP Distributed Cash Flow Yield;

LP Distributable Cash Flow Yield for CY 2010E;

LP Distributed Cash Flow Yield for CY 2010E;

LP Distributable Cash Flow Yield for CY 2011E; and

LP Distributed Cash Flow Yield for CY 2011E.

The selected master limited partnerships with publicly traded equity securities for the Partnership selected companies analysis were:

Kinder Morgan Energy Partners, L.P.

Plains All American Pipeline, L.P.

Magellan Midstream Partners, L.P.

NuStar Energy L.P.

Sunoco Logistics Partners L.P.

Holly Energy Partners, L.P.

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The selected companies analysis for the Partnership indicated the following high, low, mean and median multiples for the selected MLPs with publicly traded equity securities and for the Partnership as of June 9, 2010, the most recent date for which stock market data was available prior to the meeting of the Holdings Board on June 10, 2010:

Multiple Description	High	Low	Mean	Median	Implied Multiples for the Partnership Based on Closing Price on 6/9/10
LP Distributed Yield (%)(1)					
Current Distributed	8.2%	6.4%	7.1%	6.7%	6.5%
2010E	8.4%	6.5%	7.2%	6.9%	6.6%
2011E	8.8%	6.8%	7.6%	7.3%	6.9%
LP Distributable Yield (%)(1)					
2010E	8.7%	6.7%	7.6%	7.5%	7.2%
2011E	9.0%	7.1%	8.0%	8.0%	7.9%

(1) Based on 5-day average market price as of June 9, 2010.

Credit Suisse applied multiple ranges based on the selected companies analysis to corresponding financial data for Holdings and the Partnership based on Holdings and the Partnership s management forecasts, respectively, to calculate an implied exchange ratio reference range. The selected companies analyses indicated an implied exchange ratio reference range of 0.483 to 0.632 of a Partnership unit per Holdings unit, as compared to the exchange ratio in the proposed merger of 0.705 of a Partnership unit per Holdings unit.

Discounted Cash Flow Analysis

Credit Suisse also calculated the net present value of Holdings and the Partnership s levered free cash flows using Holdings and the Partnership s management forecasts, respectively. In performing this analysis, Credit Suisse applied discount rates ranging from 7.00% to 9.25% for Holdings and 6.50% and 8.25% for the Partnership and terminal yield ranges of 5.0% to 6.0% for Holdings and 6.5% to 7.0% for the Partnership based on the selected companies analysis to calculate an implied exchange ratio reference range. The discounted cash flow analyses indicated an implied exchange ratio reference range of 0.557 to 0.794 of a Partnership unit per Holdings unit, as compared to the exchange ratio in the proposed merger of 0.705 of a Partnership unit per Holdings unit.

Selected Transactions Analysis

Credit Suisse calculated multiples of transaction value to certain financial data based on the purchase prices paid in selected publicly announced transactions involving target companies in the oil and gas industry that it deemed relevant.

The calculated multiples included:

Current Implied GP Only Distributed Cash Flow Yield; and

Implied GP Only Distributed Cash Flow Yield for FY +1.

The selected transactions were selected because the target companies were the general partners of MLPs deemed to be similar to Holdings in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. Except for transactions with an aggregate value of less than $100 million and transactions involving the sale of asset by companies in financial distress, which were excluded, no specific numeric or other similar criteria were used to select the selected transactions and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a transaction involving the acquisition of a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a transaction involving the acquisition of a similarly sized company with less similar lines of business and

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greater diversification may have been excluded. Credit Suisse identified a sufficient number of transactions for purposes of its analysis, but may not have included all transactions that might be deemed comparable to the proposed transaction. The selected transactions were:

Date Announced	Acquiror	MLP
05/11/10	Energy Transfer Equity, L.P.	Regency Energy Partners LP
03/03/09	Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.
09/05/07	MarkWest Energy Partners, L.P.	MarkWest Hydrocarbon, Inc.
05/08/07	Enterprise GP Holdings L.P.	TEPPCO Partners, L.P.
04/03/07	ArcLight Capital Partners, LLC/Kelso & Company/Lehman Brothers Holdings Inc.	Buckeye GP Holdings L.P. (61.9%)
11/01/06	Energy Transfer Equity, L.P.	Energy Transfer Partners, L.P. (50.0%)
06/12/06	Plains All American Pipeline, L.P.	Pacific Energy Partners, L.P.
02/24/05	EPCO, Inc.	TEPPCO Partners, L.P.
11/01/04	Valero L.P.	Kaneb Services LLC
09/16/04	ONEOK, Inc.	Northern Border Partners, L.P. (82.5%)
03/05/04	Carlyle/Riverstone Global Energy and Power Fund II, L.P.	Buckeye Partners, L.P.

The selected transactions analysis indicated the following:

Multiple Description	High	Low	Median	Mean
Implied GP Only Distributed Cash Flow Yield (%)				
Current	8.0%	0.8%	4.4%	4.6%
FY + 1	8.5%	1.0%	5.7%	5.1%

Credit Suisse applied multiple ranges based on the selected transactions analysis to corresponding financial data for Holdings and applied multiple ranges based on the selected companies analysis to corresponding financial data for the Partnership to calculate an implied exchange ratio reference range. The selected transactions analyses indicated an implied exchange ratio reference range of 0.542 to 0.755 of a Partnership unit per Holdings unit, as compared to the exchange ratio in the proposed merger of 0.705 of a Partnership unit per Holdings unit.

Other Considerations

Historical Trading Price Ratios

Credit Suisse also noted the following historical average trading price ratios as of June 10, 2010, as compared to the trading price ratio on June 10, 2010:

	Average Unit Price	Average Trading Price	Current Trading Price Ratio as Premium/ (Discount) to

Unit Price as of June 10, 2010	Holdings	Partnership	Ratio(1)	Prior Period
As of June 10, 2010	$ 30.05	$ 57.90	0.519x	
5 Trading Days Prior	29.97	58.13	0.516	0.7%
10 Trading Days Prior	30.24	57.33	0.528	(1.7)%
20 Trading Days Prior	30.80	56.84	0.542	(4.2)%
Since 4/13/10	32.28	58.52	0.551	(5.9)%
3 months Prior	32.98	59.22	0.557	(6.8)%
6 months Prior	31.56	57.73	0.546	(5.0)%
1 year Prior	27.45	52.38	0.520	(0.3)%
2 years Prior	22.12	45.32	0.479	8.4%
3 years Prior	24.11	46.81	0.507	2.3%
Since Company IPO (8/4/06)	22.92	46.98	0.482	7.8%

(1) Average trading price ratio for the period based on average of the daily trading price ratios for the period.

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Premiums Paid Analysis

Credit Suisse also observed the premiums paid in selected transactions and as compared to the implied premium for Holdings based on the proposed exchange ratio and the average market price of a Partnership unit for the 1-trading day, 5-trading day and 20-trading day periods prior to the announcement of the selected transactions and June 10, 2010 with respect to the proposed merger. The selected transactions were:

Date Announced	Acquiror	Target
03/03/09	Magellan Midstream Partners, L.P.	Magellan Midstream Holdings, L.P.
09/05/07	MarkWest Energy Partners, L.P.	MarkWest Hydrocarbon, Inc.
04/03/07	ArcLight Capital Partners, LLC/Kelso & Company/Lehman Brothers Holdings Inc.	Buckeye GP Holdings L.P. (61.9%)
11/01/04	Valero L.P.	Kaneb Services LLC

The premiums paid analysis indicated the following:

Implied Premium	High	Low	Median	Mean	Implied Premium for Holdings Based on Proposed Stated Consideration
1-trading day	37.9%	14.2%	23.6%	24.8%	35.8%
5-trading day	34.1%	13.5%	19.0%	21.4%	36.2%
20-trading day	35.9%	11.6%	17.9%	20.8%	32.5%

Other Matters

Pursuant to an engagement letter dated April 8, 2010, Holdings GP retained Credit Suisse as the financial advisor of Holdings GP in connection with, among other things, the proposed merger. Holdings GP engaged Credit Suisse based on Credit Suisse s qualifications, experience and reputation as an internationally recognized investment banking and financial advisory firm. Credit Suisse will receive an aggregate fee for its services currently estimated to be approximately $4.5 million, of which approximately $3.4 million is contingent upon the consummation of the merger. Credit Suisse also became entitled to receive a fee of $1.0 million upon the rendering of its opinion. In addition, Holdings has agreed to indemnify Credit Suisse and certain related parties for certain liabilities and other items arising out of or related to its engagement.

Credit Suisse and its affiliates have in the past provided investment banking and other financial services to Holdings, the Partnership and certain of their affiliates for which Credit Suisse and its affiliates have received customary compensation. Specifically, in the last two years Credit Suisse acted as a co-managing underwriter of an offering of debt securities by the Partnership. Credit Suisse and its affiliates may have provided other financial advice and services, and may in the future provide financial advice and services, to Holdings, the Partnership and their respective affiliates for which Credit Suisse and its affiliates have received, and would expect to receive, customary

compensation. Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for Credit Suisse s and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Holdings, the Partnership and any other company that may be involved in the merger, as well as provide investment banking and other financial services to such companies.

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FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information included or incorporated by reference in this joint proxy statement/prospectus, contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, intentions, future performance and business of each of the Partnership and Holdings and other statements that are not historical facts, as well as certain information relating to the merger, including, without limitation:

- statements relating to the benefits of the merger;
- statements relating to the financial results of the Partnership following the merger; and
- statements preceded by, followed by or that include the words believes, anticipates, plans, predicts, expect envisions, hopes, estimates, intends, will, continue, may, potential, should, confident, co expressions.

These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the factors discussed under Risk Factors beginning on page 24, as well as the following factors:

- the possibility that the Partnership and Holdings may be unable to obtain unitholder or regulatory approvals required for the merger;
- the possibility that the businesses may suffer as a result of uncertainty surrounding the merger;
- the possibility that the industry may be subject to future regulatory or legislative actions;
- other uncertainties in the industry;
- environmental risks;
- competition;
- the ability of the management of the Partnership GP to execute its plans for the Partnership following the merger to meet its goals;
- general economic conditions, whether internationally, nationally or in the regional and local market areas in which the Partnership is doing business, may be less favorable than expected; and
- other economic, governmental, legislative, regulatory, geopolitical and technological factors may negatively impact the businesses, operations or pricing of the Partnership and Holdings.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by the Partnership and Holdings. Please read Where You Can Find More Information beginning on page 155.

Forward-looking statements speak only as of the date of this joint proxy statement/prospectus or the date of any document incorporated by reference in this joint proxy statement/prospectus. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this joint proxy statement/prospectus and attributable to the Partnership or Holdings or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither the Partnership nor Holdings undertakes any obligation to update forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events.

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THE PARTIES TO THE MERGER AGREEMENT

Buckeye Partners, L.P.

The Partnership is a publicly traded Delaware limited partnership. The Partnership operates and reports in five business segments: Pipeline Operations; Terminalling & Storage; Natural Gas Storage; Energy Services; and Development & Logistics. The Partnership s principal line of business is the transportation, terminalling, and storage of refined petroleum products in the United States for major integrated oil companies, large refined petroleum product marketing companies and major end users of refined petroleum products on a fee basis through facilities it owns and operates. The Partnership also markets refined petroleum products in certain of the geographic areas served by its pipeline and terminalling operations. The Partnership owns a major natural gas storage facility in northern California. In addition, the Partnership operates and maintains approximately 2,400 miles of other pipelines under agreements with major oil and gas, petrochemical and chemical companies, and performs certain engineering and construction management services for third parties.

Buckeye GP Holdings L.P.

Holdings is a publicly traded Delaware limited partnership that owns the Partnership GP. Holdings only cash-generating assets are its direct and indirect partnership interests in the Partnership, which are comprised of the following:

- the indirect ownership of the incentive distribution rights in the Partnership;
- the indirect ownership of the general partner interests in certain of the Partnership s operating subsidiaries (representing an approximate 1% interest in each of such operating subsidiaries);
- the indirect ownership of the general partner interests in the Partnership (representing 243,914 GP units), or an approximate 0.5% interest in the Partnership; and
- 80,000 Partnership LP units.

The incentive distribution rights noted above entitle Holdings (through its ownership of the Partnership GP) to receive amounts equal to specified percentages of the incremental amount of cash distributed by the Partnership to the holders of Partnership LP units when target distribution levels for each quarter are exceeded. The 2,573,146 Partnership LP units originally issued to the ESOP are excluded for the purpose of calculating incentive distributions. The target distribution levels begin at $0.325 and increase in steps to the highest target distribution level of $0.525 per eligible Partnership LP unit. When the Partnership makes quarterly distributions above this level, the incentive distributions include an amount equal to 45% of the incremental cash distributed to each eligible unitholder for the quarter, or approximately 30% of total incremental cash distributed by the Partnership above $0.525 per Partnership LP unit.

The executive offices of Holdings are located at One Greenway Plaza, Suite 600, Houston, Texas 77046. The telephone number is (832) 615-8600.

Relationship of the Parties

Holdings and the Partnership are closely related. Holdings currently owns all of the limited liability company interests of the Partnership GP and 80,000 Partnership LP units. The Partnership GP currently directly owns an approximate

0.5% general partner interest in the Partnership and all of the Partnership s incentive distribution rights, and indirectly owns the general partner interests in certain of the Partnership s operating subsidiaries.

Since Holdings initial public offering in August 2006, distributions by the Partnership have increased from $0.775 per Partnership LP unit for the quarter ended September 30, 2006 to $0.9625 per Partnership LP unit payable for the quarter ended June 30, 2010; and as a result, distributions from the Partnership to Holdings (through the Partnership GP) have increased.

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The following table summarizes the cash Holdings received for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 as a result of its direct and indirect ownership of partnership interests in the Partnership (dollars in thousands):

	Year Ended December 31,			Six Months Ended June 30,
	2007	2008	2009	2010
Incentive distributions from the Partnership	$ 29,978	$ 38,895	$ 45,739	$ 24,918
Distributions from the ~ 1% ownership in certain of the Partnership s operating subsidiaries	1,292	1,131	1,955	403
Distribution from the ownership of 243,914 GP units	786	835	884	460
Distribution from the ownership of 80,000 Partnership LP units	258	274	290	151
	$ 32,314	$ 41,135	$ 48,868	$ 25,932

Moreover, certain directors and executive officers of Holdings GP are also directors and executive officers of the Partnership GP. Messrs. Forrest E. Wylie, John F. Erhard and Robb E. Turner serve as members of both the Holdings Board and the Partnership Board. The executive officers of Holdings GP are also executive officers of the Partnership GP.

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INFORMATION ABOUT THE SPECIAL MEETINGS AND VOTING

The Partnership Audit Committee is using this joint proxy statement/prospectus to solicit proxies from the holders of Partnership LP units for use at the Partnership special meeting. The Holdings Board is using this joint proxy statement/prospectus to solicit proxies from the holders of Holdings common units for use at the Holdings special meeting. In addition, this joint proxy statement/prospectus constitutes a prospectus for the offering of Partnership LP units to be received by Holdings unitholders pursuant to the merger. The partnerships are first mailing this joint proxy statement/prospectus and accompanying proxy to the Partnership unitholders and Holdings unitholders on or about September 27, 2010.

	Partnership Special Meeting	Holdings Special Meeting
Time, Place and Date	11:00 a.m., local time, November 16, 2010 at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010.	12:00 noon, local time, November 16, 2010 at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010.
Admission to Special Meetings	All Partnership unitholders are invited to attend the Partnership special meeting. Persons who are not Partnership unitholders may attend only if invited by the Partnership. If you own units in street or nominee name, you must bring proof of ownership (e.g., a current broker s statement) in order to be admitted to the Partnership special meeting.	All Holdings unitholders are invited to attend the Holdings special meeting. Persons who are not Holdings unitholders may attend only if invited by Holdings. If you own units in street or nominee name, you must bring proof of ownership (e.g., a current broker s statement) in order to be admitted to the Holdings special meeting.
Purpose of the Special Meetings	1. To consider and vote upon the approval of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement; 2. To consider and vote upon the approval of the Partnership s amended and restated partnership agreement; and 3. To consider and vote upon any proposal to transact such other business as may properly come before the Partnership special meeting and any adjournment or postponement thereof.	1. To consider and vote upon the approval of the merger, the merger agreement and the transactions contemplated thereby; and 2. To consider and vote upon any proposal to transact such other business as may properly come before the Holdings special meeting and any adjournment or postponement thereof.

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	Partnership Special Meeting	Holdings Special Meeting
Recommendations of Partnership Audit Committee and the Holdings Board	The Partnership Audit Committee, comprised of independent directors, has considered the benefits of the merger as well as the associated risks and has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, the issuance of Partnership LP units pursuant to the merger agreement, and the Partnership s amended and restated partnership agreement and unanimously recommends that the Partnership unitholders vote FOR the proposal to: (a) approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Partnership LP units pursuant to the merger agreement; and (b) approve the Partnership s amended and restated partnership agreement.	The Holdings Board has considered the benefits of the merger as well as the associated risks and has unanimously approved the merger, the merger agreement and the transactions contemplated thereby and unanimously recommends that Holdings unitholders vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.
Vote Necessary	The affirmative vote of the holders of a majority of the outstanding Partnership LP units entitled to vote as of the record date is required to approve each of the proposals described above.	The affirmative vote of the holders of (1) a majority of the outstanding Holdings common units entitled to vote as of the record date, voting as a separate class, and (2) a majority of the outstanding Holdings units entitled to vote as of the record date voting as a single class is required to approve the proposal described above.
Record Date	September 17, 2010	September 17, 2010
Outstanding Units Held	As of September 21, 2010, there were approximately 52 million Partnership LP units outstanding.	As of September 21, 2010, there were approximately 28 million Holdings common units outstanding and approximately 0.5 million Holdings management units outstanding.
Unitholders Entitled to Vote	Partnership unitholders entitled to vote at the Partnership special meeting are Partnership unitholders of record at the close of business on September 17, 2010. Each Partnership LP unit is	Holdings unitholders entitled to vote at Holdings special meeting are Holdings unitholders of record at the close of business on September 17, 2010. Each Holdings common unit is entitled to one

entitled to one vote.	vote and each Holdings management unit is entitled to one vote.

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	Partnership Special Meeting	Holdings Special Meeting
Quorum Requirement	A quorum of Partnership unitholders is necessary to hold a valid special meeting. The presence in person or by proxy at the Partnership special meeting of holders of a majority of the Partnership LP units entitled to vote as of the record date at the Partnership special meeting is a quorum. Abstentions and broker non-votes count as present for establishing a quorum. An abstention occurs when a Partnership unitholder abstains from voting (either in person or by proxy) on one or more of the proposals. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instruction from the beneficial owner of the Partnership LP units and no instruction by the Partnership unitholder how to vote is given.	A quorum of Holdings unitholders is necessary to hold a valid special meeting. The presence in person or by proxy at the Holdings special meeting of holders of a majority of the outstanding Holdings common units, as a separate class and a majority of the outstanding Holdings units entitled to vote as of the record date, as a single class, at the Holdings special meeting is a quorum as to each class. Abstentions and broker non-votes count as present for establishing a quorum. An abstention occurs when a Holdings unitholder abstains from voting (either in person or by proxy) on one or more of the proposals. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instruction from the beneficial owner of Holdings units and no instruction by the Holdings unitholder how to vote is given.
Units Beneficially Owned by Directors and Executive Officers	The directors and executive officers of the Partnership GP beneficially owned 40,750 Partnership LP units as of September 21, 2010. These Partnership LP units represent in total approximately 0.1% of the total voting power of the Partnership s voting securities. In addition, Buckeye Pipe Line Services Company owned 1,521,045 Partnership LP units as of September 21, 2010, representing approximately 3.0% of the total voting power of the Partnership. The voting of these units will be directed by the board of directors of Buckeye Pipe Line Services Company, which is comprised of Mr. Wylie, Mr. Lasala and Mr. Smith.	The directors and executive officers of Holdings GP beneficially owned an aggregate of 37,257 Holdings common units and 16,843 Holdings management units of as of September 21, 2010. These Holdings units represent in total approximately 0.2% of the total voting power of Holdings voting securities.

Support Agreement	The Major Holdings Unitholders have agreed to attend the Holdings special meeting and to vote their Holdings units in favor of the merger and the merger agreement pursuant to the Support Agreement. These units constitute approximately 61% of all outstanding Holdings common units and 97% of all outstanding Holdings management units.

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	Partnership Special Meeting	Holdings Special Meeting
Proxies	You may vote in person by ballot at the Partnership special meeting or by submitting a proxy. Please submit your proxy even if you plan to attend the Partnership special meeting. If you attend the Partnership special meeting, you may vote by ballot, thereby canceling any proxy previously given. Voting instructions are included on your proxy card. If you properly give your proxy and submit it to the Partnership in time for it to be voted, one of the individuals named as your proxy will vote your Partnership LP units as you have directed. You may vote for or against the proposals or abstain from voting.	You may vote in person by ballot at the Holdings special meeting or by submitting a proxy. Please submit your proxy even if you plan to attend the Holdings special meeting. If you attend the Holdings special meeting, you may vote by ballot, thereby canceling any proxy previously given. Voting instructions are included on your proxy card. If you properly give your proxy and submit it to the Holdings in time for it to be voted, one of the individuals named as your proxy will vote your Holdings common units as you have directed. You may vote for or against the proposals or abstain from voting.
How to Submit Your Proxy		
By Mail:	To submit your proxy by mail, simply mark your proxy, date and sign it, and if you are a Partnership unitholder of record, return it to Computershare Trust Company, N.A. in the postage-paid envelope provided. If the envelope is missing, please address your completed proxy card to the address on your proxy card. If you are a beneficial owner, please refer to your proxy card or the information provided to you by your bank, broker, custodian or record holder.	To submit your proxy by mail, simply mark your proxy, date and sign it, and if you are a Holdings unitholder of record, return it to Computershare Trust Company, N.A. in the postage-paid envelope provided. If the envelope is missing, please address your completed proxy card to the address on your proxy card. If you are a beneficial owner, please refer to your proxy card or the information provided to you by your bank, broker, custodian or record holder.

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	Partnership Special Meeting	Holdings Special Meeting
By Telephone:	If you are a Partnership unitholder of record, you can submit your proxy by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. on November 15, 2010. Easy-to-follow voice prompts allow you to submit your proxy and confirm that your instructions have been properly recorded. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on submitting voting instructions by telephone. **If you submit your proxy by telephone you do not need to return your proxy card. If you are located outside the United States, Canada and Puerto Rico, please read your proxy card or other materials for additional instructions. If you hold Partnership LP units through a broker or other custodian, please check the voting form used by that firm to see if it offers telephone voting**.	If you are a Holdings unitholder of record, you can submit your proxy by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. on November 15, 2010. Easy-to-follow voice prompts allow you to submit your proxy and confirm that your instructions have been properly recorded. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on submitting your voting instructions by telephone. **If you submit your proxy by telephone you do not need to return your proxy card. If you are located outside the United States, Canada and Puerto Rico, please read your proxy card or other materials for additional instructions. If you hold Holdings common units through a broker or other custodian, please check the voting form used by that firm to see if it offers telephone voting**.
By Internet:	You can also choose to submit your proxy on the internet. If you are a Partnership unitholder of record, the web site for internet voting is on your proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. on November 15, 2010. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on internet voting. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you submit your proxy on the internet, you do not need to**	You can also choose to submit your proxy on the internet. If you are a Holdings unitholder of record, the web site for internet voting is on your proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. on November 15, 2010. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on internet voting. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you submit your proxy on the internet, you do not need to**

return your proxy card. If you hold Partnership LP units through a broker or other custodian, please check the voting form to see if it offers internet voting.

return your proxy card. If you hold Holdings common units through a broker or other custodian, please check the voting form to see if it offers internet voting.

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	Partnership Special Meeting	Holdings Special Meeting
Revoking Your Proxy	If you submit a completed proxy card with instructions on how to vote your Partnership LP units and then wish to revoke your instructions, you should submit a notice of revocation to Computershare Trust Company, N.A. as soon as possible. You may revoke your proxy by internet, telephone or mail at any time before it is voted by: timely delivery of a valid, later-dated proxy or timely submission of a later-dated proxy by telephone or internet; written notice to the Partnership GP s Secretary before the Partnership special meeting that you have revoked your proxy; or voting by ballot at the Partnership special meeting.	If you submit a completed proxy card with instructions on how to vote your Holdings units and then wish to revoke your instructions, you should submit a notice of revocation to Computershare Trust Company, N.A. as soon as possible. You may revoke your proxy by internet, telephone or mail at any time before it is voted by: timely delivery of a valid, later-dated proxy or timely submission of a later-dated proxy by telephone or internet; written notice to Holdings GP s Secretary before the Holdings special meeting that you have revoked your proxy; or voting by ballot at the Holdings special meeting.
Proxy Solicitation	In addition to this mailing, proxies may be solicited by directors, officers or employees of the Partnership GP or its affiliates in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services. The Partnership has retained Morrow & Co., LLC to assist in the distribution and solicitation of proxies. The Partnership will pay Morrow & Co., LLC a fixed fee of $8,500 plus reasonable expenses for these services.	In addition to this mailing, proxies may be solicited by directors, officers or employees of Holdings GP or its affiliates in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services. Holdings has retained to Morrow & Co., LLC assist in the distribution and solicitation of proxies. Holdings will pay Morrow & Co., LLC a fixed fee of $8,500 plus reasonable expenses for these services.

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	Partnership Special Meeting	Holdings Special Meeting
Adjournments	Pursuant to the Partnership s existing partnership agreement, the Partnership GP may adjourn a meeting of the limited partners of the Partnership without setting a new record date, so long as the adjourned meeting is held within sixty days of the original meeting date. If a quorum of Partnership unitholders is not present in person or by proxy at the Partnership special meeting, the Partnership GP may adjourn the special meeting from time to time until a quorum is present or represented. In addition, adjournments of the Partnership special meeting may be made for the purpose of soliciting additional proxies in favor of a proposal.	Pursuant to Holdings existing partnership agreement, Holdings GP may adjourn a meeting of the limited partners of Holdings. The number of Holdings common units and management units owned by BGH GP constitutes a quorum, and under the Support Agreement, BGH GP has agreed to attend the Holdings special meeting and vote in favor of the merger, such that Holdings GP does not expect to adjourn the Holdings special meeting.
Other Business	The Partnership GP board is not currently aware of any business to be acted upon at the Partnership special meeting other than the matters described in this joint proxy statement/prospectus. If, however, other matters are properly brought before the Partnership special meeting, the persons appointed as proxies will have discretion to vote or act on those matters according to their judgment.	The Holdings Board is not currently aware of any business to be acted upon at the Holdings special meeting other than the matters described in this joint proxy statement/prospectus. If, however, other matters are properly brought before the Holdings special meeting, the persons appointed as proxies will have discretion to vote or act on those matters according to their judgment.
Contact/Assistance	Morrow & Co., LLC will be acting as the Partnership s proxy solicitation agent: Morrow & Co., LLC 470 West Avenue rd 3 Floor Stamford, CT 06902 Banks and brokers call: (203) 658-9400 Partnership unitholders call toll-free: (800) 573-4412 Email: *buckeye.info@morrowco.com*	Morrow & Co., LLC will be acting as Holdings proxy solicitation agent: Morrow & Co., LLC 470 West Avenue rd 3 Floor Stamford, CT 06902 Banks and brokers call: (203) 658-9400 Holdings unitholders call toll-free: (800) 573-4412 Email: *buckeye.info@morrowco.com*

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THE PROPOSED MERGER

The following description of the material information about the merger, including the summary of the material terms and provisions of the merger agreement, is qualified in its entirety by reference to the more detailed annexes to this joint proxy statement/prospectus. We urge you to read all of the annexes to this joint proxy statement/prospectus in their entirety.

General

The Partnership, the Partnership GP, MergerCo, Holdings and Holdings GP have entered into the merger agreement. Under the merger agreement, the Partnership will acquire Holdings through a merger of MergerCo with and into Holdings, and all Holdings units will be converted into Partnership LP units. As a result of the merger, Holdings will be a subsidiary of the Partnership, with the Partnership as Holdings sole limited partner and Holdings GP remaining as the sole general partner (with a non-economic general partner interest) of Holdings. In connection with the merger, the incentive distribution rights held by the Partnership GP will be canceled and the general partner units held by the Partnership GP (representing an approximate 0.5% general partner interest in the Partnership) will be converted to a non-economic general partner interest in the Partnership.

Pursuant to the merger agreement, the Partnership will issue to the Holdings unitholders approximately 20 million Partnership LP units in the merger. Each unitholder of Holdings will receive 0.705 Partnership LP units per Holdings unit. This represents a 32% premium to the closing price of Holdings common units on June 10, 2010, the last trading day before the public announcement of the proposed merger. Partnership unitholders will continue to own their existing Partnership LP units. Upon completion of the merger, the Partnership will be owned approximately 72% by current Partnership unitholders, and approximately 28% by former Holdings unitholders (including 17% that will be owned by BGH GP). The Partnership LP units will continue to be traded on the New York Stock Exchange under the symbol BPL following the merger.

The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. Please read the merger agreement carefully and fully as it is the primary legal document that governs the merger. For a summary of the merger agreement, please read The Merger Agreement beginning on page 90.

Effective Time

As soon as practicable after the satisfaction or waiver of the conditions to the merger, the certificate of merger will be filed with the Secretary of State of the State of Delaware in accordance with the relevant provisions of Delaware law. The merger will become effective when the certificate of merger is filed or at such later date and time as may be set forth in the certificate of merger.

The Partnership and Holdings anticipate that the merger will be completed in the fourth quarter of 2010. However, the effective time of the merger could be delayed if there is a delay in satisfying any condition to the merger. There can be no assurances as to whether, or when, the Partnership and Holdings will obtain the required approvals or complete the merger. If the merger is not completed on or before December 31, 2010, either the Partnership or Holdings may terminate the merger agreement, unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligations under the merger agreement or a material breach of the merger agreement by such party. The Partnership or Holdings may extend the termination date to February 28, 2011 under certain circumstances. Please read The Merger Agreement Conditions to the Completion of the Merger beginning on page 100.

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Transactions Related to the Merger

Amended and Restated Partnership Agreement

Immediately following the effective time of the merger, the Partnership s existing partnership agreement will be amended and restated. Under the Partnership s amended and restated partnership agreement (i) the general partner interest represented by the incentive distribution rights will be canceled and the GP units (which currently represent an approximate 0.5% general partner interest in the Partnership) will be converted into a non-economic general partner interest in the Partnership; (ii) the public election provisions will be added but will not take effect until either approval by the CPUC and PaPUC or a determination thereof by the Partnership Board that such approvals are not required; (iii) the Partnership GP s right to acquire all Partnership LP units if the Partnership GP or its affiliates own more than 90% of the outstanding Partnership LP units will be eliminated; (iv) certain provisions added to the existing partnership agreement in 2004 to clarify the separateness of the Partnership GP, the Partnership, the Partnership s operating partnerships and Services Company from the owners of the Partnership GP, which will become generally inapplicable once the Partnership owns the Partnership GP, will be eliminated and (v) certain other legacy provisions which are no longer applicable to the Partnership, will be eliminated.

For a summary of the amended and restated partnership agreement, please read The Amended and Restated Partnership Agreement of the Partnership beginning on page 105.

The foregoing description of the Partnership s amended and restated partnership agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of amended and restated partnership agreement, which is attached as Annex B to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus.

Holdings Amended and Restated Agreement of Limited Partnership

Pursuant to the merger agreement, the agreement of limited partnership of Holdings will be amended and restated. Under Holdings amended and restated partnership agreement, (i) Holdings purpose will be limited to owning all of the limited liability company interests in, and being the sole member of, the Partnership GP, and Holdings GP will be restricted from causing Holdings to engage in any business activity other than the ownership, and being a member, of the Partnership GP and immaterial or administrative actions related thereto, (ii) Holdings will be required, subject to either approval by the CPUC and PaPUC of the public election provisions or a determination by the Partnership Board that such approvals are not required, to appoint some or all of the directors to the Partnership Board at the direction of the Partnership and up to two directors at the direction of Holdings GP, as described elsewhere herein, (iii) Holdings GP will be restricted from entering into any amendment to the Holdings partnership agreement or the limited liability company agreement of the Partnership GP without the consent of the Partnership, (iv) the Partnership will have the ability to appoint a special manager with the powers of Holdings GP under the agreement if Holdings GP fails to take any action required thereunder, (v) 100% of any distributions by Holdings will be paid to the Partnership and (vi) Holdings and the Partnership will, subject to certain termination rights in favor of the Partnership, agree to indemnify Holdings GP and its officers, directors and certain of its affiliates for any liabilities they incur relating to the business and affairs of Holdings.

The foregoing description of Holdings amended and restated partnership agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of Holdings amended and restated partnership agreement, which is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus.

Support Agreement

On June 10, 2010, the Partnership entered into a support agreement with the Major Holdings Unitholders. As of June 10, 2010, the last trading day before the public announcement of the proposed merger, the Major Holdings Unitholders beneficially owned 17,004,596 Holdings common units and 509,141 Holdings

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management units. These units represent approximately 62% of the total Holdings units (61% of the total Holdings common units and 97% of the total Holdings management units).

Pursuant to the support agreement, the Major Holdings Unitholders agreed to vote their Holdings units (a) in favor of the approval of the merger and the merger agreement, (b) against any action or agreement that would result in a breach of any covenant, representation or warranty of Holdings or Holdings GP contained in the merger agreement, (c) against any acquisition proposal (as defined in the merger agreement) and (d) against any action, agreement or transaction that would or would reasonably be expected to materially impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger and the transactions contemplated by the merger agreement. The support agreement may be terminated upon the written agreement of the Partnership and the Major Holdings Unitholders, the termination of the merger agreement or a change in recommendation by the Holdings Board.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, which is attached as Annex D to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus.

Registration Rights Agreement

Pursuant to the support agreement, on June 10, 2010 the Partnership and the Major Holdings Unitholders entered into a registration rights agreement pursuant to which the Partnership has agreed to file a registration statement covering the potential sale of Partnership LP units to be issued to the Major Holdings Unitholders in the merger. In addition, the registration rights agreement gives the Major Holdings Unitholders piggyback registration rights under certain circumstances.

The foregoing description of the registration rights agreement is qualified in its entirety by reference to the full text of the registration rights agreement, which is filed as an exhibit to the registration statement of which this joint proxy statement/prospectus is a part and is incorporated herein by reference.

Appraisal Rights

Neither Partnership unitholders nor Holdings unitholders have or are entitled to exercise appraisal rights in connection with the merger under Delaware law or either Holdings or the Partnership s partnership agreement, as applicable.

Restrictions on Sales of Partnership LP Units Received in the Merger

Partnership LP units to be issued to the Holdings unitholders in the merger may be traded freely and without restriction by those Holdings unitholders not deemed to be affiliates (as that term is defined under the Securities Act). Partnership LP units held by any such affiliates may be sold only pursuant to a registration statement or an exemption under the Securities Act. In connection with the merger agreement, the Partnership entered into a registration rights agreement with the Major Holdings Unitholders and will file a registration statement to cover the resale of Partnership LP units to be received by such unitholders in connection with the merger agreement. Once the registration statement is declared effective, those unitholders will be able to freely sell the Partnership LP units they receive in the merger so long as the registration statement remains effective and they sell pursuant thereto. In the event that an affiliate is not included in the registration statement or the registration statement cannot be used, the affiliates may sell subject to the limitations under Rule 145 under the Securities Act. Upon the expiration of the limitations under Rule 145, the affiliates will be able to freely sell the Partnership LP units they receive in connection with the merger. Upon receipt by the Partnership s designated representative of a representation letter in a form reasonably acceptable to the Partnership from the selling affiliate s securities broker (in the case of Partnership LP units being sold under the

registration statement filed in connection with the registration rights agreement), indicating such selling affiliate s intent to sell a number of Partnership LP units in compliance with the representation letter, the Partnership will deliver

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to its transfer agent an opinion or letter of instruction enabling the affiliate to sell its Partnership LP units in the transaction(s) in accordance with the terms of the representation letter.

An affiliate of Holdings is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Holdings. These restrictions are expected to apply to the directors and executive officers of Holdings and the holders of 10% or more of Holdings outstanding units. The same restrictions apply to the spouses and certain relatives of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest. The Partnership will give stop transfer instructions to the transfer agent with respect to the Partnership LP units to be received by persons subject to these restrictions.

For further information on the registration rights agreement, see Transactions Related to the Merger Registration Rights Agreement on page 87.

Listing of the Partnership LP Units; Delisting and Deregistration of Holdings Common Units

It is a condition to the merger that the Partnership LP units to be issued in the merger be approved for listing on the New York Stock Exchange, subject to official notice of issuance. If the merger is completed, Holdings common units will cease to be listed on the New York Stock Exchange and Holdings common units will be deregistered under the Exchange Act.

Accounting Treatment of the Merger

The merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations Overall Changes in Parent s Ownership Interest in a Subsidiary*, which is referred to as FASB ASC 810. Holdings is considered as the surviving consolidated entity for accounting purposes rather than the Partnership, which is the surviving consolidated entity for legal and reporting purposes. Therefore, the changes in Holdings ownership interest will be accounted for as an equity transaction and no gain or loss will be recognized as a result of the merger.

Regulatory Approvals

The Partnership expects to apply for all PaPUC approvals that may be required and for CPUC approval of the public election provisions as soon as possible, or may seek exemptions from the regulations requiring such approvals. While it is possible that such approvals will be obtained prior to the special meetings, the Partnership cannot predict when, or guarantee that, such approvals will be obtained.

The merger agreement was amended and restated to, among other reasons, attach a new form of amended and restated partnership agreement. Holdings GP (through Holdings) will continue to have the right to appoint, remove and replace all of the members of the Partnership Board until the earlier to occur of (a) the approval by the CPUC and PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. Upon the occurrence of either (a) or (b) above, Holdings GP will have the right to appoint up to two directors, with the number depending upon the continued ownership of specified thresholds of Partnership LP units by BGH GP and its affiliates, and the remaining directors will be classified into three classes and subject to election by the holders of Partnership LP units (other than BGH GP and its affiliates). If the Partnership Board is not able to make the determination described in (b) above, the Partnership GP will be obligated under the amended and restated partnership agreement to use commercially reasonable efforts to obtain the approvals described in (a) above. The transaction could be completed prior to obtaining the approvals from the CPUC and PaPUC of the public election provisions.

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Litigation

On August 24, 2010, the District Court of Harris County, Texas, entered an order consolidating the three previously filed putative class actions under the caption of *Broadbased Equities v. Forrest E. Wylie, et al* and appointing interim co-lead class counsel and interim co-liason counsel. Plaintiff subsequently filed a consolidated amended class action and derivative complaint on September 1, 2010. The consolidated amended complaint purports to be a putative class and derivative action alleging that Holdings GP and its directors breached their fiduciary duties to Holdings public unitholders in connection with the merger by, among other things, accepting insufficient consideration and failing to disclose all material facts in order that Holdings unitholders may cast an informed vote on the merger agreement, and that the Partnership, Partnership GP, Holdings GP, MergerCo, BGH GP, ArcLight and Kelso aided and abetted the breaches of fiduciary duty. The consolidated amended complaint seeks an order certifying a class consisting of all of Holdings public unitholders, a determination that the action is a proper derivative action, a declaration that the defendants have breached their fiduciary duties to Holdings and Holdings public unitholders or aided and abetted such breaches, damages in unspecified amounts and an award of attorneys fees and costs.

The Partnership and Holdings do not believe that the claims alleged in the consolidated amended complaint have any merit, and they intend to defend the action accordingly.

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THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. Because this is a summary, it does not contain all information that may be important to you. You should read the entire joint proxy statement/prospectus and all of its annexes, including the merger agreement, carefully before you decide how to vote.

Explanatory Note Regarding Summary of the Merger Agreement

The summary of the terms of the merger agreement is intended to provide information about the material terms of the merger. The terms and information in the merger agreement should not be relied on as disclosures about the Partnership or Holdings without consideration to the entirety of public disclosure by the Partnership and Holdings as set forth in all of their respective public reports with the SEC. The terms of the merger agreement (such as the representations and warranties) govern the contractual rights and relationships, and allocate risks, between the parties in relation to the merger. In particular, the representations and warranties made by the parties to each other in the merger agreement have been negotiated between the parties with the principal purpose of setting forth their respective rights with respect to their obligation to close the merger should events or circumstances change or be different from those stated in the representations and warranties. Matters may change from the state of affairs contemplated by the representations and warranties. The Partnership and Holdings will provide additional disclosure in their public reports to the extent that they are aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement and will update such disclosure as required by federal securities laws.

Directors and Officers of the Partnership GP Following the Merger

The Partnership GP will continue to manage the Partnership after the merger. The members of Partnership GP s management team are expected to continue in their current roles and will manage the Partnership GP following the merger. Following the effective time of the merger, the Partnership Board is expected to consist of nine members. Mr. Forrest E. Wylie, the chief executive officer of the Partnership GP and the current chairman of the Partnership Board, as well as the three current members of the Partnership Audit Committee are expected to continue as directors of the Partnership GP. In addition, the three members of the audit committee of Holdings GP are expected to be appointed as directors of the Partnership Board following the effective time of the merger. Holdings GP has designated Frank J. Loverro and John F. Erhard to serve as additional members of the Partnership Board following the effective time of the merger. Holdings GP (as general partner of Holdings) will continue to have the right to appoint all of the members of the Partnership Board until the earlier to occur of (a) the receipt of approvals from the CPUC and the PaPUC of the public election provisions or (b) a determination by the Partnership Board that such approvals are not required. Following the occurrence of either (a) or (b) above, Holdings GP will continue to have the right to designate two members of the Partnership Board, subject to reduction if the Major Holdings Unitholders ownership of Partnership LP units drops below certain thresholds. The remaining directors will be classified into three classes and be subject to election by the holders of Partnership LP units (other than BGH GP and its affiliates).

Closing Matters

Closing

Unless the parties agree otherwise, the closing of the merger will take place on the third business day after the closing conditions in the merger agreement have been satisfied or waived or such other time or date to which the parties agree in writing. Please read Conditions to the Completion of the Merger beginning on page 100 for a more complete

description of the conditions that must be satisfied or waived prior to closing. The date on which the closing occurs is referred to as the closing date. The closing of the merger will take place at the offices of Vinson & Elkins L.L.P. in New York, New York at 10:00 a.m., local time, on the closing date.

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Effective Time

As soon as practicable after the satisfaction or waiver of the conditions to the merger, the certificate of merger will be filed with the Secretary of State of the State of Delaware in accordance with the relevant provisions of Delaware law. The merger will become effective when the certificate of merger is filed or at such later date and time as may be set forth in the certificate of merger.

Merger Consideration

General

Pursuant to the merger agreement, all of the limited liability company interests in MergerCo outstanding immediately prior to the effective time of the merger shall be converted into and become a 100% limited partner interest in Holdings. The non-economic general partner interest in Holdings issued and outstanding immediately prior to the effective time of the merger shall remain outstanding and unchanged subject to such changes as set forth in the second amended and restated partnership agreement of Holdings to be adopted at the effective time of the merger, and Holdings GP shall continue to be the sole general partner of Holdings.

The Partnership will issue to the Holdings unitholders approximately 20 million Partnership LP units in the merger. Each holder of Holdings units will receive 0.705 Partnership LP units per Holdings unit. All Holdings units, when converted in the merger, shall cease to be outstanding and shall automatically be cancelled and cease to exist.

Exchange Procedures

Prior to the effective time of the merger, Holdings and the Partnership will deposit with Computershare Trust Company N.A. (the exchange agent in connection with the merger) sufficient cash and the LP units for the benefit of holders of Holdings units to be converted into the stated consideration.

Promptly after the effective time of merger, the exchange agent will send a letter of transmittal to each person who was a holder of Holdings units at the effective time of the merger. This letter will contain instructions on how to surrender certificates or non-certificated units represented by book-entry formerly representing Holdings units in exchange for the stated consideration the holder is entitled to receive under the merger agreement.

Distributions with Respect to Unexchanged Holdings Units

After the effective time of the merger, former holders of Holdings units will be entitled to (i) Partnership distributions payable with a record date after the effective time of the merger with respect to the number of Partnership LP units to which they are entitled upon exchange of their Holdings units, without interest and (ii) any distributions with respect their Holdings units with a record date occurring prior to the effective time of the merger that may have been declared or made by Holdings on such Holdings units and which remain unpaid at the effective time of the merger. However, they will not be paid distributions on such Partnership LP units or Holdings units, as they case may be, until they surrender the certificates or non-certificated units represented by book-entry formerly representing their Holdings units to the exchange agent in accordance with the exchange agent s instructions. After the close of business on the date on which the effective time of the merger occurs, there will be no transfers on the unit transfer books of Holdings with respect to any Holdings units.

Fractional Units

Fractional Partnership LP units will not be delivered pursuant to the merger. Instead, each holder of Holdings units who would otherwise be entitled to receive fractional Partnership LP units pursuant to the merger will be entitled to receive a cash payment in an amount equal to the product of (a) the closing sale price of the Partnership LP units on the New York Stock Exchange on the trading day immediately preceding the date on which the effective time of the merger occurs and (b) the fraction of a Partnership LP unit which such holder would otherwise be entitled to receive.

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Termination of Exchange Fund

Any portion of the stated consideration, or distributions payable in accordance with the merger agreement, made available to the exchange agent that remains unclaimed by holders of Holdings units after 180 days following the effective time of the merger will be returned to the Partnership upon demand. Thereafter, a holder of Holdings units must look only to the Partnership for payment of the stated consideration, any cash in lieu of the issuance of fractional Partnership LP units and any distributions with respect to the Partnership LP units or Holdings units to which the holder is entitled under the terms of the merger agreement. Any amounts remaining unclaimed by holders of Holdings units immediately prior to such time as such amounts would otherwise revert to or become the property of any governmental authority will, to the extent permitted by applicable law, become the property of the Partnership free and clear of any liens, claims and interests.

Lost Unit Certificates

If a certificate formerly representing Holdings units has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of an affidavit as to that loss, theft or destruction, and, if required by the Partnership, the posting of a bond in a reasonable amount as indemnity.

Withholding

The Partnership, Holdings and the exchange agent will be entitled to deduct and withhold from the stated consideration payable to holders of Holdings units the amounts it is required to deduct and withhold under the Internal Revenue Code or any state, local or foreign tax law. Withheld amounts will be treated for all purposes of the merger as having been paid to the respective Holdings unitholders.

Anti-Dilution Provisions

The stated consideration will be correspondingly adjusted if, at any time between the date of the merger agreement and the effective time of the merger, there is any change in the outstanding Holdings units or outstanding Partnership LP units by reason of any subdivision, reclassification, recapitalization, split, combination, or distribution in the form of equity interests with respect to such units.

Actions Pending the Merger

Each of the Partnership and the Partnership GP have agreed that, without the prior written consent of the Holdings Board, it will not, and will cause its subsidiaries not to, during the period from the date of the merger agreement until the effective time of the merger or the date, if any, on which the merger agreement is terminated, except as expressly contemplated or permitted by the merger agreement:

- conduct its business and the business of its subsidiaries other than in the ordinary and usual course of business;
- fail to use commercially reasonable best efforts to preserve intact its business organization, goodwill and assets and maintain its rights, franchises and existing relations with customers, suppliers, employees or business associates;
- take any action that would adversely affect the ability of any party to the merger to obtain any approval required under the Hart Scott Rodino Act (the HSR Act);