ATLAS PIPELINE PARTNERS LP
Form 10-K/A
July 06, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 1-14998

ATLAS PIPELINE PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE	**23-3011077**
(State or other jurisdiction of	**(I.R.S. Employer**

incorporation or organization)	Identification No.)

Park Place Corporate Center One

1000 Commerce Drive, 4th Floor

Pittsburg, Pennsylvania	**15275-1011**
(Address of principal executive office)	**(Zip code)**

Registrant s telephone number, including area code: (877) 950-7473

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Units representing Limited Partnership Interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and small reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	x	Accelerated filer	¨

Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the equity securities held by non-affiliates of the registrant, based upon the closing price of $32.96 per common limited partner unit on June 30, 2011, was approximately $1,564.0 million.

The number of common units of the registrant outstanding on February 20, 2012 was 53,618,095

DOCUMENTS INCORPORATED BY REFERENCE:

None

Explanatory Note

This Amendment No. 1 on Form 10-K/A (the Amendment) amends Atlas Pipeline Partners, L.P. s (the Partnership) Annual Report on Form 10-K for the year ended December 31, 2011, as originally filed with the Securities and Exchange Commission on February 24, 2012 (the Original Filing). The Partnership is filing the Amendment due to staff comments from the United States Securities and Exchange Commission solely to amend and restate Part III Item 11 Executive Compensation. This Amendment does not affect any other parts of, or exhibits to, the Original Filing, nor does it reflect events occurring after the date of the Original Filing.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by the Partnership s general partner s principal executive and principal financial officers are filed as exhibits to the Amendment under Item 15 of Part IV hereof.

PART III

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We are required to provide information regarding the compensation program in place as of December 31, 2011, for our General Partner s Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three other most highly-compensated executive officers. In this report, we refer to our General Partner s CEO, CFO and the other three most highly-compensated executive officers as our named executive officers or NEOs. This section should be read in conjunction with the detailed tables and narrative descriptions below.

We do not directly compensate our NEOs. Atlas Energy, Inc. (AEI) for periods before February 17, 2011 and Atlas Energy, LP (ATLS), since then, allocated the compensation of our executive officers between activities on behalf of us and activities on behalf of themselves and their other affiliates based upon an estimate of the time spent by such persons on activities for us and for them and their affiliates. Because Messrs. Dubay, Kalamaras, Karlovich and Shrader devoted all their time to us, all their compensation costs were allocated to us. We reimbursed AEI and ATLS for the compensation allocated to us. Because ATLS employed our NEOs, effective February 2011, its compensation committee, comprised solely of independent directors, was responsible for formulating and presenting recommendations to its board of directors with respect to the compensation of our NEOs. The ATLS compensation committee was also responsible for administering our employee benefit plans, including our incentive plans.

Compensation Objectives

The ATLS compensation committee believes our compensation program must support our business strategy, be competitive, and provide both significant rewards for outstanding performance and clear financial consequences for underperformance. It also believes a significant portion of the NEOs compensation should be at risk in the form of annual and long-term incentive awards that are paid, if at all, based on individual and company accomplishment. Accounting and cost implications of compensation programs are considered in program design; however, the essential consideration is that a program is consistent with our business needs.

Compensation Methodology

The ATLS compensation committee generally makes recommendations to the ATLS board on compensation amounts shortly after the close of its (and our) fiscal year. In the case of base salaries, it recommends the amounts to be paid for the new fiscal year. In the case of annual bonus and long-term incentive compensation, the committee recommends the amount of awards based on the then concluded fiscal year. ATLS and we typically pay cash awards in February, although the ATLS compensation committee has the discretion to recommend salary adjustments and the issuance of equity awards at other times during the fiscal year. In addition, some of our NEOs also receive stock-based awards from ATLS.

Each year, the Chairman of our General Partner, who also serves as the CEO and President of ATLS general partner, provides the ATLS compensation committee with key elements of ATLS and our NEOs performance during the year. The Chairman makes recommendations to the ATLS compensation committee regarding the salary, bonus, and incentive compensation components of each NEO s total compensation. The Chairman, at the ATLS compensation committee s request, may attend compensation committee meetings solely to provide insight into ATLS and our company s performance, as well as the performance of other comparable companies in the same industry.

Role of Compensation Consultant

Following the completion of AEI s agreement and plan of merger with Chevron Corporation, a Delaware corporation (Chevron NYSE: CVX), pursuant to which, among other things, AEI became a wholly-owned subsidiary of Chevron (the Chevron Merger) in February 2011, the ATLS compensation committee engaged Mercer (US) Inc., an independent compensation consulting firm, to provide market data for equity awards to be made to its NEOs. As ATLS was essentially reconstituted as a result of the acquisition of AEI s partnership management business and certain E&P assets, the ATLS compensation committee intended the awards to represent multi-year long-term incentive grants competitive with the 75th percentile of the market. In order to assist the ATLS compensation committee in assessing the competitiveness of proposed awards, Mercer provided market data for long-term incentive grants from its 2010 oil and gas survey of data from 111 organizations, a survey which comprises the following companies:

Abraxas Petroleum Corporation
AGL Resources - Sequent Energy Management
Altex Energy Corporation
Apache Corporation
Baker Hughes, Inc.
Baker Hughes, Inc. - Baker Atlas
Baker Hughes, Inc. - Baker Hughes Inteq
Basic Energy Services
Basic Energy Services - Completion and Remedial Services
Baytex Energy USA Ltd.
BHP Billiton Petroleum (Americas), Inc.
Legacy Reserves, LP
Linn Energy, LLC
Magellan Midstream Holdings, LP
Magellan Midstream Holdings, LP - Pipeline/Terminal Division
Magellan Midstream Holdings, LP - Transportation
MarkWest Energy Partners LP
MarkWest Energy Partners LP - Gulf Coast Business Unit
MarkWest Energy Partners LP - Liberty Business Unit
MarkWest Energy Partners LP - Northeast Business Unit
MarkWest Energy Partners LP - Southwest Business Unit
MDU Resources Group, Inc. - WBI Holdings, Inc.

BreitBurn Energy Partners L.P.
BreitBurn Energy Partners L.P. - Eastern Division
BreitBurn Energy Partners L.P. - Orcutt Facility
BreitBurn Energy Partners L.P. - West Pico Facility
BreitBurn Energy Partners L.P. - Western Division
BreitBurn Energy Partners L.P. - Western Division, California Operations
BreitBurn Energy Partners L.P. - Western Division, Florida Operations
BreitBurn Energy Partners L.P. - Western Division, Wyoming Operations
Buckeye Partners, L.P.
Calfrac Well Services Corporation
Chesapeake Energy Corporation
Chesapeake Energy Corporation - CEMI
Chesapeake Energy Corporation - Chesapeake Midstream Partners
Chesapeake Energy Corporation - Diamond Y
Chesapeake Energy Corporation - Great Plains
Chesapeake Energy Corporation - Hodges
Chesapeake Energy Corporation - Midcon
Chesapeake Energy Corporation - Nomac
CHS Inc. - Energy
Cimarex Energy Co.
Constellation Energy Partners LLC
Copano Energy
DCP Midstream, LLC - DCP Midstream Partners, LP
Devon Energy
Edison Mission Energy - Energy Mission Marketing & Trading
El Paso Corporation - Exploration and Production
El Paso Corporation - Pipeline Group
Energen Corporation
Energen Corporation - Energen Resources Corporation
Enerplus Resources (USA) Corporation
Eni US Operating Company, Inc.
Murphy Oil Corporation
Newfield Exploration Company
Nexen Petroleum USA, Inc.
Noble Corporation
Noble Corporation - Noble Drilling Services, Inc.
Noble Energy, Inc.
NuStar Energy LP
OGE Energy Corporation - Enogex
ONEOK, Inc.
ONEOK, Inc. - ONEOK Partners
Parker Drilling Company
Petroleum Development Corporation
Pioneer Natural Resources USA, Inc.
Plains Exploration & Production Company
Precision Drilling Corporation
Pride International
QEP Resources
Questar Corporation - Questar Pipeline
Quicksilver Resources Inc.
RAM Energy Resources, Inc.
Regency Energy Partners LP
Regency Energy Partners LP - Contract Compression Segment
Rowan Companies, Inc.
SandRidge Energy, Inc.
Seneca Resources Corporation
Seneca Resources Corporation - Bakersfield
Seneca Resources Corporation - Williamsville
Southern Union Company
Southern Union Company - Panhandle Energy
Southern Union Company - Southern Union Gas Services
Southwestern Energy Company

ENSCO International, Inc.
ENSCO International, Inc. - Deepwater Business Unit
ENSCO International, Inc. - North & South America Business Unit
Enterprise Products Partners L.P.
EOG Resources, Inc.
Forest Oil Corporation
Genesis Energy, LLC
Halliburton Company
Halliburton Company - Western Hemisphere
Helmerich & Payne, Inc.
Hess Corporation
Hess Corporation - Exploration & Production
Husky Energy Inc.
Kinder Morgan, Inc.
StatoilHydro - Norsk Hydro Gulf of Mexico, LLC
Sunoco, Inc.
Talisman Energy Inc. US
The Williams Companies, Inc.
The Williams Companies, Inc. - E&P
The Williams Companies, Inc. - Midstream
The Williams Companies, Inc. - Williams Gas Pipeline (WGP)
TransCanada Corporation
TransCanada Corporation - US Pipeline Central
Transocean, Inc.
Valero Energy Corporation
Venoco, Inc.
XTO Energy, Inc.

In using this broad-based survey, the ATLS compensation committee considered only aggregate data and did not select any individual companies for comparison. Mercer provided data with respect to average long-term incentive awards across all positions with a similar base salary in the above-named companies, and calculated long-term incentive awards for its NEOs as a percentage multiple of base salary at the 75^{th} percentile of the survey data. In addition, Mercer advised the ATLS compensation committee with respect to current employment agreement practices generally.

Elements of our Compensation Program

Our executive officer compensation package includes a combination of annual cash and long-term incentive compensation. Annual cash compensation is comprised of an allocation of base salary plus cash bonus awarded by ATLS. Long-term incentives consist of a variety of equity awards. Both the annual cash incentives and long-term incentives may be performance-based.

Base Salary

Base salary is intended to provide fixed compensation to the NEOs for their performance of core duties that contributed to the success of ATLS and us. Base salaries are not intended to compensate individuals for extraordinary performance or for above average company performance.

Annual Incentives

Annual incentives are intended to tie a significant portion of each of the NEO s compensation to ATLS annual performance and/or that of one of ATLS subsidiaries or divisions for which the officer is responsible. Generally, the higher the level of responsibility of the executive within ATLS the greater is the incentive component of that executive s target total cash compensation. The ATLS compensation committee may recommend awards of performance-based bonuses and discretionary bonuses.

Performance-Based Bonuses In April 2011, the ATLS compensation committee adopted an Annual Incentive Plan for Senior Executives, which we refer to as the Senior Executive Plan, to award bonuses for achievement of predetermined, objective performance measures through the end of 2011. Awards under the Senior Executive Plan could be paid in cash or in a combination of cash and equity. Under the Senior Executive Plan, the maximum award payable to an individual was $15,000,000.

At the time the ATLS compensation committee adopted the Senior Executive Plan, it approved 2011 target bonus awards to be paid from a bonus pool. The bonus pool was equal to 18.3% of ATLS distributable cash flow. In the event that the distributable cash flow included any capital transaction gains in excess of $50 million, then only 10% of that excess would be included in the bonus pool. If the distributable cash flow did not equal at least 80% of the 2011 budgeted distributable cash flow of $84,498,000, no bonuses would be paid. Distributable cash flow means the sum of (i) cash available for distribution by ATLS, including its ownership interest in the distributable cash flow of any of its subsidiaries (regardless of whether such cash is actually distributed), plus (ii) to the extent not otherwise included in distributable cash flow, any realized gain on the sale of securities, including securities of a subsidiary, less (iii) to the extent not otherwise included in distributable cash flow, any loss on the sale of securities, including securities of a subsidiary. A return of ATLS capital investment in a subsidiary was not intended to be included and, accordingly, if distributable cash flow included proceeds from the sale of all or substantially all of the assets of a subsidiary, the amount of such proceeds to be included in distributable cash flow would be reduced by its basis in the subsidiary.

The maximum award payable, expressed as a percentage of ATLS estimated 2011 distributable cash flow, for each participant was as follows: Edward E. Cohen, 6.14%; Jonathan Z. Cohen, 4.37%; and Eugene Dubay, 2.60%. The other NEOs do not participate in the Senior Executive Plan. Pursuant to the terms of the Senior Executive Plan, the ATLS compensation committee had the discretion to recommend reductions, but not increases, in awards under the Senior Executive Plan.

Discretionary Bonuses Discretionary bonuses may be awarded to recognize individual and group performance.

Long-Term Incentives

The ATLS compensation committee believes our long-term success depends upon aligning our executives and unitholders interests. To support this objective, ATLS provides our executives with various means to become significant equity holders, including awards under our 2004 Long-Term Incentive Plan (the 2004 LTIP) and our 2010 Long-Term Incentive Plan (the 2010 LTIP), which we collectively refer to as our Plans. Our NEOs are also eligible to receive awards under the ATLS long-term incentive plans, which we refer to as the ATLS Plans.

Grants under our Plans: The ATLS compensation committee recommends grants of equity awards in the form of options and/or phantom units. Other than the unit options that were granted to Mr. Dubay in connection with the execution of his 2009 employment agreement, only phantom units have been granted under our Plans through December 31, 2011. Except for phantom units received in exchange for Bonus Units under the Atlas Pipeline Mid-Continent Plan (APLMC Plan), which vest over three years, the unit options and phantom units vest over four years.

Grants under Other Plans: As described above, our NEOs were eligible to receive stock-based awards under the ATLS Plans. In addition, we anticipate that some of our NEOs will be eligible to receive awards under the long-term incentive plan to be adopted by Atlas Resource Partners, L.P., ATLS newly formed subsidiary.

Post-Termination Compensation

Our NEOs received substantial cash payments from Chevron in connection with the Chevron Merger, both as a result of the termination payments due under their employment agreements with AEI, which are described under Employment Agreements and Potential Payments Upon Termination or Change of Control, and their equity holdings in AEI. The ATLS compensation committee believed that the amounts thus realized left some of our NEOs without adequate financial incentives to continue employment with ATLS, which the ATLS committee did not believe was in ATLS interest as it moved forward with significant new operations. In order to motivate the NEOs to provide their maximum effort and commitment, it made certain long-term incentive grants, which are described under Long-Term Incentives, and ATLS entered into employment agreements with Messrs. E. Cohen, J. Cohen, and Dubay that, among other things, provide compensation upon termination of their employment by reason of death or disability, by ATLS without cause or by each of them for good reason. See Employment Agreements and Potential Payments Upon Termination or Change of Control. Good reason is defined under the agreements as:

- a material reduction in the executive s base salary;
- a demotion from the position held by the executive at the time the agreement was entered into;
- a material reduction in the executive s duties;
- the executive is required to relocate to a location more than 35 miles from his previous location;
- in the case of Messrs. E. and J. Cohen s agreements, the officer ceases to be elected to ATLS board; and;
- any material breach of the agreement.

The ATLS compensation committee s rationale behind the design of the provisions of these agreements for termination by the executive for good reason is as follows:

- Determination of Triggering Events The ATLS compensation committee elected not to include a change of control of ATLS as a good reason triggering event and instead limited the triggering events to those (including after a change of control of ATLS) where his position with ATLS changes substantially and is essentially an involuntary termination.
- Benefit Multiple The ATLS compensation committee determined the benefit multiple, that is, the cash severance amount based on each executive s salary and bonus, after consideration of comparable market practices provided to the committee by Mercer.

Perquisites

At the discretion of the ATLS compensation committee, we provide perquisites to our NEOs. In 2011, these benefits were limited to providing automobiles to some NEOs and reimbursement of relocation expenses and club membership dues.

Determination of 2011 Compensation Amounts

Base Salary

In February 2011, the ATLS compensation committee approved the base salaries for our NEOs as follows: Mr. Dubay $500,000, Mr. Karlovich $200,000, Mr. Kalamaras $295,000 and Mr. Shrader $290,000. These amounts represented a 0%, 11.5%, 7%, and 5% increase from the 2010 base salaries for each of Messrs. Dubay, Karlovich, Kalamaras and Shrader, respectively.

In February 2012, the ATLS compensation committee approved the base salaries for our NEOs as follows: Mr. Dubay $500,000, Mr. Karlovich $286,000 and Mr. Shrader $301,600. These amounts represent a 0%, 4% and 4% increase from the 2011 year-end base salaries for Messrs. Dubay, Karlovich and Shrader, respectively.

Annual and Transaction Incentives

The ATLS compensation committee was attentive to ATLS unique circumstances after the Chevron Merger, in that it had both completed a significant and transformative transaction and was re-establishing itself as a stand-alone entity. The ATLS compensation committee considered both individual and company performance of its NEOs based upon their outstanding performance and leadership until the closing of the Chevron Merger and ATLS successful establishment as a stand-alone entity, and shortly after the closing of the Chevron Merger in February 2011 awarded cash bonuses to Messrs. E. Cohen and J. Cohen as follows: Mr. E. Cohen $2,500,000 and Mr. J. Cohen $2,500,000. No amounts were allocated to us with respect to these awards.

One year later, after the end of ATLS 2011 fiscal year, the ATLS compensation committee recommended incentive awards pursuant to the Senior Executive Plan based on the prior year s performance. In determining the actual amounts to be paid to the NEOs, the ATLS compensation committee considered both individual and company performance. The Chairman of our General Partner made recommendations, other than for himself, of incentive award amounts based upon ATLS performance as well as the performance of its subsidiaries; however, the ATLS compensation committee had the discretion to approve, reject, or modify the recommendations. The ATLS compensation committee noted that ATLS total unitholder return was 67% during 2011 and that its cash distributions increased by approximately 600% over the prior year; ATLS was able to reestablish its partnership fund raising programs despite the abbreviated sales period; ATLS management team worked throughout the year to prepare for the spin-off of its E&P and partnership management business to Atlas Resource Partners, in which ATLS will retain an approximate 80% interest, and successfully rebuilt its operations team after the transfer of senior executives and technical staff to Chevron; ATLS made fresh entries into the Marcellus Shale in areas not restricted by its non-competition agreement with Chevron, and increased its drilling in Tennessee, Colorado and Ohio; and that we had operated our plants at full capacity, declared distributions at a sharp increase from the prior year, continued to expand capacity and distributable cash flow through organic growth and enjoyed multiple credit rating upgrades. In addition, the ATLS compensation committee reviewed the calculations of ATLS distributable cash flow and determined that 2011 distributable cash flow was $123,800,000, which exceeded the pre-determined minimum threshold of 80% of the budgeted distributable cash flow of $84,498,000. The ATLS compensation committee determined that based upon the strong performance of the NEOs as highlighted above, the bonuses for the NEOs were as follows: Mr. E. Cohen $3,500,000, Mr. Dubay $1,000,000 and Mr. J. Cohen $3,000,000. The bonuses awarded to the NEOs did not exceed 55% of the maximum bonus allocable to each NEO under the Senior Executive Plan formula, and were reduced in part in recognition of the cash bonus awards made in February for service until the date of such bonuses.

Discretionary Bonuses. Messrs. Karlovich and Shrader are not participants in the Senior Executive Plan. The ATLS compensation committee awarded them discretionary bonuses as follows: Mr. Karlovich $350,000 and Mr. Shrader $375,000. Among other factors, the discretionary bonuses were awarded based on performance in connection with the sale of our 49% non-controlling interest in Laurel Mountain and the acquisition of our 20% interest in West Texas LPG Pipeline Limited Partnership.

Long-Term Incentives. Immediately after the Chevron Merger, the ATLS compensation committee recognized that the leadership of its NEOs was essential to ATLS as it established itself as a stand-alone entity. It further concluded that strong incentive for its NEOs to remain with ATLS for a significant period of time and their close alignment with its unitholders is critical in attracting and retaining additional key employees. However, the ATLS compensation committee further understood that its NEOs had received substantial cash amounts from Chevron in connection with the Chevron Merger, both as a result of the termination payments due under their employment agreements with AEI, which are described under Employment Agreements and Potential Payments Upon Termination or Change of Control, and their equity holdings in AEI, and that could have left its NEOs without the adequate financial incentives to continue employment with ATLS for a significant period of time, which the ATLS compensation committee considered important. To provide motivation to the NEOs to give their maximum effort and commitment, ATLS made certain long-term incentive grants to our NEOs in March 2011 under the ATLS Plans as follows: Mr. E. Cohen 300,000 phantom units and 700,000 options; Mr. Dubay 80,000 phantom units and 100,000 options; Mr. Kalamaras 50,000 phantom units and 70,000 options; Mr. J. Cohen 250,000 phantom units and 500,000 options; Mr. Karlovich 10,000 phantom units and 10,000 options and Mr. Shrader 30,000 phantom units. The ATLS compensation committee intended the awards to represent long-term incentive grants competitive with the 75th percentile of the market described under Role of Compensation Consultant . For each of the NEOs, consistent with Mercer s advice, the grants represented between 3.5 to 5.4 times the annual market long-term incentive level from Mercer s survey. The ATLS compensation committee does not anticipate making awards of such size on an annual basis. The awards will vest 25% on the third anniversary of the grant and 75% on the fourth anniversary.

In connection with his appointment as our CFO in November 2011, the ATLS compensation committee determined to award Mr. Karlovich a one-time award of 40,000 phantom units under our 2010 LTIP. The units will vest 25% each year, on the anniversary of the grant, over a four year period.

The following tables set forth the compensation allocation to us for fiscal years 2011, 2010 and 2009 for our General Partner s CEO, CFO and each of our other most highly compensated executive officers whose allocated aggregate salary and bonus (including amounts of salary and bonus foregone to receive non-cash compensation) exceeded $100,000. As required by SEC guidance, the tables also disclose awards under the ATLS Plans.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Eugene N. Dubay,	2011	$ 500,000	$	$ 1,778,400	$ 993,000	$ 1,000,000	$ 5,136,128(3)	$ 9,407,528
CEO and President	2010	500,000	1,000,000	1,334,009	1,008,700		26,484	3,869,193
	2009	438,847	500,000		564,000		555,805	2,058,652
Robert W. Karlovich, III,	2011	220,192	350,000	1,628,300	99,300		69,188(5)	2,366,980
CFO(4)	2010	179,358	63,000	304,200			9,538	556,096
	2009	152,255	73,308	48,000				273,563
Eric T. Kalamaras,	2011	274,577		1,111,500	695,100		94,486(7)	2,175,663
Former CFO(6)	2010	274,519	180,000	660,020(8)	273,790		49,572	1,437,901
	2009	76,923	152,917	66,620				296,460
Edward E. Cohen,	2011	101,423				525,000	25,650(10)	652,073
Chairman of the Board(9)	2010	150,000				750,000	3,375	903,375
	2009	147,577				375,000	12,600	535,177
Jonathan Z. Cohen,	2011	72,115				450,000	21,375(10)	543,490
Vice Chairman of Atlas	2010	105,000				600,000	1,688	706,688
Pipeline GP(9)	2009	101,539				300,000	7,863	409,402
Gerald R. Shrader,	2011	290,000	375,000	666,900			95,474(11)	1,427,374
Chief Legal Officer	2010	274,519	215,000	630,640(8)			23,646	1,143,805
	2009	224,616	300,000	96,000				620,616

(1) The amounts reflect the grant date fair value of the phantom units under our Plans and the ATLS Plans. The grant date fair value was determined based on the market value on the grant date of our units and ATLS units. See Item 8. Financial Statements and Supplementary Data Note 16 for further discussion regarding assumptions made in valuation of fair value.

(2) The amounts in this column reflect the grant date fair value of options awarded under our Plans and the ATLS Plans. See Item 8. Financial Statements and Supplementary Data Note 16 for further discussion regarding assumptions made in valuation of fair value.

(3) Includes payments on DERs of $45,600 with respect to the phantom units awarded under the ATLS Plans and $27,842 with respect to the phantom units awarded under our Plans. Also includes amounts paid by Chevron in connection with the termination of Mr. Dubay s employment agreement as a result of the Chevron Merger as follows: $879,712 severance and $4,182,865 for the cash-out of equity awards subject to accelerated vesting, representing 15,454 stock awards reported in the Unit awards column for 2010 and 145,000 options reported in Option awards column for 2009 and 2010. See Employment Agreements and Potential Payments Upton Termination or Change of Control Eugene N. Dubay 2009 Employment Agreement and 2011 Option Exercises and Stock Vested table.

(4) On October 31, 2011, Robert W. Karlovich, III was appointed to serve in the capacity of Chief Financial Officer of our General Partner, a position previously held by Mr. Kalamaras.

(5) Includes payments on DERs of $5,700 with respect to the phantom units awarded under the ATLS Plans and $58,895 with respect to the phantom units awarded under our Plans.

(6) Eric T. Kalamaras resigned as the Chief Financial Officer of our General Partner, effective October 31, 2011. All stock and option awards, which were outstanding at that time, were forfeited.

(7) Includes payments on DERs of $16,500 with respect to the phantom units awarded under the ATLS Plans and $68,820 with respect to the phantom units awarded under our Plans. Also includes $316,350 for the cash-out of AEI equity Mr. Kalamaras held, as a result of the Chevron Merger.

(8) Reflects a change from what was reported in our Form 10-K for fiscal year 2010 to now reflect the cash bonus units that had been converted to phantom units during 2010.

(9) Amounts for Messrs. E. Cohen and J. Cohen reflect only the portion of compensation allocated to us.

(10) Reflects payments of DERs with respect to phantom units awarded under the ATLS Plans.

(11) Includes payments on DERs of $17,100 with respect to the phantom units awarded under the ATLS Plans and $77,108 with respect to the phantom units awarded under our Plans.

GRANTS OF PLAN-BASED AWARDS

Name	Estimated Possible Payments Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/Sh)[2]	Grant Date Fair Value of Unit and Option Awards[3]
Eugene N. Dubay	N/A	N/A	$ 3,249,000	03/25/11	80,000[4]		$	$ 1,778,400
				03/25/11		100,000[5]	22.23	993,000
Robert W. Karlovich, III	N/A	N/A	N/A	03/25/11	10,000[4]			222,300
				03,25/11		10,000[5]	22.23	93,300
				11/04/11	40,000[6]			1,406,000
Eric T. Kalamaras[7]	N/A	N/A	N/A	03/25/11	50,000[4]			1,111,500
				03,25/11		70,000[5]	22.23	695,100
Edward E. Cohen	N/A	N/A	7,673,000	03/25/11	300,000[8]			6,669,000
				03,25/11		700,000[9]	22.23	6,951,000
Jonathan Z. Cohen	N/A	N/A	5,461,000	03/25/11	250,000[8]			5,557,500
				03,25/11		500,000[9]	22.23	4,965,000
Gerald R. Shrader	N/A	N/A	N/A	03/25/11	30,000[4]			666,900

(1) Represents performance-based bonuses under ATLS Senior Executive Plan. As discussed under Compensation Discussion and Analysis Elements of our Compensation Program Annual Incentives Performance-Based Bonuses, the ATLS compensation committee set performance goals based on ATLS distributable cash flow and established maximum awards, but not minimum or target amounts, for each eligible NEO. ATLS Senior Executive Plan sets an individual limit of $15,000,000 per annum regardless of the maximum amounts that might otherwise be payable.

(2) The exercise price is equal to the closing price of ATLS common units or our common units on the date of grant.

(3) The grant date fair value was calculated in accordance with FASB ASC Topic 718.

(4) Represents phantom units granted under the ATLS 2010 Plan.

(5) Represents options granted under the ATLS 2010 Plan. The weighted average fair value of unit options granted during the period, based upon a Black-Scholes option pricing model on the date of grant, was $9.93.

(6) Represents phantom units granted under our 2010 Plan.

(7) Units and options were forfeited upon Mr. Kalamaras resignation effective October 31, 2011.

(8) Represents phantom units granted under the ATLS 2010 Plan. Phantom units granted to Mr. E. Cohen and Mr. J. Cohen under the ATLS Plans are not allocated to us and are not included in the Summary Compensation Table.

(9) Represents options granted under the ATLS 2010 Plan. The weighted average fair value of unit options granted during the period, based upon a Black-Scholes option pricing model on the date of grant, was $9.93. Unit options granted to Mr. E. Cohen and Mr. J. Cohen under the ATLS Plans are not allocated to us and are not included in the Summary Compensation Table.

Employment Agreements and Potential Payments Upon Termination or Change of Control

Edward E. Cohen

2004 Employment Agreement

In May 2004, AEI entered into an employment agreement with Edward E. Cohen, who currently serves as our Chairman and, from 1999 until January 2009, served as our CEO. The agreement was amended as of December 31, 2008 to comply with requirements under Section 409A of the Code relating to deferred compensation. Mr. Cohen s employment agreement terminated in February 2011 in connection with the Chevron Merger, and ATLS entered into a new employment agreement with Mr. Cohen on May 13, 2011. The following discussion of Mr. Cohen s employment agreement summarizes the elements of Mr. Cohen s compensation that were allocated to us in part.

Mr. Cohen s employment agreement required him to devote such time to AEI as was reasonably necessary to the fulfillment of his duties, although it permitted him to invest and participate in outside business endeavors. The agreement provided for initial base compensation of $350,000 per year, which could be increased by the AEI compensation committee based upon its evaluation of Mr. Cohen s performance. Mr. Cohen was eligible to receive incentive bonuses and stock option grants and to participate in all employee benefit plans in effect during his period of employment.

The agreement had a term of three years and, until notice to the contrary, the term was automatically extended so that on any day on which the agreement was in effect it had a then-current three-year term. Mr. Cohen s former employment agreement was entered into in 2004, around the time that AEI was preparing to launch its initial public offering in connection with its spin-off from Resource America, Inc. At that time, it was important to establish a long-term commitment to and from Mr. Cohen as the Chief Executive Officer and then-current President of AEI. The rolling three-year term was determined to be an appropriate amount of time to reflect that commitment and was deemed a term that was commensurate with Mr. Cohen s position. The multiples of the compensation components upon termination or a change of control, discussed below, were generally aligned with competitive market practice for similar executives at the time that the agreement was negotiated.

The agreement provided the following regarding termination and termination benefits:

- Upon termination of employment due to death, Mr. Cohen s estate will receive (a) a lump sum payment in an amount equal to three times his final base salary and (b) automatic vesting of all stock and option awards.

- AEI may terminate Mr. Cohen s employment if he is disabled for 180 consecutive days during any 12-month period. If his employment is terminated due to disability, Mr. Cohen will receive (a) a lump sum payment in an amount equal to three times his final base salary, (b) a lump sum amount equal to the COBRA premium cost for continued health coverage, less the premium charge that is paid by AEI s employees, during the three years following his termination, (c) a lump sum amount equal to the cost AEI would incur for life, disability and accident insurance coverage during the three-year period, less the premium charge that is paid by our employees, (d) automatic vesting of all stock and option awards and (e) any amounts payable under AEI s long-term disability plan.

- AEI may terminate Mr. Cohen s employment without cause, including upon or after a change of control, upon 30 days prior written notice. He may terminate his employment for good reason. Good reason is defined as a reduction in his base pay; a demotion; a material reduction in his duties; relocation; his failure to be elected to AEI s Board of Directors; or AEI s material breach of the agreement. Mr. Cohen must provide AEI with 30 days notice of a termination by him for good reason within 60 days of the event constituting good reason. AEI then would have 30 days in which to cure and, if it does not do so, Mr. Cohen s employment will terminate 30 days after the end of the cure period. If employment is terminated by AEI without cause, by Mr. Cohen for good reason or by either party in connection with a change of control, he will be entitled to either (a) if Mr. Cohen does not sign a release, severance benefits under AEI s then-current severance policy, if any, or (b) if Mr. Cohen signs a release, (i) a lump sum payment in an amount equal to three times his average compensation (defined as the average of the three highest years of total compensation), (ii) a lump sum amount equal to the COBRA premium cost for continued health coverage, less the premium charge that is paid by AEI s employees, during the three years following his termination, (iii) a lump sum amount equal to the cost AEI would incur for life, disability and accident insurance coverage during the three-year period, less the premium charge that is paid by AEI s employees, and (iv) automatic vesting of all stock and option awards.

Mr. Cohen may terminate the agreement without cause with 60 days notice to AEI, and if he signs a release, he will receive (a) a lump sum payment equal to one-half of one year s base salary then in effect and (b) automatic vesting of all stock and option awards.

Change of control was defined as:

the acquisition of beneficial ownership, as defined in the Securities Exchange Act of 1933, of 25% or more of AEI s voting securities or all or substantially all of AEI s assets by a single person or entity or group of affiliated persons or entities, other than an entity affiliated with Mr. Cohen or any member of his immediate family;

AEI consummates a merger, consolidation, combination, share exchange, division or other reorganization or transaction with an unaffiliated entity in which either (a) AEI s directors immediately before the transaction constitute less than a majority of the board of the surviving entity, unless 1/2 of the surviving entity s board were AEI s directors immediately before the transaction and AEI s chief executive officer immediately before the transaction continues as the chief executive officer of the surviving entity; or (b) AEI s voting securities immediately prior to the transaction represent less than 60% of the combined voting power immediately after the transaction of AEI, the surviving entity or, in the case of a division, each entity resulting from the division;

during any period of 24 consecutive months, individuals who were AEI Board members at the beginning of the period cease for any reason to constitute a majority of the AEI Board, unless the election or nomination for election by AEI s stockholders of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the period; or

AEI s stockholders approve a plan of complete liquidation or winding up of AEI, or agreement of sale of all or substantially all of AEI s assets or all or substantially all of the assets of AEI s primary subsidiaries to an unaffiliated entity.

Termination amounts will not be paid until 6 months after the termination date, if such delay is required by Section 409A. In the event that any amounts payable to Mr. Cohen upon termination become subject to any excise tax imposed under Section 4999 of the Code, AEI must pay Mr. Cohen an additional sum such that the net amounts retained by Mr. Cohen, after payment of excise, income and withholding taxes, equals the termination amounts payable, unless Mr. Cohen s employment terminates because of his death or disability.

When Mr. Cohen s employment agreement terminated in February 2011 in connection with the Chevron Merger, he received the following, all of which was paid by Chevron: $60,354,580 for the cash-out of the AEI equity he held, $17,872,308 in severance, $71,842 in benefits payments and $6,052,204 for excise tax gross-up.

2011 Employment Agreement

On May 13, 2011, ATLS entered into a new employment agreement with Mr. Cohen to secure his service as President and Chief Executive Officer. As discussed above under Compensation Discussion and Analysis, ATLS allocated a portion of Mr. Cohen s compensation cost to us based on an estimate of the time spent by Mr. Cohen on our activities. ATLS added 50% to the compensation amount allocated to us to cover the costs of health insurance and similar benefits. The agreement has an effective date of May 16, 2011 and has a term of three years, which automatically renews daily, unless terminated before the expiration of the term pursuant to the termination provisions of the agreement.

The agreement provides for an initial annual base salary of $700,000, which may be increased at the discretion of the board of directors of ATLS general partner. Mr. Cohen is entitled to participate in any short-term and long-term incentive programs and health and welfare plans and receive perquisites and reimbursement of business expenses, in each case as provided by ATLS for its senior level executives generally. Mr. Cohen participates in the Excess 401(k) Plan, under which he may elect to defer up to 10% of his total annual cash compensation, which ATLS must match on a dollar-for-dollar basis up to 50% of his annual base salary. During the term of the agreement, ATLS must maintain a term life insurance policy on Mr. Cohen s life, which provides a death benefit of $3.0 million, which can be assumed by Mr. Cohen upon a termination of employment.

The agreement provides the following benefits in the event of a termination of employment:

Upon termination of employment due to death, all equity awards held by Mr. Cohen accelerate and vest in full upon the later of the termination of employment or six months after the date of grant of the awards (Acceleration of Equity Vesting), and Mr. Cohen s estate is entitled to receive, in addition to payment of all accrued and unpaid amounts of base salary, vacation, business expenses and other benefits (Accrued Obligations), a pro-rata bonus for the year of termination, based on the actual bonus that would have been earned had the termination of employment not occurred, determined and paid consistent with past practice (the Pro-Rata Bonus).

ATLS may terminate Mr. Cohen s employment if he has been unable to perform the material duties of his employment for 180 days in any 12-month period because of physical or mental injury or illness, but ATLS is required to pay his base salary until it acts to terminate his employment. Upon termination of employment due to disability, Mr. Cohen will receive the Accrued Obligations, all amounts payable under ATLS long-term disability plans, three years continuation of group term life and health insurance benefits (or, alternatively, ATLS may elect to pay executive cash in lieu of such coverage in an amount equal to three years healthcare coverage at COBRA rates and the premiums ATLS would have paid during the three-year period for such life insurance) (such coverage, the Continued Benefits), Acceleration of Equity Vesting, and the Pro-Rata Bonus.

Upon termination of employment by ATLS without cause or by Mr. Cohen for good reason, Mr. Cohen will be entitled to either (i) if he does not execute and not revoke a release of claims against ATLS, payment of the Accrued Obligations, or (ii), in addition to payment of the Accrued Obligations, if he executes and does not revoke a release of claims against ATLS, (A) a lump-sum cash payment in an amount equal to three years of his average compensation (which is generally defined as the sum of (1) his base salary in effect immediately before the termination of employment plus (2) the average of the cash bonuses earned for the three calendar years preceding the year in which the date of termination of employment occurs (or $1,000,000 if the period of employment ended before the 2011 annual bonuses had been paid), (B) Continued Benefits, (C) the Pro-Rata Bonus, and (D) Acceleration of Equity Vesting.

Upon a termination by ATLS for cause or by Mr. Cohen without good reason, he is entitled to receive payment of the Accrued Obligations.

Good reason is defined under the agreement as:

- a material reduction in Mr. Cohen s base salary;
- a demotion from his position;
- material reduction in Mr. Cohen s duties, it being deemed such a material reduction if ATLS ceases to be a public company unless ATLS becomes a subsidiary of a public company and Mr. Cohen becomes the chief executive officer of the public parent immediately following the applicable transaction;
- Mr. Cohen is required to relocate to a location more than 35 miles from his previous location;
- Mr. Cohen ceases to be elected to ATLS board; or
- any material breach of the agreement.

Cause is defined as:

- Mr. Cohen is convicted of a felony, or any crime involving fraud or embezzlement;
- Mr. Cohen intentionally and continually fails to perform his reasonably assigned duties (other than as a result of disability), which failure is materially and demonstrably detrimental to ATLS and has continued for 30 days after written notice signed by a majority of the independent directors of ATLS general partner; or
- Mr. Cohen is determined, through arbitration, to have materially breached the restrictive covenants in the agreement.

In connection with a change of control, any excess parachute payments (within the meaning of Section 280G of the Internal Revenue Code) otherwise payable to Mr. Cohen will be reduced such that the total payments to the executive, which are subject to Internal Revenue Code Section 280G are no greater than the Section 280G safe harbor amount if he would be in a better after-tax position as a result of such reduction.

We anticipate that lump sum termination amounts paid to Mr. Cohen would be allocated to us consistent with past practice and, with respect to payments based on three years of compensation, would be allocated to us based on the average amount of time Mr. Cohen devoted to our activities during the prior three-year period. The following table provides an estimate of the value of the benefits to Mr. Cohen, which would have been allocated to us if a termination event had occurred as of December 31, 2011.

Reason for Termination	Lump Sum Severance Payment	Benefits(1)	Accelerated Vesting of Equity Awards
Death	$ 525,000	$	$
Disability	525,000	7,722	
Termination by us without cause or by Mr. Cohen for good reason	765,000(2)	7,722	

(1) Dental and medical benefits were calculated using 2011 COBRA rates.
(2) Calculated based on Mr. Cohen s current base salary plus the applicable bonus.

Jonathan Z. Cohen

2009 Employment Agreement

In January 2009, AEI entered into an employment agreement with Jonathan Z. Cohen, who currently serves as the Vice Chairman of our General Partner. Mr. Cohen s employment agreement terminated in February 2011 in connection with the Chevron Merger, and ATLS entered into a new employment agreement with Mr. Cohen on May 13, 2011.

Mr. Cohen s employment agreement required him to devote such time to AEI as was reasonably necessary to the fulfillment of his duties, although it permitted him to invest and participate in outside business endeavors. The agreement provided for initial base compensation of $600,000 per year, which could be increased by the AEI board based upon its evaluation of Mr. Cohen s performance. Mr. Cohen was eligible to receive incentive bonuses and stock option grants and to participate in all employee benefit plans in effect during his period of employment. The agreement had a term of three years and, until notice to the contrary, the term was automatically extended so that on any day on which the agreement was in effect it had a then-current three-year term. The rolling three-year term and the multiples of the compensation components upon termination or a change of control, discussed below, were generally aligned with competitive market practice for similar executives at the time that the employment agreement was negotiated.

The agreement provided the following regarding termination and termination benefits:

Upon termination of employment due to death, Mr. Cohen s estate will receive (a) accrued but unpaid bonus and vacation pay and (b) automatic vesting of all equity-based awards.

AEI may terminate Mr. Cohen s employment without cause upon 90 days prior notice or if he is physically or mentally disabled for 180 days in the aggregate or 90 consecutive days during any 365-day period and AEI s board determines, in good faith based upon medical evidence, that he is unable to perform his duties. Upon termination by AEI other than for cause, including disability, or by Mr. Cohen for good reason (defined as any action or inaction that constitutes a material breach by AEI of the employment agreement or a change of control), Mr. Cohen will receive either (a) if Mr. Cohen does not sign a release, severance benefits under our then-current severance policy, if any, or (b) if Mr. Cohen signs a release, (i) a lump sum payment in an amount equal to three years of his average compensation (which is defined as his base salary in effect immediately before termination plus the average of the cash bonuses earned for the three calendar years preceding the year in which the termination occurred), less, in the case of termination by reason of disability, any amounts paid under disability insurance provided by us, (ii) monthly reimbursement of any COBRA premium paid by Mr. Cohen, less the amount

Mr. Cohen would be required to contribute for health and dental coverage if he were an active employee and (iv) automatic vesting of all equity-based awards.

AEI may terminate Mr. Cohen s employment for cause (defined as a felony conviction or conviction of a crime involving fraud, deceit or misrepresentation, failure by Mr. Cohen to materially perform his duties after notice other than as a result of physical or mental illness, or violation of confidentiality obligations or representations contained in the employment agreement). Upon termination by AEI for cause or by Mr. Cohen for other than good reason, Mr. Cohen s vested equity-based awards will not be subject to forfeiture.

Change of control was defined as:

- the acquisition of beneficial ownership, as defined in the Securities Exchange Act, of 25% or more of AEI s voting securities or all or substantially all of AEI s assets by a single person or entity or group of affiliated persons or entities, other than an entity affiliated with Mr. Cohen or any member of his immediate family;

- AEI consummates a merger, consolidation, combination, share exchange, division or other reorganization or transaction with an unaffiliated entity in which either (a) AEI s directors immediately before the transaction constitute less than a majority of the board of the surviving entity, unless 1/2 of the surviving entity s board were our directors immediately before the transaction and AEI s Chief Executive Officer immediately before the transaction continues as the Chief Executive Officer of the surviving entity; or (b) AEI s voting securities immediately prior to the transaction represent less than 60% of the combined voting power immediately after the transaction of AEI, the surviving entity or, in the case of a division, each entity resulting from the division;

- during any period of 24 consecutive months, individuals who were AEI board members at the beginning of the period cease for any reason to constitute a majority of AEI s board, unless the election or nomination for election by AEI s stockholders of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the period; or

- AEI s stockholders approve a plan of complete liquidation or winding up, or agreement of sale of all or substantially all of AEI s assets or all or substantially all of the assets of its primary subsidiaries to an unaffiliated entity.

Termination amounts will not be paid until 6 months after the termination date, if such delay is required by Section 409A. When Mr. Cohen s employment agreement terminated in February 2011 in connection with the Chevron Merger, he received the following, all of which was paid by Chevron: $36,837,883 for the cash-out of the AEI equity he held and $8,600,000 in severance.

2011 Employment Agreement

On May 13, 2011, ATLS entered into a new employment agreement with Mr. Cohen to secure his service as Chairman of the Board. The agreement has an effective date of May 16, 2011 and has a term of three years, which automatically renews daily, unless terminated before the expiration of the term pursuant to the termination provisions of the agreement. As discussed above under Compensation Discussion and Analysis, ATLS allocates a portion of Mr. Cohen s compensation cost based on an estimate of the time spent by Mr. Cohen on our activities. ATLS added 50% to the compensation amount allocated to us to cover the costs of health insurance and similar benefits. The following discussion of Mr. Cohen s employment agreement summarizes those elements of Mr. Cohen s compensation that were allocated in part to us.

The agreement provides for an initial annual base salary of $500,000, which may be increased at the discretion of the board of directors of ATLS general partner. Mr. Cohen is entitled to participate in any short-term and long-term incentive programs and health and welfare plans of ATLS and receive perquisites and reimbursement of business expenses, in each case as provided by ATLS for our senior level executives generally. Mr. Cohen participates in the Excess 401(k) Plan, under which he may elect to defer up to 10% of his total annual cash compensation, which ATLS must match on a dollar-for-dollar basis up to 50% of his annual base salary. During the term of the agreement, ATLS must maintain a term life insurance policy on Mr. Cohen s life, which provides a death benefit of $2 million, which can be assumed by Mr. Cohen upon a termination of employment.

The agreement provides the following benefits in the event of a termination of employment:

Upon termination of employment due to death, all equity awards held by Mr. Cohen accelerate and vest in full upon the later of the termination of employment or six months after the date of grant of the awards (Acceleration of Equity Vesting), and Mr. Cohen s estate is entitled to receive, in addition to payment of all accrued and unpaid amounts of base salary, vacation, business expenses and other benefits (Accrued Obligations), a pro-rata bonus for the year of termination, based on the actual bonus that would have been earned had the termination of employment not occurred, determined and paid consistent with past practice (the Pro-Rata Bonus).

ATLS may terminate Mr. Cohen s employment if he has been unable to perform the material duties of his employment for 180 days in any 12-month period because of physical or mental injury or illness, but ATLS is required to pay his base salary until ATLS acts to terminate his employment. Upon termination of employment due to disability, Mr. Cohen will receive the Accrued Obligations, all amounts payable under ATLS long-term disability plans, three years continuation of group term life and health insurance benefits (or, alternatively, ATLS may elect to pay executive cash in lieu of such coverage in an amount equal to three years healthcare coverage at COBRA rates and the premiums ATLS would have paid during the three-year period for such life insurance) (such coverage, the Continued Benefits), Acceleration of Equity Vesting, and the Pro-Rata Bonus.

Upon termination of employment by ATLS without cause or by Mr. Cohen for good reason, Mr. Cohen will be entitled to either (i) if he does not execute and not revoke a release of claims against ATLS, payment of the Accrued Obligations, or (ii), in addition to payment of the Accrued Obligations, if he executes and does not revoke a release of claims against ATLS, (A) a lump-sum cash payment in an amount equal to three years of his average compensation (which is generally defined as the sum of (1) his base salary in effect immediately before the termination of employment plus (2) the average of the cash bonuses earned for the three calendar years preceding the year in which the date of termination of employment occurs (or $250,000 if the period of employment ended before the 2011 annual bonuses had been paid), (B) Continued Benefits, (C) the Pro-Rata Bonus, and (D) Acceleration of Equity Vesting.

Upon a termination by ATLS for cause or by Mr. Cohen without good reason, he is entitled to receive payment of the Accrued Obligations.

Good reason is defined under the agreement as:

- a material reduction in Mr. Cohen s base salary;
- a demotion from his position;
- a material reduction in Mr. Cohen s duties, it being deemed such a material reduction if ATLS ceases to be a public company unless it becomes a subsidiary of a public company and Mr. Cohen becomes an executive officer of the public parent with responsibilities substantially equivalent to his previous position immediately following the applicable transaction;
- Mr. Cohen is required to relocate to a location more than 35 miles from his previous location;
- Mr. Cohen ceases to be elected to ATLS board; or
- any material breach of the agreement.

Cause is defined as:

- Mr. Cohen is convicted of a felony, or any crime involving fraud or embezzlement;
- Mr. Cohen intentionally and continually fails to perform his reasonably assigned duties (other than as a result of disability), which failure is materially and demonstrably detrimental to ATLS and has continued for 30 days after written notice signed by a majority of the independent directors of ATLS general partner; or
- Mr. Cohen is determined, through arbitration, to have materially breached the restrictive covenants in the agreement.

In connection with a change of control, any excess parachute payments (within the meaning of Section 280G of the Internal Revenue Code) otherwise payable to Mr. Cohen will be reduced such that the total payments to the executive, which are subject to Internal Revenue Code Section 280G are no greater than the Section 280G safe harbor amount if he would be in a better after-tax position as a result of such reduction.

We anticipate that lump sum termination amounts paid to Mr. Cohen would be allocated to us consistent with past practice and, with respect to payments based on three years of compensation, would be allocated to us based on the average amount of time Mr. Cohen devoted to our activities during the prior three-year period. The following table provides an estimate of the value of the benefits to Mr. Cohen, which would have been allocated to us if a termination event had occurred as of December 31, 2011.

Reason for Termination	Lump Sum Severance Payment	Benefits(1)	Accelerated Vesting of Equity Awards
Death	$ 450,000	$	$
Disability	450,000	11,131	
Termination by us without cause or by Mr. Cohen for good reason	562,500(2)	11,131	

(1) Dental and medical benefits were calculated using 2011 COBRA rates.
(2) Calculated based on Mr. Cohen s current base salary plus the applicable bonus.

Eugene N. Dubay

2009 Employment Agreement

In January 2009, AEI entered into an employment agreement with Eugene N. Dubay, who currently serves as our President and CEO. Mr. Dubay s employment agreement terminated in February 2011 in connection with the Chevron Merger, and ATLS entered into a new employment agreement with Mr. Dubay on November 4, 2011. AEI historically allocated all of Mr. Dubay s compensation cost to us.

The agreement provided for an initial base salary of $400,000 per year and a bonus of not less than $300,000 for the period ending December 31, 2009. After that, bonuses would be awarded solely at the discretion of AEI s compensation committee. In addition to reimbursement of reasonable and necessary expenses incurred in carrying out his duties, Mr. Dubay was entitled to reimbursement of up to $40,000 for relocation costs and AEI agreed to purchase his residence in Michigan for $1,000,000. The agreement provided that if Mr. Dubay s employment was terminated before June 30, 2011 by him without good reason or by AEI for cause, Mr. Dubay must repay an amount equal to the difference between the amount AEI paid for his residence and its fair market value on the date acquired by AEI. Upon execution of the agreement, Mr. Dubay was granted the following equity compensation:

- Options to purchase 100,000 shares of AEI s common stock, which vest 25% per year on each anniversary of the effective date of the agreement;
- Options to purchase 100,000 of our common units, which vest 25% per year on each anniversary of the effective date of the agreement; and
- Options to purchase 100,000 of ATLS common units, which vest 25% on the third anniversary, and 75% on the fourth anniversary, of the effective date of the agreement.

The agreement had a term of two years and, until notice to the contrary, his term was automatically renewed for one year renewal terms. AEI may terminate the agreement:

- at any time for cause;
- without cause upon 45 days prior written notice;

if he is physically or mentally disabled for 180 days in the aggregate or 90 consecutive days during any 365-day period and ATLS board of directors determines, in good faith based upon medical evidence, that he is unable to perform his duties; or

in the event of Mr. Dubay s death.

Mr. Dubay had the right to terminate the agreement for good reason, including a change of control. Mr. Dubay must provide notice of a termination by him for good reason within 30 days of the event constituting good reason. Termination by Mr. Dubay for good reason was only effective if such failure has not been cured within 90 days after notice is given to AEI. Mr. Dubay could also terminate the agreement without good reason upon 60 days notice. Termination amounts will not be paid until six months after the termination date, if such delay is required by Section 409A of the Internal Revenue Code.

Cause was defined as:

- the commitment of a material act of fraud;
- illegal or gross misconduct that is willful and results in damage to AEI s business or reputation;
- being charged with a felony;
- continued failure by Mr. Dubay to perform his duties after notice other than as a result of physical or mental illness; or
- Mr. Dubay s failure to follow AEI s reasonable written directions consistent with his duties.

Good reason was defined as any action or inaction that constitutes a material breach by AEI of the agreement or a change of control.

Change of control was defined as:

- the acquisition of beneficial ownership, as defined in the Securities Exchange Act, of 50% or more of AEI s voting securities or all or substantially all of AEI s assets by a single person or entity or group of affiliated persons or entities, other than an entity affiliated with AEI or Mr. Dubay or any member of his immediate family;
- AEI consummates a merger, consolidation, combination, share exchange, division or other reorganization or transaction of AEI other than with a related entity, in which either (a) AEI s directors immediately before the transaction constitute less than a majority of the board of directors of the surviving entity, unless 1/2 of the surviving entity s board were AEI directors immediately before the transaction and AEI s CEO immediately before the transaction continues as the CEO of the surviving entity; or (b) AEI s voting securities immediately before the transaction represent less than 60% of the combined voting power immediately after the transaction of AEI, the surviving entity or, in the case of a division, each entity resulting from the division;
- during any period of 24 consecutive calendar months, individuals who were AEI board members at the beginning of the period cease for any reason to constitute a majority of AEI s board, unless the election or nomination for the election by AEI s stockholders of each new director was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of the period; or
- AEI s shareholders approve a plan of complete liquidation or winding-up, or agreement of sale of all or substantially all of AEI s assets or all or substantially all of the assets of its primary subsidiaries other than to a related entity.

The agreement provided the following regarding termination and termination benefits:

Upon termination of employment due to death, Mr. Dubay s designated beneficiaries will receive a lump sum cash payment within 60 days of the date of death of (a) any unpaid portion of his annual salary earned and not yet paid, (b) an amount representing the incentive compensation earned for the period up to the date of termination computed by assuming that all such incentive compensation would be equal to the amount of incentive compensation Mr. Dubay earned during the prior fiscal year, pro-rated through the date of termination; and (c) any accrued but unpaid incentive compensation and vacation pay.

Upon termination of employment by AEI other than for cause, including disability, or by Mr. Dubay for good reason, if Mr. Dubay executes and does not revoke a release, Mr. Dubay will receive (a) pro-rated cash incentive compensation for the year of termination, based on actual performance for the year; and (b) monthly severance pay for the remainder of the employment term in an amount equal to 1/12 of (x) his annual base salary and (y) the annual amount of cash incentive compensation paid to Mr. Dubay for the fiscal year prior to his year of termination; (c) monthly reimbursements of any COBRA premium paid by Mr. Dubay, less the monthly premium charge paid by employees for such coverage; and (d) automatic vesting of all equity awards.

Upon Mr. Dubay s termination from employment by AEI for cause or by Mr. Dubay for any reason other than good reason, Mr. Dubay will receive his accrued but unpaid base salary.

Mr. Dubay is also subject to a non-solicitation covenant for two years after any termination of employment and, in the event his employment is terminated by AEI for cause, or terminated by him for any reason other than good reason, a non-competition covenant not to engage in any natural gas pipeline and/or processing business in the continental United States for 18 months.

Termination amounts will not be paid until 6 months after the termination date, if such delay is required by Section 409A. When Mr. Dubay s employment agreement terminated in February 2011 in connection with the Chevron Merger, he received the following, all of which was paid by Chevron: $4,182,865 for the cash-out of the AEI equity he held and $879,712 in severance.

2011 Employment Agreement

On November 4, 2011, ATLS entered into an employment agreement with Mr. Dubay. Under the agreement, Mr. Dubay has the title of Senior Vice-President of the Midstream Operations division of Atlas Energy, GP. The agreement has an effective date of November 4, 2011 and has an initial term of two years, which automatically renews for successive one-year terms unless earlier terminated pursuant to the termination provisions of the agreement.

The agreement provides for an initial annual base salary of $500,000, and Mr. Dubay is entitled to participate in any short-term and long-term incentive programs and health and welfare plans and receive perquisites and reimbursement of business expenses, in each case as provided by ATLS for its senior executives generally.

The agreement provides the following benefits in the event of a termination of Mr. Dubay s employment:

Upon a termination by ATLS for cause or by Mr. Dubay without good reason, he is entitled to receive payment of accrued but unpaid base salary and (to the extent required to be paid under company policy) amounts of accrued but unpaid vacation, in each case through the date of termination (together, the Accrued Obligations).

Upon a termination of employment due to death or disability (defined as Mr. Dubay being physically or mentally disabled for 180 days in the aggregate or 90 consecutive days during any 365-day period and the determination by ATLS general partner s board of directors, in good faith based upon medical evidence, that he is unable to perform his duties), all equity awards held by Mr. Dubay accelerate and vest in full upon such termination (Acceleration of Equity Vesting), and Mr. Dubay or his estate is entitled to receive, in addition to payment of all Accrued Obligations, an amount equal to the bonus earned by him for the prior fiscal year multiplied by a fraction, the numerator of which is the number of days in the fiscal year in which his termination occurs through the date of termination, and the denominator of which is the total number of days in such fiscal year (the Pro-Rata Bonus).

Upon a termination of employment by ATLS without cause (which, for purposes of the Acceleration of Equity Vesting includes a non-renewal of the agreement) or by Mr. Dubay for good reason, he is entitled to either:

if he does not timely execute (or revokes) a release of claims against ATLS, payment of the Accrued Obligations; or

in addition to payment of the Accrued Obligations, if he timely executes and does not revoke a release of claims against ATLS:

monthly cash severance installments each in an amount equal to one-twelfth of the sum of his then-current (i) annual base salary and (ii) the annual cash incentive bonus earned by him in respect of the fiscal year preceding the fiscal year in which his termination of employment occurs for the portion of the employment term remaining after the date of termination, payable for the then-remaining portion of the employment term (taking into account any applicable renewal term) assuming his termination had not occurred,

healthcare continuation at active employee rates for the then-remaining portion of the employment term (taking into account any applicable renewal term) assuming his termination had not occurred,

a prorated amount in respect of the bonus granted to him in respect of the fiscal year in which his termination of employment occurs based on actual performance for such year, calculated as the product of (x) the amount which would have been earned in respect of the award based on actual performance measured at the end of such fiscal year and (y) a fraction, the numerator of which is the number of days in such fiscal year through the date of termination, and the denominator of which is the total number of days in such fiscal year, paid in a lump sum in cash on the date payment would otherwise be made had he remained employed by ATLS, and

Acceleration of Equity Vesting.

Good reason is defined under the agreement as:

- a material reduction in Mr. Dubay s base salary;
- a demotion from his position;
- a material reduction in Mr. Dubay s duties, it being deemed such a material reduction if ATLS ceases to be a public company unless ATLS becomes a subsidiary of a public company and ATLS CEO or the Chairman of its general partner s board is not ATLS CEO or the CEO of the acquiring entity;
- Mr. Dubay is required to relocate to a location more than 35 miles from his previous location; or
- any material breach of the agreement.

Cause is defined as:

- Mr. Dubay has committed any demonstrable and material fraud;
- illegal or gross misconduct by Mr. Dubay that is willful and results in damage to our business or reputation;
- Mr. Dubay is charged with a felony;
- Mr. Dubay fails to substantially perform his duties (other than as a result of disability) after written demand and a reasonable opportunity to cure; or
- Mr. Dubay fails to follow reasonable written instructions, which are consistent with his duties.

In connection with a change of control of ATLS, any excess parachute payments (within the meaning of Section 280G of the Internal Revenue Code) otherwise payable to Mr. Dubay will be reduced such that the total payments to him, which are subject to Section 280G are no greater than the Section 280G safe harbor amount if he would be in a better after-tax position as a result of such reduction.

We anticipate that lump sum termination amounts paid to Mr. Dubay would be allocated to us consistent with past practice. The following table provides an estimate of the value of the benefits to Mr. Dubay if a termination event had occurred as of December 31, 2011.

Reason for Termination	Lump Sum Severance Payment	Benefits[1]	Accelerated Vesting of Equity Awards[2]
Death or Disability	$	$	$ 2,151,000
Termination by us without cause or by Mr. Dubay for good reason	1,916,667[3]	31,634	2,151,000

(1) Dental and medical benefits were calculated using 2011 COBRA rates for 22 months.
(2) Represents the value of unexercisable option and unvested unit awards disclosed in the Outstanding Equity Awards at Fiscal Year-End Table. The payments relating to option awards are calculated by multiplying the number of accelerated options by the difference between the exercise price and the closing price of the applicable units on December 31, 2011. The payments relating to awards are calculated by multiplying the number of accelerated units by the closing price of the applicable unit on December 31, 2011.
(3) Calculated based on Mr. Dubay s current base salary plus the applicable bonus. Payments would be made in monthly installments for the remaining term of Mr. Dubay s employment agreement.

Eric T. Kalamaras

In September 2009, AEI entered into a letter agreement with Eric Kalamaras, who served as our CFO until his resignation in October 2011. As discussed above under Compensation Discussion and Analysis, AEI allocated all of Mr. Kalamaras compensation cost to us.

The agreement provided for an annual base salary of $250,000, a one-time cash signing bonus of $80,000 and a one-time award of 50,000 equity-indexed bonus units, which entitled Mr. Kalamaras, upon vesting, to receive a cash payment equal to the fair market value of our common units. Mr. Kalamaras exchanged the bonus units for phantom units, effective June 1, 2010, in connection with the approval of the 2010 Plan, which vest 25% per year.

Mr. Kalamaras was also eligible for discretionary annual bonus compensation in an amount not to exceed 100% of his annual base salary and participation in all employee benefit plans in effect during his employment. The agreement provided that Mr. Kalamaras would serve as an at-will employee.

The agreement provided the following regarding termination and termination benefits:

- AEI may terminate Mr. Kalamaras employment for any reason upon 30 days prior written notice, or immediately for cause.

- Mr. Kalamaras may terminate his employment for any reason upon 60 days prior written notice.

- Upon termination of employment for any reason, Mr. Kalamaras will receive his accrued but unpaid annual base salary through his date of termination and any accrued and unpaid vacation pay.

Cause is defined as having:

- committed an act of malfeasance or wrongdoing affecting the company or its affiliates;

- breached any confidentiality, non-solicitation or non-competition covenant or employment agreement; or otherwise engaged in conduct that would warrant discharge from employment or service because of his negative effect on the company or its affiliates.

Mr. Kalamaras is also subject to a confidentiality and non-solicitation agreement for 12 months after any termination of employment. Termination amounts will not be paid until six months after the termination date, if such delay is required by Section 409A of the Internal Revenue Code.

Upon Mr. Kalamaras resignation in October 2011, he did not receive any payments other than accrued and unpaid vacation pay of $29,500. In addition, he forfeited all unvested equity awards.

Additional Change of Control Payments

Awards granted under our Long-Term Incentive Plans and the ATLS Plans vest following a change of control and/or the occurrence of certain other events, as described below. If these awards had terminated on December 31, 2011, in addition to the accelerated vesting of awards received by Messrs. E. Cohen, J. Cohen and Dubay, Messrs. Karlovich and Shrader would have received accelerated vesting of awards valued at $2,353,388 and $1,982,813, respectively.

Our Long-Term Incentive Plans

Our Plans provide incentive awards to officers, employees and non-employee managers of our General Partner and officers and employees of our General Partner s affiliates, consultants and joint venture partners who perform services for us or in furtherance of our business. Our Plans are administered by our General Partner s managing board or the board of an affiliate designated by it (the Committee). The ATLS compensation committee has been designated to serve as the Committee. Under the Plans, the Committee may, among other types of awards available under the 2010 LTIP, make awards of either phantom units or options covering an aggregate of 435,000 common units under the 2004 LTIP and 3,000,000 common units under the 2010 LTIP.

A phantom unit entitles the grantee to receive a common unit upon the vesting of the phantom unit. In addition, the Committee may grant a participant the right, which we refer to as a DER, to receive cash per phantom unit in an amount equal to, and at the same time as, the cash distributions we make on a common unit during the period the phantom unit is outstanding.

An option entitles the grantee to purchase our common units at an exercise price determined by the Committee, which may be less than, equal to or more than the fair market value of our common units on the date of grant. The Committee will also have discretion to determine how the exercise price may be paid.

Prior to October 2010, each non-employee manager of our General Partner received an annual grant of a maximum of 500 phantom units, which upon vesting, entitles the grantee to receive the equivalent number of common units or the cash equivalent to the fair market value of the units. The 2004 LTIP was amended by the managing board of our General Partner in February 2010 to increase the pool of phantom units that may be awarded to non-employee managers from 10,000 to 15,000. The total amount of common units that can be awarded under the 2004 Plan was not amended. Except for phantom units awarded to non-employee managers of our General Partner, the Committee will determine the vesting period for phantom units and the exercise period for options. Under the 2004 LTIP, phantom units awarded to non-employee managers will generally vest over a 4-year period at the rate of 25% per year. Under the 2004 LTIP, awards will vest upon a change of control, which is defined as follows:

Atlas Pipeline Partners GP ceasing to be our General Partner;

a merger, consolidation, share exchange, division or other reorganization or transaction of us, our General Partner or a direct or indirect parent of our General Partner with any entity, other than a transaction, which would result in the voting securities of us, our General Partner or its parent, as appropriate, outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 60% of the combined voting power immediately after such transaction of the surviving entity s outstanding securities or, in the case of a division, the outstanding securities of each entity resulting from the division;

the equity holders of us or a direct or indirect parent of our General Partner approve a plan of complete, liquidation or winding-up or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of our or such parent s assets; or

during any period of 24 consecutive months, individuals who at the beginning of such period constituted the board of directors of Atlas Pipeline GP or a direct or indirect parent of our General Partner (including for this purpose any new director whose election or nomination for election or appointment was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the board or, in the case of a spinoff of the parent, if Edward E. Cohen and Jonathan Z. Cohen cease to be directors of the parent.

Under the 2010 LTIP, unless otherwise specified in the award agreement(s), awards will vest upon a change of control, which (unless otherwise defined in the award) is defined as follows:

Atlas Pipeline Partners GP, LLC or an affiliate ceases to be our general partner;

consummation of a merger, consolidation, share exchange, division or other reorganization or transaction of APL, our General Partner or any affiliate that is a direct or indirect parent of our General Partner with any entity, other than a transaction, which would result in the voting securities of APL or our General Partner, as appropriate, outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 60% of the combined voting power immediately after such transaction of the surviving entity s outstanding securities or, in the case of a division, the outstanding securities of each entity resulting from the division;

the equity holders of APL, our General Partner or any affiliate that is a direct or indirect parent of our General Partner approve a plan of complete liquidation or winding-up of APL;

consummation of a sale or disposition (in one transaction or a series of transactions) of all or substantially all of the assets of APL or any affiliate that is a direct or indirect parent of our General Partner to an entity that is not an affiliate of our General Partner or APL; or

during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board or the board of directors of an affiliate that is a direct or indirect parent of our General Partner (including for this purpose any new director whose election or nomination for election or appointment was approved by a vote of at least 2/3 of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board or other board of directors, as applicable.

The Chevron Merger did not trigger the change of control provisions discussed above. If a grantee terminates employment, the grantee s award will be automatically forfeited unless the ATLS compensation committee provides otherwise. However, the award will automatically vest if the reason for the termination is the participant s death or disability. Common units to be delivered upon vesting of phantom units or upon exercise of options may be newly issued units, units acquired in the open market or from any of our affiliates, or any combination of these sources at the discretion of the ATLS compensation committee. If we issue new common units upon vesting of the phantom units or upon the exercise of options, the total number of common units outstanding will increase. We filed a registration statement with the SEC in order to permit participants to publicly re-sell any common units received by them under the Plans.

The Committee may terminate the Plans at any time with respect to any of the common units for which it has not made a grant. In addition, the Committee may amend the Plans from time to time, including, subject to applicable law or the rules of the principal securities exchange on which our common units are traded, increasing the number of common units with respect to which it may grant awards, provided that, without the participant s consent, no change may be made in any outstanding grant that would materially impair the rights of the participant. NYSE rules require us to obtain unitholder approval for all material amendments to the Plans, including amendments to increase the number of common units issuable thereunder.

Upon a change in control, as defined in each Plan, all unvested awards held by non-employee managers will vest, except as otherwise specified in the award agreement(s). Upon a change of control, as defined in the 2004 LTIP, all unvested awards held by employees will vest. In the case of awards held by employees under the 2010 LTIP, upon termination of employment without cause , as defined in the 2010 LTIP, or upon other circumstances specified in the employee s applicable award agreement(s), in any case following a change in control, any unvested award will vest and, in the case of options, become exercisable.

Employee Incentive Compensation Plan and Agreement

The APLMC Plan, adopted in June 2009, allows for equity-indexed cash incentive awards to personnel who perform services for us (the Participants), but expressly excludes as an eligible Participant any of our NEO s at the time of the award. The APLMC Plan is administered by a committee appointed by our CEO. Under the APLMC Plan, cash bonus units may be awarded Participants at the discretion of the committee. Bonus units totaling 325,000 were awarded under the APLMC Plan during the year ended December 31, 2009. In September 2009, Mr. Kalamaras was separately awarded 50,000 bonus units on substantially the same terms as the bonus units available under the APLMC Plan (the bonus units issued under the APLMC Plan and under the separate agreement are, for purposes hereof, referred to as Bonus Units). A Bonus Unit entitles the employee to receive the cash equivalent of the then-fair market value of a common limited partner unit, without payment of an exercise price, upon vesting of the Bonus Unit. Bonus Units vest ratably over a three year period from the date of grant and will automatically vest upon a change of control, death, or termination without cause, each as defined in the governing document. Vesting will terminate upon termination of employment with cause. Each of Messrs. Karlovich, Shrader and Kalamaras exchanged their Bonus Units for phantom units, effective June 1, 2010, in connection with the approval of the 2010 LTIP.

ATLS Plans

The ATLS 2006 Long-Term Incentive Plan (the ATLS 2006 Plan) and the ATLS 2010 Long-Term Incentive Plan (the ATLS 2010 Plan and collectively with the 2006 ATLS Plan, the ATLS Plans) provides equity incentive awards to officers, employees and board members and employees of its affiliates, consultants and joint-venture partners who perform services for ATLS. The ATLS Plans are administered by the board of ATLS general partner or the board of an affiliate appointed by ATLS board (the ATLS Committee). The ATLS Committee may grant awards of either phantom units or unit options for an aggregate of 2,100,000 ATLS common limited partner units for the ATLS 2006 Plan and an aggregate of 5,300,000 ATLS common limited partner units for the ATLS 2010 Plan. In February, 2011, ATLS amended the ATLS 2006 Plan to provide that outstanding awards granted under ATLS 2006 Plan did not vest in connection with the Chevron Merger pursuant to the terms and conditions of the ATLS 2006 Plan.

Partnership Phantom Units. A phantom unit entitles a participant to receive a common unit upon vesting of the phantom unit. Beginning in fiscal year 2010, non-employee directors receive an annual grant of phantom units having a market value of $25,000, which, upon vesting, entitle the grantee to receive the equivalent number of ATLS common units or the cash equivalent to the fair market value of the units. The phantom units vest over four years. In tandem with phantom unit grants, the ATLS Committee may grant a DER. The ATLS Committee determines the vesting period for phantom units. Phantom units granted under the 2006 ATLS Plan generally vest 25% on the third anniversary of the date of grant, with the remaining 75% vesting on the fourth anniversary of the date of grant, except non-employee director grants vest 25% per year.

Partnership Unit Options. A unit option entitles a participant to receive a common unit upon payment of the exercise price for the option after completion of vesting of the unit option. The exercise price of the unit option may be equal to or more than the fair market value of a common unit as determined by the ATLS Committee on the date of grant of the option. The ATLS Committee determines the vesting and exercise period for unit options. Unit option awards expire 10 years from the date of grant. Unit options granted under the 2006 ATLS Plan generally will vest 25% on the third anniversary of the date of grant, with the remaining 75% vesting on the fourth anniversary of the date of grant.

Partnership Restricted Units. Under the ATLS 2010 Plan, a restricted unit is a common unit issued that entitles a participant to receive it upon vesting of the restricted unit. Prior to or upon grant of an award of restricted units, the ATLS Committee will condition the vesting or transferability of the restricted units upon continued service, the attainment of performance goals or both.

Upon a change in control, as defined in the ATLS 2010 Plan, all unvested awards held by directors will immediately vest in full. In the case of awards held by eligible employees, upon the eligible employee s termination of employment without cause , as defined in the ATLS Plans, or upon any other type of termination specified in the eligible employee s applicable award agreement(s), in any case following a change in control, any unvested award will immediately vest in full and, in the case of options, become exercisable for the one-year period following the date of termination of employment, but in any case not later than the end of the original term of the option.

The following tables disclose outstanding awards and awards vested and exercised under our Plans as well as under the ATLS Plans.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards				Stock Awards	
Name	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date**	**Number of Units that have not Vested**	**Market Value of Units that have not Vested**
Eugene N. Dubay	48,614(1)		$ 3.24	01/15/2019		$
		100,000(2)	22.23	03/25/2021	80,000(3)	1,944,000(4)
Robert W. Karlovich, III		10,000(5)	22.23	03/25/2021	66,250(6)	2,332,688(7)
Eric Kalamaras			N/A	N/A		
Edward E. Cohen	500,000(1)		22.56	11/10/2016		
		700,000(8)	22.23	03/25/2021	300,000(9)	7,290,000(4)
Jonathan Z. Cohen	200,000(1)		22.56	11/10/2016		
		500,000(10)	22.23	03/25/2021	250,000(11)	6,075,000(4)
Gerald R. Shrader			N/A	N/A	63,750(12)	1,982,813(7)

(1) Represents options to purchase ATLS units.
(2) Represents options to purchase ATLS units, which vest as follows: 03/25/14 25,000; 03/25/15 75,000.
(3) Represents ATLS phantom units, which vest as follows: 03/25/14 20,000; 03/25/15 60,000.
(4) Based on closing market price of ATLS common units on December 31, 2011 of $24.30.
(5) Represents options to purchase ATLS units, which vest as follows: 03/25/14 2,500; 03/25/15 7,500.
(6) Represents our phantom units, which vest as follows: 03/03/12 250; 06/01/12 8,500; 06/22/12 2,500; 11/04/12 10,000; 06/22/13 2,500; 11/04/13 10,000; 06/22/14 2,500; 11/04/14 10,000 and 11/04/15 10,000; and represents ATLS phantom units, which vest as follows: 03/25/14 2,500; 03/25/15 7,500.
(7) Based on closing market price of our common units on December 31, 2011 of $37.15 and price of ATLS common units on December 31, 2011 of $24.30.
(8) Represents options to purchase ATLS units, which vest as follows: 03/25/14 175,000; 03/25/15 525,000.
(9) Represents ATLS phantom units, which vest as follows: 03/25/14 75,000; 03/25/15 225,000.
(10) Represents options to purchase ATLS units, which vest as follows: 03/25/14 125,000; 03/25/15 375,000.
(11) Represents ATLS phantom units, which vest as follows: 03/25/14 62,500; 03/25/15 187,500.
(12) Represents our phantom units, which vest as follows: 03/03/12 250; 06/01/12 17,000; 06/22/12 5,500; 06/22/13 5,500 and 06/22/14 5,500 and represents ATLS phantom units, which vest as follows: 03/25/14 7,500; 03/25/15 22,500.

2011 OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards			Unit Awards			
Name	**Number of Units Acquired on Exercise**	**Value Realized on Exercise ($)**	**Value from Cash Payout ($)**	**Number of Units Acquired on Vesting**	**Value Realized on Vesting ($)[1]**	**Value from Cash Payout ($)**	**Total Value ($)**
Eugene N. Dubay	126,386[2]	$ 2,686,579	$ 3,591,750[3]	79,553[4]	$ 2,253,781	$ 591,115[5]	$ 9,123,225
Robert W. Karlovich, III				11,000[6]	375,225		375,225
Eric T. Kalamaras			316,350[7]	22,000[6]	691,900		1,008,250
Edward E. Cohen			57,398,850[8]	195,514[9]	2,729,066	2,955,731[10]	63,083,647
Jonathan Z. Cohen			34,473,307[11]	104,211[9]	1,457,148	2,364,576[12]	38,295,031
Gerald R. Shrader				22,250[6]	759,368		759,368

(1) Value realized on vesting is based upon market price on date of vesting.
(2) Represents 51,386 ATLS common units with an intrinsic value of $981,829 and 75,000 of our common units with an intrinsic value of $1,704,750 (See Item 8. Financial Statements and Supplementary Data Note 16).
(3) Pursuant to the terms of the Chevron Merger agreement, 145,000 AEI options were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration less the exercise price.
(4) Represents 4,303 shares of AEI common shares with an intrinsic value of $61,748 and 75,250 of our common units with an intrinsic value of $2,192,033.
(5) Pursuant to the terms of the Chevron Merger agreement, 15,454 AEI units were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration.
(6) Represents our common units.
(7) Pursuant to the terms of the Chevron Merger agreement, 19,000 AEI options were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration less the exercise price.
(8) Pursuant to the terms of the Chevron Merger agreement, 2,112,500 AEI options were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration less the exercise price.
(9) Represents ATLS common units.
(10) Pursuant to the terms of the Chevron Merger agreement, 77,274 AEI units were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration.
(11) Pursuant to the terms of the Chevron Merger agreement, 1,322,000 AEI options were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration less the exercise price.
(12) Pursuant to the terms of the Chevron Merger agreement, 61,819 AEI units were cancelled before the effective time of the Chevron Merger and converted into a right to receive the merger consideration.

Director Compensation

Our General Partner did not pay additional remuneration to officers or employees of ATLS who also served as managing board members. In fiscal year 2011, each non-employee managing board member received an annual retainer of $50,000 in cash and an annual grant of phantom units pursuant to our 2010 LTIP having a market value of $25,000. In addition, the Chairman of the audit committee received payment in the amount of $15,000 in cash from our General Partner.

In addition, our General Partner reimburses each non-employee managing board member for out-of-pocket expenses in connection with attending meetings of the board or committees. We reimburse our General Partner for these expenses and indemnify our General Partner s managing board members for actions associated with serving as directors to the extent permitted under Delaware law.

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash	Stock Awards	All Other Compensation(1)	Total
Tony C. Banks	$ 50,000	$ 61,767(2)	$ 6,190	$ 117,957
Curtis D. Clifford	50,000	62,347(3)	5,069	117,416
Gayle P.W. Jackson	43,333	50,484(4)	2,410	96,227
Martin Rudolph	65,000	63,234(5)	5,661	133,895
Michael Staines	50,000	49,995(6)	4,099	104,094

(1) Represents payments on DERs for phantom units.

(2) Represents 1,305 phantom units having a grant date fair value of $28.00 and 854 phantom units having a grant date fair value of $29.54, granted under our 2010 LTIP. The phantom units vest 25% on each anniversary of the date of grant as follows: 2/11/12 326; 02/18/12 213; 2/11/13 326; 02/18/13 213; 2/11/14 326; 02/18/14 213; 2/11/15 327 and 02/18/15 215.

(3) Represents 1,823 phantom units having a grant date fair value of $34.20 granted under our 2010 LTIP. The phantom units vest 25% on each anniversary of the date of grant as follows: 5/10/12 455; 5/10/13 455; 5/10/14 455; and 5/10/15 458.

(4) Represents 1,709 phantom units having a grant date fair value of $29.54, granted under our 2010 LTIP. The phantom units vest 25% on each anniversary of the date of grant as follows: 02/18/12 427; 02/18/13 427; 02/18/1 427 and 02/18/15 428.

(5) Represents 1,862 phantom units having a grant date fair value of $33.96, granted under our 2010 LTIP. The phantom units vest 25% on each anniversary of the date of grant as follows: 3/17/12 465; 3/17/13 465; 3/17/14 465 and 3/17/15 467.

(6) Represents 1,515 phantom units having a grant date fair value of $33.00 under our 2010 LTIP. The phantom units vest 25% on each anniversary of the date of grant as follows: 7/01/12 378; 7/01/13 378; 7/01/14 378; and 7/01/15 381.

PART IV

Item 15. Exhibits and Financial Statements and Schedules

Exhibit No.	Description
31.1	Rule 13(a)-14(a)/15(d)-14(a) Certification
31.2	Rule 13(a)-14(a)/14(d)-14(a) Certification
32.1	Section 1350 Certification
32.2	Section 1350 Certification

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATLAS PIPELINE PARTNERS, L.P.
By: Atlas Pipeline Partners GP, LLC, its General Partner

Date: July 6, 2012

By: /s/ EUGENE N. DUBAY
Eugene N. Dubay
Chief Executive Officer and President