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DPM - DCP Midstream Partners, LP at National Association of Publicly Traded Partnerships MLP Investor Conference

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CORPORATE PARTICIPANTS

Bill Waldheim *DCP Midstream Partners - President*

PRESENTATION

Unidentified Participant

Next up we have DCP Midstream Partners. We will have Bill Waldheim, President of DCP, speaking to you today. DPM is a very large, diversified, primarily natural gas and natural gas liquids midstream business sponsored by both Phillips 66 and Spectra Energy with really a lot of growth ahead of it via drop-downs from its sponsor over the next few years.

With that, I will turn it over to Bill.

Bill Waldheim - *DCP Midstream Partners - President*

Thanks. Good morning, everyone, or good afternoon. I hope my voice makes it through the day, because it has been a long day of one-on-ones and I have been talking quite a bit. But we will try to keep the energy level up and get through the information we want to visit with you on.

With me today I do have Rose Robeson, our CFO, and Andrea Attel, our Investor Relations, as well. So they will be here and available to answer any questions you might have.

Before I get really started, I just want to take you back just a bit and go back a few years and think about exploration and production companies and just the remarkable technology that they've brought to this business with their horizontal drilling and their frac technology.

The fact that they can even drill down two miles and then almost go two miles horizontal now is just nothing short of remarkable. And the fact that they are now targeting shale plays, where just several years ago we were not even know what the word meant, but now we know they are all targeting shale plays and how prolific those assets and production has been.

So a wise oilman once did say that you go looking for oil where you've found oil once before. The fact is DCP's assets, our legacy assets and footprints, actually sit in all the oil and liquids-rich areas in this country, with probably the exception of the Bakken and the Marcellus areas. So we do have a legacy footprint.

We are currently in the Eagle Ford. We are in the Permian where you've got the Avalon Shale, Bone Springs, Wolfberry, and Wolfcamp, Cline. DCP is in the Mid-Continent where you've got the Woodford Cana, the Granite Wash, and the Mississippi Lime. And DCP is also in the Colorado area. We've got the DJ Basin, the Wattenberg field, the Niobrara assets.

So DCP is in all these areas and I would like for you to remember that as we go through this presentation. Also, please read this for your benefit.

I would like to start the discussion today of what makes a master limited partnership a good investment, and I hope once I'm done you will keep DPM high on your list as an attractive investment as an MLP to own.

First, we are a company in transition. We're moving from a predominately G&P-centric company to a fully integrated midstream service provider. The transition will result in a more diversified company and a portfolio of businesses. In fact, this should reduce earnings volatility and provide some diversification.

Our earnings are over 95% fee-based or hedged and provides DPM the confidence that our earnings and distribution targets are achievable. DPM now has a major position in the Eagle Ford shale play and it's one of the most prolific shale plays in the country.

As a sponsored MLP, our affiliation with DCP Midstream and our sponsors, Phillips 66 and Spectra Energy, bring significant competitive advantages, one of which is a pipeline of growth opportunities. We are an investment grade company and have demonstrated access to both the equity and debt capital markets. Finally, we are the financing vehicle for DCP Midstream the enterprise, and as such, we believe we will have a pipeline of growth opportunities and be a tremendously compelling investment opportunity.

So if you don't mind, I would like to take a few minutes to talk about the DCP Enterprise and our ownership and sponsorship. Most of you are probably already aware that Phillips 66 and Spectra Energy are 50/50 owners of DCP Midstream LLC, and I will refer to this company as DCP Midstream during the presentation.

Below DCP Midstream is DPM, our publicly-traded master limited partnership. As we talk about our growth plans today, we'll talk about both DCP Midstream and DPM together as the DCP Enterprise.

DCP Midstream is a privately-owned company, but if you apply GP, MLP, and public company valuations, we are probably about a $15 billion company. And DPM is probably close to enterprise value of a $5 billion company.

You can also see that DCP Midstream owns the GP and about 26% of DPM. So as a public entity, DPM provides the necessary access to the public equity markets and that's why it is an integral vehicle for funding the overall growth of the DCP Enterprise. And so I will touch on the DCP Enterprise in a bit more detail.

When I mentioned earlier that DPM was a company in transition I think it's safe to say the entire DCP Enterprise is a company in transition. This slide really tells the story.

The DCP Enterprise is well on its way to becoming a fully integrated midstream service provider and no longer just a G&P-centric company. So what does that mean?

Well, it means we have a robust downstream logistics business, which is primarily fee-based and complements our upstream gathering and processing business. DCP is deploying significant amounts of capital in both segments of these businesses. We offer wellhead to end-use market services for both TCP and third-party producers, which includes transportation, fractionation, storage, and other services. And DCP will have the scale and scope to compete in both the upstream and downstream areas of the business in any geographic area.

The DCP Enterprise is the largest producer of natural gas liquids in the US, well ahead of its nearest competitor. We are the second-largest gatherer of processing -- gathering and processing in the -- second-largest gathering processor in the country and we gather about 10% of this nation's gas throughout the US. Now that Sand Hills' and Southern Hills' NGL pipelines are in service, the DCP Enterprise is the third-largest NGL operator of pipe in the nation.

That is a one, two, three position in the midstream sector of the business with an excellent project, excellent project of growth opportunities. So when you look specifically at DPM, we are a sponsored MLP and have implemented a drop-down strategy with DCP Midstream to fund the growth for the DCP Enterprise as a whole. And in a minute I will discuss more about that on the next slide.

Looking out to 2015 you are going to see a different kind of a company, one that looks more like a large integrated and not a G&P-centric MLP. The change is pretty striking.

So what does that mean for DPM unitholders? It's quite simple. We will deliver on our distribution growth targets and we all know that's what our investors care about.

So when you begin to drill down further into DPM, we are also a company in transition from a relatively small MLP to a fully-integrated midstream service provider with a portfolio of businesses and diversification of earnings. So why is that important? In effect, we are reducing the earnings risk and volatility.

On the right, you can see each business segment's operating performance where each segments earnings are growing nicely. Our Natural Gas Services segment continues to experience substantial growth with the recent drop-down of the Eagle Ford. As you can see, our adjusted EBITDA has more than doubled since 2008 to $213 million in 2012 with a compounded annual growth rate of over 15%.

The consolidation of the Eagle Ford joint venture into DPM will continue to be a major source of growth in the coming years. Also during the quarter, we placed into service our 200 million a day Eagle Plant and I am happy to report it's now about 70% full and it's utilization is climbing.

The Keathley Canyon Pipeline project at our Discovery joint venture is also progressing nicely with an in-service date of mid-2014. Additional reserves continue to be added to this project with deepwater producers announcing success in and around this area.

Our NGL Logistics segment is also some exciting growth prospects and the existing assets are performing well. This segment has experienced a compounded annual growth rate of over 50% and that is fairly impressive.

As you recently heard, we announced a long-term storage agreement with INNOVA Chemical, underpinning the expansion of our Marysville NGL storage facility. Our investment is modest at about $25 million, but the expansion is large with new ethane storage capacity of over 1 million barrels. Further storage expansions are under review as the demand for the storage in this area continues to grow.

Looking forward, we see --- we expect the NGL Logistics segment to continue to have significant growth over the next couple of years with the expected drop-down of the one-third interest in the Southern and Sand Hills pipelines in 2014 and the start up of Texas Express Pipeline.

In our Wholesale Propane segment, we had an excellent winter heating season this past year and we successfully exported 6 million gallons of propane out of our Chesapeake terminal in January. And of interest, we recently contracted to actually import a ship this summer and have already presold all the material, all the volumes at attractive margins. Work is also underway on both the commercial and engineering fronts to solidify Chesapeake as both an import and export terminal, and we were very encouraged with the work to date.

Just as a side note as you look at the slide, the very top picture you see is a picture of our Minden gas plant in northern Louisiana. The second picture is a picture of Sand Hills Pipeline as we are crossing the Houston ship Channel. Those of you familiar with Houston can probably see the San Jacinto Monument in the background. It looks like the Washington Monument to a degree.

And the bottom picture is a picture of our Chesapeake import terminal with its two large tanks, deepwater dock, and plenty of acreage. It actually looks like a forested area to the left. All that is developmental acreage that we can expand our rail facilities in and out of that asset.

This next slide provides an overview of our growth and drop-down activity with our general partner over the past several years and our 2013 and 2014 growth outlook. As the slide illustrates, drop-downs have ramped up over the past few years. One item of importance to note is the drop-down activity over the past year has been either fee-based or has included direct commodity price hedges. This further improves our overall percentage of fee-based and hedged earnings at DPM.

For 2013 we are targeting about $1 billion of drop-down opportunities, which includes the recently announced Eagle Ford drop-down. We also have ongoing organic growth projects of over $500 million and in 2014 we would expect another $1 billion of drop-downs, so in effect we are almost doubling the size of DPM from 2012 to 2015. Also shown on this slide are the in-service dates for the various organic growth projects, which, when you add it all up, supports our projection of 6% to 8% growth in --- distribution growth in 2013 and 6% to 10% in 2014.

Just a quick look at the Eagle Ford drop-down. In March we completed the immediately accretive $600 million drop-down from our general partner of the 47% interest in the Eagle Ford joint venture, bringing our total ownership interest to 80%.

As I mentioned, when the Eagle Ford build out is complete, DPM will be one of the largest gathering processors in this area. And once our Goliad plant is complete we will have total processing capacity of 1.2 BCF a day in this area. I was recently at the Goliad plant and the compression is there, the towers are going up, and it is beginning to look like a real plant.

You should note DCP Midstream took 20% of the consideration in this drop-down in DPM units, which again illustrates DCP Midstream's support of our company and the continued belief in these assets. Along with this transaction, DCP Midstream provided the partnership three-year direct commodity price hedges for the Eagle Ford volume and direct commodity price hedges for the Goliad volume when that plant starts.

The earnings stability these hedges provide differentiates DPM from our peers. This transaction is another great example of how we work with our general partner to fund the DCP enterprise growth.

On this slide you can see our DCF and our distribution growth targets as well as an update on our sensitivities. This information has been updated for the Eagle Ford drop-down, including the associated direct commodity price hedges. Post the Eagle Ford drop-down, about 95% of our margins are now fee-based or hedged.

Our updated sensitivities for 2013 show that we are now neutral to changes in natural gas and crude oil prices and our sensitivities to NGL/crude relationship is now about half of what it was prior to the drop-down. So we have very limited exposure to commodity prices in 2013.

Our 2013 DCF forecast remains the same at $260 million to $280 million, and with the additional --- with the addition of the perfected hedges and the Eagle Ford drop-down, the commodity price impact for 2013 has been significantly reduced. Consistent with past practices, though, our DCF forecast for 2013 does exclude the impact of potential future drop-downs, acquisitions, or any unannounced organic growth projects. So as you can see, we have significantly reduced the overall risk profile and exposure to commodity prices over the next three years.

This slide outlines our financial position at the end of the first quarter. We continue to maintain a strong capital structure and competitive cost of capital.

During the quarter we raised approximately $1 billion of capital through the successful execution of offerings in both the equity and debt capital markets. We raised approximately $500 million in the equity markets through the largest equity offering in DPM history. We also raised an additional $500 million of 10-year bonds at a very attractive rate of 3 7/8%.

Our average cost of debt is 3.7% and we had approximately $850 million of unutilized revolver capacity. And, finally, our debt to EBITDA leverage ratio is 3.8 times and our balance sheet is in great shape after our equity offering.

I would also like to note that both S&P and Fitch recently affirmed DPM's BBB- investment grade ratings and stable outlooks. We remain committed to our investment grade rating and continue to be an attractive funding source for the DCP Midstream enterprise.

So in closing, I would like to end where I started to talk about why DPM is a compelling investment opportunity. If you look over the past three years, we have had over 30% compounded annual growth rate in both adjusted EBITDA and distributable cash flow over that period. Our goal is to have sustained distribution growth.

As a demonstration of this fact, we've raised our distribution in each of the last 10 quarters. In 2012 we reported record adjusted EBITDA and record DCF despite commodity price headwinds. We also delivered on our 2012 distribution growth target and are well on our way to achieving our 2013 growth targets and $1 billion of drop-downs.

Our 2013 DCF target of $260 million to $280 million is a 50% increase over 2012. And as mentioned, we are the primary funding vehicle for the DCP Enterprise with great access to both the debt and equity capital markets.

So the growth story is part of why we say DPM is a company in transition. From a small G&P MLP to a large cap, fully-integrated midstream service provider and what we feel is a tremendous investment opportunity.

So with that I want to thank you for your time and I will be happy to take any of your questions.

QUESTIONS AND ANSWERS

Unidentified Audience Member

(inaudible -- microphone inaccessible)

Bill Waldheim - *DCP Midstream Partners - President*

The question was any expectation of when Sand Hills and Southern Hills Pipelines will be dropped down. Currently it's expected; both pipelines are in service as we speak and we are doing line fill from the Permian all the way to the Eagle Ford. As you know, the Eagle Ford has been in operation and we are also doing line fill on Southern Hills Pipeline. Once that's complete we will be delivering both pipelines into Mont Belvieu.

We would expect probably sometime in 2014, if you go to the slide -- we do have books at the back for those departing -- where we talked about our $1 billion of capital opportunities in 2014. A lot of that $1 billion is probably the Sand Hills and Southern Hills one-third interest that we would receive at that time, so that would be the anticipated time we would drop those into the partnership.

Unidentified Audience Member

What is the origin of the name of the Company?

Bill Waldheim - *DCP Midstream Partners - President*

The origin --- the question was what is the origins of the name of the Company. DCP Midstream was formed many years ago with Duke Energy and ConocoPhillips. So DCP Midstream was --- we like to think that's the legacy of the Company and we actually did talk about would we ever change the name of the Company. Frankly, we are just known as DCP Midstream now. So that is the origin of DCP.

Unidentified Audience Member

(inaudible — microphone inaccessible)

Bill Waldheim - *DCP Midstream Partners - President*

Duke Energy actually bought the Panhandle Eastern assets way back when. And when Duke felt they weren't getting the synergies in the utility and gas business; at one time they thought -- the industry thought the two assets like that put together would actually be more than separated.

Really as time went on I think they decided that they would re-separate them. And so that's when Duke Energy spun off the gas assets, the regulated gas assets of their really Panhandle Eastern and created Spectra Energy. So Spectra is probably the old Panhandle assets, for those that have been around a while. Any other questions?

Unidentified Audience Member

Any plans to go into areas where you don't have legacy assets?

Bill Waldheim - *DCP Midstream Partners - President*

Absolutely. I think we get asked that question a fair amount. Being the nation's largest gas processor, we always have visions of getting into areas we are not. The two primary areas are the Marcellus Utica and the Bakken.

We certainly would like to get into those areas. I think we actually made an attempt a number of years ago with Equitable that didn't quite work out, but at the right time we will. I think the acquisition market has been a little frothy lately. I think we've got plenty of investment opportunities and growth opportunities throughout the assets that we operate today.

So we will focus on the organic growth that is currently at the enterprise and at the right time. If and when we can acquire assets or even companies, for that matter, we will certainly be interested in doing so and with an eye towards getting to those areas for sure.

Unidentified Audience Member

Just curious, what kind of ethane rejection are you seeing across your system right now?

Bill Waldheim - *DCP Midstream Partners - President*

Actually that's a good question and we get that one a fair amount. I will speak to DPM's assets and then maybe to the DCP Enterprise as a whole. But the DPM assets are further south in the Gulf Coast area and much closer to the end-use markets.

I like to point out, for instance, the Eagle Ford assets that we have now in the partnership. We have three fractionators at both Gulf Planes, La Gloria, and Wilcox plants, and we can deliver ethane directly to the end-use consumer. So our TNF is very, very low in that regard, so ethane recovery is really --- we have been in ethane recovery because of that.

We do have some limited ethane rejection at times and we do watch the markets and the values. I caution everybody on ethane recovery and rejection because your contract structures are so important behind your gas plants that --- and your value chain, now that we have Sand Hills pipeline, so the economics of rejection aren't as simple as just looking at the price of gas and the price of ethane in determining whether or not you reject or not.

Actually, some of our contract structures are that when ethane is actually lower than gas prices, we actually make money in that environment through fixed efficiency type contracts. So we have the ability to make money in any one of a number of ways.

DCP Enterprise as a whole, we do have some limited ethane rejection in the Mid-Continent. Again, I think you have to look at the age of your assets and your ability to reject ethane in the Mid-Continent. We do have probably assets that aren't the most modern and so their ability to reject ethane is there.

We do warm up the plants to a degree, but because of their inability to separate the ethane and the propane -- if we begin to lose propane recovery, that's a no-win situation pretty quick. So we might warm up the plants just a little bit, but we are recovering ethane for the most part throughout the system with limited rejection in the Mid-Continent.

Any other questions? If not, I want to thank everybody for coming and appreciate your time.
