Tallgrass Energy Partners, LP
Form 424B5
July 23, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-196454

PROSPECTUS SUPPLEMENT

(To prospectus dated June 12, 2014)

Tallgrass Energy Partners, LP

7,000,000 Common Units

Representing Limited Partner Interests

We are selling 7,000,000 common units representing limited partner interests in Tallgrass Energy Partners, LP.

Our common units trade on the New York Stock Exchange under the symbol TEP. On July 18, 2014, the last sales price of the common units as reported on the New York Stock Exchange was $43.17 per common unit.

Investing in the common units involves risks that are described in the Risk Factors section on page S-21 of this prospectus supplement and page 2 of the accompanying base prospectus.

	Per Common Unit	***Total***
Public Offering Price	*$41.07*	*$287,490,000*
Underwriting Discount	*$ 1.33*	*$ 9,310,000*
Proceeds, before expenses, to us	*$39.74*	*$278,180,000*

We have granted the underwriters a 30-day option to purchase up to an additional 1,050,000 common units from us on the same terms and conditions as set forth above if the underwriters sell more than 7,000,000 common units in this offering.

None of the Securities and Exchange Commission, any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying

base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common units will be ready for delivery on or about July 25, 2014.

Morgan Stanley *Barclays*

Citigroup *RBC Capital Markets* *Wells Fargo Securities*

Credit Suisse *Deutsche Bank Securities* *Goldman, Sachs & Co.*

The date of this prospectus supplement is July 22, 2014

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both this prospectus supplement and the accompanying base prospectus combined. If the information relating to the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Information Incorporated by Reference on page S-37 of this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in such documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

None of Tallgrass Energy Partners, LP, the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in our common units by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in our common units.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, any prospectus supplement and the documents we incorporate by reference contain forward-looking statements concerning our operations, economic performance and financial condition. Forward-looking statements give our current expectations and contain projections of results of operations or of financial condition, or forecasts of future events. Words such as could, will, may, assume, forecast, position predict, strategy, expect, intend, plan, estimate, anticipate, believe, project, budget, potential, c expressions are used to identify forward-looking statements. Forward-looking statements can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, when considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible

Table of Contents

to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our ability to complete and integrate acquisitions from Tallgrass Development or from third parties, including the recently completed Trailblazer Pipeline acquisition and the proposed acquisition of a 33.3% interest in Tallgrass Pony Express Pipeline, LLC;
- changes in general economic conditions;
- competitive conditions in our industry;
- actions taken by third-party operators, processors and transporters;
- the demand for natural gas processing, storage and transportation services;
- our ability to successfully implement our business plan;
- our ability to complete internal growth projects on time and on budget;
- the price and availability of debt and equity financing;
- the availability and price of natural gas to the consumer compared to the price of alternative and competing fuels;
- competition from the same and alternative energy sources;
- energy efficiency and technology trends;
- operating hazards and other risks incidental to transporting, storing and processing natural gas;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;

- interest rates;
- labor relations;
- large customer defaults;
- changes in tax status;
- the effects of existing and future laws and governmental regulations;
- the effects of future litigation; and
- certain factors discussed elsewhere in this prospectus.

Forward-looking statements speak only as of the date on which they are made. While we may update these statements from time to time, we are not required to do so other than pursuant to the securities laws.

SUMMARY

This summary highlights information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying base prospectus. This summary does not contain all of the information that you should consider before investing in our common units. You should read the entire prospectus supplement, the accompanying base prospectus and the documents incorporated herein by reference and other documents to which we refer for a more complete understanding of this offering. You should read Risk Factors beginning on page S-21 of this prospectus supplement and on page 2 of the accompanying base prospectus for more information about important risks that you should consider carefully before buying our common units. References in this prospectus supplement or the accompanying base prospectus to Tallgrass, the Partnership, we, our, us or like terms refer to Tallgrass Ene Partners, LP and its direct and indirect subsidiaries. References in this prospectus supplement or the accompanying base prospectus to our general partner refer to Tallgrass MLP GP, LLC, a Delaware limited liability company and our general partner. References in this prospectus supplement or the accompanying base prospectus to Tallgrass Development are to Tallgrass Development, LP and its subsidiaries and affiliates, other than our general partner and us.

OVERVIEW

Tallgrass Energy Partners, LP (NYSE:TEP) is a growth-oriented publicly traded Delaware limited partnership formed in February 2013 by Tallgrass Development, LP to own, operate, acquire and develop midstream energy assets in North America. We provide natural gas transportation and storage services for customers in the Rocky Mountain and Midwest regions of the United States through our Tallgrass Interstate Gas Transmission System, which we refer to as the TIGT System, and the Trailblazer Pipeline. We also provide natural gas processing services for customers in Wyoming through our Casper and Douglas natural gas processing and West Frenchie Draw natural gas treating facilities, which we refer to as the Midstream Facilities. Through these businesses, we service the growing natural gas volumes from the Powder River, Wind River and Denver-Julesburg basins and the Niobrara and Mississippi Lime shale formations.

Our operations are strategically located in and provide services to certain key United States hydrocarbon basins, including the Denver-Julesburg Basin, the Powder River Basin, the Wind River Basin and the Anadarko Basin. Our assets primarily consist of the TIGT System, the Trailblazer Pipeline and the Midstream Facilities, each of which is described in more detail below and each of which is operated out of two reporting segments:

- Gas Transportation and Storage the ownership and operation of FERC-regulated interstate natural gas pipelines and integrated natural gas storage facilities; and

- Processing the ownership and operation of natural gas processing, treating and fractionation facilities that produce natural gas liquids, or NGLs, and residue gas that is sold in local wholesale markets or delivered into pipelines for transportation to additional end markets, as well as water business services provided primarily to the oil and gas exploration and production industry.

Table of Contents

The map below shows the TIGT System, the Trailblazer Pipeline, the Midstream Facilities and our water pipeline located in Weld County, Colorado.

Gas Transportation and Storage Segment

The TIGT System is a FERC-regulated natural gas transportation and storage system with approximately 4,645 miles of varying diameter transportation pipelines serving Wyoming, Colorado, Kansas, Missouri and Nebraska. The natural gas currently transported on the TIGT System primarily comes from the Denver-Julesburg Basin and the Niobrara and Mississippi Lime shale formations. The TIGT System also includes the Huntsman natural gas storage facility located in Cheyenne County, Nebraska. The TIGT System is a well-established and operationally flexible natural gas transportation and storage system that has been serving customers in the Midwest for approximately 75 years. The TIGT System s flexibility is derived from its multiple receipt and delivery interconnects, numerous pipeline segments and extensive footprint in the Midwest. The TIGT System primarily provides transportation and storage services to on-system customers such as local distribution companies and industrial users, including ethanol plants, and irrigation and grain drying operations, which depend on the TIGT System s interconnections to their facilities to meet their demand for natural gas and a majority of whom pay FERC-approved recourse rates.

On April 1, 2014, we closed the acquisition of Trailblazer Pipeline Company LLC, or Trailblazer, which owns the Trailblazer Pipeline, from a wholly owned subsidiary of Tallgrass Development for total consideration valued at approximately $164 million. The Trailblazer Pipeline is an approximately 436-mile pipeline system that begins along the border of Wyoming and Colorado and extends to Beatrice, Nebraska with an average system design capacity of approximately 846 MMcf/d, substantially all of which is subscribed for under firm transportation contracts with a weighted average remaining life of approximately three years as of June 30, 2014.

Table of Contents

The following tables provide operational information regarding our gas transportation and storage segment as of June 30, 2014 and for the six months ended June 30, 2014 and for the years ended December 31, 2013 and 2012:

			Approximate Average Daily Throughput (MMcf/d)		
	Approximate Number of Miles	Approximate Compression (Horsepower)	Six Months Ended June 30, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Transportation	5,081	196,978	977	991	1,074

	Overall Gas Storage Capacity (Bcf)	Working Gas Storage Capacity (Bcf)	Maximum Withdrawal Rate (MMcf/d)
Storage	35.1	15.1	210

	Approximate Design Capacity	Total Firm Contracted Capacity(1)	% of Capacity Subscribed under Firm Contracts	Weighted Average Remaining Firm Contract Term(2)
Transportation	1,926 MMcf/d	1,505 MMcf/d	78%	3 years
Storage	15.1 Bcf(3)	11 Bcf	70%	4 years

(1) Reflects total capacity reserved under firm contracts as of July 1, 2014. Transportation firm contracted capacity includes backhaul service.
(2) Weighted by contracted capacity as of July 1, 2014.
(3) Represents working gas storage capacity.

Processing Segment

We own and operate natural gas processing plants in Casper and Douglas, Wyoming and a natural gas treating facility at West Frenchie Draw, Wyoming. The Casper and Douglas plants currently have combined processing capacity of approximately 190 MMcf/d. The natural gas processed and treated at these facilities primarily comes from the Wind River Basin and the Powder River Basin, both in central Wyoming. We provide processing services to some of the largest and most active producers in these areas. The Casper and Douglas plants are strategically located to straddle the TIGT System for inlet feed to provide residue gas delivery to the TIGT System and are currently the only natural gas processing plants that provide straddle processing of natural gas flowing into the TIGT System in Wyoming. Gathering systems owned by third parties also deliver gas into our processing facilities. NGLs produced by the Casper and Douglas plants are either sold into local markets consisting primarily of retail propane dealers and oil refiners or sold to Phillips 66 Company via its Powder River NGL pipeline. The Casper plant also has an NGL fractionator with a capacity of approximately 3,500 barrels per day.

The West Frenchie Draw natural gas treating facility is located 50 miles west of Casper, Wyoming. Natural gas is delivered to the West Frenchie Draw facility from two of the area s major natural gas producers and treated to extract or reduce impurities, such as carbon dioxide and sulfur, prior to its delivery to our Casper or Douglas processing plants.

In addition to our existing processing and treating activities, during the fourth quarter of 2013, we entered into a joint venture agreement with BNN Energy LLC to invest in the construction and operation of a fresh water transportation pipeline located in Weld County, Colorado. During the second quarter of 2014, we expanded the joint venture by combining our 50% interest in the fresh water transportation pipeline with the 50% interest of

Table of Contents

our joint venture partner into a newly formed entity, BNN Water Solutions, LLC, which is also engaged in the wastewater reclamation business in Texas. As part of that transaction, we agreed to contribute our existing 50% interest in the entity that owns the freshwater pipeline and $7.6 million in cash. In exchange, we received an 80% equity interest in BNN Water Solutions, LLC and a preferred equity interest in the project subsidiary that owns the fresh water pipeline and wastewater reclamation business.

Currently, over 96% of our existing processing capacity at our Midstream Facilities has been reserved with a weighted average contract term of four years as of June 30, 2014. We typically receive a fee, acreage dedication or, in some cases, an agreement to pay for a minimum amount of throughput in exchange for reserved processing capacity for a given customer. The majority of our cash flow generated in this segment is fee-based due to the conversion of certain keep whole and percent of proceeds contracts to fee-based contracts during 2013 and early 2014. As of June 30, 2014, approximately 87% of our reserved capacity was subject to fee-based contracts, with the remaining 13% subject to percent of proceeds or keep whole contracts.

The table below sets forth certain information regarding our processing segment as of June 30, 2014 and for the six months ended June 30, 2014 and for the years ended December 31, 2013 and 2012:

			Approximate Average Inlet Volumes (MMcf/d)		
Approximate Plant Capacity (MMcf/d)(1)	**Capacity Under Contract**	**Weighted Average Remaining Contract Term(2)**	**Six Months Ended June 30, 2014**	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
190	>96%	4 years	144	133	123

(1) The West Frenchie Draw natural gas treating facility treats natural gas before it flows into the Casper and Douglas plants and therefore does not result in additional inlet capacity.
(2) Based on the average annual reservation capacity for each such contract s remaining term.

BUSINESS STRATEGIES

Our principal business objective is to increase the quarterly cash distributions that we pay to our unitholders over time while ensuring the ongoing stability of our business. We expect to achieve this objective through the following business strategies:

Growing Our Business by Pursuing Accretive Acquisitions From Tallgrass Development and Third Parties. We intend to continue to pursue acquisitions from Tallgrass Development that we expect will be sourced both from Tallgrass Development s existing portfolio of midstream assets and from additions to its portfolio from expansion projects or acquisitions that it undertakes in the future. In addition, we will review acquisition opportunities from third parties as they become available.

Capitalizing on Organic Expansion Opportunities. We continually evaluate economically attractive, organic expansion opportunities in existing or new areas of operation that will allow us to leverage our market position and other competitive strengths. We intend to pursue high-value accretive growth projects in growing areas that will provide diversification and economies of scale. Geographically, we intend to focus our expansion efforts on those regions with attractive characteristics, including regions where permitting, drilling and workover activity is high, there is a strong base of current production and the potential for significant future development, that are currently under-served and regions that can serve as a platform to expand into adjacent areas with existing or new production.

Maintaining and Growing Stable Cash Flows Supported by Long-Term, Fee-based Contracts. We will seek to continue to maintain and grow cash flows by increasing utilization of our existing assets in a cost effective manner by focusing on customer service. Additionally, we will seek to continue to generate the majority of our cash flows pursuant to multi-year, firm contracts with creditworthy customers. To minimize our direct commodity price exposure, we will continue to pursue opportunities to maintain the fee-based component of our contract portfolio through contract renewal negotiations, acquisitions or other growth projects.

Maintain a Conservative and Flexible Capital Structure in Order to Pursue Acquisition and Expansion Opportunities and Lower Our Overall Cost of Capital. We intend to target credit metrics consistent with the profile of investment grade midstream energy companies. We intend to maintain a conservative and balanced capital structure which, when combined with our stable, fee-based cash flows, will afford us efficient access to the capital markets at a competitive cost of capital. We believe this approach will provide us the flexibility to compete for and complete accretive acquisitions and organic growth projects as they become available.

COMPETITIVE STRENGTHS

We believe we are well-positioned to successfully execute our business strategies because of the following competitive strengths:

Stable Cash Flows Supported by Attractive Underlying Midstream Assets. We believe our midstream assets, along with our contract mix, give us the ability to maintain stable cash flows and provide operating visibility and flexibility.

TIGT System. For the three months ended March 31, 2014, a substantial majority of the TIGT System transportation and storage revenues were generated under long-term, fee-based firm contracts. For the three months ended March 31, 2014, and the years ended December 31, 2013 and 2012, approximately 74%, 75% and 65%, respectively, of the TIGT System s transportation revenue was generated from contracts with on-system customers. The customer base the TIGT System currently serves under these contracts generally has a strong credit rating; six of the top ten customers (or their parent companies) by revenue for the three months ended March 31, 2014 have investment grade credit ratings. Furthermore, the existing customers on the TIGT System have historically renewed business with us when their contracts expire. Of the TIGT System s top ten transportation and storage customers by revenue for the three months ended March 31, 2014, which collectively contributed approximately 73% of the TIGT System s total transportation and storage revenue for that period, seven have been TIGT System customers for at least 15 years, including prior to deregulation of the U.S. natural gas pipeline industry.

Trailblazer Pipeline. The Trailblazer Pipeline is a low-cost export route for natural gas produced in the Rockies and moving to Midwest markets. In addition, because Trailblazer accesses the Cheyenne Hub it provides customers with flexibility to reach diverse markets beyond the Midwest. The Trailblazer Pipeline is situated to receive natural gas from the growing production in the Denver-Julesburg Basin and the Niobrara shale formation. In May 2014 FERC approved a settlement among Trailblazer and its active shippers that resolved Trailblazer s latest general rate case. The settlement became effective on July 1, 2014. As a result of the settlement customers have greater rate certainty, and Trailblazer will benefit from an increase in certain transportation rates. In addition, the settlement resolved a fuel recovery issue which existed in Trailblazer s prior tariff, improving the marketability of expansion capacity on the pipeline. The settlement also established a low-fuel path between the Cheyenne Hub and the East Cheyenne Gas Storage facility to provide shippers with additional flexibility in serving markets from Trailblazer. Substantially all of Trailblazer s 846 MMcf/d average system design capacity is subscribed for under firm transportation contracts with a weighted average remaining life of approximately three

Table of Contents

years as of June 30, 2014. The revenue-weighted average relationship tenure for Trailblazer s customers for the three months ended March 31, 2014 is approximately 18 years. Of Trailblazer s top ten customers by revenue for the three months ended March 31, 2014, which collectively contributed approximately 79% of Trailblazer s revenue for that period, six have been customers for at least 20 years.

Processing Segment Facilities. In our processing segment, we maintain a diverse contract portfolio comprised of fee-based, percent-of-proceeds, and keep whole arrangements with established producers, some of which also pay a fixed monthly reservation charge for the right to have a specified volume of gas processed regardless of capacity utilization. The majority of our cash flow generated in this segment is fee-based due to the conversion of certain keep whole and percent of proceeds contracts to fee-based contracts during 2013 and early 2014. As of June 30, 2014, approximately 87% of our reserved capacity was subject to fee-based contracts, with the remaining 13% subject to percent of proceeds or keep whole contracts. Furthermore, due in part to the increasing opportunities in the liquids-rich Niobrara shale, substantially all these producers are currently processing volumes either at or near their maximum reserved capacity at our facilities or increasing their utilization, which allows us to benefit from the volume-based compensation provisions under our existing contractual arrangements. As of June 30, 2014, the weighted-average remaining contract term of our processing contracts was approximately four years, and more than half of our capacity was reserved under contracts through the end of 2017.

Strategic Infrastructure with Close Proximity to Demand Markets and Supply Sources. We believe our assets represent an important link to end-user markets in the Midwest and are well positioned to continue to capture growing natural gas volumes in the Denver-Julesburg Basin and the Niobrara and Mississippi Lime shale formations. The TIGT System primarily provides transportation and storage services to on-system customers such as LDCs and other industrial users, including ethanol plants, and irrigation and grain drying operations, which depend on the TIGT System s interconnections to their facilities and a substantial majority of whom pay FERC-approved recourse rates. Approximately 74% of the TIGT System s transportation and storage revenue for the three months ended March 31, 2014 was generated under contracts with on-system customers. In addition, over half of our remaining transportation and storage revenue during the three months ended March 31, 2014 was generated by an off-system customer contracted through 2017. The TIGT System has 461 delivery points, including 15 interconnections with interstate pipelines and 446 interconnections with LDCs and other users. In addition, the TIGT System indirectly services more than 10,000 third party delivery points. We believe this substantial number of interconnections with other energy infrastructure assets contributes to making the TIGT System a strategic part of the flow of natural gas in the Midwest. Trailblazer provides shippers a low cost route to Rockies and Midwest markets and its access to the Cheyenne Hub provides customers with market diversity beyond the Midwest. In addition, we believe our transportation, storage and processing systems consist of high-quality assets that have been well maintained, resulting in efficient operations. As a result, we believe we have established a reputation in the midstream business as a reliable and cost-effective supplier of services to our customers and have a track record of safe and efficient operation of our facilities.

Relationship with Tallgrass Development. We believe that Tallgrass Development and its affiliates, as the owners of an approximate 63% limited partnership interest in us, a 2% general partner interest in us and all of our IDRs, are motivated to promote and support the successful execution of our principal business objective and to pursue projects that directly or indirectly enhance the value of our assets through, for example, the following:

Acquisition Opportunities. The assets retained by Tallgrass Development following our initial public offering, which we refer to collectively as the Retained Assets, included (i) the Trailblazer Pipeline, (ii) an approximately 690-mile oil pipeline project, which, when completed, will deliver volumes from the Bakken Shale, Denver-Julesburg basin and other nearby oil producing basins to Cushing, Oklahoma, which we refer to as the Pony Express Project, and (iii) a 50% interest in, and operation of, the Rockies Express Pipeline, an approximately 1,698-mile natural gas pipeline with a long-haul design capacity of up to 1.8 Bcf/d, that extends from Opal, Wyoming and Meeker, Colorado to Clarington, Ohio. The Retained Assets are geographically diverse and of strategic interest to us and would complement our existing asset base by expanding and diversifying our cash flow sources. The Retained Assets are also positioned to serve high-growth natural gas, liquids and oil producing basins and shale formations, including the Denver-Julesburg, and Williston Basins and the Bakken, Marcellus and Utica shale formations. Upon the closing of our initial public offering, we entered into an omnibus agreement pursuant to which Tallgrass Development granted us a right of first offer to acquire each of the Retained Assets. In the first quarter of 2014, Tallgrass Development offered us the first Retained Asset, the Trailblazer Pipeline, which we acquired on April 1, 2014. In addition, Tallgrass Development recently offered us the right to purchase a 33.3% interest in Tallgrass Pony Express Pipeline, LLC, which owns the Pony Express Project, described in more detail under Recent Developments. We also believe that our relationship with Tallgrass Development offers the opportunity for increased access to strategic acquisitions of complementary assets from third parties.

Executive Team with Significant Industry and Management Expertise. Through our relationship with Tallgrass Development, we have a management team with significant expertise owning, developing and operating midstream assets, as well as significant relationships with participants across the natural gas supply chain. Additionally, our management team has a proven track record of successfully acquiring and developing midstream assets in a reliable and cost-effective manner. The members of our executive management team have collectively been involved in acquisitions in the midstream sector totaling over $10 billion.

Financial Flexibility to Pursue Expansion and Acquisition Opportunities. We believe our cash flows, unused borrowing capacity, and access to debt and equity capital markets will provide us financial flexibility to competitively pursue acquisition and expansion opportunities. As of June 30, 2014, we had $569 million of available borrowing capacity under our $850 million revolving credit facility to fund acquisitions, expansions and working capital needs.

Incentivized Management Team. Members of our management team are strongly incentivized to grow our business and cash flows through their indirect 25% interest in our general partner, which owns our 2.0% general partner interest and all of our incentive distribution rights, or IDRs.

RECENT DEVELOPMENTS

Potential Acquisition

Pursuant to the right of first offer in the Omnibus Agreement, Tallgrass Development has offered us the right to purchase a 33.3% interest in Tallgrass Pony Express Pipeline, LLC, which owns the Pony Express Project, for total consideration of $600 million. The terms of Tallgrass Development s offer provide that the 33.3% equity interest we would acquire would be structured as preferred units in Tallgrass Pony Express Pipeline, LLC bearing certain cash flow preference rights that will afford us first dollar preference on specified cash distributions supported by cash flow occurring on or before September 30, 2015. If the transaction is consummated on the terms set forth in Tallgrass Development s offer, we expect the purchase to be accretive to us during 2014. We refer to this potential transaction herein as the Pony Acquisition.

The Pony Express Project primarily consists of the following two components:

- The conversion of an approximately 430-mile natural gas pipeline and the construction of an approximately 260-mile southward pipeline extension that, when complete, will result in a 690-mile oil pipeline from Guernsey, Wyoming to Cushing, Oklahoma. We collectively refer to this portion of the Pony Express Project as the Pony Mainline.

- The construction of an approximately 66-mile lateral in Northeast Colorado that will interconnect with the Pony Mainline just east of Sterling, Colorado. We refer to this portion of the Pony Express Project as the Northeast Colorado Lateral.

The Pony Mainline is currently expected to be placed in service during the third quarter of 2014, while the Northeast Colorado Lateral is expected to be in service sometime during the first half of 2015. Collectively, the Pony Mainline and the Northeast Colorado Lateral will be powered by 15 pump stations. The Pony Mainline has approximately 206,000 bbls/d of committed capacity under firm contracts that have a weighted average fee of $3.30 per barrel, and the Northeast Colorado Lateral currently has approximately 81,000 bbls/d of committed capacity under firm contracts that have a weighted average fee of $3.60 per barrel. These firm contracts have terms of five years commencing on the date the Pony Mainline or Northeast Colorado Lateral, as applicable, are placed in commercial service. We anticipate that when the Pony Mainline is placed into commercial service it will experience a customary period of commercial ramp-up during which it will transport less than its fully contracted capacity, including the impact of any delay in commercial service by upstream pipelines that are expected to provide volumes to the Pony Mainline. We currently expect that such ramp-up period will be completed by the end of 2014.

A conflicts committee of the board of directors of our general partner, consisting solely of independent directors, has been formed and will be evaluating the offer with assistance from external advisors to be engaged by the conflicts committee. We desire to acquire a 33.3% interest in Tallgrass Pony Express Pipeline, LLC if such acquisition can be made at a price and on terms that the conflicts committee and the board of directors of our general partner determine to be fair and reasonable to, and in the best interests of, us and our unitholders. However, the Pony Acquisition has not been executed at this time and is subject to final review, negotiations and approval by the conflicts committee and by the board of directors of our general partner. There is no assurance that the Pony Acquisition will occur on or before a certain time, or at all, or on the terms proposed by Tallgrass Development. If the conflicts committee and the board of directors of our general partner approve the transaction, we anticipate funding the Pony Acquisition with the proceeds of this offering and borrowings under our revolving credit facility. However, the closing of this offering is not conditioned on the consummation of the Pony Acquisition.

Preliminary Estimate of Selected Second Quarter 2014 Financial Results

While financial information and operating data as of and for the three months ended June 30, 2014 are not available, based on the information and data currently available, management estimates, on a preliminary basis, that net income for the three months ended June 30, 2014 is expected to be between $13.8 million and $20.7 million compared to a net loss of $11.7 million for the three months ended June 30, 2013. Adjusted EBITDA for the three months ended June 30, 2014 is expected to be between $18.9 million and $20.8 million compared to $16.0 million for the three months ended June 30, 2013. Distributable cash flow for the three months ended June 30, 2014 is expected to be between $13.8 million and $16.3 million compared to $13.5 million for the three months ended June 30, 2013. Expected distributable cash flow for the three months ended June 30, 2014 represents a coverage ratio of 0.84 to 0.99 prior to giving effect to the 7,000,000 common units issued in this offering, or a coverage ratio of 0.72 to 0.85 after giving effect to the issuance of 7,000,000 common units in this offering. The estimated increase in our net income for the three months ended June 30, 2014 as compared to the prior year period is primarily due to a non-cash loss on extinguishment of debt in the amount of $17.5 million

Table of Contents

during the three months ended June 30, 2013, and a non-cash gain on the remeasurement of an unconsolidated investment during the three months ended June 30, 2014, as well as the acquisition of Trailblazer on April 1, 2014. The estimated increase in our Adjusted EBITDA and distributable cash flow for the three months ended June 30, 2014 as compared to the prior year period is primarily due to the acquisition of Trailblazer on April 1, 2014, partially offset by plant downtime experienced and off-spec fees incurred at Tallgrass Midstream during the three months ended June 30, 2014.

We have prepared these estimates on a basis materially consistent with our historical financial results and with our calculation of Adjusted EBITDA and distributable cash flow as presented in Summary Historical Consolidated Financial And Operating Data-Non-GAAP Financial Measures . These estimated ranges are preliminary and unaudited and are thus inherently uncertain and subject to change. Due to the preliminary nature of the ranges, we are unable to reconcile Adjusted EBITDA to net income (loss) and distributable cash flow to Adjusted EBITDA with the estimated range for the three months ended June 30, 2014. Given the timing of these estimates, we have not completed our customary quarterly close and review procedures as of and for the three months ended June 30, 2014, and our actual results for this period may differ from these estimates. During the course of the preparation of our consolidated financial statements and related notes as of and for the three months ended June 30, 2014, we may identify items that could cause our final reported results to be different from the preliminary financial estimates presented above. Important factors that could cause actual results to differ from our preliminary estimates are set forth under the headings Risk Factors and Disclosure Regarding Forward-Looking Statements. These estimates should not be viewed as a substitute for full interim financial statements prepared in accordance with GAAP. In addition, these preliminary estimates for the three months ended June 30, 2014 are not necessarily indicative of the results to be achieved for any future period. We do not expect our consolidated financial statements and related notes as of and for the period ended June 30, 2014 to be publicly announced or filed with the SEC until after this offering is completed.

The following table reconciles Adjusted EBITDA to net loss and distributable cash flow to Adjusted EBITDA for the three months ended June 30, 2013.

	Three Months Ended June 30, 2013
Reconciliation of Adjusted EBITDA to Net Income	
Net loss	$ (11,727)
Add:	
Interest expense, net	3,500
Depreciation and amortization expense	7,436
Loss on extinguishment of debt	17,526
Non-cash gain related to derivative instruments	(848)
Non-cash compensation expenses	85
Adjusted EBITDA	$ 15,972
Less:	
Maintenance capital expenditures	(1,681)
Cash interest cost	(763)
Distributable Cash Flow	$ 13,528

Table of Contents

TALLGRASS DEVELOPMENT

As of July 18, 2014, Tallgrass Development owned 10,085,140 of our common units and 16,200,000 of our subordinated units, representing approximately 63% of our outstanding limited partner interests prior to completion of this offering. Tallgrass Development is controlled by its general partner, Tallgrass Development GP, LLC, which is wholly-owned by Tallgrass GP Holdings, LLC, the sole owner of our general partner. Tallgrass Development contributed the TIGT System and the Midstream Facilities to us in connection with our initial public offering. On April 1, 2014, Tallgrass Development contributed the Trailblazer Pipeline to us pursuant to a contribution and sale agreement. However, Tallgrass Development continues to own and operate a substantial portfolio of midstream assets, including the Pony Express Project and a 50% interest in the Rockies Express Pipeline.

Pursuant to an Omnibus Agreement entered into upon the closing of our initial public offering, among us, our general partner, Tallgrass Development and its general partner, Tallgrass Development granted us a right of first offer to acquire certain assets, including each of the Retained Assets described under Competitive Strengths Relationship with Tallgrass Development above, if Tallgrass Development decides to sell such assets. Tallgrass Development is otherwise under no obligation to offer to sell us additional assets or to pursue acquisitions jointly with us, and we are under no obligation to buy any assets from Tallgrass Development or pursue any such joint acquisitions. However, given the significant economic interest in us held by Tallgrass Development and its affiliates, we believe Tallgrass Development will be incentivized to offer us the opportunity to acquire the Retained Assets (and any other assets it acquires or develops) as each matures into an operating profile more conducive to our principal business objective of increasing the quarterly cash distributions that we pay to our unitholders over time while ensuring the ongoing stability of our business.

PRINCIPAL EXECUTIVE OFFICES AND INTERNET ADDRESS

Our principal executive offices are located at 4200 W. 115th Street, Suite 350, Leawood, Kansas 66211, and our telephone number is (913) 928-6060. Our website is located at *www.tallgrassenergy.com*. We make available our periodic reports and other information filed with or furnished to the Securities and Exchange Commission (SEC) free of charge through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

The following diagram depicts our simplified organizational and ownership structure after giving effect to this offering.

Public Common Units[(1)]	44.21%
Tallgrass Development:	
Common Units	20.64%
Subordinated Units	33.15%
General Partner Units[(2)]	2.0%
Total	100.0%

(1) Assumes no exercise of the underwriters option to purchase additional common units.

(2) Assumes general partner contributes capital to maintain its 2% general partner interest.

Table of Contents

Table of Contents

THE OFFERING

Common units offered by us	7,000,000 common units, or 8,050,000 common units if the underwriters exercise in full their option to purchase an additional 1,050,000 common units.
Common units outstanding before this offering	24,685,140 common units.
Common units outstanding after this offering	31,685,140 common units, or 32,735,140 common units if the underwriters exercise in full their option to purchase an additional 1,050,000 common units.
Use of proceeds	The net proceeds from this offering are approximately $277.8 million, or $319.5 million if the underwriters exercise their option to purchase additional common units in full, in each case after deducting the underwriting discount and estimated offering expenses payable by us.
	We intend to use the net proceeds from this offering (including the net proceeds from the underwriters exercise of their option to purchase additional common units, if any, and any proportionate capital contribution from our general partner to maintain its 2% general partner interest in us) to fund a portion of the purchase price of the potential Pony Acquisition, if such acquisition is approved by the conflicts committee and the board of directors of our general partner. We anticipate funding the remainder of the purchase price from available borrowing capacity under our $850 million revolving credit facility. Pending the use of proceeds for such purpose, we intend to use the net proceeds from this offering to repay debt under our revolving credit facility with any excess to be used for general partnership purposes.
	There is no assurance that the Pony Acquisition will occur on or before a certain time, or at all. The closing of this offering is not conditioned on the consummation of the Pony Acquisition.
	Please read Use of Proceeds.

Cash distributions	Our general partner has adopted a cash distribution policy that requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and it is defined in our partnership agreement. Please read Cash Distribution Policy in the accompanying base prospectus.

Table of Contents

	In general, we will pay any cash distributions we make each quarter in the following manner:
	first, 98.0% to the holders of common units and 2.0% to our general partner, until each common unit has received the minimum quarterly distribution of $0.2875 plus any arrearages from prior quarters;
	second, 98.0% to the holders of subordinated units and 2.0% to our general partner, until each subordinated unit has received the minimum quarterly distribution of $0.2875; and
	third, 98.0% to all common and subordinated unitholders, pro rata, and 2.0% to our general partner, until each unit has received a distribution of $0.3048.
	If cash distributions to our unitholders exceed $0.3048 per unit in any quarter, our general partner, as the holder of our IDRs, will receive, in addition to distributions on its 2.0% general partner interest, increasing percentages, up to 48.0%, of the cash we distribute in excess of that amount.
	On July 1, 2014, the board of directors of our general partner declared a quarterly cash distribution to our limited partners for the second quarter of 2014 of $0.3800 per unit, or $1.52 per unit on an annualized basis. The quarterly distribution is payable on August 14, 2014 to unitholders of record on July 30, 2014. The common units in this offering issued on or prior to July 30, 2014 will be entitled to receive the August 14, 2014 distribution.
Issuance of additional common units	Our partnership agreement authorizes us to issue an unlimited number of additional units without the approval of our limited partners.
Limited voting rights	Our general partner manages and operates us. Unlike

the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to select our general partner or elect members of its board on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. After giving effect to this offering, Tallgrass Development will own an aggregate of approximately 53.79% of our common and subordinated units (assuming no exercise of the underwriter s option to purchase additional common units). Please read Description of Our Partnership Agreement Voting Rights included in the accompanying base prospectus.

Table of Contents

Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, 2016, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. Thereafter, the ratio of allocable taxable income to cash distributions to you could substantially increase. Please read Material Federal Income Tax Consequences.
Material federal income tax consequences	For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Material Federal Income Tax Consequences in this prospectus supplement and Material Federal Income Tax Consequences in the accompanying base prospectus.
New York Stock Exchange symbol	TEP.
Risk factors	You should read the risk factors found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus supplement, to ensure you understand the risks associated with an investment in our common units. Please read Risk Factors.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table shows summary historical financial and operating data of Tallgrass Interstate Gas Transmission, LLC and Tallgrass Midstream, LLC, which we refer to collectively as the Predecessor Entities. The combined financial statements of Tallgrass Interstate Gas Transmission, LLC and Tallgrass Midstream, LLC represent a carve-out financial statement presentation of two wholly-owned subsidiaries that were historically owned by Kinder Morgan Energy Partners, L.P. (NYSE: KMP), or Kinder Morgan. These entities were transferred to Tallgrass Development in connection with its acquisition of a portfolio of midstream assets from Kinder Morgan in November 2012 and were contributed to us in connection with our initial public offering. We refer to the Predecessor Entities as Tallgrass Energy Partners Pre-Predecessor, or TEP Pre-Predecessor, for periods prior to their acquisition by Tallgrass Development from Kinder Morgan on November 13, 2012. We derived the information in the following tables from, and that information should be read together with and is qualified in its entirety by reference to, our historical consolidated financial statements and the accompanying notes incorporated herein by reference. The table should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2014, which are incorporated herein by reference.

We closed our initial public offering on May 17, 2013. For periods prior to the initial public offering, the following summary historical consolidated financial and operating data and related notes reflect the assets, liabilities and results of operations of the TEP Pre-Predecessor presented on a carve-out basis prior to the contribution by Tallgrass Development of all of the equity interests in the Predecessor Entities to the Partnership in connection with the initial public offering. The summary historical consolidated financial and operating data

Table of Contents

covering periods prior to the closing of the initial public offering may not necessarily be indicative of the actual results of operations had those contributed entities been operated separately during those periods.

	TEP				TEP Pre-Predecessor	
	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Year Ended Dec. 31, 2013	Period From Nov. 13 to Dec. 31, 2012	Period From Jan. 1 to Nov. 12, 2012	Year Ended Dec. 31, 2011
	(in thousands, except per unit and operating data)					
Statements of Operations Data:						
Revenues	$ 84,962	$ 33,401	$ 267,708	$ 35,288	$ 220,292	$ 307,043
Operating costs and expenses:						
Cost of sales and transportation services	50,446	29,470	137,285	18,298	101,452	150,120
Operations and maintenance	7,286	6,535	31,945	3,353	29,901	33,294
Depreciation and amortization	6,514	7,546	29,549	4,086	20,647	22,726
General and administrative	6,201	4,634	21,894	7,133	11,318	16,044
Taxes, other than income taxes	1,456	1,777	6,325	1,107	6,861	9,360
Total operating costs and expenses	71,903	49,962	226,998	33,977	170,179	231,544
Operating income	13,059	10,296	40,710	1,311	50,113	75,499
Other income (expense), net(1)	721	339	2,136	482	1	203
Interest (expense) income, net	(1,324)	(5,564)	(2,113)	235	1,661	2,101
Interest expense allocated from TD			(9,028)	(3,436)		
Loss on extinguishment of debt			(17,526)			
Equity in earnings of unconsolidated investment	444					
Income (loss) before income taxes	12,900	5,071	14,179	(1,408)	51,775	77,803
Texas Margin Taxes(2)					279	296
Net income (loss) to member/partners	12,900	5,071	14,179	(1,408)	51,496	77,507
Net income per limited partners unit:						
Basic(3)	0.31		0.17			
Diluted(3)	0.30		0.17			
Balance Sheet Data (at period end):						
Property, plant and equipment, net	593,301		594,911	669,476	717,488	719,009

Total assets	959,077		967,798	1,035,814	767,683	772,896
Long-term debt	135,000		135,000			
Long-term debt allocated from Tallgrass Development				390,491		
Total Member s Equity/Partners capital	745,935		743,941	571,834	727,479	736,808
Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	19,607	32,021	83,666	10,705	81,335	90,505
Investing activities	(7,726)	(8,937)	30,770	(12,687)	(21,692)	(9,960)
Financing activities	(11,881)	(23,084)	(114,436)		(57,661)	(80,545)
Other Financial Data: (unaudited)						
Adjusted EBITDA(4)	22,094	19,100	74,579	5,606	70,761	98,428
Maintenance capital expenditures(5)	839	264	8,773	2,845	6,218	13,443
Distributable Cash Flow (pro forma, where applicable)(6)	20,082	17,145	59,896			
Operating Data: (MMcf/d)						
Transportation firm contracted capacity	636	667	679	702	762	795
Natural gas processing inlet volumes	151	127	133	127	122	117

(1) Consists of gain or loss on sale of assets and other minor items.

Table of Contents

(2) Our Predecessor incurred Texas margin taxes because it was a part of an affiliated group that generated sales in the State of Texas. Upon our acquisition by Tallgrass Development in November 2012, we ceased being subject to Texas margin taxes and are not currently subject to any other entity-level income-based taxes.
(3) The net income allocated to the limited partners is based upon the number of days between the closing of our initial public offering on May 17, 2013 and December 31, 2013.
(4) For discussion of the non-GAAP financial measure Adjusted EBITDA, please read -Non-GAAP Financial Measure below.
(5) Maintenance capital expenditures are cash expenditures incurred (including expenditures for the construction or development of new capital assets) that we expect to maintain our long-term operating income or operating capacity over the long term.
(6) Indicated amounts presented for the three months ended March 31, 2013 and the twelve months ended December 31, 2013 are on a pro forma basis using cash interest cost of $1.7 million and $5.9 million, respectively, which assumes that our initial public offering and related formation transactions, including borrowings under our revolving credit facility, had closed on January 1, 2013. No cash distributions were paid with respect to the first quarter of 2013, and a prorated distribution of available cash was paid for the period from the closing of our initial public offering on May 17, 2013 through the end of the second quarter. Pro forma distributions were calculated using the minimum quarterly distribution for the first two quarters of 2013 and the actual distribution for the third and fourth quarters. Actual cash distributions for the twelve month period ending December 31, 2013, including the fourth quarter distribution which was paid on February 12, 2014, were $0.7547/unit. Pro forma interest expense (inclusive of commitment fees) for the twelve months ended December 31, 2013 was calculated by multiplying the actual cash interest cost for the third quarter of 2013 by three and adding the actual cash interest cost for the fourth quarter of 2013. Actual cash interest cost for the twelve month period ended December 31, 2013 was $3.555 million. The pro forma amounts do not include adjustments for additional costs associated with being a public company during the periods prior to the closing of our initial public offering.

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income excluding the impact of interest, income taxes, depreciation and amortization, non-cash income or loss related to derivative instruments, non-cash long-term compensation expense, impairment losses, gains or losses on asset or business disposals or acquisitions, gains or losses on the repurchase, redemption or early retirement of debt, and earnings from unconsolidated investments, but including the impact of distributions from unconsolidated investments. We did not quantify distributable cash flow on a historical basis, however subsequent to the closing of our initial public offering we began to use distributable cash flow, which we define as Adjusted EBITDA less cash interest cost and maintenance capital expenditures, to analyze our performance. Neither Adjusted EBITDA nor distributable cash flow will be impacted by changes in working capital balances that are reflected in operating cash flow. Distributable cash flow and Adjusted EBITDA are not presentations made in accordance with GAAP.

Adjusted EBITDA and distributable cash flow are non-GAAP supplemental financial measures that management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

our operating performance as compared to other publicly traded partnerships in the midstream energy industry without regard to historical cost basis or financing methods;

the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;

our ability to incur and service debt and fund capital expenditures; and

the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of Adjusted EBITDA and distributable cash flow in this prospectus supplement provides useful information to investors in assessing our financial condition and results of operations. Adjusted EBITDA and distributable cash flow should not be considered an alternative to net income, operating income, cash from operations or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA and distributable cash flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. Additionally, because Adjusted EBITDA and distributable cash flow may be defined differently by other companies in our industry, our definition of Adjusted EBITDA and distributable cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Prior to November 13, 2012, TEP Pre-Predecessor elected to designate derivative instruments in the Gas Transportation and Storage segment as cash flow hedges. As a result, TEP Pre-Predecessor did not record any non-cash income or loss related to derivative instruments. Effective November 13, 2012, TEP de-designated these cash flow hedges, resulting in the recognition of non-cash income and losses related to derivative instruments in periods beginning on November 13, 2012. There are no derivative instruments in the Processing segment for any of the periods presented.

Table of Contents

The following table presents a reconciliation of Adjusted EBITDA to (i) net income and net cash provided by operating activities and (ii) to segment operating income and a reconciliation of distributable cash flow to net cash provided by operating activities, the most directly comparable GAAP financial measures, on a historical basis for each of the periods indicated.

	TEP				TEP Pre-Predecessor	
	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Year Ended Dec. 31, 2013	Period From Nov. 13 to Dec. 31, 2012	Period From Jan. 1 to Nov. 12, 2012	Year Ended Dec. 31, 2011
Reconciliation of Adjusted EBITDA to Net Income						
Net income	$ 12,900	$ 5,071	$ 14,179	$ (1,408)	$ 51,496	$ 77,507
Add:						
Interest expense (income), net	1,324	5,564	11,141	3,201	(1,661)	(2,101)
Depreciation and amortization expense	6,514	7,546	29,549	4,086	20,647	22,726
Loss on extinguishment of debt			17,526			
Non-cash loss (gain) related to derivative instruments	351	919	386	(273)		
Non-cash compensation expense	941		1,798			
Texas Margin Tax					279	296
Distributions from unconsolidated affiliates	508					
Less:						
Equity in earnings of unconsolidated investment	(444)					
Adjusted EBITDA	$ 22,094	$ 19,100	$ 74,579	$ 5,606	$ 70,761	$ 98,428
Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Cash Provided by Operating Activities						
Net cash provided by operating activities	$ 19,607	$ 32,021	$ 83,666	$ 10,705	$ 81,335	$ 90,505
Add:						
Interest expense (income), net	1,324	5,564	11,141	3,201	(1,661)	(2,101)
Texas Margin Tax					279	296
Other, including changes in operating working capital	1,163	(18,485)	(20,228)	(8,300)	(9,192)	9,728
Adjusted EBITDA	$ 22,094	$ 19,100	$ 74,579	$ 5,606	$ 70,761	$ 98,428

Less:						
Maintenance capital expenditures	(839)	(264)	(8,773)			
Cash interest cost (expense) (pro forma, where applicable)[(1)]	(1,173)	(1,691)	(5,910)			
Distributable Cash Flow (pro forma, where applicable)[(1)]	$ 20,082	17,145	$ 59,869			
Reconciliation of Adjusted EBITDA to Operating Income in the Gas Transportation and Storage Segment						
Operating income (loss)	$ 7,484	$ 5,081	$ 27,595	$ (610)	$ 34,563	$ 52,910
Add:						
Depreciation and amortization expense	4,567	5,927	22,829	3,263	17,895	19,751
Non-cash loss (gain) related to derivative instruments	351	919	386	(273)		
Other income	721	229	2,157	482	1	203
Segment Adjusted EBITDA	$ 13,123	$ 12,266	$ 52,967	$ 2,862	$ 52,459	$ 72,864
Reconciliation of Adjusted EBITDA to Operating Income in the Processing Segment						
Operating income	7,141	5,215	16,472	1,921	15,550	22,589
Add:						
Depreciation and amortization expense	1,947	1,619	6,720	823	2,752	2,975
Distributions from unconsolidated affiliates	508					
Segment Adjusted EBITDA	$ 9,596	$ 6,834	$ 23,192	$ 2,744	$ 18,302	$ 25,564

Table of Contents

(1) Indicated amounts presented for the three months ended March 31, 2013 and the twelve months ended December 31, 2013 are on a pro forma basis using cash interest cost of $1.7 million and $5.9 million, respectively, which assumes that our initial public offering and related formation transactions, including borrowings under our revolving credit facility, had closed on January 1, 2013. No cash distributions were paid with respect to the first quarter of 2013, and a prorated distribution of available cash was paid for the period from the closing of our initial public offering on May 17, 2013 through the end of the second quarter. Pro forma distributions were calculated using the minimum quarterly distribution for the first two quarters of 2013 and the actual distribution for the third and fourth quarters. Actual cash distributions for the twelve month period ending December 31, 2013, including the fourth quarter distribution which was paid on February 12, 2014, were $0.7547/unit. Pro forma interest expense (inclusive of commitment fees) for the twelve months ended December 31, 2013 was calculated by multiplying the actual cash interest cost for the third quarter of 2013 by three and adding the actual cash interest cost for the fourth quarter of 2013. Actual cash interest cost for the twelve month period ended December 31, 2013 was $3.555 million. The pro forma amounts do not include adjustments for additional costs associated with being a public company during the periods prior to the closing of our initial public offering.

Table of Contents

RISK FACTORS

Our business is subject to uncertainties and risks. Before you invest in our common units, you should carefully consider the risk factors below, as well as the risk factors beginning on page 2 of the accompanying base prospectus and those included in our most recent Annual Report on Form 10-K, which are incorporated by reference into this prospectus supplement, together with all of the other information included in this prospectus supplement, the accompanying base prospectus and the documents we incorporate by reference. If any of the events or circumstances discussed in the foregoing documents or below actually occurs, our business, financial condition, results of operations, liquidity or ability to make distributions could suffer and you could lose all or part of your investment. Please also read Forward-Looking Statements.

The potential Pony Acquisition may not be completed as anticipated, or if completed, may not be beneficial to us.

The closing of this offering is not conditioned on the consummation of the potential Pony Acquisition. The Pony Acquisition is currently under review by a conflicts committee, we have not entered into a definitive agreement and there is no assurance that the Pony Acquisition will occur on or before a certain time, or at all, or on the terms proposed by Tallgrass Development. If we were unable to consummate the Pony Acquisition, we would not realize the expected benefits of the acquisition, including the additional distributable cash flow we expect to generate from the acquired assets. Accordingly, if you decide to purchase our common units, you should be willing to do so whether or not we complete the Pony Acquisition.

If we are able to negotiate a definitive agreement and receive approval from the conflicts committee and the board of directors of our general partner, the consummation of the Pony Acquisition would involve potential risks, including, without limitation, the failure to realize expected profitability, growth or accretion; the incurrence of liabilities or other compliance costs related to environmental or regulatory matters, including potential liabilities that may be imposed without regard to fault or the legality of conduct; the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate; and construction cost overruns. Additionally, we share a joint tariff with third-party pipelines delivering oil from the Bakken into Guernsey, Wyoming, and one of those pipelines is currently experiencing delays in its construction and expansion efforts, the continuance of which would further delay our ability to utilize the Pony Express Pipeline at full capacity, which in turn could negatively impact our financial performance and results of operations. If we consummate the Pony Acquisition and if these risks or other unanticipated liabilities were to materialize, any desired benefits of the Pony Acquisition may not be fully realized, if at all, and our future financial performance and results of operations could be negatively impacted. In addition, even if the Pony Acquisition was consummated, the conversion of the Pony Express Assets into an oil pipeline, the construction of the southward extension to Cushing, Oklahoma, the construction of the lateral in Northeast Colorado and the expected in-service dates of the pipeline and the lateral may be delayed, all or any one of which could negatively impact our future financial performance and results of operations.

Our operations are subject to governmental laws and regulations relating to the protection of the environment, which may expose us to significant costs, liabilities and expenditures that could exceed our current expectations.

Substantial costs, liabilities, delays and other significant issues related to environmental laws and regulations are inherent in natural gas transportation, storage and processing operations, and as a result, we may be required to make substantial expenditures that could exceed current expectations. Our operations are subject to extensive federal, state, and local laws and regulations governing health and safety aspects of our operations,

environmental protection, including the discharge of materials into the environment, and the security of chemical and industrial facilities. These laws include, but are not limited to, the following:

- Clean Air Act, or CAA, and analogous state laws, which impose obligations related to air emissions;

- Clean Water Act, or CWA, and analogous state laws, which regulate discharge of pollutants contained in wastewater and storm water from our facilities to state and federal waters, including wetlands;

- Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, and analogous state laws, which regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by us or locations to which we have sent wastes for disposal;

- Resource Conservation or Recovery Act, or RCRA, and analogous state laws, which impose requirements for the handling and discharge of hazardous and nonhazardous solid waste from our facilities;

- Occupational Safety and Health Act, or OSHA, which establishes workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures;

- National Environmental Policy Act, or NEPA, which requires federal agencies to evaluate major agency actions having the potential to significantly impact the environment and which may require the preparation of Environmental Assessments and more detailed Environmental Impact Statements that may be made available for public review and comment;

- Migratory Bird Treaty Act, which implements various treaties and conventions between the United States and certain other nations for the protection of migratory birds and, pursuant to which the taking, killing or possessing of migratory birds is unlawful without a permit, thereby potentially requiring the implementation of operating restrictions or a temporary, seasonal, or permanent ban in affected areas;

- Endangered Species Act, or ESA, and analogous state laws, which seek to ensure that activities do not jeopardize endangered or threatened animals, fish and plant species, nor destroy or modify the critical habitat of such species;

- Gold and Bald Eagle Protection Act, or GBEPA, prohibits anyone, without a permit issued by the Secretary of the Interior, from taking bald eagles, including their parts, nests, or eggs. The Act defines take as pursue, shoot, shoot at, poison, wound, kill, capture, trap, collect, molest or disturb.

- Oil Pollution Act, or OPA, and analogous laws, which imposes liability for discharges of oil into waters of the United States and requires facilities which could be reasonably expected to discharge oil into waters of the United States to maintain and implement appropriate spill contingency plans; and

- National Historic Preservation Act, or NHPA, and analogous state laws, which is intended to preserve and protect historical and archeological sites.

Various governmental authorities, including but not limited to the U.S. Environmental Protection Agency, or EPA, the U.S. Department of the Interior, the U.S. Department of Homeland Security, and analogous Federal, State and local agencies have the power to enforce compliance with these laws and regulations and the permits and related plans issued under them, oftentimes requiring difficult and costly actions. Failure to comply with these laws, regulations, permits, plans and agreements may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, the imposition of stricter conditions on or revocation of permits, the issuance of injunctions limiting or preventing some or all of our operations, and delays in granting permits.

There is inherent risk of the incurrence of environmental costs and liabilities in our business, some of which may be material, due to our handling of the products we transport and store, air emissions related to our

Table of Contents

operations, historical industry operations, and waste disposal practices, and the prior use of flow meters and manometers containing mercury. Joint and several, strict liability may be incurred without regard to fault under certain environmental laws and regulations, including but not limited to CERCLA, RCRA and analogous state laws, for the remediation of contaminated areas and in connection with spills or releases of materials associated with natural gas and wastes on, under, or from our properties and facilities. We are currently conducting remediation at several sites to address contamination. For 2014, we have budgeted approximately $576,000 for these ongoing environmental remediation projects. Private parties, including but not limited to the owners of properties through which our pipeline system passes and facilities where our wastes are taken for reclamation or disposal, may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws, regulations and permits issued thereunder, or for personal injury or property damage arising from our operations. Some sites at which we operate are located near current or former third-party hydrocarbon storage and processing or natural gas operations or facilities, and there is a risk that contamination has migrated from those sites to ours that could result in remedial action. In addition, increasingly strict laws, regulations and enforcement policies could materially increase our compliance costs and the cost of any remediation that may become necessary. Our insurance does not cover all environmental risks and costs and may not provide sufficient coverage if an environmental claim is made against us.

In March 2010, the EPA announced its National Enforcement Initiatives for 2011 to 2013, which included the addition of Energy Extraction Activities to its enforcement priorities list. To address its concerns regarding the pollution risks raised by new techniques for oil and gas extraction and coal mining, the EPA is developing an initiative to ensure that energy extraction activities are complying with federal environmental requirements and increasing its inspection and evaluation frequency. In June 2013, the EPA extended the current National Enforcement Initiatives, including the initiative related to Energy Extraction Activities, for 2014 through 2016. We cannot predict what the results of the current initiative or any future initiative will be, or whether federal, state or local laws or regulations will be enacted in this area. If new regulations are imposed related to oil and gas extraction, the volumes of natural gas that we transport and/or process could decline and our results of operations could be materially adversely affected.

Our business may be materially and adversely affected by changed regulations and increased costs due to stricter pollution control requirements or liabilities resulting from non-compliance with required operating or other regulatory permits or plans developed thereunder. Also, we might not be able to obtain or maintain from time to time all required environmental regulatory approvals for our operations, or may have to implement contingencies or conditions in order to obtain such approvals. If there is a delay in obtaining any required environmental regulatory approvals, or if we fail to obtain and comply with them, the operation or construction of our facilities could be prevented or become subject to additional costs, resulting in potentially material adverse consequences to our business, financial condition, results of operations and cash flows.

We are also generally responsible for all liabilities associated with the environmental condition of our facilities and assets, whether acquired or developed, regardless of when the liabilities arose and whether they are known or unknown. In connection with certain acquisitions and divestitures, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses, which may not be covered by insurance. In addition, the steps we could be required to take to bring certain facilities into compliance could be prohibitively expensive, and we might be required to shut down, divest or alter the operation of those facilities, which might cause us to incur losses. For example, in August 2011, the U.S. EPA and the Wyoming Department of Environmental Quality conducted an inspection of the Leak Detection and Repair (LDAR) Program at the Casper Plant in Wyoming. In September 2011, Tallgrass Midstream, LLC received a letter from the U.S. EPA alleging violations of the Standards of Performance of Equipment Leaks for Onshore Natural Gas Processing Plant requirements under the CAA. In April 2013, Tallgrass Midstream, LLC received a letter from the U.S. EPA concerning settlement of this matter. Settlement negotiations with the U.S. EPA are continuing, including attempted resolution of more recently identified LDAR issues. We are not currently able to estimate the costs that may be associated with a settlement or other resolution of this matter, which could be substantial.

Table of Contents

We have agreed to a number of conditions in our environmental permits and associated plans, approvals and authorizations that require the implementation of environmental habitat restoration, enhancement and other mitigation measures that involve, among other things, ongoing maintenance and monitoring. Governmental authorities may require, and community groups and private persons may seek to require, additional mitigation measures in the future to further protect ecologically sensitive areas where we currently operate, and would operate if our facilities are extended or expanded, or if we construct new facilities, and we are unable to predict the effect that any such measures would have on our business, financial position, results of operations or prospects.

Further, such existing laws and regulations may be revised or new laws or regulations may be adopted or become applicable to us. In addition to potential laws and regulations restricting the emission of greenhouse gases, or GHGs, there may also be potential regulations under the New Source Performance Standards, or NSPS, and/or the Maximum Available Control Technology, or MACT, standard promulgated under the CAA that may affect us. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. There can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be materially different from the amounts we currently anticipate. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from our customers, could have a material adverse effect on our business, financial position, results of operations and prospects.

If third-party pipelines or other midstream facilities interconnected to our systems become partially or fully unavailable, or if the volumes we transport do not meet the quality requirements or other specifications of such pipelines or facilities, our revenues and our ability to make distributions to our unitholders could be adversely affected.

Our natural gas transportation, storage and processing facilities connect to other pipelines or facilities owned and operated by unaffiliated third parties, such as Phillips 66 and others. For example, a substantial majority of the NGLs we process are transported on the Powder River pipeline owned by Phillips 66, and therefore, any downtime on this pipeline as a result of maintenance or force majeure would adversely affect us. The continuing operation of such third-party pipelines, processing plants and other midstream facilities is not within our control. These pipelines, plants and other midstream facilities may become unavailable because of testing, turnarounds, line repair, reduced operating pressure, lack of operating capacity, regulatory requirements, curtailments of receipt or deliveries due to insufficient capacity or because of damage from weather events or other operational hazards. In addition, if the costs to us to access and transport on these third-party pipelines significantly increase, our profitability could be reduced. If any such increase in costs occurred, if any of these pipelines or other midstream facilities become unable to receive, transport or process natural gas or NGLs, or if the volumes we transport or process do not meet the quality requirements of such pipelines or facilities, our revenues, operating costs and our ability to make quarterly cash distributions to our unitholders could be adversely affected. For example, in May 2014 Phillips 66 notified us of an allegation that Tallgrass Midstream, LLC had been delivering NGLs to the Powder River NGL pipeline with methanol levels in excess of applicable tolerances. Subsequent third party lab analysis of an April 2014 composite sample from the Douglas Gas Plant confirmed that recent injections may have had excessive levels of methanol. The Douglas plant was shut in completely for five days, and operated at approximately 50% of its processing capacity for another 10 days, as a result. Tallgrass Midstream paid Phillips 66 an off-spec fee equal to $684,923 for the month of April 2014 and anticipates paying off-spec fees of approximately $200,000 and $300,000 for May 2014 and June 2014, respectively. Tallgrass is working with suppliers to reduce methanol levels, but off-spec fees may continue over the next several months. Phillips 66 may also, among other things, seek payment for any other costs (including those associated with overtime, testing, and shipping), penalties or damages allegedly incurred by them in connection with their processing, use or sale of the NGLs. We have sought, and will continue to seek, recovery from our upstream suppliers that we believe have delivered off-spec product to our processing facilities, although the amount of costs and penalties we can recover from upstream suppliers is uncertain. If we are required to make additional substantial payments to Phillips 66 for costs, penalties or other damages and are unable to recover such amounts from upstream suppliers, our revenues and ability to make distributions to unitholders could be adversely affected.

Table of Contents

USE OF PROCEEDS

The net proceeds from this offering are approximately $277.8 million, or $319.5 million if the underwriters exercise their option to purchase additional common units in full, in each case after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering (including the net proceeds from the underwriters exercise of their option to purchase additional common units, if any, and any proportionate capital contribution from our general partner to maintain its 2% general partner interest in us) to fund a portion of the purchase price of the potential acquisition of a 33.3% interest in Tallgrass Pony Express Pipeline, LLC from Tallgrass Development. We anticipate funding the remainder of the purchase price from available borrowing capacity under our $850 million revolving credit facility. Pending the use of proceeds for such purpose, we intend to use the net proceeds from this offering to repay debt under our revolving credit facility with any excess to be used for general partnership purposes.

We desire to acquire a 33.3% interest in Tallgrass Pony Express Pipeline, LLC if such acquisition can be made at a price and on terms that the conflicts committee and the board of directors of our general partner determine to be fair and reasonable to, and in the best interests of, us and our unitholders. However, a definitive agreement for the Pony Acquisition has not been executed at this time and is subject to final review, negotiations and approval by the conflicts committee and by the board of directors of our general partner. Pursuant to the right of first offer in the Omnibus Agreement, Tallgrass Development has offered us the right to purchase a 33.3% interest in Tallgrass Pony Express Pipeline, LLC, which owns the Pony Express Project, for total consideration of $600 million. There is no assurance that the Pony Acquisition will occur on or before a certain time, or at all, or on the terms proposed by Tallgrass Development. The closing of this offering is not conditioned on the consummation of the Pony Acquisition.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2014:

- on a historical basis;
- as adjusted to reflect the acquisition of Trailblazer from Tallgrass Development, including (i) borrowings of approximately $150 million under our revolving credit facility to fund the cash portion of the purchase price, (ii) a decrease in general partner equity of $72.9 million to reflect the excess purchase price over the net book value of Trailblazer s assets and liabilities, (iii) the issuance to Tallgrass Development of 385,140 common units of the Partnership as partial consideration for the acquisition and (iv) the issuance of 7,680 general partner units of the Partnership to our general partner to maintain its 2.0% general partner interest in exchange for an additional capital contribution of approximately $0.3 million; and
- as further adjusted to reflect the sale of 7,000,000 common units in this offering (at an offering price net of the underwriting discount and offering expenses of $39.74 per unit) and the application of the net proceeds therefrom.

You should read this table in conjunction with our financial statements and notes that are incorporated by reference into this prospectus supplement and the accompanying base prospectus for additional information about our capital structure. The following table assumes no exercise of the underwriters option to purchase additional common units.

	As of March 31, 2014		
	Historical	As Adjusted	As Further Adjusted
		(Thousands)	
Cash and cash equivalents	$	$	$
Total debt:			
Revolving credit facility[1][2]	$ 135,000	$ 285,000	$ 7,220
Partners capital[2]:			
Common units public	292,828	292,828	570,608
Tallgrass Development			
Common units	164,402	178,425	178,425
Subordinated units	274,570	274,570	274,570
General partner units	14,135	(58,535)	(58,535)
Total members equity/partners capital	745,935	687,288	965,068
Total capitalization	$ 880,935	$ 972,288	$ 972,288

(1) Based on the cash and cash equivalents and capitalization assumptions above, as of June 30, 2014, we had \$281 million of borrowings under our revolving credit facility, leaving \$569 million for future borrowing based on our borrowing capacity of \$850 million.

(2) Does not include any impact of the potential Pony Acquisition, including any additional borrowings necessary to fund the remaining portion of the purchase price. There is no assurance that the Pony Acquisition will occur on or before a certain time, or at all, or on the terms proposed by Tallgrass Development.

Table of Contents

PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

Our common units trade on the New York Stock Exchange under the symbol TEP. The following table shows the intra-day high and low sales prices per common unit, as reported by the New York Stock Exchange Composite Transactions Tape, and cash distributions paid per common unit for the periods indicated.

Quarter Ended	High	Low	Distributions per Common Unit
September 30, 2014(1)	$ 43.50	$ 39.00	$
June 30, 2014	$ 40.22	$ 34.50	$ 0.3800(2)
March 31, 2014	$ 36.49	$ 25.25	$ 0.3250
December 31, 2013	$ 27.74	$ 23.00	$ 0.3150
September 30, 2013	$ 24.00	$ 21.12	$ 0.2975
June 30, 2013(3)	$ 22.91	$ 20.53	$ 0.1422(4)

(1) The high and low sales prices per common unit are reported through July 18, 2014.

(2) Effective July 1, 2014, our general partner s board of directors approved a quarterly cash distribution for the quarter ended June 30, 2014 of $0.3800 per unit, or $1.52 per unit on an annualized basis, which will be paid on August 14, 2014 to all limited partners of record on July 30, 2014. The common units in this offering issued on or prior to July 30, 2014 will be entitled to receive the August 14, 2014 distribution.

(3) The high and low sales prices per common unit are reported since May 14, 2013, the commencement date of trading.

(4) The distribution represents a prorated amount of our minimum quarterly distribution of $0.2875 per common unit, based upon the number of days between the closing of our initial public offering on May 17, 2013 and the end of the second quarter.

On July 18, 2014, the last sales price of the common units as reported on the New York Stock Exchange was $43.17 per unit. As of July 18, 2014, there were three record holders of our common units.

Table of Contents

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. Although this section updates and adds information related to certain tax considerations, it should be read in conjunction with the risk factors included under the caption Risk Factors Tax Risks to Common Unitholders in our Annual Report on Form 10-K for the year ended December 31, 2013, and with Material Federal Income Tax Consequences in the accompanying base prospectus, which provide a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units. The following discussion is limited as described under the caption Material Federal Income Tax Consequences in the accompanying base prospectus. You are urged to consult with, and depend upon, your own tax counsel or other advisor about the federal, state, local and foreign tax consequences particular to your circumstances.

Ratio of Taxable Income to Distributions

We estimate that a purchaser of common units in this offering who owns those common units from the date of closing of this offering through the record date for distributions for the period ending December 31, 2016, will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed with respect to that period. However, the ratio of taxable income to distributions for any single year in the projection period may be higher or lower. Thereafter, we anticipate that the ratio of taxable income to cash distributions to the unitholders will increase. These estimates are based upon the assumption that earnings from operations will approximate the amount required to make the current quarterly distribution on all units and other assumptions with respect to capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the Internal Revenue Service could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct.

The actual ratio of taxable income to cash distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of taxable income to cash distributions to a purchaser of common units in this offering will be higher, and perhaps substantially higher, than our estimate with respect to the period described above if:

- gross income from operations exceeds the amount required to make quarterly distributions at the current level on all units, yet we only distribute the current quarterly distribution amount on all units; or

- we make a future offering of common units and use the proceeds of this offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering 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 applicable to our assets at the time of this offering.

Tax Treatment of Income Earned Through C Corporation Subsidiary

If the Pony Acquisition is consummated, a portion of our taxable income would be earned through a C corporation subsidiary. Such C corporation subsidiary would be subject to federal income tax on its taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state (and possibly local) income tax at varying rates, on its taxable income. Any such entity level taxes would reduce the cash available for distribution to our unitholders. Distributions from such C corporation subsidiary would generally be taxed again to unitholders as dividend income to the extent of current and accumulated earnings and profits of such subsidiary. The maximum federal income tax rate applicable to such dividend income which is allocable to individuals currently is 20% provided that applicable holding period requirements are satisfied. An individual

Table of Contents

unitholder s share of dividend and interest income from our C corporation subsidiary would constitute portfolio income that could not be offset by the unitholder s share of our other losses or deductions.

Alternative Minimum Tax

Each unitholder will be required to take into account his distributive share of any items of our income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for noncorporate taxpayers is 26.0% on the first $182,500 ($91,250 for married individuals filing separately) of alternative minimum taxable income in excess of the exemption amount and 28.0% on any additional alternative minimum taxable income. Prospective unitholders are urged to consult with their tax advisors as to the impact of an investment in units on their liability for the alternative minimum tax.

Tax-Exempt Organizations and Other Investors

Ownership of common units by tax-exempt entities, including employee benefit plans and individual retirement accounts, non-resident aliens, foreign corporations and other foreign persons raises issues unique to such investors. The relevant rules are complex, and the discussions herein and in the accompanying base prospectus do not address tax considerations applicable to tax-exempt entities, non-resident aliens, foreign corporations and other foreign persons, except as specifically set forth in the accompanying base prospectus. Please read Material Federal Income Tax Consequences Tax-Exempt Organizations and Other Investors in the accompanying base prospectus.

Additional Withholding Requirements

Withholding taxes may apply to certain types of payments made to foreign financial institutions (as specially defined in the Internal Revenue Code of 1986, as amended) and certain other non-U.S. entities. Specifically, a 30.0% withholding tax may be imposed on interest, dividends and other fixed or determinable annual or periodical gains, profits and income from sources within the United States (FDAP Income), or gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States paid to (i) a foreign financial institution (for which purposes includes foreign broker-dealers, clearing organizations, investment companies, hedge funds and certain other investment entities) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or otherwise qualifies for an exemption from this withholding or (ii) a non-financial foreign entity that is a beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements or otherwise qualifies for an exemption from this withholding. An intergovernmental agreement between the United States and an applicable foreign country or future Treasury Regulations may modify these requirements. Under recently finalized Treasury Regulations, withholding only applies to payments of FDAP Income which are made after June 30, 2014, and to payments of relevant gross proceeds which are made after December 31, 2016. Non-U.S. and U.S. unitholders are urged to consult their own tax advisors regarding the possible implications of these withholding provisions on their investment in our common units.

Table of Contents

UNDERWRITING

We are offering the common units described in this prospectus supplement through the underwriters named below. Morgan Stanley & Co. LLC and Barclays Capital Inc. are acting as book-running managers of this offering and representatives of the underwriters. We have entered into an underwriting agreement with the representatives on behalf of the underwriters. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of common units listed next to its name in the following table:

Underwriters	Number of Firm Units
Morgan Stanley & Co. LLC	1,452,500
Barclays Capital Inc.	1,452,500
Citigroup Global Markets Inc.	805,000
RBC Capital Markets, LLC	805,000
Wells Fargo Securities, LLC	805,000
Credit Suisse Securities (USA) LLC	560,000
Deutsche Bank Securities Inc.	560,000
Goldman, Sachs & Co.	560,000
Total	7,000,000

The underwriting agreement provides that the underwriters must buy all of the common units if they buy any of them. However, the underwriters are not required to take or pay for the common units covered by the underwriters option to purchase additional common units described below.

Our common units are offered subject to a number of conditions, including, but not limited to:

receipt and acceptance of our common units by the underwriters; and

the underwriters right to reject orders in whole or in part.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

The underwriting agreement also provides that if an underwriter defaults, the purchase commitment of non-defaulting underwriters may be increased or the offering may be terminated.

Option to Purchase Additional Common Units

We have granted the underwriters an option to buy up to an aggregate of 1,050,000 additional common units. The underwriters have 30 days from the date of this prospectus supplement to exercise this option. If the underwriters exercise this option, they will each purchase additional common units approximately in proportion to the amounts specified in the table above.

Commissions and Discounts

The underwriters initially propose to offer some of the common units to the public at the public offering price that appears on the cover page of this prospectus supplement. Any common units sold by the underwriters to securities dealers may be sold at a discount of up to $0.798 per common unit from the public offering price. Sales of common units made outside of the United States may be made by affiliates of the underwriters.

Table of Contents

If all the common units are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the common units at the price and upon the terms stated therein, and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms.

The following table shows the per common unit and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters option to purchase up to an additional 1,050,000 common units. This underwriting discount is the difference between the initial public offering price of the common units and the amount the underwriters pay to us to purchase the common units from us.

	No Exercise	Full Exercise
Per common unit	$ 1.33	$ 1.33
Total	$ 9,310,000	$ 10,706,500

We estimate that the total expense of this offering payable by us, not including the underwriting discounts and commissions, will be approximately $400,000.

Referral Fee

One of the underwriters of the offering, Wells Fargo Securities, LLC (WFS) entered into a Referral Agreement with its retail brokerage affiliate, Well Fargo Advisors, LLC (WFA), pursuant to which WFS agreed to pay a referral fee of up to $300,000 to WFA, up to 50% of which may be directed by WFA to Timothy Dehaemers, a financial adviser employed by WFA who is also the brother of our President and Chief Executive Officer, for his introduction and referral of WFS to Tallgrass. The referral fee paid from WFS to WFA will be paid solely from the underwriting commissions received by WFS and does not in any way increase the total fees paid by Tallgrass to WFS in connection with the offering.

No Sales of Similar Securities

We, Tallgrass Energy Partners, LP, the executive officers and directors of our general partner, and Tallgrass Operations, LLC, have entered into lock-up agreements with the underwriters. These restrictions will be in effect for a period of 45 days after the date of this prospectus supplement. Under these agreements, we and each of these parties may not, without the prior written approval of Morgan Stanley & Co. LLC and Barclays Capital Inc., (1) offer for sale, sell, pledge, or otherwise dispose of any common units or securities convertible into or exercisable or exchangeable for common units (other than (i) common units issued pursuant to employee benefit plans, qualified option plans or other employee compensation plans or (ii) common units issued to Tallgrass Operations, LLC as consideration for the potential acquisition of an interest in Tallgrass Pony Express Pipeline, LLC), (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of common units, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common units or other securities, in cash or otherwise, (3) make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any common units or securities convertible into or exercisable or exchangeable for common units or any other of our securities, or (4) publicly disclose the intention to do any of the foregoing for a period of 45 days after the date of this prospectus supplement. Notwithstanding the foregoing, we and each of these parties may make bona fide gifts, sales or other dispositions of the common units, in each case that are made exclusively between and among each of the parties to the lock-up, or members of such parties family, or affiliates of such parties, provided that as a condition to such transfer (i) the transferee or donee agrees to be bound by the terms of the lock-up letter, (ii) each party shall not be required by law to make, and shall not voluntarily make, any filing or public announcement of the transfer or disposition prior to the 45 day period referred to above and (iii) each of Morgan Stanley & Co. LLC and Barclays Capital Inc. are provided at least two business days prior notice of the proposed transfer or disposition.

Table of Contents

At any time and without public notice, Morgan Stanley & Co. LLC and Barclays Capital Inc. may, in their sole discretion, release some or all of the securities from these lock-up agreements.

Indemnification and Contribution

We have agreed to indemnify the several underwriters and their controlling persons against certain liabilities, including certain liabilities under the Securities Act. If we are unable to provide this indemnification, we have agreed to contribute to payments the underwriters and its controlling persons may be required to make in respect of those liabilities.

NYSE Listing

Our common units are listed on the NYSE under the symbol TEP.

Price Stabilization, Short Positions

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common units, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common units while this offering is in progress. These transactions may also include making short sales of our common units, which involve the sale by the underwriters of a greater number of common units than they are required to purchase in this offering. Short sales may be covered short sales, which are short positions in an amount not greater than the underwriters option to purchase additional common units referred to above, or may be naked short sales, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their option to purchase additional common units, in whole or in part, or by purchasing common units in the open market. In making this determination, the underwriters will consider, among other things, the price of common units available for purchase in the open market as compared to the price at which they may purchase common units through their option to purchase additional common units.

Naked short sales are in excess of the option to purchase additional common units. The underwriters must close out any naked short position by purchasing common units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common units in the open market that could adversely affect investors who purchased in this offering. The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased common units sold by or for the account of that underwriter in stabilizing or short covering transactions.

As a result of these activities, the price of our common units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market or otherwise.

Table of Contents

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of common units for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter s or selling group member s website and any information contained in any other website maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus supplement and the accompanying base prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment banking, commercial banking and other services for us and our general partner, for which they received or will receive customary fees and expenses. Affiliates of each of the underwriters are lenders under our revolving credit facility and will, in that capacity, receive a portion of the net proceeds from this offering through any repayment of borrowings outstanding under our revolving credit facility.

In the ordinary course of their various business activities, the underwriters and their respective affiliates have made or held, and may in the future make or hold, a broad array of investments including serving as counterparties to certain derivative and hedging arrangements, and may have actively traded, and, in the future may actively trade, debt and equity securities (or related derivative securities), and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investment and securities activities may have involved, and in the future may involve, our securities and instruments. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Because the Financial Industry Regulatory Authority, or FINRA, views the units offered hereby as interests in a direct participation program, the offering is being made in compliance with FINRA Rule 2310. Investor suitability with respect to the units should be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.

Table of Contents

Notice to Investors

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering. This offering document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the common units may only be made to persons (the Exempt Investors), who are:

(a) sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act; and

(b) wholesale clients (within the meaning of section 761G of the Corporations Act), so that it is lawful to offer the common units without disclosure to investors under Chapters 6D and 7 of the Corporations Act.

The common units applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapters 6D and 7 of the Corporations Act would not be required pursuant to an exemption under both section 708 and Subdivision B of Division 2 of Part 7.9 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapters 6D and 7 of the Corporations Act. Any person acquiring common units must observe such Australian on-sale restrictions.

This offering document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area (each, a relevant member state), other than Germany, an offer of securities described in this offering document may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of

- the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of securities shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and includes any relevant implementing measure in each relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the securities as contemplated in this prospectus. Accordingly, no purchaser of the securities, other than the underwriters, is authorized to make any further offer of the securities on behalf of us or the underwriters.

Notice to Prospective Investors in Germany

This offering document has not been prepared in accordance with the requirements for a securities or sales prospectus under the German Securities Prospectus Act (Wertpapierprospektgesetz), the German Sales Prospectus Act (Verkaufsprospektgesetz), or the German Investment Act (Investmentgesetz). Neither the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht BaFin) nor any other German authority has been notified of the intention to distribute the common units in Germany. Consequently, the common units may not be distributed in Germany by way of public offering, public advertisement or in any similar manner and this prospectus and any other document relating to this offering, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the common units to the public in Germany or any other means of public marketing. The common units are being offered and sold in Germany only to qualified investors which are referred to in Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, Section 8f paragraph 2 no. 4 of the German Sales Prospectus Act, and in Section 2 paragraph 11 sentence 2 no. 1 of the German Investment Act. This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

This offering of our common units does not constitute an offer to buy or the solicitation or an offer to sell the common units in any circumstances in which such offer or solicitation is unlawful.

Notice to Prospective Investors in the Netherlands

The common units may not be offered or sold, directly or indirectly, in the Netherlands, other than to qualified investors (gekwalificeerde beleggers) within the meaning of Article 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Notice to Prospective Investors in Switzerland

This offering document is being communicated in Switzerland to a small number of selected investors only. Each copy of this prospectus is addressed to a specifically named recipient and may not be copied, reproduced, distributed or passed on to third parties. The common units are not being offered to the public in Switzerland, and neither this offering document, nor any other offering materials relating to the common units may be distributed in connection with any such public offering.

We have not been registered with the Swiss Financial Market Supervisory Authority FINMA as a foreign collective investment scheme pursuant to Article 120 of the Collective Investment Schemes Act of June 23, 2006 (CISA). Accordingly, the common units may not be offered to the public in or from Switzerland, and neither this offering document, nor any other offering materials relating to the common units may be made available through a public offering in or from Switzerland. The common units may only be offered and this offering document may only be distributed in or from Switzerland by way of private placement exclusively to qualified investors (as this term is defined in the CISA and its implementing ordinance).

Table of Contents

Notice to Prospective Investors in the United Kingdom

Our partnership may constitute a collective investment scheme as defined by section 235 of the Financial Services and Markets Act 2000 (FSMA) that is not a recognised collective investment scheme for the purposes of FSMA (CIS) and that has not been authorised or otherwise approved. As an unregulated scheme, it cannot be marketed in the United Kingdom to the general public, except in accordance with FSMA. This offering document is only being distributed in the United Kingdom to, and is only directed at:

(i) if we are a CIS and are marketed by a person who is an authorised person under FSMA, (a) investment professionals falling within Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) Order 2001, as amended (the CIS Promotion Order) or (b) high net worth companies and other persons falling within Article 22(2)(a) to (d) of the CIS Promotion Order; or

(ii) otherwise, if marketed by a person who is not an authorised person under FSMA, (a) persons who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Financial Promotion Order) or (b) Article 49(2)(a) to (d) of the Financial Promotion Order; and

(iii) in both cases (i) and (ii) to any other person to whom it may otherwise lawfully be made, (all such persons together being referred to as relevant persons). The common units are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such common units will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any common units which are the subject of the offering contemplated by this prospectus will only be communicated or caused to be communicated in circumstances in which Section 21(1) of FSMA does not apply to us.

LEGAL MATTERS

The validity of the common units will be passed upon for us by Baker Botts L.L.P., Austin, Texas. Certain legal matters in connection with the common units offered hereby will be passed upon for the underwriters by Vinson & Elkins L.L.P., Houston, Texas.

AVAILABLE INFORMATION

We file annual, quarterly and other reports and other information with the SEC under the Securities Exchange Act of 1934 (Exchange Act). You may read and copy any document we file at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the operation of the SEC s public reference room. Our SEC filings are available on the SEC s website at http://www.sec.gov. We also make available free of charge on our website at *www.tallgrassenergy.com* all materials that we file electronically with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to these reports as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC. Information contained on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Table of Contents

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. These other documents contain important information about us, our financial condition and results of operations. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference in this prospectus supplement the documents listed below and any subsequent filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed to be furnished and not filed with the SEC) until all offerings under this registration statement are completed:

- our annual report on Form 10-K for the year ended December 31, 2013;
- our quarterly report on Form 10-Q for the three months ended March 31, 2014;
- our current reports on Form 8-K filed on April 2, 2014, April 4, 2014, April 10, 2014, June 30, 2014, and July 21, 2014, respectively (in each case, to the extent filed and not furnished); and
- the description of our common units in our registration statement on Form 8-A filed pursuant to the Exchange Act on May 8, 2013.

You may obtain any of the documents incorporated by reference in this prospectus from the SEC through the SEC s website at the address provided above. You also may request a copy of any document incorporated by reference in this prospectus (including exhibits to those documents specifically incorporated by reference in those documents), at no cost, by visiting our website at *www.tallgrassenergy.com*, or by writing or calling us at the following address:

Tallgrass Energy Partners, LP

4200 W. 115th Street, Suite 350

Leawood, Kansas 66211

Attention: Investor Relations

Telephone: (913) 928-6060

Table of Contents

PROSPECTUS

Tallgrass Energy Partners, LP

COMMON UNITS

Common units representing limited partner interests in Tallgrass Energy Partners, LP may be offered under this prospectus.

We may offer and sell the common units through one or more underwriters, dealers or agents, or directly to purchasers, on a continuous or delayed basis. The aggregate initial offering price of all common units sold by us under this prospectus will not exceed $1,000,000,000.

This prospectus describes only the general terms of the common units and the general manner in which we will offer the common units. The specific terms of any common units we offer will be included in a supplement to this prospectus. The prospectus supplement will describe the specific manner in which we will offer the common units and also may add, update or change information contained in this prospectus.

Our common units are traded on the New York Stock Exchange under the symbol TEP .

Investing in our common units involves risks. You should carefully consider the risk factors described under Risk Factors beginning on page 2 of this prospectus before you make any investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 12, 2014

Table of Contents

TABLE OF CONTENTS

You should rely only on the information we have provided or incorporated by reference in this prospectus. We have not authorized any person to provide you with additional or different information. You should not assume that the information in this prospectus is accurate as of any date other than the date on the cover page of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the documents incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we have filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under this shelf registration process, we may sell, in one or more offerings, up to $1,000,000,000 in total aggregate offering price of securities described in this prospectus. This prospectus provides you with a general description of us and the securities offered under this prospectus.

Each time we sell securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. The prospectus supplement also may add to, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully this prospectus, any prospectus supplement and the additional information described below under the heading Where You Can Find More Information.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. For additional information about our business, operations and financial results, please read the documents incorporated by reference herein as described below in the section entitled Where You Can Find More Information.

As used in this prospectus, we, us and our and similar terms mean Tallgrass Energy Partners, LP and its subsidiaries, unless the context indicates otherwise.

TALLGRASS ENERGY PARTNERS, LP

Tallgrass Energy Partners, LP (NYSE: TEP) is a publicly traded, growth-oriented limited partnership formed to own, operate, acquire and develop midstream energy assets in North America. We currently provide natural gas transportation and storage services for customers in the Rocky Mountain and Midwest regions of the United States through our Tallgrass Interstate Gas Transmission and Trailblazer Pipeline systems and provide processing services for customers in Wyoming through our Casper and Douglas natural gas processing and West Frenchie Draw natural gas treating facilities. We believe we are well-positioned to capture growing natural gas volumes produced in the Denver-Julesburg Basin and the Niobrara and Mississippi Lime shale formations.

Our general partner, Tallgrass MLP GP, LLC, is a Delaware limited liability company and has ultimate responsibility for conducting our business and managing our operations.

Our executive offices are located at 4200 W. 115th Street, Suite 350, Leawood, Kansas 66211, and our telephone number is (913) 928-6060.

Table of Contents

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described in our filings with the SEC referred to under the heading Where You Can Find More Information, as well as the risks included and incorporated by reference in this prospectus, including the risk factors incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2013, as updated by annual, quarterly and other reports and documents we file with the SEC after the date of this prospectus and that are incorporated by reference herein. If any of these risks were to occur, our business, financial condition or results of operations could be adversely affected. In that case, the trading price of our common units could decline and you could lose all or part of your investment. When we offer and sell any securities pursuant to a prospectus supplement, we may include additional risk factors relevant to such securities in the prospectus supplement.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, any prospectus supplement and the documents we incorporate by reference contain forward-looking statements concerning our operations, economic performance and financial condition. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as could, will, may, assume, forecast, position, strategy, expect, intend, plan, estimate, anticipate, believe, project, budget, potential, or continu expressions are used to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this prospectus include our expectations of plans, strategies, objectives, growth and anticipated financial and operational performance, including guidance regarding our and Tallgrass Development s infrastructure programs, revenue projections, capital expenditures and tax position. Forward-looking statements can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, when considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- changes in general economic conditions;
- competitive conditions in our industry;
- actions taken by third-party operators, processors and transporters;
- the demand for natural gas processing, storage and transportation services;

our ability to successfully implement our business plan;

our ability to complete internal growth projects on time and on budget;

the price and availability of debt and equity financing;

the availability and price of natural gas to the consumer compared to the price of alternative and competing fuels;

competition from the same and alternative energy sources;

energy efficiency and technology trends;

Table of Contents

- operating hazards and other risks incidental to transporting, storing and processing natural gas;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- interest rates;
- labor relations;
- large customer defaults;
- changes in tax status;
- the effects of existing and future laws and governmental regulations;
- the effects of future litigation; and
- certain factors discussed elsewhere in this prospectus.

Forward-looking statements speak only as of the date on which they are made. While we may update these statements from time to time, we are not required to do so other than pursuant to the securities laws.

USE OF PROCEEDS

Unless we specify otherwise in any prospectus supplement, we will use the net proceeds we receive from the sale of securities covered by this prospectus for general partnership purposes, which may include, among other things:

- paying or refinancing all or a portion of our indebtedness outstanding at the time; and
- funding working capital, capital expenditures or acquisitions.

The actual application of proceeds from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering. The precise amount and timing of the application of these proceeds will depend upon our funding requirements and the availability and cost of other funds.

Table of Contents

DESCRIPTION OF THE COMMON UNITS

The common units represent limited partner interests in us. The holders of units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of common units in and to partnership distributions, please read this section and Provisions of Our Partnership Agreement Relating to Cash Distributions. For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, please read The Partnership Agreement.

Our outstanding common units are traded on the New York Stock Exchange under the symbol TEP.

Transfer Agent and Registrar

Duties

American Stock Transfer & Trust Company, LLC serves as registrar and transfer agent for our common units. We will pay all fees charged by the transfer agent for transfers of common units except the following that must be paid by unitholders:

- surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;
- special charges for services requested by a common unitholder; and
- other similar fees or charges.

There will be no charge to unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to bad faith, gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign by notice to us or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer or admission is reflected in our register and such limited partner becomes the record holder of the common units so transferred. Each transferee, whether or not such transferee executes our partnership agreement:

will become bound and will be deemed to have agreed to be bound by the terms and conditions of our partnership agreement;

represents that the transferee has the capacity, power and authority to enter into our partnership agreement; and

makes the consents, acknowledgements and waivers contained in our partnership agreement.

We are entitled to treat the nominee holder of a common unit as the absolute owner in the event such nominee is the record holder of such common unit. In that case, the beneficial holder s rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing transfer of securities. Until a common unit has been transferred on our register, we and the transfer agent may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Table of Contents

DESCRIPTION OF OUR PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement. Our partnership agreement is included as an exhibit to the registration statement of which this prospectus constitutes a part. We summarize certain other provisions of the partnership agreement elsewhere in this prospectus, including in Description of the Common Units, Provisions of Our Partnership Agreement Relating to Cash Distributions and Material Income Tax Considerations.

Organization and Duration

Our partnership was organized on February 6, 2013 and will have a perpetual existence unless terminated pursuant to the terms of our partnership agreement.

Purpose

Our purpose under the partnership agreement is limited to any business activity that is approved by our general partner and that lawfully may be conducted by a limited partnership organized under Delaware law; *provided* that our general partner shall not cause us to engage, directly or indirectly, in any business activity that our general partner determines would be reasonably likely to cause us to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes.

Although our general partner has the ability to cause us and our subsidiaries to engage in activities other than the ownership and operation of midstream energy assets, our general partner has no current plans to do so and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing. Our general partner is authorized in general to perform all acts it determines to be necessary or appropriate to carry out our purposes and to conduct our business.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under Limited Liability.

For a discussion of our general partner s right to contribute capital to maintain its 2.0% general partner interest if we issue additional units, please read Issuance of Additional Partnership Interests.

Voting Rights

The following is a summary of the unitholder vote required for the matters specified below. Matters requiring the approval of a unit majority require:

- during the subordination period, the approval of a majority of the outstanding common units, excluding those common units held by our general partner and its affiliates, and a majority of the outstanding subordinated units, voting as separate classes; and after the subordination period, the approval of a majority of the outstanding common units.

In voting their common and subordinated units, our general partner and its affiliates have no duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing.

Table of Contents

Issuance of additional units	No approval right.
Amendment of the partnership agreement	Certain amendments may be made by the general partner without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read Amendment of the Partnership Agreement.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances. Please read Merger, Consolidation, Conversion, Sale or Other Disposition of Assets.
Dissolution of our partnership	Unit majority. Please read Termination and Dissolution.
Continuation of our business upon dissolution	Unit majority. Please read Termination and Dissolution.
Withdrawal of the general partner	Under most circumstances, the approval of unitholders holding at least a majority of the outstanding common units, excluding common units held by our general partner and its affiliates, is required for the withdrawal of our general partner prior to June 30, 2023 in a manner that would cause a dissolution of our partnership. Please read Withdrawal or Removal of the General Partner.
Removal of the general partner	Not less than 66 2/3% of the outstanding units, voting as a single class, including units held by our general partner and its affiliates. Please read Withdrawal or Removal of the General Partner.
Transfer of the general partner interest	Our general partner may transfer all or any part of its general partner interest in us without unitholder approval or the approval of the holders of the incentive distribution rights. Please read Transfer of General Partner Units.
Transfer of incentive distribution rights	Our general partner may transfer any or all of the incentive distribution rights without a vote of our unitholders to an affiliate or another person. Please read Transfer of Subordinated Units and Incentive Distribution Rights.
Reset of incentive distribution levels	No approval right.

Transfer of ownership interests in our general partner	No approval right. Please read Transfer of Ownership Interests in the General Partner.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Revised Uniform Limited Partnership Act, or the Delaware Act, and otherwise acts in conformity with the provisions of the partnership agreement, the limited partner s liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units. If it were determined, however, that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace the general partner;
- to approve some amendments to the partnership agreement; or
- to take other action under the partnership agreement;

constituted participation in the control of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under the laws of Delaware, to the same extent as the general partner. This liability would extend to persons who transact business with us who reasonably believe that the limited partner is a general partner. Neither the partnership agreement nor the Delaware Act specifically provides for legal recourse against the general partner if a limited partner were to lose limited liability through any fault of the general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their limited partner interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited is included in the assets of the limited partnership only to the extent that the fair value of that property exceeds that liability. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the non-recourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except that such person is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

We conduct business in several states and we may have subsidiaries that conduct business in other states in the future. Maintenance of our limited liability as a limited partner or member of our operating subsidiaries may require compliance with legal requirements in the jurisdictions in which our operating subsidiaries conduct business, including qualifying our subsidiaries to do business there.

Limitations on the liability of limited partners or members for the obligations of a limited partnership or limited liability company have not been clearly established in many jurisdictions. If, by virtue of our ownership interest in our operating companies or otherwise, it were determined that we were conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace the general partner, to approve some amendments to the partnership agreement, or to take other action under the partnership agreement constituted participation in the control of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as the general partner under the circumstances. We will operate in a manner that the general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Issuance of Additional Partnership Interests

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units, subordinated units or other partnership interests. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing holders of common units in our net assets and operations.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have special voting rights to which the common units are not entitled. In addition, our partnership agreement does not prohibit the issuance by us or our subsidiaries of equity interests, including equity interests that rank senior to the common units.

Our general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to make additional capital contributions to us to the extent necessary to maintain or attain a 2.0% general partner interest in us. Our general partner s 2.0% interest in us will be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2.0% general partner interest. Moreover, our general partner and its affiliates have the right, which they may from time to time assign in whole or in part to any of their affiliates, to purchase common units, subordinated units or other partnership interests whenever, and on the same terms that, we issue those interests to persons other than our general partner and its affiliates, to the extent necessary to maintain the percentage interest of the general partner and its affiliates, including such interest represented by common units and subordinated units, that existed immediately prior to each issuance. The other holders of common units will not have preemptive rights to acquire additional common units or other partnership interests.

Amendment of the Partnership Agreement

General

Amendments to our partnership agreement may be proposed only by our general partner. However, our general partner has no duty or obligation to propose any amendment and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless such is deemed to have occurred as a result of an amendment approved by at least a majority of the type or class of limited partner interests so affected; or

- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without its consent, which consent may be given or withheld at its option.

The provisions of our partnership agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of the holders of at least 90% of the outstanding units voting together as a single class (including units owned by our general partner and its affiliates).

No Unitholder Approval

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal office, our registered agent or our registered office;

- the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;

Table of Contents

a change that our general partner determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from, in any manner, being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

an amendment that our general partner determines to be necessary or appropriate for the authorization or issuance of additional partnership interests;

any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement or plan of conversion that has been approved under the terms of our partnership agreement;

any amendment that our general partner determines to be necessary or appropriate to reflect and account for the formation by us of, or our investment in, any corporation, partnership or other entity, in connection with our conduct of activities permitted by our partnership agreement;

a change in our fiscal year or taxable year and any other changes that our general partner determines to be necessary or appropriate as a result of such change;

conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance; or

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement without the approval of any limited partner if our general partner determines that those amendments:

do not adversely affect in any material respect the limited partners considered as a whole or any particular class of partnership interests as compared to other classes of partnership interests;

are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed or admitted to trading;

are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or

are required to effect the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

Opinion of Counsel and Unitholder Approval

For amendments of the type not requiring unitholder approval, our general partner is not required to obtain an opinion of counsel to the effect that an amendment will not affect the limited liability of any limited partner under Delaware law. No other amendments to our partnership agreement will become effective without the approval of holders of at least 90% of the outstanding units voting as a single class unless we first obtain such an opinion.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will require the approval of at least a majority of the type or class of partnership interests so affected. Any amendment that would reduce the percentage of units required to take any action, other than to remove our general partner or call a meeting of unitholders, must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be reduced. Any amendment that would increase the percentage of units required to remove our general partner must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than 90% of outstanding units. Any amendment that would increase the percentage of units required to call a meeting of unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute at least a majority of the outstanding units.

Merger, Consolidation, Conversion, Sale or Other Disposition of Assets

A merger, consolidation or conversion of us requires the prior consent of our general partner. However, our general partner has no duty or obligation to consent to any merger, consolidation or conversion and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interest of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing.

In addition, the partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without that approval. Our general partner may also sell any or all of our assets under a foreclosure or other realization upon those encumbrances without that approval. Finally, our general partner may consummate any merger with another limited liability entity without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in an amendment to the partnership agreement requiring unitholder approval, each of our units will be an identical unit of our partnership following the transaction, and the partnership interests to be issued by us in such merger do not exceed 20% of our outstanding partnership interests immediately prior to the transaction.

If the conditions specified in the partnership agreement are satisfied, our general partner may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, our general partner has received an opinion of counsel regarding limited liability and tax matters, and the general partner determines that the governing instruments of the new entity provide the limited partners and the general partner with the same rights and obligations as contained in the partnership agreement. The unitholders are not entitled to dissenters rights of appraisal under the partnership agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Termination and Dissolution

We will continue as a limited partnership until dissolved and terminated under our partnership agreement. We will dissolve upon:

the election of our general partner to dissolve us, if approved by the holders of units representing a unit majority;

Table of Contents

- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;

- the entry of a decree of judicial dissolution of our partnership; or

- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner, other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or withdrawal or removal followed by approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability of any limited partner; and

- neither our partnership nor any of our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes as a result of the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are continued as a new limited partnership, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate to, liquidate our assets and apply the proceeds of the liquidation as described in Provisions of Our Partnership Agreement Relating to Cash Distributions Distributions of Cash Upon Liquidation. The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of the General Partner

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to June 30, 2023 without obtaining the approval of the holders of at least a majority of the outstanding common units, excluding common units held by the general partner and its affiliates, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after June 30, 2023, our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days written notice, and that withdrawal will not constitute a violation of our partnership agreement. Notwithstanding the information above, our general partner may withdraw without unitholder approval upon 90 days notice to the limited partners if at least 50% of the outstanding units are held or controlled by one person and its affiliates other than the general partner and its affiliates. In addition, the partnership agreement permits our general partner to sell or otherwise transfer all of its general partner interest in us without the approval of the unitholders. Please read Transfer of General Partner Units and Transfer of Subordinated Units and Incentive Distribution Rights.

Upon voluntary withdrawal of our general partner by giving written notice to the other partners, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a unit majority agree to continue our business by appointing a successor general partner. Please read Termination and Dissolution.

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units voting as a separate class, and subordinated units, voting as a separate class. The ownership of more than 33 1/3% of the outstanding units by our general partner and its affiliates would give them the practical ability to prevent our general partner s removal.

Our partnership agreement also provides that if our general partner is removed as our general partner under circumstances where cause does not exist:

- the subordinated units held by any person will immediately and automatically convert into common units on a one-for-one basis, provided (i) neither such person nor any of its affiliates voted any of its units in favor of the removal and (ii) such person is not an affiliate of the successor general partner; and

- if all of the subordinated units convert pursuant to the foregoing, all cumulative common unit arrearages on the common units will be extinguished and the subordination period will end.

In the event of removal of a general partner under circumstances where cause exists or withdrawal of a general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the general partner interest and incentive distribution rights of the departing general partner for a cash payment equal to the fair market value of those interests. Under all other circumstances where a general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest of the departing general partner and its incentive distribution rights for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. Or, if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner will become a limited partner and its general partner interest and its incentive distribution rights will automatically convert into common units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner or its affiliates for our benefit.

Transfer of General Partner Units

Our general partner may at its option transfer all or any part of its general partner interest without unitholder approval or the approval of the holders of the incentive distribution rights. As a condition of this transfer, the transferee must assume, among other things, the rights and duties of our general partner, agree to be bound by the provisions of our partnership agreement, and furnish an opinion of counsel regarding limited liability and tax matters.

Transfer of Ownership Interests in the General Partner

At any time, the owner of our general partner may sell or transfer all or part of its ownership interest in our general partner, to an affiliate or third party without the approval of our unitholders.

Table of Contents

Transfer of Subordinated Units and Incentive Distribution Rights

Our general partner and its affiliates may at any time transfer units to one or more persons, without unitholder approval, except that they may not transfer subordinated units to us.

At any time, our general partner may sell or transfer its incentive distribution rights to an affiliate or third party without the approval of our unitholders.

Change of Management Provisions

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Tallgrass MLP GP, LLC as our general partner or otherwise change our management. If any person or group other than our general partner and its affiliates acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from our general partner or its affiliates and any transferees of that person or group who are notified by our general partner that they will not lose their voting rights, to any person or group who acquires the units with the prior approval of the board of directors of our general partner or to transferees of such person or group, provided such transferee is an affiliate of the transferor.

Limited Call Right

If at any time our general partner and its affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the limited partner interests of such class held by unaffiliated persons as of a record date to be selected by our general partner, on at least 10 but not more than 60 days notice. The purchase price in the event of this purchase is the greater of:

- the highest cash price paid by either of our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and

- the current market price calculated in accordance with our partnership agreement as of the date three business days before the date the notice is mailed.

As a result of our general partner s right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at a price that may be lower than market prices at various times prior to such purchase or lower than a unitholder may anticipate the market price to be in the future. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market. Please read Material Income Tax Considerations Disposition of Common Units.

Redemption of Ineligible Holders

In order to avoid any material adverse effect on the maximum applicable rates that can be charged to customers by our subsidiaries on assets that are subject to rate regulation by the FERC or an analogous regulatory body, the general partner can request at any time that each unitholder or transferee of common units certify:

that the transferee or unitholder is an individual or an entity subject to United States federal income taxation on the income generated by us; or

that, if the transferee or unitholder is an entity not subject to United States federal income taxation on the income generated by us, all of the entity s owners are subject to United States federal income taxation on the income generated by us.

Furthermore, in order to avoid a substantial risk of cancellation or forfeiture of any property in which we have an interest as the result of any federal, state or local law or regulation concerning the nationality, citizenship or other related status of any unitholder, our general partner may at any time request unitholders to certify as to, or provide other information with respect to, their nationality, citizenship or other related status.

The certifications as to taxpayer status and nationality, citizenship or other related status can be changed in any manner our general partner determines is necessary or appropriate to implement its original purpose.

If a unitholder fails to furnish the certification or other requested information within 30 days or if our general partner determines, with the advice of counsel, upon review of such certification or other information that a unitholder does not meet the status set forth in the certification, we will have the right to redeem all of the units held by such unitholder (other than affiliates of our general partner) at the market price as of the date three days before the date the notice of redemption is mailed.

The purchase price will be paid in cash or by delivery of a promissory note, as determined by our general partner. Any such promissory note will bear interest at the rate of 5.0% annually and be payable in three equal annual installments of principal and accrued interest, commencing one year after the redemption date. Further, the units subject to redemption will not be entitled to any allocations of income or loss, distributions or voting rights while held by such unitholder.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, record holders of units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

Our general partner does not anticipate that any meeting of unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or, if authorized by our general partner, without a meeting if consents in writing describing the action so taken are signed by holders of the number of units that would be necessary to authorize or take that action at a meeting where all limited partners were present and voted. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called represented in person or by proxy will constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. Please read Issuance of Additional Partnership Interests. However, if at any time any person or group, other than our general partner and its affiliates, a direct transferee of our general partner and its affiliates, a transferee of such direct transferee who is notified by our general partner that it will not lose its voting rights, any person or group who acquires the units with the prior approval of the board of directors of our general partner, or a transferee of any of the foregoing, provided such transferee is an affiliate of the transferor, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes unless the units were acquired in a transaction approved by the board of directors of our general partner. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise. Except as our partnership agreement otherwise provides, subordinated units will vote together with common units as a single class.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of common units under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

Status as Limited Partner

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our register. Except as described under Limited Liability, the common units will be fully paid, and unitholders will not be required to make additional contributions.

Indemnification

Under our partnership agreement, in most circumstances, we indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events:

- our general partner;
- any departing general partner;
- any person who is or was an affiliate of a general partner or any departing general partner;
- any person who is or was a director, officer, managing member, manager, general partner, fiduciary or trustee of our subsidiaries, us or any entity set forth in the preceding three bullet points;
- any person who is or was serving as director, officer, managing member, manager, general partner, fiduciary or trustee of another person owing a fiduciary duty to us or any of our subsidiaries at the request of our general partner or any departing general partner or any of their affiliates; and
- any person designated by our general partner.

Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, our general partner will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We have purchased insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against such liabilities under our partnership agreement.

Exclusive Forum

Our partnership agreement provides that the Court of Chancery of the State of Delaware shall be the exclusive forum for any claims, suits, actions or proceedings (i) arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among our limited partners or of our limited partners to us, or the rights or powers of, or restrictions on, our limited partners or us), (ii) brought in a derivative manner on our behalf, (iii) asserting a claim of breach of a duty (including a fiduciary duty) owed by any of our directors, officers, or other employees, our general partner or any affiliate of our general partner, or owed by our general partner, to us or our limited partners, (iv) asserting a claim arising pursuant to any provision of the Delaware Act or (v) asserting a claim governed by the internal affairs doctrine. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies   certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our partnership agreement to be inapplicable or unenforceable in such action.

Table of Contents

Reimbursement of Expenses

Our partnership agreement requires us to reimburse our general partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our general partner in connection with operating our business. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. The general partner is entitled to determine in good faith the expenses that are allocable to us.

Books and Reports

Our general partner is required to keep appropriate books of our business at our principal offices. The books will be maintained for financial reporting purposes on an accrual basis. For tax and fiscal reporting purposes, our fiscal year is the calendar year.

We will mail or make available by any reasonable means (including posting on or accessible through our or the SEC s website) to record holders of common units, within 105 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by our independent public accountants. Except for our fourth quarter, we will also mail or make available by any reasonable means (including posting on or accessible through our or the SEC s website) summary financial information within 50 days after the close of each quarter.

We will furnish each record holder of a unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to unitholders will depend on the cooperation of unitholders in supplying us with specific information. Every unitholder will receive information to assist him in determining his federal and state tax liability and filing his federal and state income tax returns, regardless of whether he supplies us with information.

Right to Inspect Our Books and Records

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, have furnished to him:

- a current list of the name and last known address of each record holder;

- copies of our partnership agreement and our certificate of limited partnership and all amendments thereto;

- certain information regarding the status of our business and financial condition; and

- such other information regarding our affairs as our general partner determines in its sole discretion is just and reasonable.

Our general partner may, and intends to, keep confidential from the limited partners, trade secrets or other information the disclosure of which our general partner determines is not in our best interests or that we are required by law or by agreements with third parties to keep confidential. Our partnership agreement limits the right to information that a limited partner would otherwise have under Delaware law.

Registration Rights

Under our partnership agreement, we have agreed to register for resale under the Securities Act and applicable state securities laws any common units, subordinated units or other partnership interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of Tallgrass MLP GP, LLC as general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

PROVISIONS OF OUR PARTNERSHIP AGREEMENT RELATING TO CASH DISTRIBUTIONS

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions.

Distributions of Available Cash

General

Our partnership agreement requires that, within 45 days after the end of each quarter, we distribute our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- less, the amount of cash reserves established by our general partner to:
  - provide for the proper conduct of our business (including reserves for our future capital expenditures, for anticipated future credit needs subsequent to that quarter, for legal matters and for refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceedings);
  - comply with applicable law or regulation, any of our debt instruments or other agreements; or
  - provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions if the effect of the establishment of such reserves will prevent us from distributing the minimum quarterly distribution on all common units and any cumulative arrearages on such common units for the current quarter);
- plus, if our general partner so determines, all or any portion of the cash on hand on the date of distribution of available cash for the quarter, including cash on hand resulting from working capital borrowings made subsequent to the end of such quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash received by us after the end of the quarter but on or before the date of distribution of available cash for the quarter, including cash on hand from working capital borrowings made after the end of the quarter but on or before the date of distribution of available cash for that quarter, to pay distributions to unitholders. Under our partnership agreement, working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners, and with the intent of the borrower to repay such borrowings within 12 months with funds other than from additional working capital borrowings.

Intent to Distribute the Minimum Quarterly Distribution

We intend to make a minimum quarterly distribution to the holders of our common units and subordinated units of \$0.2875 per unit, or \$1.15 on an annualized basis, to the extent we have sufficient cash from our operations after the establishment of cash reserves and the payment of costs and expenses, including reimbursements of expenses to our general partner and its affiliates. However, there is no guarantee that we will pay the minimum quarterly distribution on our units in any quarter. The amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement.

Table of Contents

General Partner Interest and Incentive Distribution Rights

Initially, our general partner will be entitled to 2.0% of all quarterly distributions from inception that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest. The general partner s initial 2.0% interest in these distributions will be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2.0% general partner interest.

Our general partner also currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 50.0%, of the cash we distribute from operating surplus (as defined below) in excess of $0.3048 per unit per quarter. The maximum distribution of 50.0% includes distributions paid to our general partner on its 2.0% general partner interest and assumes that our general partner maintains its general partner interest at 2.0%.

Operating Surplus and Capital Surplus

General

All cash distributed to unitholders will be characterized as either being paid from operating surplus or capital surplus. We treat distributions of available cash from operating surplus differently than distributions of available cash from capital surplus.

Operating Surplus

We define operating surplus as:

- $40 million (as described below); plus

- all of our cash receipts after the closing of our initial public offering, excluding cash from interim capital transactions (as defined below) and the termination of commodity and interest rate hedges, provided that cash receipts from the termination of a commodity hedge or interest rate hedge prior to its specified termination date shall be included in operating surplus in equal quarterly installments over the remaining scheduled life of such commodity hedge or interest rate hedge; plus

- working capital borrowings made after the end of a quarter but on or before the date of distribution of available cash for that quarter; plus

- cash distributions (including incremental distributions on incentive distribution rights) paid in respect of equity issued, other than equity issued in our initial public offering, to finance all or a portion of expansion capital expenditures in respect of the period from the date that we enter into a binding obligation to commence the construction, development, acquisition, replacement, improvement or expansion of a capital asset and ending on the earlier to occur of the date the capital asset commences commercial service and the date that it is abandoned or disposed of; plus cash distributions (including incremental distributions on incentive distribution rights) paid in respect of equity issued, other than equity issued in our initial public offering, to pay construction period interest and related fees on debt incurred, or to pay construction period distributions on equity issued, to finance the expansion capital expenditures referred to in the prior bullet, in each case, in respect of the period from the date that we enter into a binding obligation to commence the construction, development, acquisition, replacement, improvement or expansion of a capital asset until the earlier to occur of the date the capital asset is placed in service and the date that it is abandoned or disposed of; less

all of our operating expenditures (as defined below) after the closing of our initial public offering; less

the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less all working capital borrowings not repaid within 12 months after having been incurred, or repaid within such 12-month period with the proceeds of additional working capital borrowings; less

any cash loss realized on disposition of an investment capital expenditure.

As described above, operating surplus does not reflect actual cash on hand that is available for distribution to our unitholders and is not limited to cash generated by operations. For example, it includes a provision that will enable us, if we choose, to distribute as operating surplus up to $40 million of cash we receive in the future from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity interests in operating surplus will be to increase operating surplus by the amount of any such cash distributions. As a result, we may also distribute as operating surplus up to the amount of any such cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures (as described below) and thus reduce operating surplus when repayments are made. However, if working capital borrowings, which increase operating surplus, are not repaid during the 12-month period following the borrowing, they will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowings are in fact repaid, they will not be treated as a further reduction in operating surplus because operating surplus will have been previously reduced by the deemed repayment.

We define interim capital transactions as (i) borrowings, refinancings or refundings of indebtedness (other than working capital borrowings and items purchased on open account or for a deferred purchase price in the ordinary course of business) and sales of debt securities, (ii) sales of equity securities, (iii) sales or other dispositions of assets, other than sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business and sales or other dispositions of assets as part of normal asset retirements or replacements and (iv) a capital contribution.

We define operating expenditures as all of our cash expenditures, including, but not limited to, taxes, reimbursements of expenses of our general partner and its affiliates, director and employee compensation, debt service payments, payments made in the ordinary course of business under interest rate hedge contracts and commodity hedge contracts (provided that payments made in connection with the termination of any interest rate hedge contract or commodity hedge contract prior to the expiration of its settlement or termination date specified therein will be included in operating expenditures in equal quarterly installments over the remaining scheduled life of such interest rate hedge contract or commodity hedge contract and amounts paid in connection with the initial purchase of a rate hedge contract or a commodity hedge contract will be amortized at the life of such rate hedge contract or commodity hedge contract), maintenance capital expenditures (as discussed in further detail below), and repayment of working capital borrowings; provided, however, that operating expenditures will not include:

repayments of working capital borrowings where such borrowings have previously been deemed to have been repaid (as described above);

payments (including prepayments and prepayment penalties) of principal of and premium on indebtedness other than working capital borrowings;

expansion capital expenditures (including interest and fees incurred on construction debt);

investment capital expenditures;

payment of transaction expenses (including taxes) relating to interim capital transactions;

distributions to our partners; or

repurchases of partnership interests (excluding repurchases we make to satisfy obligations under employee benefit plans).

Capital Surplus

Capital surplus is defined in our partnership agreement as any distribution of available cash in excess of our cumulative operating surplus. Accordingly, except as described above, capital surplus would generally be generated by:

- borrowings other than working capital borrowings;
- sales of our equity and debt securities; and
- sales or other dispositions of assets, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of ordinary course retirement or replacement of assets.

Characterization of Cash Distributions

Our partnership agreement requires that we treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since the closing of our initial public offering equals the operating surplus from the closing of our initial public offering through the end of the quarter immediately preceding that distribution. Our partnership agreement requires that we treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

Capital Expenditures

Expansion capital expenditures are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of equipment and the construction, development or acquisition of additional pipeline, storage, treating or processing capacity to the extent such capital expenditures are expected to expand our operating capacity or our operating income. Expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of expansion capital expenditures in respect of the period from the date that we enter into a binding obligation to commence the construction, development, replacement, improvement or expansion of a capital asset and ending on the earlier to occur of the date that such capital improvement commences commercial service and the date that such capital improvement is abandoned or disposed of.

Maintenance capital expenditures are cash expenditures incurred (including expenditures for the construction or development of new capital assets) that we expect to maintain our operating capacity or operating income over the long term. Examples of maintenance capital expenditures are expenditures to repair, refurbish and replace pipelines, to connect new wells to maintain throughput, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures. Investment capital expenditures largely will consist of capital expenditures made for investment purposes. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes or development of facilities that are in excess of the maintenance of our existing operating capacity or operating income, but that are not expected to expand our operating capacity or operating income over the long term.

Capital expenditures that are made in part for maintenance capital purposes, investment capital purposes and/or expansion capital purposes will be allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditure by our general partner.

Table of Contents

Subordination Period

General

Our partnership agreement provides that, during the subordination period (which we define below), the common units will have the right to receive distributions of available cash from operating surplus each quarter in an amount equal to $0.2875 per common unit, which amount is defined in our partnership agreement as the minimum quarterly distribution, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. These units are deemed subordinated because for a period of time, referred to as the subordination period, the subordinated units will not be entitled to receive any distributions until the common units have received the minimum quarterly distribution plus any arrearages from prior quarters. Furthermore, no arrearages will be paid on the subordinated units. The practical effect of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

Subordination Period

The subordination period began on May 17, 2013, the closing date of our initial public offering, and except as described below, will extend until the first business day of any quarter beginning after June 30, 2016, that each of the following tests are met:

- distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $1.15 per unit (the annualized minimum quarterly distribution), for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date;

- the adjusted operating surplus (as defined below) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of $1.15 per unit (the annualized minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during those periods on a fully diluted, weighted average basis; and

- there are no arrearages in payment of the minimum quarterly distribution on the common units.

Early Termination of Subordination Period

Notwithstanding the foregoing, the subordination period will automatically terminate on the first business day following the distribution of available cash in respect of any quarter, beginning with the quarter ending June 30, 2014, that each of the following tests are met:

- distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $1.725 per unit (150% of the annualized minimum quarterly distribution), for the four-quarter period immediately preceding that date;

the adjusted operating surplus (as defined below) generated during the four-quarter period immediately preceding that date equaled or exceeded the sum of (i) $1.725 per unit (150% of the annualized minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during those periods on a fully diluted, weighted average basis and (ii) the corresponding distributions on the incentive distribution rights; and

there are no arrearages in payment of the minimum quarterly distribution on the common units.

Table of Contents

In addition, and notwithstanding the foregoing, the subordination period will also automatically terminate,

- with respect to 50% of the subordinated units, on the first business day following the distribution of available cash in respect of any quarter, beginning with the quarter ending December 31, 2014, that each of the following tests are met:

  - distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $0.3306 per unit (115% of the minimum quarterly distribution), for the quarter immediately preceding that date;

  - the adjusted operating surplus (as defined below) generated during the quarter immediately preceding that date equaled or exceeded the sum of (i) $0.3306 per unit (115% of the minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during that period on a fully diluted, weighted average basis and (ii) the corresponding distributions on the incentive distribution rights; and

  - there are no arrearages in payment of the minimum quarterly distribution on the common units.

- with respect to 100% of the subordinated units, on the first business day following the distribution of available cash in respect of any quarter, beginning with the quarter ending December 31, 2014, that each of the following tests are met:

  - distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $0.3594 per unit (125% of the minimum quarterly distribution), for the quarter immediately preceding that date;

  - the adjusted operating surplus (as defined below) generated during the quarter immediately preceding that date equaled or exceeded the sum of (i) $0.3594 per unit (125% of the minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during that period on a fully diluted, weighted average basis and (ii) the corresponding distributions on the incentive distribution rights; and

  - there are no arrearages in payment of the minimum quarterly distribution on the common units.

Expiration Upon Removal of the General Partner

In addition, if the unitholders remove our general partner other than for cause:

- the subordinated units held by any person will immediately and automatically convert into common units on a one-for-one basis, provided (i) neither such person nor any of its affiliates voted any of its units in favor of the removal and (ii) such person is not an affiliate of the successor general partner; and

- if all of the subordinated units convert pursuant to the foregoing, all cumulative common unit arrearages on the common units will be extinguished and the subordination period will end.

Expiration of the Subordination Period

When the subordination period ends, each outstanding subordinated unit will convert into one common unit and will thereafter participate pro rata with the other common units in distributions of available cash.

Adjusted Operating Surplus

Adjusted operating surplus is intended to reflect the cash generated from operations during a particular period and therefore excludes net changes in working capital borrowings and net drawdowns of reserves of cash established in prior periods. Adjusted operating surplus for a period consists of:

- operating surplus generated with respect to that period (excluding any amounts attributable to the item described in the first bullet point under the caption Operating Surplus and Capital Surplus Operating Surplus above); less any net increase in working capital borrowings with respect to that period; less

any net decrease in cash reserves for operating expenditures with respect to that period not relating to an operating expenditure made with respect to that period; plus

any net decrease in working capital borrowings with respect to that period; plus

any net decrease made in subsequent periods to cash reserves for operating expenditures initially established with respect to that period to the extent such decrease results in a reduction in adjusted operating surplus in subsequent periods pursuant to the third bullet point above; plus

any net increase in cash reserves for operating expenditures with respect to that period required by any debt instrument for the repayment of principal, interest or premium.

Distributions of Available Cash from Operating Surplus during the Subordination Period

We will make distributions of available cash from operating surplus for any quarter during the subordination period in the following manner:

first, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter;

second, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period;

third, 98.0% to the subordinated unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and

thereafter, in the manner described in General Partner Interest and Incentive Distribution Rights below.

The preceding discussion is based on the assumptions that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of equity securities.

Distributions of Available Cash from Operating Surplus after the Subordination Period

We will make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner:

first, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

thereafter, in the manner described in General Partner Interest and Incentive Distribution Rights below.

The preceding discussion is based on the assumptions that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of equity securities.

General Partner Interest and Incentive Distribution Rights

Our partnership agreement provides that our general partner initially will be entitled to 2.0% of all distributions that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us in order to maintain its 2.0% general partner interest if we issue additional units. Our general partner s 2.0% interest, and the percentage of our cash distributions to which it is entitled from such 2.0% interest, will be proportionately reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us in order to maintain its 2.0% general partner interest. Our partnership agreement does not require that our general partner fund its capital contribution with cash. It may instead fund its capital contribution by the contribution to us of common units or other property.

Incentive distribution rights represent the right to receive an increasing percentage (13.0%, 23.0% and 48.0%) of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in our partnership agreement.

The following discussion assumes that our general partner maintains its 2.0% general partner interest and that our general partner continues to own all of the incentive distribution rights.

If for any quarter:

- we have distributed available cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum quarterly distribution; and

- we have distributed available cash from operating surplus on outstanding common units in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

then, we will distribute any additional available cash from operating surplus for that quarter among the unitholders and our general partner in the following manner:

- *first*, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until each unitholder receives a total of $0.3048 per unit for that quarter (the first target distribution);

- *second*, 85.0% to all unitholders, pro rata, and 15.0% to our general partner, until each unitholder receives a total of $0.3536 per unit for that quarter (the second target distribution);

- *third*, 75.0% to all unitholders, pro rata, and 25.0% to our general partner, until each unitholder receives a total of $0.4313 per unit for that quarter (the third target distribution); and

- *thereafter*, 50.0% to all unitholders, pro rata, and 50.0% to our general partner.

Percentage Allocations of Available Cash From Operating Surplus

The following table illustrates the percentage allocations of available cash from operating surplus between the unitholders and our general partner based on the specified target distribution levels. The amounts set forth under Marginal Percentage Interest in Distributions are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column Total Quarterly Distribution Per Unit Target Amount. The percentage interests shown for our unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below for our general partner include its 2.0% general partner interest and assume that our general partner has contributed any additional capital necessary to maintain its 2.0% general partner interest, our general partner has not transferred its incentive distribution rights and that there are no arrearages on common units.

	Total Quarterly Distribution per Unit Target Amount	**Marginal Percentage Interest in Distributions**	
		Unitholders	**General Partner**
Minimum Quarterly Distribution	$0.2875	98.0%	2.0%
First Target Distribution	above $0.2875 up to $0.3048	98.0%	2.0%
Second Target Distribution	above $0.3048 up to $0.3536	85.0%	15.0%
Third Target Distribution	above $0.3536 up to $0.4313	75.0%	25.0%
Thereafter	above $0.4313	50.0%	50.0%

Table of Contents

General Partner s Right to Reset Incentive Distribution Levels

Our general partner, as the initial holder of our incentive distribution rights, has the right under our partnership agreement, subject to certain conditions, to elect to relinquish the right to receive incentive distribution payments based on the initial target distribution levels and to reset, at higher levels, the minimum quarterly distribution amount and target distribution levels upon which the incentive distribution payments to our general partner would be set. If our general partner transfers all or a portion of our incentive distribution rights in the future, then the holder or holders of a majority of our incentive distribution rights will be entitled to exercise this right. The following discussion assumes that our general partner holds all of the incentive distribution rights at the time that a reset election is made. Our general partner s right to reset the minimum quarterly distribution amount and the target distribution levels upon which the incentive distributions payable to our general partner are based may be exercised, without approval of our unitholders or the conflicts committee, at any time when there are no subordinated units outstanding, we have made cash distributions to the holders of the incentive distribution rights at the highest level of incentive distribution for each of the four consecutive fiscal quarters immediately preceding such time and the amount of each such distribution did not exceed adjusted operating surplus for such quarter, respectively. If our general partner and its affiliates are not the holders of a majority of the incentive distribution rights at the time an election is made to reset the minimum quarterly distribution amount and the target distribution levels, then the proposed reset will be subject to the prior written concurrence of the general partner that the conditions described above have been satisfied. The reset minimum quarterly distribution amount and target distribution levels will be higher than the minimum quarterly distribution amount and the target distribution levels prior to the reset such that our general partner will not receive any incentive distributions under the reset target distribution levels until cash distributions per unit following this event increase as described below. We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made to our general partner.

In connection with the resetting of the minimum quarterly distribution amount and the target distribution levels and the corresponding relinquishment by our general partner of incentive distribution payments based on the target distributions prior to the reset, our general partner will be entitled to receive a number of newly issued common units based on a predetermined formula described below that takes into account the cash parity value of the average cash distributions related to the incentive distribution rights received by our general partner for the two quarters immediately preceding the reset event as compared to the average cash distributions per common unit during that two-quarter period. In addition, our general partner will be issued the number of general partner units necessary to maintain our general partner s interest in us immediately prior to the reset election.

The number of common units that our general partner would be entitled to receive from us in connection with a resetting of the minimum quarterly distribution amount and the target distribution levels then in effect would be equal to the quotient determined by dividing (x) the average aggregate amount of cash distributions received by our general partner in respect of its incentive distribution rights during the two consecutive fiscal quarters ended immediately prior to the date of such reset election by (y) the average of the aggregate amount of cash distributed per common unit during each of these two quarters.

Following a reset election, the minimum quarterly distribution amount will be reset to an amount equal to the average cash distribution amount per common unit for the two fiscal quarters immediately preceding the reset election (which amount we refer to as the reset minimum quarterly distribution) and the target distribution levels will be reset to be correspondingly higher such that we would distribute our available cash from operating surplus for each quarter thereafter as follows:

first, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until each unitholder receives an amount equal to 106.0% of the reset minimum quarterly distribution for that quarter;

second, 85.0% to all unitholders, pro rata, and 15.0% to our general partner, until each unitholder receives an amount per unit equal to 123.0% of the reset minimum quarterly distribution for the quarter;

Table of Contents

third, 75.0% to all unitholders, pro rata, and 25.0% to our general partner, until each unitholder receives an amount per unit equal to 150.0% of the reset minimum quarterly distribution for the quarter; and

thereafter, 50.0% to all unitholders, pro rata, and 50.0% to our general partner.

The following table illustrates the percentage allocations of available cash from operating surplus between the unitholders and our general partner at various cash distribution levels (i) pursuant to the cash distribution provisions of our partnership agreement in effect at the completion of our initial public offering, as well as (ii) following a hypothetical reset of the minimum quarterly distribution and target distribution levels based on the assumption that the average quarterly cash distribution amount per common unit during the two fiscal quarters immediately preceding the reset election was $0.50.

		Marginal Percentage Interest in Distribution			
	Quarterly Distribution per Unit Prior to Reset	**Unitholders**	**2% General Partner**	**Incentive Distribution Rights**	**Quarterly Distribution per Unit following Hypothetical Reset**
Minimum Quarterly Distribution	$0.2875	98.0%	2.0%		$0.5000
First Target Distribution	above $0.2875 up to $0.3048	98.0%	2.0%		above $0.5000 up to $0.5300(1)
Second Target Distribution	above $0.3048 up to $0.3536	85.0%	2.0%	13%	above $0.5300 up to $0.6150(2)
Third Target Distribution	above $0.3536 up to $0.4313	75.0%	2.0%	23%	above $0.6150 up to $0.7500(3)
Thereafter	above $0.4313	50.0%	2.0%	48%	above $0.7500

(1) This amount is 106.0% of the hypothetical reset minimum quarterly distribution.
(2) This amount is 123.0% of the hypothetical reset minimum quarterly distribution.
(3) This amount is 150.0% of the hypothetical reset minimum quarterly distribution.

The following table illustrates the total amount of available cash from operating surplus that would be distributed to the unitholders and our general partner, including in respect of incentive distribution rights, based on an average of the amounts distributed for the two quarters immediately prior to the reset. The table assumes that immediately prior to the reset there would be 40,885,140 common units outstanding, our general partner s 2.0% interest has been maintained, and the average distribution to each common unit would be $0.50 per quarter for the two consecutive non-overlapping quarters prior to the reset.

	Quarterly Distribution per Unit Prior to Reset	Common Unitholders Cash Distribution Prior to Reset	General Partner Cash Distributions Prior to Reset 2% General Partner Interest	Incentive Distribution Rights	Total	Total Distributions
Minimum Quarterly Distribution	$0.2875	$ 11,754,478	$ 239,887	$	$ 239,887	$ 11,994,365
First Target Distribution	above $0.2875 up to $0.3048	707,313	14,435		14,435	$ 721,748
Second Target Distribution	above $0.3048 up to $0.3536	1,995,195	46,946	305,147	352,093	$ 2,347,288
Third Target Distribution	above $0.3536 up to $0.4313	3,176,775	84,714	974,211	1,058,925	$ 4,235,700
Thereafter	above $0.4313	2,808,809	112,352	2,696,457	2,808,809	$ 5,617,618
		$ 20,442,570	$ 498,334	$ 3,975,815	$ 4,474,149	$ 24,916,719

Table of Contents

The following table illustrates the total amount of available cash from operating surplus that would be distributed to the unitholders and the general partner, including in respect of incentive distribution rights, with respect to the quarter after the reset occurs. The table reflects that as a result of the reset there would be 48,836,770 common units outstanding, our general partner has maintained its 2.0% general partner interest, and that the distribution on each common unit for such quarter is $0.50. The number of common units issued as a result of the reset was calculated by dividing (x) $3,975,815 as the average of the amounts received by the general partner in respect of its incentive distribution rights for the two consecutive non-overlapping quarters prior to the reset as shown in the table above, by (y) the average of the cash distributions made on each common unit per quarter for the two consecutive non-overlapping quarters prior to the reset as shown in the table above, or $0.50.

			General Partner Cash Distributions After Reset				
	Quarterly Distribution per Unit Prior to Reset	**Common Unitholders Cash Distribution After Reset**	**Common Units Issued As a Result of the Reset**	**2% General Partner Interest**	**Incentive Distribution Rights**	**Total**	**Total Distributions**
Minimum Quarterly Distribution	$0.5000	$ 20,442,570	$ 3,975,815	$ 498,334	$	$ 4,474,149	$ 24,916,719
First Target Distribution	above $0.5000 up to $0.5300						
Second Target Distribution	above $0.5300 up to $0.6150						
Third Target Distribution	above $0.6150 up to $0.7500						
Thereafter	above $0.7500						
		$ 20,442,570	$ 3,975,815	$ 498,334	$	$ 4,474,149	$ 24,916,719

Our general partner will be entitled to cause the minimum quarterly distribution amount and the target distribution levels to be reset on more than one occasion, provided that it may not make a reset election except at a time when it has received incentive distributions for the immediately preceding four consecutive fiscal quarters based on the highest level of incentive distributions that it is entitled to receive under our partnership agreement.

Distributions from Capital Surplus

How Distributions from Capital Surplus Will Be Made

We will make distributions of available cash from capital surplus, if any, in the following manner:

first, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until the minimum quarterly distribution is reduced to zero, as described below under Effect of a Distribution from Capital Surplus ;

second, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit, an amount of available cash from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the common units; and

thereafter, as if such distributions were from operating surplus.

The preceding discussion is based on the assumptions that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of equity securities.

Table of Contents

Effect of a Distribution from Capital Surplus

Our partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from our initial public offering, which is a return of capital. The initial public offering price less any distributions of capital surplus per unit is referred to as the unrecovered initial unit price. Each time a distribution of capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the corresponding reduction in the unrecovered initial unit price. Because distributions of capital surplus will reduce the minimum quarterly distribution after any of these distributions are made, it may be easier for our general partner to receive incentive distributions and for the subordinated units to convert into common units. However, any distribution of capital surplus before the unrecovered initial unit price is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Once we distribute capital surplus on a unit issued in our initial public offering in an amount equal to the initial unit price, we will reduce the minimum quarterly distribution and the target distribution levels to zero. We will then make all future distributions from operating surplus, with 50.0% being paid to the unitholders, pro rata, and 50.0% to our general partner. The percentage interests shown for our general partner include its 2.0% general partner interest and assume that our general partner has not transferred the incentive distribution rights.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our units into fewer units or subdivide our units into a greater number of units, we will proportionately adjust:

- the minimum quarterly distribution;
- target distribution levels;
- the unrecovered initial unit price;
- the number of general partner units comprising the general partner interest; and
- the arrearages in payment of the minimum quarterly distribution on the common units

For example, if a two-for-one split of the common units should occur, the minimum quarterly distribution, the target distribution levels and the unrecovered initial unit price would each be reduced to 50.0% of its initial level, and each subordinated unit would be split into two subordinated units. We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if legislation is enacted or if the official interpretation of existing law is modified by a governmental authority, so that we become taxable as a corporation or otherwise subject to taxation as an entity for federal, state or local income tax purposes, our partnership agreement specifies that the minimum quarterly distribution and the target distribution levels for each quarter may be reduced by multiplying each distribution level by a fraction, the numerator of which is available cash for that quarter (reduced by the amount of the estimated tax liability for such quarter payable by reason of such legislation or interpretation) and the denominator of which is the sum of available cash for that quarter (reduced by the amount of the estimated tax liability for such quarter payable by reason of such legislation or interpretation) plus our general partner s estimate of our aggregate liability for the quarter for such income taxes payable by reason of such legislation or interpretation. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference may be accounted for in subsequent quarters.

Table of Contents

Distributions of Cash Upon Liquidation

General

If we dissolve in accordance with our partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and our general partner, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

The allocations of gain and loss upon liquidation are intended, to the extent possible, to entitle the holders of outstanding common units to a preference over the holders of outstanding subordinated units upon our liquidation, to the extent required to permit common unitholders to receive their unrecovered initial unit price plus the minimum quarterly distribution for the quarter during which liquidation occurs plus any unpaid arrearages in payment of the minimum quarterly distribution on the common units. However, there may not be sufficient gain upon our liquidation to enable the holders of common units to fully recover all of these amounts, even though there may be cash available for distribution to the holders of subordinated units. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the incentive distribution rights of our general partner.

Manner of Adjustments for Gain

The manner of the adjustment for gain is set forth in our partnership agreement. If our liquidation occurs before the end of the subordination period, we will allocate any gain to our partners in the following manner:

- *first*, to our general partner to the extent of any negative balance in its capital account;

- *second*, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until the capital account for each common unit is equal to the sum of: (1) the unrecovered initial unit price; (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs; and (3) any unpaid arrearages in payment of the minimum quarterly distribution;

- *third*, 98.0% to the subordinated unitholders, pro rata, and 2.0% to our general partner, until the capital account for each subordinated unit is equal to the sum of: (1) the unrecovered initial unit price; and (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs;

- *fourth*, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the minimum quarterly distribution per unit that we distributed 98.0% to the unitholders, pro rata, and 2.0% to our general partner, for each quarter of our existence;

fifth, 85.0% to all unitholders, pro rata, and 15.0% to our general partner, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the first target distribution per unit that we distributed 85.0% to the unitholders, pro rata, and 15.0% to our general partner for each quarter of our existence;

sixth, 75.0% to all unitholders, pro rata, and 25.0% to our general partner, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the second target distribution per unit that we distributed 75.0% to the unitholders, pro rata, and 25.0% to our general partner for each quarter of our existence;

thereafter, 50.0% to all unitholders, pro rata, and 50.0% to our general partner.

Table of Contents

The percentages set forth above are based on the assumption that our general partner has not transferred its incentive distribution rights and that we do not issue additional classes of equity securities.

If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that clause (3) of the second bullet point above and all of the third bullet point above will no longer be applicable.

Manner of Adjustments for Losses

If our liquidation occurs before the end of the subordination period, after making allocations of loss to the general partner and the unitholders in a manner intended to offset in reverse order the allocations of gains that have previously been allocated, we will generally allocate any loss to our general partner and unitholders in the following manner:

- *first*, 98.0% to the holders of subordinated units in proportion to the positive balances in their capital accounts and 2.0% to our general partner, until the capital accounts of the subordinated unitholders have been reduced to zero;

- *second*, 98.0% to the holders of common units in proportion to the positive balances in their capital accounts and 2.0% to our general partner, until the capital accounts of the common unitholders have been reduced to zero; and

- *thereafter*, 100.0% to our general partner.

If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that all of the first bullet point above will no longer be applicable.

Adjustments to Capital Accounts

Our partnership agreement requires that we make adjustments to capital accounts upon the issuance of additional units. In this regard, our partnership agreement specifies that we allocate any unrealized and, for tax purposes, unrecognized gain resulting from the adjustments to the unitholders and the general partner in the same manner as we allocate gain upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional units, our partnership agreement requires that we generally allocate any later negative adjustments to the capital accounts resulting from the issuance of additional units or upon our liquidation in a manner which results, to the extent possible, in the partners capital account balances equaling the amount which they would have been if no earlier positive adjustments to the capital accounts had been made. In contrast to the allocations of gain, and except as provided above, we generally will allocate any unrealized and unrecognized loss resulting from the adjustments to capital accounts upon the issuance of additional units to the unitholders and our general partner based on their respective percentage ownership of us. In this manner, prior to the end of the subordination period, we generally will allocate any such loss equally with respect to our common and subordinated units. If we make negative adjustments to the capital accounts as a result of such loss, future positive adjustments resulting from the issuance of additional units will be allocated in a manner designed to reverse the prior negative adjustments, and special allocations will be made upon liquidation in a manner that results, to the extent possible, in our unitholders capital account balances equaling the amounts they would have been if no earlier adjustments for loss had been made.

30

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

This section is a summary of the material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the U.S. and, unless otherwise noted in the following discussion, is the opinion of Baker Botts L.L.P., counsel to our general partner and us, insofar as it relates to legal conclusions with respect to matters of U.S. federal income tax law. This section is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), existing and proposed Treasury regulations promulgated under the Code (the Treasury Regulations) and current administrative rulings and court decisions, all of which are subject to change. Later changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

The following discussion does not comment on all federal income tax matters affecting us or our unitholders. Moreover, the discussion focuses on unitholders who are individual citizens or residents of the U.S. and has only limited application to corporations, estates, trusts, partnerships and entities treated like partnerships for federal income tax purposes, nonresident aliens, U.S. expatriates and former citizens or long-term residents of the United States or other unitholders subject to specialized tax treatment, such as banks, insurance companies and other financial institutions, tax-exempt institutions, foreign persons (including, without limitation, controlled foreign corporations, passive foreign investment companies and non-U.S. persons eligible for the benefits of an applicable income tax treaty with the United States), IRAs, real estate investment trusts (REITs), employee benefit plans or mutual funds, dealers in securities or currencies, traders in securities, U.S. persons whose functional currency is not the U.S. dollar, persons holding their units as part of a straddle, hedge, conversion transaction or other risk reduction transaction, and persons deemed to sell their units under the constructive sale provisions of the Code. In addition, the discussion only comments to a limited extent on state, local and foreign tax consequences. Accordingly, we encourage each prospective unitholder to consult, and depend on, his own tax advisor in analyzing the federal, state, local and foreign tax consequences particular to him of the ownership or disposition of common units.

All statements as to matters of law and legal conclusions, but not as to factual matters, contained in this section, unless otherwise noted, are the opinion of Baker Botts L.L.P. and are based on the accuracy of the representations made by us.

No ruling has been or will be requested from the IRS regarding any matter affecting us or prospective unitholders. Instead, we will rely on opinions of Baker Botts L.L.P. Unlike a ruling, an opinion of counsel represents only counsel s best legal judgment and does not bind the IRS or the courts. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for our common units and the prices at which common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will result in a reduction in cash available for distribution to our unitholders and our general partner and thus will be borne indirectly by our unitholders and our general partner. Furthermore, the tax treatment of us, or of an investment in us, may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

For the reasons described below, Baker Botts L.L.P. has not rendered an opinion with respect to the following specific federal income tax issues: (i) the treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units (please read Tax Consequences of Unit Ownership Treatment of Short Sales); (ii) whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read Disposition of Common Units Allocations Between Transferors and Transferees); and (iii) whether our method for depreciating Section 743 adjustments is sustainable in certain cases (please read Tax Consequences of Unit Ownership Section 754 Election and Uniformity of Units).

Partnership Status

A partnership is not a taxable entity and incurs no federal income tax liability. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his federal income tax liability, regardless of whether cash distributions are made to him by the partnership. Pursuant to Code Section 731, distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of cash distributed to him is in excess of the partner s adjusted basis in his partnership interest.

Section 7704 of the Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the Qualifying Income Exception, exists with respect to a publicly traded partnership if 90.0% or more of the publicly traded partnership s gross income for every taxable year consists of qualifying income. Qualifying income includes income and gains derived from the transportation, storage, processing and marketing of crude oil, natural gas and other products thereof. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. We estimate that less than 5% of our current gross income is not qualifying income; however, this estimate could change from time to time. Based upon and subject to this estimate, the factual representations made by us and our general partner and a review of the applicable legal authorities, Baker Botts L.L.P. is of the opinion that at least 90.0% of our current gross income constitutes qualifying income. The portion of our income that is qualifying income may change from time to time.

No ruling has been or will be sought from the IRS and the IRS has made no determination as to our status or the status of our operating subsidiaries for federal income tax purposes or whether our operations generate qualifying income under Section 7704 of the Code. Instead, we will rely on the opinion of Baker Botts L.L.P. on such matters. It is the opinion of Baker Botts L.L.P. that, based upon the Code, its regulations, published revenue rulings and court decisions and the representations described below that:

- We will be classified as a partnership for federal income tax purposes; and

- Each of our operating subsidiaries will be disregarded as an entity separate from us or will be treated as a partnership for federal income tax purposes.

In rendering its opinion, Baker Botts L.L.P. has relied on factual representations made by us and our general partner. The representations made by us and our general partner upon which Baker Botts L.L.P. has relied include:

- Neither we nor any of our operating subsidiaries is organized as, has elected to be treated as or will elect to be treated as a corporation for U.S. federal income tax purposes; and

- For every taxable year, more than 90.0% of our gross income has been and will be income of the type that Baker Botts L.L.P. has opined or will opine is qualifying income within the meaning of Section 7704(d) of the Code.

We believe that these representations have been true in the past and expect that these representations will continue to be true in the future.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require us to make adjustments with respect to our unitholders or pay other amounts), we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in us. This deemed contribution and liquidation should be tax-free to unitholders and us so long as we, at that time, do not have liabilities in excess of the tax basis of our assets. Thereafter, we would be treated as a corporation for federal income tax purposes.

If we were taxed as a corporation for federal income tax purposes in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to our unitholders, and our net income would be taxed to us at corporate rates. In addition, pursuant to Code Section 301, any distribution made to a unitholder would be treated as taxable dividend income, to the extent of our current and accumulated earnings and profits, or, in the absence of earnings and profits, a nontaxable return of capital, to the extent of the unitholder s tax basis in his common units, or taxable capital gain, after the unitholder s tax basis in his common units is reduced to zero. Accordingly, taxation as a corporation would result in a material reduction in a unitholder s cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the units.

The discussion below is based on Baker Botts L.L.P. s opinion that we will be classified as a partnership for federal income tax purposes.

Limited Partner Status

Unitholders will be treated as partners of Tallgrass Energy Partners, LP for federal income tax purposes. Also, unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units will be treated as partners of Tallgrass Energy Partners, LP for federal income tax purposes.

A beneficial owner of common units whose units have been transferred to a short seller to complete a short sale would appear to lose his status as a partner with respect to those units for federal income tax purposes. Please read Tax Consequences of Unit Ownership Treatment of Short Sales.

Income, gain, deductions or losses would not appear to be reportable by a unitholder who is not a partner for federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for federal income tax purposes would therefore be fully taxable as ordinary income. These holders are urged to consult their own tax advisors with respect to the tax consequences of holding common units in Tallgrass Energy Partners, LP. The references to unitholders in the discussion that follows are to persons who are treated as partners in Tallgrass Energy Partners, LP for federal income tax purposes.

Tax Consequences of Unit Ownership

Flow-Through of Taxable Income. Subject to the discussion below under Entity-Level Collections, we will not pay any federal income tax. Instead, each unitholder will be required to report on his income tax return his share of our income, gains, losses and deductions without regard to whether we make cash distributions to him. Consequently, we may allocate income to a unitholder even if he has not received a cash distribution. The income we allocate to common unitholders will generally be taxable as ordinary income. Each unitholder will be required to include in income his allocable share of our income, gains, losses and deductions for our taxable year ending with or within his taxable year. Our taxable year ends on December 31.

Treatment of Distributions. Pursuant to Code Section 731, distributions by us to a unitholder generally will not be taxable to the unitholder for federal income tax purposes, except to the extent the amount of any such cash distribution exceeds his tax basis in his common units immediately before the distribution. Cash distributions made by us to a unitholder in an amount in excess of a unitholder s tax basis generally will be considered to be gain from the sale or exchange of our common units, taxable in accordance with the rules described under Disposition of Common Units below. Any reduction in a unitholder s share of our liabilities for which no partner, including the general partner, bears the economic risk of loss, known as nonrecourse liabilities, will be treated as a distribution by us of cash to that unitholder. To the extent our distributions cause a unitholder s at-risk amount to be less than zero at the end of any taxable year, Section 465 of the Code requires the recapture of any losses deducted in previous years. Please read

Limitations on Deductibility of Losses.

A decrease in a unitholder s percentage interest in us because of our issuance of additional common units will decrease his share of our nonrecourse liabilities under Section 752 of the Code, and thus will result in a

33

Table of Contents

corresponding deemed distribution of cash. This deemed distribution may constitute a non-pro rata distribution. A non-pro rata distribution of money or property may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder s share of our unrealized receivables, including depreciation recapture, depletion recapture and/or substantially appreciated inventory items, each as defined in the Code, and collectively, Section 751 Assets. To that extent, the unitholder will be treated as having been distributed his proportionate share of the Section 751 Assets and then having exchanged those assets with us in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder s realization of ordinary income, which will equal the excess of (i) the non-pro rata portion of that distribution over (ii) the unitholder s tax basis (often zero) for the share of Section 751 Assets deemed relinquished in the exchange.

Basis of Common Units. A unitholder s initial tax basis for his common units will be determined under Sections 722, 742 and 752 of the Code and will generally equal the amount he paid for the common units plus his share of our nonrecourse liabilities. That basis will be increased under Section 705 of the Code by his share of our income and by any increases in his share of our nonrecourse liabilities and decreased, but not below zero, by distributions from us, by the unitholder s share of our losses, by any decreases in his share of our nonrecourse liabilities and by his share of our expenditures that are not deductible in computing taxable income and are not required to be capitalized. A unitholder will have no share of our debt that is recourse to our general partner to the extent of the general partner s net value, as defined in Treasury Regulations under Section 752 of the Code, but will have a share, generally based on his share of profits, of our nonrecourse liabilities. Please read Disposition of Common Units Recognition of Gain or Loss.

Limitations on Deductibility of Losses. Under Sections 704 and 465 of the Code, the deduction by a unitholder of his share of our losses will be limited to the tax basis in his units and, in the case of an individual unitholder, estate, trust, or corporate unitholder (if more than 50.0% of the value of the corporate unitholder s stock is owned directly or indirectly by or for five or fewer individuals or some tax-exempt organizations) to the amount for which the unitholder is considered to be at-risk with respect to our activities, if that is less than his tax basis. A common unitholder subject to these limitations must recapture losses deducted in previous years to the extent that distributions cause his at -risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction to the extent that his at-risk amount is subsequently increased, provided such losses do not exceed such common unitholder s tax basis in his common units. Upon the taxable disposition of a unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at-risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at-risk limitation in excess of that gain would no longer be utilizable.

In general, a unitholder will be at-risk to the extent of the tax basis of his units, excluding any portion of that basis attributable to his share of our nonrecourse liabilities, reduced by (i) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or other similar arrangement and (ii) any amount of money he borrows to acquire or hold his units, if the lender of those borrowed funds owns an interest in us, is related to another unitholder or can look only to the units for repayment. A unitholder s at -risk amount will increase or decrease as the tax basis of the unitholder s units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of our nonrecourse liabilities.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitations of Code Section 469 generally provide that individuals, estates, trusts and some closely-held corporations and personal service corporations can deduct losses from passive activities, which are generally defined as trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer s income from those passive activities. The passive loss limitations are applied separately with respect to each publicly traded partnership. Consequently, any passive losses we generate will only be available to offset our passive income generated in the future and will not be available to offset income from other passive activities or

Table of Contents

investments, including our investments or a unitholder s investments in other publicly traded partnerships, or salary or active business income. Passive losses that are not deductible because they exceed a unitholder s share of income we generate may be deducted in full when he disposes of his entire investment in us in a fully taxable transaction with an unrelated party. The passive loss limitations are applied after other applicable limitations on deductions, including the at-risk rules and the basis limitation.

A unitholder s share of our net income may be offset by any of our suspended passive losses, but it may not be offset by any other current or carryover losses from other passive activities, including those attributable to other publicly traded partnerships.

Limitations on Interest Deductions. Section 163 of the Code generally limits the deductibility of a non-corporate taxpayer s investment interest expense to the amount of that taxpayer s net investment income. Investment interest expense includes:

- interest on indebtedness properly allocable to property held for investment;
- our interest expense attributed to portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income.

The computation of a unitholder s investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment or (if applicable) qualified dividend income. The IRS has indicated in Notice 88-75, 1988-2 C.B. 386, that the net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders. In addition, the unitholder s share of our portfolio income will be treated as investment income.

Entity-Level Collections. If we are required or elect under applicable law to pay any federal, state, local or foreign income tax on behalf of any unitholder or our general partner or any former unitholder, we are authorized to pay those taxes from our funds. That payment, if made, will be treated as a distribution of cash to the unitholder on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, we are authorized to treat the payment as a distribution to all current unitholders. We are authorized to amend our partnership agreement in the manner necessary to maintain uniformity of intrinsic tax characteristics of units and to adjust later distributions, so that after giving effect to these distributions, the priority and characterization of distributions otherwise applicable under our partnership agreement is maintained as nearly as is practicable. Payments by us as described above could give rise to an overpayment of tax on behalf of an individual unitholder in which event the unitholder would be required to file a claim in order to obtain a credit or refund.

Allocation of Income, Gain, Loss and Deduction. In general, under Section 704 of the Code, if we have a net profit, our items of income, gain, loss and deduction will be allocated among our general partner and the unitholders in accordance with their percentage interests in us. At any time that distributions are made to the common units in excess of distributions to our subordinated units, or incentive distributions are made to our general partner, gross income will be allocated to the recipients to the extent of those distributions. If we have a net loss, that loss will be allocated first to our general partner and the unitholders in accordance with their percentage interests in us to the extent of their positive capital accounts and, second, to our general partner.

Section 704(c) of the Code and related Treasury regulations require us to adjust the book basis of all assets held by us prior to an issuance of additional units to equal their fair market values at the time of unit issuance. Purchasers of units in an offering are entitled to calculate tax depreciation and amortization deductions and other relevant tax items with respect to our assets based upon that book basis, which effectively puts purchasers in that offering in the same position as if our assets had a tax basis equal to their fair market value at the time of unit issuance. This may have the effect of decreasing the amount of our tax depreciation or amortization deductions thereafter allocated to purchasers of units in an earlier offering or of requiring purchasers of units in an earlier offering to thereafter recognize remedial income rather than depreciation and amortization deductions. In this context, we use the term book as that term is used in Treasury regulations under Section 704 of the Code. The book basis assigned to our assets for this purpose may not be the same as the book value of our property for financial reporting purposes.

In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the treatment of that gain as recapture income in order to minimize the recognition of ordinary income by some unitholders. Finally, although we do not expect that our operations will result in the creation of negative capital accounts, if negative capital accounts nevertheless result, items of our income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

An allocation of items of our income, gain, loss or deduction, other than an allocation required under the Section 704(c) principles described above, will generally be given effect for federal income tax purposes in determining a partner s share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a partner s share of an item will be determined on the basis of his interest in us, which will be determined by taking into account all the facts and circumstances, including:

- his relative contributions to us;
- the interests of all the partners in profits and losses;
- the interests of all the partners in cash flows; and
- the rights of all the partners to distributions of capital upon liquidation.

Baker Botts L.L.P. is of the opinion that, with the exception of the issues described in Section 754 Election, Disposition of Common Units Allocations Between Transferors and Transferees, and Uniformity of Units, allocations under our partnership agreement will be given effect under Section 704 of the Code for federal income tax purposes in determining a partner s share of an item of income, gain, loss or deduction.

Treatment of Short Sales. A unitholder whose units are loaned to a short seller to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period:

- any of our income, gain, loss or deduction with respect to those units would not be reportable by the unitholder;

- any cash distributions received by the unitholder as to those units would be fully taxable; and

- all of these distributions would appear to be ordinary income.

Because there is no direct or indirect controlling authority on the issue relating to partnership interests, Baker Botts L.L.P. has not rendered an opinion regarding the tax treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and loaning their units. The IRS has previously announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please also read Disposition of Common Units Recognition of Gain or Loss.

36

Alternative Minimum Tax. Each unitholder will be required to take into account his distributive share of any items of our income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for noncorporate taxpayers is 26.0% on the first $182,500 ($91,250 for married individuals filing separately) of alternative minimum taxable income in excess of the exemption amount and 28.0% on any additional alternative minimum taxable income. Prospective unitholders are urged to consult with their tax advisors as to the impact of an investment in units on their liability for the alternative minimum tax.

Tax Rates. The highest marginal U.S. federal income tax rates applicable to ordinary income and long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of individuals currently are 39.6% and 20.0%, respectively. These rates are subject to change by new legislation at any time.

Section 1411 of the Code imposes a 3.8% Medicare tax on certain net investment income earned by individuals, estates and trusts. For these purposes, net investment income generally includes a unitholder s allocable share of our income and gain realized by a unitholder from a sale of units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder s net investment income or (ii) the amount by which the unitholder s modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Section 754 Election. We have made the election permitted by Section 754 of the Code. That election is irrevocable without the consent of the IRS unless there is a constructive termination of the partnership. Please read Disposition of Common Units Constructive Termination. The election will generally permit us to adjust a common unit purchaser s tax basis in our assets, or inside basis, under Section 743(b) of the Code to reflect his purchase price. This election does not apply with respect to a person who purchases common units directly from us. The Section 743(b) adjustment belongs to the purchaser and not to other unitholders. For purposes of this discussion, the inside basis in our assets with respect to a unitholder will be considered to have two components: (i) his share of our tax basis in our assets, or common basis, and (ii) his Section 743(b) adjustment to that basis.

The timing of deductions attributable to a Section 743(b) adjustment to our common basis will depend upon a number of factors, including the nature of the assets to which the adjustment is allocable, the extent to which the adjustment offsets any Section 704(c) type gain or loss with respect to an asset and certain elections we make as to the manner in which we apply Section 704(c) principles with respect to an asset with respect to which the adjustment is allocable. Please read Allocation of Income, Gain, Loss and Deduction. The timing of these deductions may affect the uniformity of our units. Please read Uniformity of Units.

A Section 754 election is advantageous if the transferee s tax basis in his units is higher than the units share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, as a result of the election, the transferee would have, among other items, a greater amount of depreciation deductions and his share of any gain or loss on a sale of our assets would be less. Conversely, a Section 754 election is disadvantageous if the transferee s tax basis in his units is lower than those units share of the aggregate tax basis of our assets immediately prior to the transfer. Thus, the fair market value of the units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in us if we have a substantial built-in loss immediately after the transfer, or if we distribute property and have a substantial basis reduction. Generally a built-in loss or a basis reduction is substantial if it exceeds $250,000.

The calculations involved in the Section 754 election are complex and will be made on the basis of assumptions as to the value of our assets and other matters. For example, the allocation of the Section 743(b) adjustment among our assets must be made in accordance with the Code. The IRS could seek to reallocate some or all of any Section 743(b) adjustment allocated by us to our tangible assets to goodwill instead. Goodwill, as an

Table of Contents

intangible asset, is generally nonamortizable or amortizable over a longer period of time or under a less accelerated method than our tangible assets. We cannot assure you that the determinations we make will not be successfully challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in our opinion, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of units may be allocated more income than he would have been allocated had the election not been revoked.

Tax Treatment of Operations

Accounting Method and Taxable Year. We use the year ending December 31 as our taxable year and the accrual method of accounting for federal income tax purposes. Each unitholder will be required to include in income his share of our income, gain, loss and deduction for our taxable year ending within or with his taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of his units following the close of our taxable year but before the close of his taxable year must include his share of our income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than twelve months of our income, gain, loss and deduction. Please read Disposition of Common Units Allocations Between Transferors and Transferees.

Tax Basis, Depreciation and Amortization. The tax basis of our assets will be used for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of these assets. Under Section 704 of the Code, the federal income tax burden associated with the difference between the fair market value of our assets and their tax basis immediately prior to an offering will be borne by our general partner and all of our unitholders as of that time. Please read Tax Consequences of Unit Ownership Allocation of Income, Gain, Loss and Deduction.

To the extent allowable, we may elect to use the depreciation and cost recovery methods, including bonus depreciation to the extent available, that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service. Property we subsequently acquire or construct may be depreciated using accelerated methods permitted by the Code.

If we dispose of depreciable property by sale, foreclosure or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules under Section 1245 or Section 1250 of the Code and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property we own will likely be required to recapture some or all of those deductions as ordinary income upon a sale of his interest in us. Please read Tax Consequences of Unit Ownership Allocation of Income, Gain, Loss and Deduction and Disposition of Common Units Recognition of Gain or Loss.

The costs we incur in selling our units (called syndication expenses) must be capitalized under Section 709 of the Code and cannot be deducted currently, ratably or upon our termination. There are uncertainties regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized by us. The underwriting discounts and commissions we incur will be treated as syndication expenses.

Valuation and Tax Basis of Our Properties. The federal income tax consequences of the ownership and disposition of units will depend in part on our estimates of the relative fair market values, and the initial tax bases, of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the relative fair market value estimates ourselves. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

Table of Contents

Disposition of Common Units

Recognition of Gain or Loss. Gain or loss will be recognized on a sale of units equal to the difference between the amount realized and the unitholder s tax basis for the units sold. A unitholder s amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of our nonrecourse liabilities. Because the amount realized includes a unitholder s share of our nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from us that in the aggregate were in excess of cumulative net taxable income for a common unit and, therefore, decreased a unitholder s tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder s tax basis in that common unit, even if the price received is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a dealer in units, on the sale or exchange of a unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of units held for more than twelve months will generally be taxed at a maximum U.S. federal income tax rate of 20.0%. However, a portion of this gain, which will likely be substantial, or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items we own. The term unrealized receivables includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of a unit and may be recognized even if there is a net taxable loss realized on the sale of a unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a sale of units. Capital losses may offset capital gains and no more than $3,000 of ordinary income each year, in the case of individuals, and may only be used to offset capital gains in the case of corporations.

The IRS ruled in Rev. Rul. 84-53, 1984-1 C.B. 159, that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an equitable apportionment method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner s tax basis in his entire interest in the partnership as the value of the interest sold bears to the value of the partner s entire interest in the partnership. Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a common unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, he may designate specific common units sold for purposes of determining the holding period of units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional units or a sale of common units purchased in separate transactions is urged to consult his tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Section 1259 of the Code can affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an appreciated partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract;

in each case, with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

Allocations Between Transferors and Transferees. In general, our taxable income and losses will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to the number of units owned by each of them as of the opening of the applicable exchange on the first business day of the month, which we refer to in this prospectus as the Allocation Date. However, gain or loss realized on a sale or other disposition of our assets other than in the ordinary course of business will be allocated among the unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring units may be allocated income, gain, loss and deduction realized after the date of transfer.

Although simplifying conventions are contemplated by the Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations as there is no direct or indirect controlling authority on this issue. Recently, however, the Department of the Treasury and the IRS issued proposed Treasury Regulations under Section 706 of the Code that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, although such tax items must be prorated on a daily basis. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method we have adopted. Existing publicly traded partnerships are entitled to rely on these proposed Treasury Regulations; however, they are not binding on the IRS and are subject to change until final Treasury Regulations are issued. Accordingly, Baker Botts L.L.P. is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee unitholders because the issue has not been finally resolved by the IRS or the courts. If this method is not allowed under the Treasury Regulations, or only applies to transfers of less than all of the unitholder s interest, our taxable income or losses might be reallocated among the unitholders. We are authorized to revise our method of allocation between transferor and transferee unitholders, as well as unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

A unitholder who disposes of units prior to the record date set for a cash distribution for any quarter will be allocated items of our income, gain, loss and deductions attributable to the month of sale but will not be entitled to receive that cash distribution.

Notification Requirements. A unitholder who sells any of his units is generally required by regulations under Section 6050K of the Code to notify us in writing of that sale within 30 days after the sale (or, if earlier, January 15 of the year following the sale). A purchaser of units who purchases units from another unitholder is also generally required under Section 743 of the Code to notify us in writing of that purchase within 30 days after the purchase. Upon receiving such notifications, we are required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify us of a sale may lead to the imposition of penalties under Section 6723 of the Code. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the U.S. and who effects the sale or exchange through a broker who will satisfy such requirements.

Constructive Termination. We will be considered under Section 708 of the Code to have terminated our tax partnership for federal income tax purposes upon the sale or exchange of our interests that, in the aggregate, constitute 50.0% or more of the total interests in our capital and profits within a twelve-month period. For purposes of measuring whether the 50.0% threshold is reached, multiple sales of the same interest are counted only once. A constructive termination results in the closing of our taxable year for all unitholders. In the case of a

unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. A constructive termination occurring on a date other than December 31 will result in us filing two tax returns (and unitholders could receive two Schedules K-1 if the relief discussed below is not available) for one fiscal year and the cost of the preparation of these returns will be borne by all common unitholders. We would be required to make new tax elections after a termination, including a new election under Section 754 of the Code, and a termination would result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination. The IRS has recently announced in an Industry Director Communication, LMSB-04-0210-006, a relief procedure whereby if a publicly traded partnership that has technically terminated requests publicly traded partnership technical termination relief and the IRS grants such relief, among other things, the partnership will only have to provide one Schedule K-1 to unitholders for the year notwithstanding two partnership tax years.

Uniformity of Units

Because we cannot match transferors and transferees of units, we must maintain uniformity of the economic and tax characteristics of the units to a purchaser of these units. In the absence of uniformity, we may be unable to completely comply with a number of federal income tax requirements, both statutory and regulatory. Any non-uniformity could have an impact upon the value of our units. The timing of deductions attributable to Section 743(b) adjustments to the common basis of our assets with respect to persons purchasing units from another unitholder may affect the uniformity of our units. Please read Tax Consequences of Unit Ownership Section 754 Election.

For example, some types of depreciable assets are not subject to the typical rules governing depreciation (under Section 168 of the Code) or amortization (under Section 197 of the Code). If we were to acquire any assets of that type, the timing of a unit purchaser s deductions with respect to Section 743(b) adjustments to the common basis of those assets might differ depending upon when and to whom the unit he purchased was originally issued. We do not currently expect to acquire any assets of that type. However, if we were to acquire a material amount of assets of that type, we intend to adopt tax positions as to those assets that will not result in any such lack of uniformity. Any such tax positions taken by us might result in allocations to some unitholders of smaller depreciation deductions than they would otherwise be entitled to receive. Baker Botts L.L.P. has not rendered an opinion with respect to those types of tax positions. Moreover, the IRS might challenge those tax positions. If we took such a tax position and the IRS successfully challenged the position, the uniformity of our units might be affected, and the gain from the sale of our units might be increased without the benefit of additional deductions. Please read Disposition of Common Units Recognition of Gain or Loss.

Tax-Exempt Organizations and Other Investors

Ownership of units by employee benefit plans, other tax-exempt organizations, non-resident aliens, foreign corporations and other foreign persons raises issues unique to those investors and, as described below to a limited extent, may have substantially adverse tax consequences to them. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

Employee benefit plans and most other organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, are subject to federal income tax under Section 511 of the Code on unrelated business taxable income. Virtually all of our income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to it.

Non-resident aliens and foreign corporations, trusts or estates that own units will be considered under Section 875 of the Code to be engaged in business in the U.S. because of the ownership of units. As a consequence, they will be required to file federal tax returns to report their share of our income, gain, loss or deduction and pay federal income tax at regular rates on their share of our net income or gain. Moreover, under rules applicable to publicly traded partnerships, we generally will withhold at the highest applicable effective tax rate from cash distributions made quarterly to foreign unitholders. Each foreign unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8BEN or applicable successor or substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require us to change these procedures.

In addition, because a foreign corporation that owns units will be treated as engaged in a U.S. trade or business, that corporation may be subject to the U.S. branch profits tax under Section 884 of the Code at a rate of 30.0%, in addition to regular federal income tax, on its share of our income and gain, as adjusted for changes in the foreign corporation s U.S. net equity, which is effectively connected with the conduct of a U.S. trade or business. That tax may be reduced or eliminated by an income tax treaty between the U.S. and the country in which the foreign corporate unitholder is a qualified resident. In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A foreign unitholder who sells or otherwise disposes of a common unit will be subject to U.S. federal income tax on gain realized from the sale or disposition of that unit to the extent the gain is effectively connected with a U.S. trade or business of the foreign unitholder. Under Rev. Rul. 91-32, 1991-1 C.B. 107, interpreting the scope of effectively connected income, a foreign unitholder would be considered to be engaged in a trade or business in the U.S. by virtue of the U.S. activities of the partnership, and part or all of that unitholder s gain would be effectively connected with that unitholder s indirect U.S. trade or business. Moreover, under the Foreign Investment in Real Property Tax Act, a foreign common unitholder generally will be subject to U.S. federal income tax upon the sale or disposition of a common unit if (i) he owned (directly or constructively applying certain attribution rules) more than 5.0% of our common units at any time during the five-year period ending on the date of such disposition and (ii) 50.0% or more of the fair market value of all of our assets consisted of U.S. real property interests at any time during the shorter of the period during which such unitholder held the common units or the five-year period ending on the date of disposition. Currently, more than 50.0% of our assets consist of U.S. real property interests and we do not expect that to change in the foreseeable future. Therefore, foreign unitholders may be subject to federal income tax on gain from the sale or disposition of their units.

Administrative Matters

Information Returns and Audit Procedures. We intend to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes his share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will not be reviewed by counsel, we will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder s share of income, gain, loss and deduction. We cannot assure you that those positions will yield a result that conforms to the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS. Neither we nor Baker Botts L.L.P. can assure prospective unitholders that the IRS will not successfully contend in court that those positions are impermissible. Any challenge by the IRS could negatively affect the value of the units.

The IRS may audit our federal income tax information returns. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year s tax liability, and possibly may result in an audit of his return. Any audit of a unitholder s return could result in adjustments not related to our returns as well as those related to our returns.

Partnerships generally are treated as separate entities under Section 6221 of the Code for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding

Table of Contents

rather than in separate proceedings with the partners. The Code requires that one partner be designated as the Tax Matters Partner for these purposes. Our partnership agreement names our general partner as our Tax Matters Partner.

The Tax Matters Partner has made and will make some elections on our behalf and on behalf of unitholders. In addition, the Tax Matters Partner can extend the statute of limitations for assessment of tax deficiencies against unitholders for items in our returns. The Tax Matters Partner may bind a unitholder with less than a 1.0% profits interest in us to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1.0% interest in profits or by any group of unitholders having in the aggregate at least a 5.0% interest in profits. However, only one action for judicial review will go forward, and each unitholder with an interest in the outcome may participate.

A unitholder must file a statement with the IRS pursuant to Section 6222 of the Code identifying the treatment of any item on his federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

Additional Withholding Requirements. The relevant withholding agent may be required to withhold 30.0% of any interest, dividends and other fixed or determinable annual or periodical gains, profits and income from sources within the United States (FDAP Income) or gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States paid to (i) a foreign financial institution (for which purposes includes foreign broker-dealers, clearing organizations, investment companies, hedge funds and certain other investment entities) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or otherwise qualifies for an exemption from this withholding or (ii) a non-financial foreign entity that is a beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements or otherwise qualifies for an exemption from this withholding. An intergovernmental agreement between the United States and an applicable foreign country or future Treasury Regulations may modify these requirements. Under recently finalized Treasury Regulations, withholding only applies to payments of FDAP Income which are made after June 30, 2014, and to payments of relevant gross proceeds which are made after December 31, 2016. Non-U.S. and U.S. unitholders are encouraged to consult their own tax advisors regarding the possible implications of this legislation on their investment in our common units.

Nominee Reporting. Persons who hold an interest in us as a nominee for another person are required under Section 6031 of the Code to furnish to us:

- the name, address and taxpayer identification number of the beneficial owner and the nominee;
- a statement regarding whether the beneficial owner is:
  - a person that is not a U.S. person;

a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing; or

a tax-exempt entity;

the amount and description of units held, acquired or transferred for the beneficial owner; and

specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required under Section 6031 of the Code to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold or transfer for their own account. A penalty of $100 per failure, up to a maximum of $1.5 million per calendar year, is imposed by Section 6722 of the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the units with the information furnished to us.

Accuracy-Related Penalties. An additional tax equal to 20.0% of the amount of any portion of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements, is imposed under Section 6662 of the Code. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for that portion and that the taxpayer acted in good faith regarding that portion.

For individuals, a substantial understatement of income tax in any taxable year exists if the amount of the understatement exceeds the greater of 10.0% of the tax required to be shown on the return for the taxable year or $5,000 ($10,000 for most corporations). The amount of any understatement subject to penalty generally is reduced if any portion is attributable to a position adopted on the return:

- for which there is, or was, substantial authority ; or

- as to which there is a reasonable basis and the pertinent facts of that position are disclosed on the return.

If any item of income, gain, loss or deduction included in the distributive shares of unitholders might result in that kind of an understatement of income for which no substantial authority exists, we must disclose the pertinent facts on our return. In addition, we will make a reasonable effort to furnish sufficient information for unitholders to make adequate disclosure on their returns and to take other actions as may be appropriate to permit unitholders to avoid liability for this penalty. More stringent rules apply to tax shelters, which we do not believe includes us, or any of our investments, plans or arrangements.

A substantial valuation misstatement exists if (a) the value of any property, or the adjusted basis of any property, claimed on a tax return is 150.0 % or more of the amount determined to be the correct amount of the valuation or adjusted basis, (b) the price for any property or services (or for the use of property) claimed on any such return with respect to any transaction between persons described in Section 482 of the Code is 200.0% or more (or 50.0% or less) of the amount determined under Code Section 482 to be the correct amount of such price, or (c) the net Section 482 transfer price adjustment for the taxable year exceeds the lesser of $5 million or 10.0% of the taxpayer s gross receipts. No penalty is imposed unless the portion of the underpayment attributable to a substantial valuation misstatement exceeds $5,000 ($10,000 for most corporations). If the valuation claimed on a return is 200.0% or more than the correct valuation or certain other thresholds are met, the penalty imposed increases to 40.0%. We do not anticipate making any valuation misstatements.

In addition, the 20.0% accuracy-related penalty also applies to any portion of an underpayment of tax that is attributable to transactions lacking economic substance. To the extent that such transactions are not disclosed, the penalty imposed is increased to 40.0%. Additionally, there is no reasonable cause defense to the imposition of this penalty to such transactions.

Reportable Transactions. If we were to engage in a reportable transaction, we (and possibly you and others) would be required under Treasury regulations under Section 6011 of the Code and related provisions to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain kinds of losses for partnerships, individuals, S corporations, and trusts in excess of $2 million in any single year, or $4 million in any combination of six successive tax years. Our participation in a reportable transaction could increase the likelihood that our federal income tax information return (and possibly your tax return) would be audited by the IRS. Please read Information Returns and Audit Procedures.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to the following provisions of the American Jobs Creation Act of 2004:

- accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described above at Accuracy-Related Penalties ;
- for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability; and
- in the case of a listed transaction, an extended statute of limitations.

We do not expect to engage in any reportable transactions.

Recent Legislative Developments

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time members of the U.S. Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. Any modification to the federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes. Please read -Partnership Status. We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us and may be applied retroactively. Any such changes could negatively impact the value of an investment in our units.

State, Local, Foreign and Other Tax Considerations

In addition to federal income taxes, you likely will be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which we do business or own property or in which you are a resident. We currently do business or own property in several states, most of which impose personal income taxes on individuals. Most of these states also impose an income tax on corporations and other entities. Moreover, we may also own property or do business in other states in the future that impose income or similar taxes on nonresident individuals. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in us. A unitholder may be required to file income tax returns and to pay income taxes in many of these jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder s income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to unitholders for purposes of determining the amounts distributed by us. Please read Tax Consequences of Unit Ownership Entity-Level Collections. Based on current law and our estimate of our future operations, our general partner anticipates that any amounts required to be withheld will not be material.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of his investment in us. Accordingly, each prospective unitholder is urged to consult, and depend upon, his tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local and foreign, as well as U.S. federal tax returns, that may be required of him. Baker Botts L.L.P. has not rendered an opinion on the state, local or foreign tax consequences of an investment in us.

Table of Contents

PLAN OF DISTRIBUTION

We may sell the securities being offered hereby in and outside the U.S. (1) through underwriters or underwriting syndicates led by one or more managing underwriters, (2) to or through brokers or dealers, (3) to or through agents, (4) directly to one or more purchasers, including our affiliates, (5) pursuant to delayed delivery contracts or forward contracts or (6) through a combination of any of these methods.

The prospectus supplement will set forth the terms of the offering and the method of distribution and will include the following information:

- the names of any underwriters or agents;
- the name or names of any managing underwriter or underwriters;
- the purchase price of the securities from us;
- the net proceeds to us from the sale of the securities;
- any delayed delivery arrangements;
- any over-allotment options under which underwriters may purchase additional securities from us;
- any underwriting discounts, commissions and other items constituting compensation to underwriters, dealers or agents;
- any public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers;
- any commissions paid to agents; and
- any securities exchange or market on which the securities offered in the prospectus supplement may be listed.

Sale Through Underwriters or Dealers

If we use underwriters in the sale of securities, we will execute an underwriting agreement with the underwriter at the time of sale and we will provide the name of any underwriter in the prospectus supplement that the underwriter will use to make resales of securities to the public. The underwriters will acquire the securities for their own account, and the underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. The obligations of the underwriters to purchase the securities will be subject to conditions, and any underwritten offering may be on a firm commitment basis. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

If we use dealers in the sale of securities, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. The dealers participating in any sale of the securities may be deemed to be underwriters within the meaning of the Securities Act, with respect to any sale of those securities. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

Sales Through Agents

We may also sell the securities through agents we designate from time to time. In the prospectus supplement, we will name any agent involved in the offer or sale of the offered securities, and we will describe any commissions payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

Table of Contents

Direct Sales

We may sell the securities directly. In that event, no underwriters or agents would be involved. We may use electronic media, including the Internet, to sell offered securities directly.

Delayed Delivery or Forward Contracts

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers to purchase securities from us at the public offering price set forth in the prospectus under delayed delivery or forward contracts. These contracts would provide for payment and delivery on a specified date in the future at prices determined as described in the prospectus supplement. The prospectus supplement would describe the commission payable for solicitation of those contracts.

Remarketing

We may offer and sell any of the securities in connection with a remarketing upon their purchase, in accordance with a redemption or repayment by their terms or otherwise by one or more remarketing firms acting as principals for their own accounts or as our agents. We will identify any remarketing firm, the terms of any remarketing agreement and the compensation to be paid to the remarketing firm in the prospectus supplement. Remarketing firms may be deemed underwriters under the Securities Act.

Derivative Transactions

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third parties may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in these sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement or in a post-effective amendment to the registration statement of which this prospectus forms a part. In addition, we may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

General Information

In connection with the sale of the securities, underwriters, dealers or agents may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from securities purchasers for whom they may act as agent. Underwriters may sell the securities to or through dealers, and the dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agent. We will provide in the applicable prospectus supplement information regarding any underwriting discounts or other compensation that we pay to underwriters or agents in connection with the securities offering, and any discounts, concessions or commissions which underwriters allow to dealers.

We may have agreements with the agents, dealers and underwriters to indemnify them against certain civil liabilities, including liabilities under the Securities Act, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make because of those liabilities. Agents, dealers and underwriters, or their affiliates or associates, may be customers of, engage in transactions with or perform services for us in the ordinary course of their businesses.

Table of Contents

Other than the common units, which are listed on the New York Stock Exchange, each series of offered securities will have no established trading market. We may elect to list any series of offered securities on an exchange, but we are not obligated to do so. It is possible that one or more underwriters may make a market in a series of offered securities. However, they will not be obligated to do so and may discontinue market making at any time without notice. We cannot assure you as to the liquidity of, or the trading market for, any of our offered securities.

In connection with an offering, certain persons participating in the offering may make a market in the securities or engage in transactions that stabilize, maintain or otherwise affect the market price of the offered securities. This may include, among other transactions, over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover such over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. As a result, the price of the securities may be higher than the price that might otherwise prevail in the open market. If these activities are commenced, these transactions may be discontinued at any time.

Because FINRA views our common units as interests in a direct participation program, any offering of common units pursuant to this registration statement will be made in compliance with FINRA Rule 2310.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. The place and time of delivery for the securities in respect of which this prospectus is delivered are set forth in the accompanying prospectus supplement.

Table of Contents

LEGAL MATTERS

In connection with particular offerings of the securities offered in this prospectus in the future, and if stated in the applicable prospectus supplements, the validity of the issuance of certain of the securities and certain other legal matters will be passed upon for us by Baker Botts L.L.P., Austin, Texas. Baker Botts L.L.P. will also render an opinion on the material federal income tax considerations regarding the securities. If certain legal matters in connection with an offering of the securities made by this prospectus and a related prospectus supplement are passed on by counsel for the underwriters of such offering, that counsel will be named in the applicable prospectus supplement related to that offering.

EXPERTS

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC under the Securities Act that registers the securities offered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

In addition, we file annual, quarterly and other reports and other information with the SEC. You may read and copy any document we file at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the operation of the SEC s public reference room. Our SEC filings are available on the SEC s website at http://www.sec.gov. We also make available free of charge on our website at *www.tallgrassenergy.com* all materials that we file electronically with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to these reports as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC. Information contained on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

The SEC allows us to incorporate by reference the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. These other documents contain important information about us, our financial condition and results of operations. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference in this prospectus the documents listed below and any subsequent filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (excluding information deemed to be furnished and not filed with the SEC) until all offerings under this registration statement are completed:

our annual report on Form 10-K for the year ended December 31, 2013;

our quarterly report on Form 10-Q for the quarter ended March 31, 2014;

our current reports on Form 8-K filed on April 2, 2014, April 4, 2014 and April 10, 2014, respectively (in each case to the extent filed and not furnished); and the description of our common units in our registration statement on Form 8-A filed pursuant to the Securities Exchange Act of 1934 on May 8, 2013.

You may obtain any of the documents incorporated by reference in this prospectus from the SEC through the SEC s website at the address provided above. You also may request a copy of any document incorporated by reference in this prospectus (including exhibits to those documents specifically incorporated by reference in those documents), at no cost, by visiting our internet website at *www.tallgrassenergy.com*, or by writing or calling us at the following address:

Tallgrass Energy Partners, LP

4200 W. 115th Street, Suite 350

Leawood, Kansas 66211

Attention: Investor Relations

Telephone: (913) 928-6060

7,000,000 Common Units

Representing Limited Partner Interests

Prospectus

July 22, 2014

Morgan Stanley

Barclays

Citigroup

RBC Capital Markets

Wells Fargo Securities

Credit Suisse

Deutsche Bank Securities

Goldman, Sachs & Co.