FINAL TRANSCRIPT

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DPM - DCP MIDSTREAM PARTNERS LP at National Association of Publicly Traded Partnerships Master Limited Partnerships Investor Conference

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CORPORATE PARTICIPANTS

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PRESENTATION

Mark Borer - *DCP Midstream Partners, LP - President and CEO*

Good morning, and thanks for joining us today. We appreciate your interest in the partnership and hope to be able to speak to many of you in the breakout sessions over the next couple days. I also want to thank the Association and the sponsoring companies for putting together this conference. It's very meaningful to the presenting companies.

I'm also joined today by Angela Minas, the Partnership's Vice President and Chief Financial Officer. You'll have a chance to meet in the breakout sessions.

This is the most important slide you'll see today. You're going to see it a few times today. But I will be making some forward-looking statements. Actual results may differ from projections, so please read this slide and our SEC disclosures.

By the time we finish our discussion today, I hope to provide you with a deeper appreciation for DCP Midstream Partners as an investment. I think some key points to consider are our affiliation with DCP Midstream, ConocoPhillips, and Spectra Energy. We think that, as we'll demonstrate as we walk through today, provides a number of opportunities and advantages.

We have a very diverse business model and geographic footprint with a portfolio of assets with strong market positions and exposure to a variety of gas plays. Over 50% of that portfolio generates fee-based margins. To supplement that, we have a multiyear hedging program that significantly mitigates our commodity price risk, even through periods of sustained low commodity prices.

You'll see that we have a strong liquidity position. And, lastly, we have an experienced management team that has a demonstrated track record of growing and managing midstream and MLP businesses.

For those of you not as familiar with our story, I'd like to spend a few minutes on our ownership structure and sponsorship, which we believe is a competitive advantage. DCP Midstream, the owner of our general partner, was formed about 15 years ago. For most of its existence, it was known as Duke Energy Field Services or, in the industry, DEFS. DEFS was renamed DCP Midstream in early 2007 when Duke split out its gas business into what is called Spectra Energy. Midstream, as you'll see in a moment, has a leading industry position.

It has historically grown through M&A, particularly in low-commodity price cycles, completed 20 to 30 material transactions over its timeframe, including the purchase of Union Pacific's midstream business in 1999 for $1.3 billion. We did a merger with GPM, Phillips' midstream business, a year later, in 2000 that was valued at about $2 billion. So it obviously has grown in these type of cycles.

Spectra Energy and ConocoPhillips, the 50/50 owners of our GP obviously are leading companies in the space, strong investment-grade names with a combined enterprise value in excess of $100 billion. Midstream and Partners, the MLP, are the vehicle for Spectra and COP's participation in the midstream space. We also have the benefit of Midstream owning almost 40% of Partners, so there's alignment with the public unitholders in growing the business over time.

For those of you not as familiar with DCP Midstream, it's worth noting that it has a leading industry position. We averaged about-- over $1.5 billion of EBITDA, or earnings before interest taxes, and depreciation. If you take the last four calendar years, it's the largest producer of natural gas liquids in the country. It produced about 360,000 barrels a day in 2008. To kind of put it in context, Midstream handles over 10% of the US gas production every day.

They're involved in all aspects of gathering, processing, transporting, storing, and marketing natural gas, as well as the production, fractionation, storage, and transport, and marketing of liquids. We think this is a business where size and scale matters. It provides economies of scale and, really, the ability to offer superior overall value and service to the customer base. The Company has significant presence in most major producing basins, with a heavy concentration in Texas, Oklahoma, and New Mexico.

From an enterprise viewpoint, the assets are very well positioned to participate in the new shale plays. And, importantly, as we look forward, Partners is the preferred long-term growth and capital deployment vehicle for the enterprise. So we think there will be a number of investment opportunities, both third party as well as the potential for dropdowns from our sponsor.

Let's now shift to the Partners-- to our strategy. From a strategic viewpoint, we work in concert with our general partner to execute on a multifaceted strategy. First, we acquire assets to build scale, expand on our current market positions, and diversify our operations. Our acquisitions have included both third-party acquisitions as well as dropdown acquisitions from our sponsor. We've executed on about $500 million of third-party acquisitions since our IPO and formation of the Company in December of '05, and I'm talking about Partners now. We've also had approximately $400 million of dropdowns during that same timeframe.

And then, to supplement that, the second part of our strategy is that we build on our existing footprint to build critical mass in the markets we serve. We've had about $100 million of organic growth since our formation. This has included propane terminal expansions, large gathering system expansions in east Texas and the Piceance Basin, as an example.

The third facet of our strategy is we optimize what we have and maximize the profitability of the existing assets; a lot of focus on improving operating efficiencies, capacity utilization, expanding market access. Those are all things which we do to optimize.

Importantly, as you think about this multifaceted strategy, our execution of this strategy has resulted in distribution growth to our unitholders since late 2005 of over 70%.

I'd like to now spend a few minutes on each of the three business segments, starting first with our largest segment, Natural Gas Services. Each of our businesses in this segment have an attractive market position. In the aggregate, we have about 1.6 billion cubic feet a day of processing capacity in the Partnership and approximately 5,000 miles of pipelines.

As you can see in the map here, our operations span from the heart of the new Haynesville shale play in northern Louisiana and east Texas to the offshore of the Gulf of Mexico; assets in the midcontinent, where Midstream has a significant presence. We have a new position in the Rockies in both the Piceance and the Powder River and then also the Antrim shale of Michigan.

We view the diversity of this footprint as a very strong positive, particularly in the current marketplace in that it provides us access to multiple resource plays, including both oil and gas plays, as well as conventional and unconventional shale plays. This diversity also puts us in a very attractive position from the viewpoint of the portfolio of contracts and customers we have.

To give you some feel for the growth in this segment, at the time of the IPO in December of '05, the assets in north Louisiana, the Minden, Ada, and Pelico assets, were the IPO assets. In 2007, we added the position in the midcontinent. We formed the east Texas joint venture and acquired a 25% interest from Midstream. We also acquired in a dropdown transaction 40% of discovery. And then, late in the year, we also added the Piceance Basin and Powder River assets. In 2008, we added the Antrim shale. As we look at 2009, we've continued to experience growth in this segment as we acquired an additional 25% interest in the east Texas partnership, as well as executing on some organic projects.

As we look at what's happening in the footprint, low natural gas prices have put some pressure on drilling activity across many of the basins in the country, as expected. We've experienced some reduced volumes on certain of our systems; however, we're seeing new volumes on other systems associated with our gathering system expansions and offshore volume growth. As an example, in east Texas, we completed a gathering system expansion in the second quarter this year. That's added new volumes of 30 million cubic feet a day to the system. Discovery's volumes in the offshore have been ramping up nicely. The Tahiti block-- Chevron has brought that production up in the mid or late second quarter, one of the largest oil fields in the Gulf of Mexico.

We benefit by-- We handle about 60 million cubic feet a day of very rich gas presently today. It's about 1,400 BTUs and about 6 GPM gas, so very good throughput and economics for us.

We are in the final stages of completing an expansion in the Piceance Basin. We've completed construction of a 24-inch pipeline that will really drain large acreage blocks held by Oxy, Encana, and others in the Valley. We're currently setting the compression, and we'll begin to realize margins there later this year. Margins related to this expansion are partially supported by a transporter pay commitment.

Finally, we've been focused on reducing costs across the Partnership. Obviously, if you look over the last several years, there's been quite a bit of inflation in the business. We've been able to take out over 10% of the costs from an ongoing operating basis this year. And, obviously, that can be very helpful in the environment, where there's been a little slower drilling environment.

Looking ahead, we do see opportunities to continue to grow this segment, both through organic projects, as well as dropdowns and third-party acquisitions.

Let's move to the Wholesale Propane Logistics segment. We enjoy a very favorable market position in this business as one of the largest wholesale propane suppliers in the northeast US. As you well know, the eastern third of the country is the largest-consuming area for energy in the US. Our existing business is comprised of six owned rail terminals, a pipeline terminal, and a leased marine import terminal at Providence, Rhode Island.

Our business model, if you look at it from an enterprise viewpoint, we leverage the strong logistics capabilities of our marketing organization at the parent. A key competitive advantage here is we have the ability to provide our customers very firm supplies, as well as peaking supplies, and we have a breadth of supply options, whether it be rail, pipeline, or import terminal. We also bring product in from Canada, as well as, I mentioned from an import, from overseas.

The nature of our contracting in this business ties the sales price and purchase price to the same index, locking in a margin and, thus, a fee-based earnings. In addition to the fee-based earnings, this business is very attractive to the MLP, as the business model can be easily expanded in the new markets. And it's a business that has very low maintenance capital.

We're very pleased with the results we've had this year. We've had record results in this segment. And we recently completed a very successful contracting season for 2009 and 2010. So we continue to grow the base earnings power of this business.

Let's move to our third segment and last segment, our NGL Logistics business, or pipeline business. It presently includes three NGL pipelines operating within north Louisiana and southeast Texas. The pipelines are integrated, or connected, with gas processing plants, both owned by the Partnership in north Louisiana as well as with DCP Midstream in south Texas. We also have multiple connections with third-party plants that supplement those volumes. This is a segment that it's all fee-based earnings - really, volume times fee - for the tariff that we charge in the system. The segment adds a nice complement to our asset base and provides us some more participation in the NGL value chain.

The NGL industry is an industry which has fairly-- has very tight capacity today, so we see opportunities to expand in this segment over time, particularly working with DCP Midstream to provide new market outlets to them and other processors near our footprint. As an example, we anticipate new volumes in early 2010 from expansion of a third-party plant that's connected to the system.

I'd like to spend a few minutes on our contract mix and how we make money in this business, as well as our commodity hedging program.

We have three basic types of contracts, as you can see on the left, where the margins are derived. The contract structure is really fee, percent of proceeds of the commodities, as well as keep whole. Our fee-based margins are over 50% of the business, and about 47% of the business are tied to the condensate percent of proceeds and the keep whole. So fees about half, Percent of proceeds is about a third, where we retain a percentage of the residue gas in the condensate and the natural gas liquids for our services. And then about 5% of our margins are predicated on keep-whole margins, which is really the spread between the value of natural gas versus the NGLs you recover.

On the right side of this table, you can see that we have hedged approximately 85% of our commodity exposure to natural gas liquids, condensate, and natural gas for 2009. After you take into account those hedges, we end up with over 90% of our 2009 margins that are either fee-based or supported by commodity hedges.

It's worth noting that we have a multiyear hedging program through 2014, which provides cash flow stability and mitigates commodity risk. In the [prompt to] years, we're over 80% hedged, and then that [backward dates] down to about the 50% range as we get out to 2013 and 2014.

Let's shift now to a discussion of our liquidity position. This is an area that we've always tried to be diligent and proactive. The environment we experienced the last year has placed a premium on that attention. We have an excellent, $825-million credit facility, which fully supports our operations and capital programs through June of 2012. Available capacity under the facility at the end of the second quarter was approximately $220 million. Accounting for our remaining organic growth capital for the balance of the year of approximately $30 million, we would expect to end 2009 with approximately $180 million to $190 million of liquidity with no firm capital commitments beyond that.

You can see the cost of debt here is highly competitive. The floating rate is LIBOR plus 50 basis points. After taking into account our hedges of the interest rates, we have an effective interest rate of about 4.5% on our drawn capacity.

We are very comfortably within our debt covenants. At the end of the second quarter, our leverage ratio was 3.7 times, compared to the maximum allowed of 5.5. And you can see the interest coverage ratio is very comfortable as well.

In summary, we've continued to maintain very solid credit metrics and liquidity. We have a plan that supports continuing to do so, despite the challenges of the current environment. We have a near-term to medium-term goal to become investment-grade and believe we are managing our business to achieve that goal.

This next slide provides quite a bit of detail. But it's really an update of our 2009 business plan, which we first laid out in December of last year. Much of this plan was predicated on navigating through a difficult operating environment. We've been living the stress case, if you will, and have been able to really effectively execute on our business plan.

By the beginning of the second quarter, we had placed all the assets with disrupted operations, particularly those from the hurricane, back in service. On April 1, we closed on the purchase of an additional 25% interest in the east Texas joint venture in an all-equity transaction with our sponsor. By late second quarter, we completed a very nice gathering system expansion that's flowing new volumes. We continue to execute on our Piceance Basin organic expansion project. And, during this period of turmoil, we've kept focus on maintaining liquidity, as you can see by our credit metrics, and a strong balance sheet.

Importantly, in a difficult environment, our year-to-date DCF, or distributable cash flow coverage, is approximately 1.2 times, which demonstrates our resiliency in navigating very challenging conditions in the marketplace.

As we look forward, let's talk a little bit about why DPM is positioned for long-term success.

First, the enterprise, or the DCP enterprise, has a leading industry position. Midstream was built through a successful track record of acquisitions and consolidations, often taking advantage of low commodity cycles to expand the business. We believe our joint scale provides operating expertise and access to key relationships and opportunities in the space.

Second, the Partnership is strategic to our enterprise growth strategy. We are the growth vehicle for ConocoPhillips' and Spectra's investment in midstream assets in the G&P space. We work very closely with DCP Midstream to deliver strong operating results.

This is evidenced by the dropdown transactions, the joint transactions, as well as developing new markets on our parent's assets, like we did with the construction of the NGL line back a couple years ago.

And, finally, our business model is structured to support long-term success. We have a multiyear hedging program to help withstand commodity cycles. We keep focus on maintaining financial strength and flexibility to sustain through these cycles. Again, our sponsorship, which provides us with an edge over many of our peers-- The bottom line is our sponsors are committed to our success, and we believe we're well positioned to deliver.

This table just outlines some of the median MLP sector yields. Depending upon the sector, the median yield ranges from slightly below 8% to a high of approximately 15%. Our current yield is slightly below 10% on yesterday's close. We believe that, as fundamentals improve and growth in our distribution returns, that our yields can go lower and the valuation of DPM equity moves higher. In the meantime, we believe our investors are receiving an attractive return until growth in the distribution returns.

In closing, I'll close where I started. We are capitalizing on the strong sponsorship of Midstream, Spectra, and ConocoPhillips. We have a diverse business model and geographic footprint. Much of that portfolio is fee-based. We have a strong, multiyear hedging program that mitigates commodity price risk. We continue to maintain strong credit metrics and liquidity. And, given all these factors, we believe Partners represents a compelling investment opportunity.

I thank you for your interest in the Partnership and look forward to visiting with many of you during the breakout sessions. And it looks like we have a couple of minutes for questions, if there are any. Thank you.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Just talking to some of the other MLPs, they say that it's very tough to hedge out NGL exposure past 18 months out or so. And you said you were hedged through 2014. Did you just use oil prices to do that, or how does that work? Thank you.

Mark Borer - *DCP Midstream Partners, LP - President and CEO*

The question is - What type of instruments are we using to hedge out our commodity exposure over the long term?

As we provide service to our customers, as I mentioned, 50% is fee-based-- over 50%. On the remaining, we end up in a long natural gas position, a long natural gas liquids position, and condensate position. On the natural gas and the condensate, we have very perfected hedges. We can do basis swaps in NYMEX to hedge the natural gas. On condensate, we price much of our sales on a WTI basis, or West Texas Intermediates. We have it tied to NYMEX there, as well, from a pricing viewpoint.

On the liquid side of it, we really have two main structures. We do have some perfected hedges with midstream associates, east Texas dropdown, where we have hedged, by component, the ethane, propane, butane, and natural gasoline.

The balance of it, and the larger part of the NGL liquids-- What we do there is we float on ethane, and we-- So we are not hedged on the ethane position, which is about 30% of the volume-- 30% to 40% of the volume and, probably, 20% of the value-- probably 10% of the value, actually, on the commodity side. And we use crude oil from a hedging-- a proxy hedge with propane, butane, and natural gasoline. The heavies there have better correlation. It's really-- Each time as we look at hedging, we look at what we think the most effective tool is. You're exactly right. It's a very thin market for perfecting NGL hedges, and we think, from a value proposition viewpoint, we're better off doing a proxy hedge on the heavy part of the barrel. Thank you.

Okay, if there are no other questions, I thank you for your time and attention and look forward to visiting in the breakout.

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