

# 4th Quarter and Year End 2011 Earnings Release

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February 28, 2012



# Forward-Looking Statements

## Under the Private Securities Litigation Act of 1995

This document may contain or incorporate by reference forward-looking statements as defined under the federal securities laws regarding DCP Midstream Partners, LP (the “Partnership”), including projections, estimates, forecasts, plans and objectives. Although management believes that expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. In addition, these statements are subject to certain risks, uncertainties and other assumptions that are difficult to predict and may be beyond our control. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Partnership’s actual results may vary materially from what management anticipated, estimated, projected or expected.

The key risk factors that may have a direct bearing on the Partnership’s results of operations and financial condition are highlighted in the earnings release to which this presentation relates and are described in detail in the Partnership’s periodic reports most recently filed with the Securities and Exchange Commission, including its most recent Form 10-K and most recent Form 10-Q. Investors are encouraged to consider closely the disclosures and risk factors contained in the Partnership’s annual and quarterly reports filed from time to time with the Securities and Exchange Commission. The Partnership undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The statements in this presentation speak only as of the date of this presentation. Information contained in this document is unaudited, and is subject to change.

## Regulation G

This document may include certain non-GAAP financial measures as defined under SEC Regulation G, such as distributable cash flow, adjusted EBITDA and adjusted segment EBITDA. In such an event, a reconciliation of those measures to the most directly comparable GAAP measures is included in supplementary material to this presentation on our website at [www.dcppartners.com](http://www.dcppartners.com).

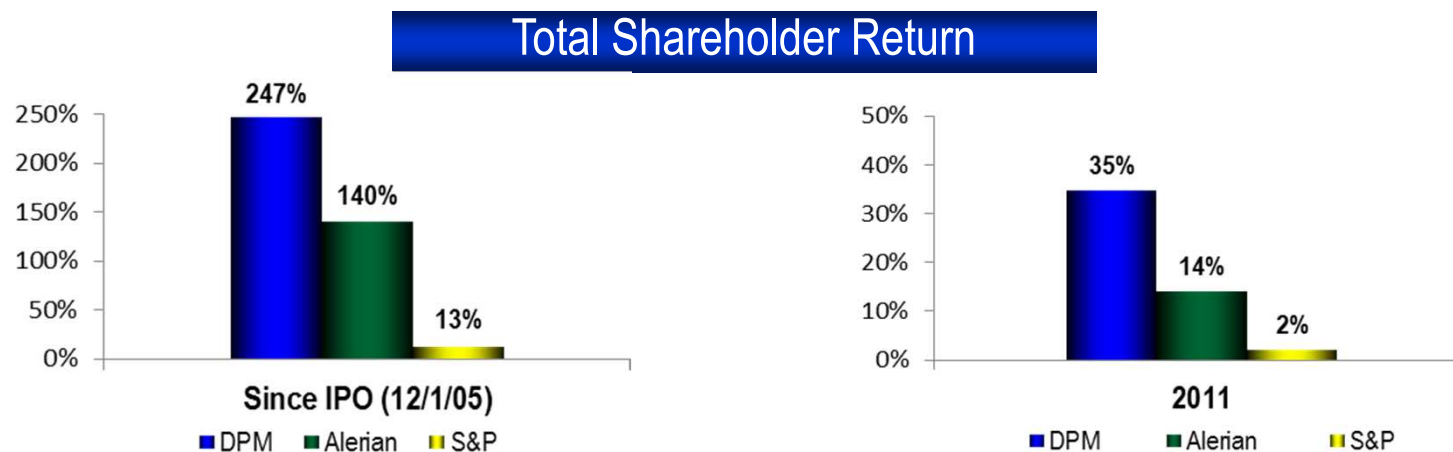
# Today's Agenda

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- Q4 and 2011 highlights
- Operational update
  - Dropdown transaction summary
- Financial overview
- 2012 forecast and three year outlook
- Summary

# Q4 and 2011 Highlights

- Financial results in line with 2011 DCF forecast
  - Distribution coverage ratio of 1.1x in 2011
- Quarterly distribution growth rate of 5.3% in 2011
  - Declared \$0.01 increase in quarterly distribution (\$0.65 per unit)
- Announced agreement with DCP Midstream for the contribution of the remaining 66.7% interest in Southeast Texas joint venture
- Solid execution has yielded strong total shareholder results over time



- Developed three year outlook supporting attractive distribution growth
  - Visible pipeline of ~\$3 billion in future growth opportunities

**Solid results in 2011 continue to build proven track record**

# 2011 Business Plan Accomplishments

## Business Plan Accomplishments

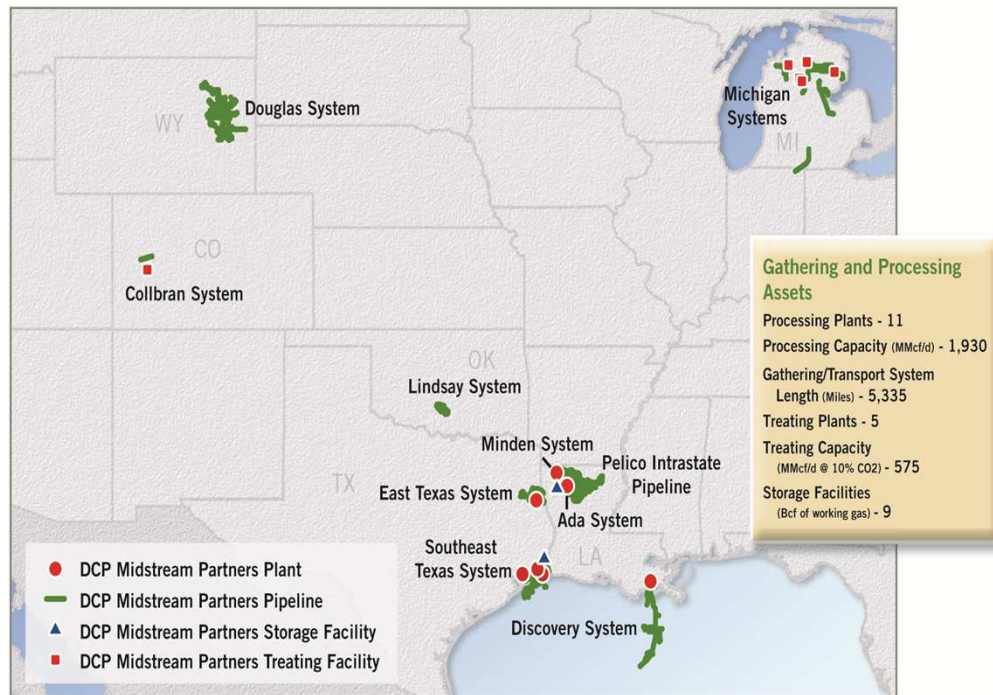
- ✓ Financial results in line with 2011 DCF forecast
- ✓ Returned to consistent distribution growth
- ✓ Executed on all aspects of multi-faceted growth strategy
- ✓ Acquisition integration executed on plan
- ✓ Capital projects on plan
- ✓ Strong capital markets execution

## Growth Opportunities Executed

- ✓ Co-Investment
  - Acquisition of DJ Basin fractionators
  - Completion of Wattenberg NGL pipeline expansion project
  - Commencement of construction of Eagle Plant
  - Contribution of 50% interest in East Texas joint venture from DCP Midstream
  - Contribution of 67% interest in Southeast Texas joint venture from DCP Midstream
- ✓ Expansion plan for Discovery

**Delivered on 2011 business plan commitments**

# Natural Gas Services Segment



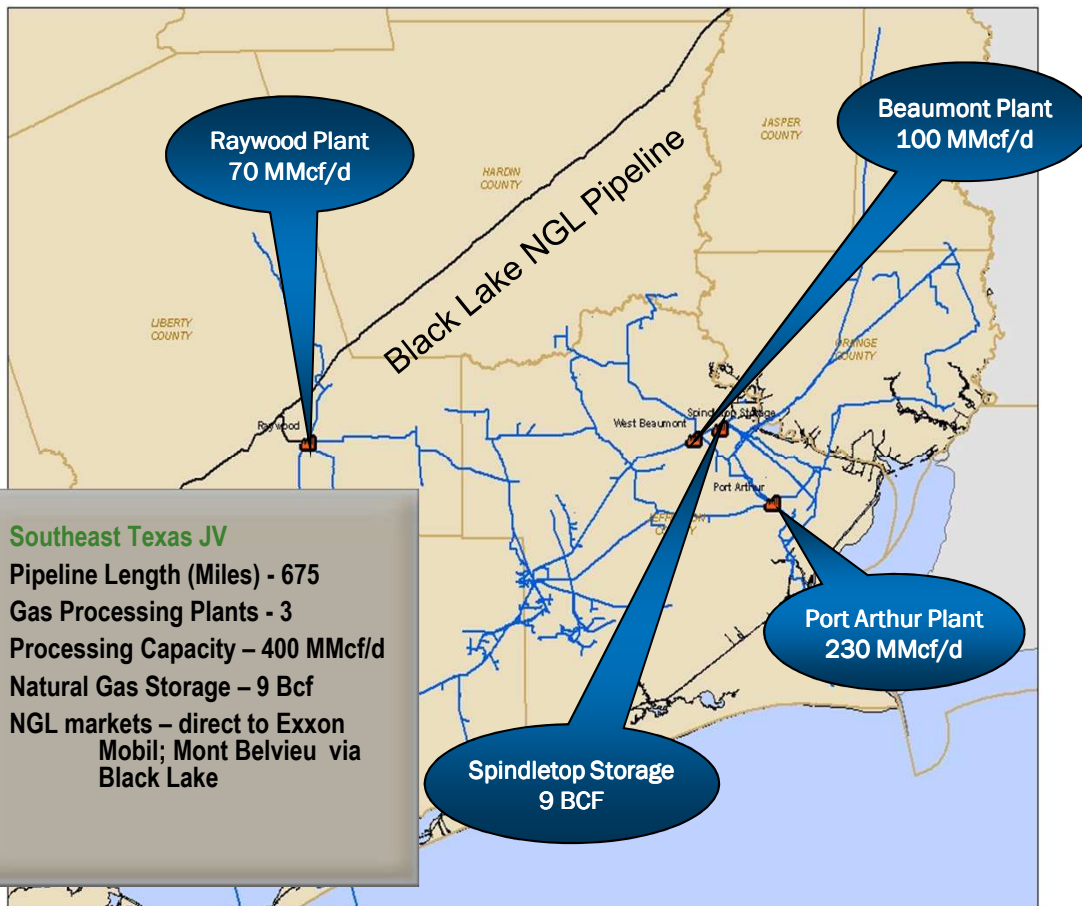
- Stable outlook for gas throughput and NGL production volumes
- Eagle Plant construction on plan
- Expanding scale through East Texas and Southeast Texas contributions from general partner

**Expanding diverse geographic footprint with access to multiple resource plays**



# Dropdown Transaction Summary

- DCP Midstream to contribute remaining 66.7% interest in Southeast Texas joint venture to the Partnership for \$240 million
  - DCP Midstream will take ~20% of consideration in DPM common units

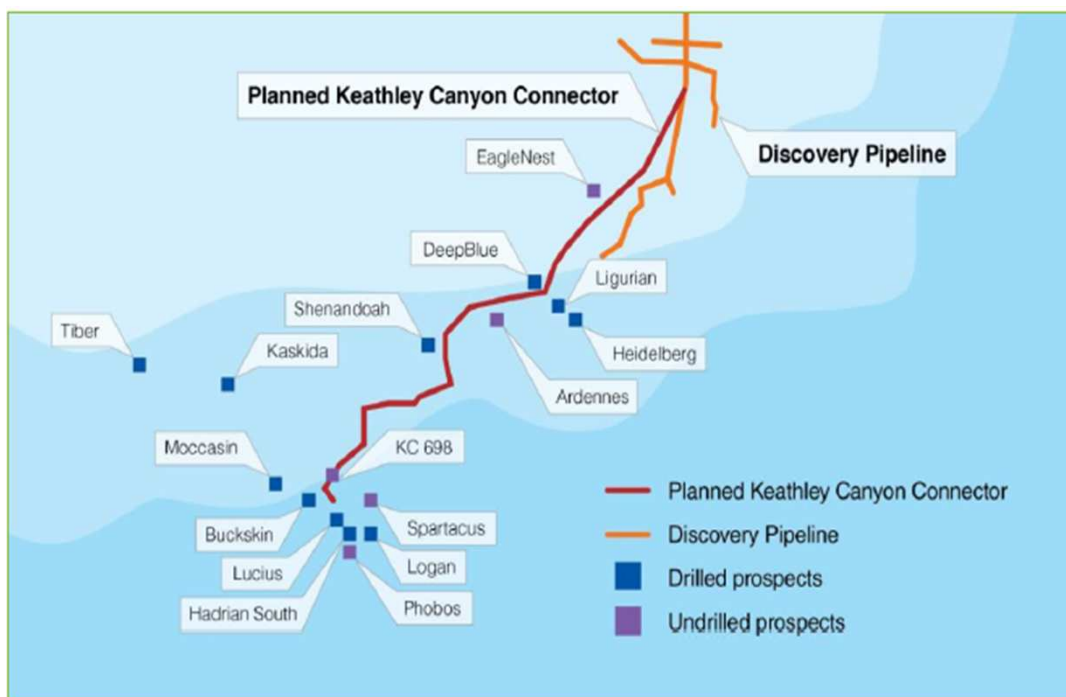


- Fully integrated midstream business
- Mix of fee and commodity based margins that will be substantially hedged
- Immediately accretive transaction expected to close by Q2 2012

Partnering with our sponsor to grow the DCP Enterprise

# Keathley Canyon Connector

- Major expansion of the central Gulf of Mexico (Discovery System)
  - Partnership owns 40% of Discovery system, with Williams Partners (WPZ) operating and owning the remaining interest
- Supported by long-term fee-based agreements with the Lucius and Hadrian South owners for natural gas gathering and processing services

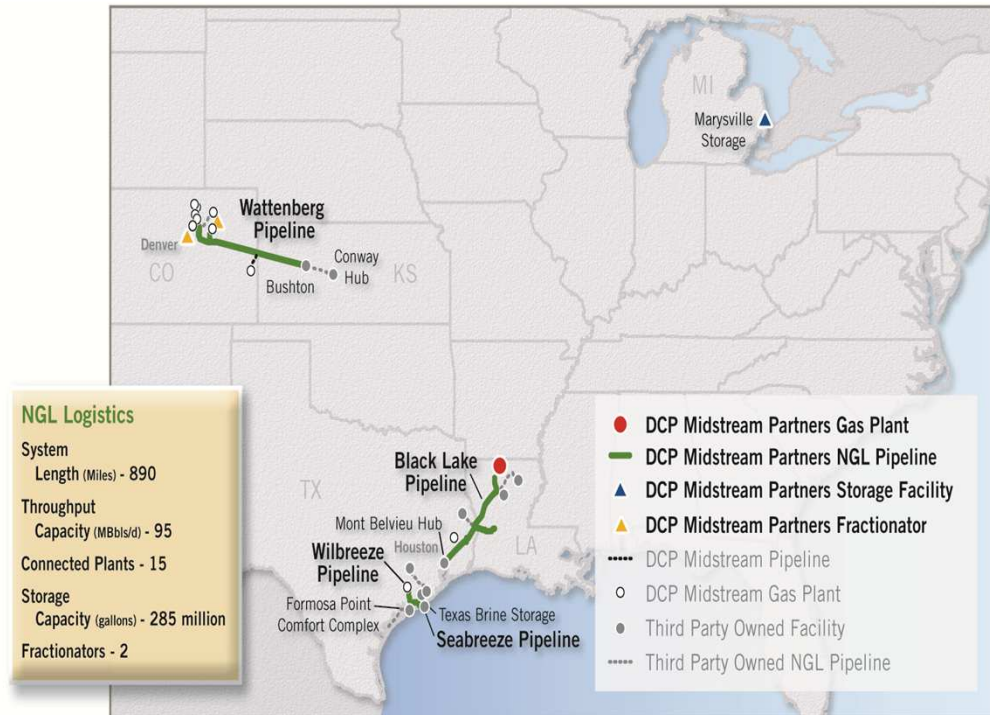


- Over 200 miles of new large diameter deepwater gas pipeline
- Gathering capacity of over 400 MMcf/d
- Expected to be in service by mid-year 2014
- Total capital expenditures to be approximately \$240 million (DCP 40% interest)

**Attractive organic growth project in footprint**



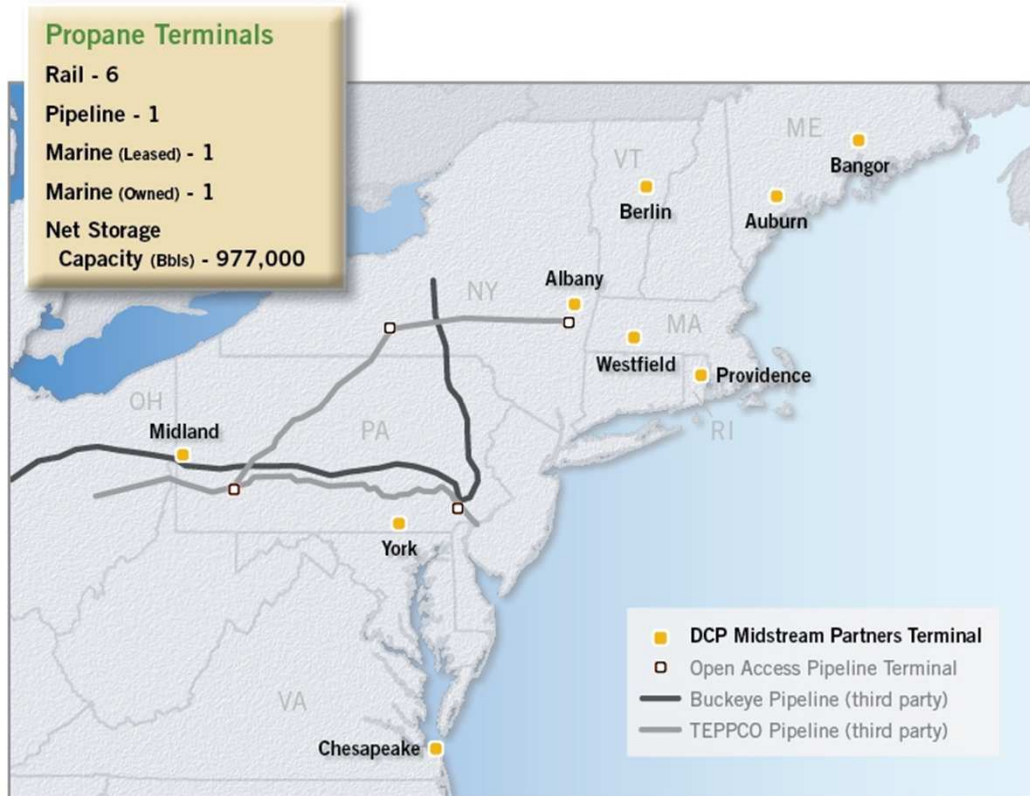
# NGL Logistics Segment



- Significant growth in scale and scope of integrated fee-based business in 2011
  - Marysville NGL facility providing storage services to wholesale propane and Sarnia markets
  - Wattenberg NGL pipeline expansion project
  - Acquisition of DJ Basin fractionators
- Increasing volumes from Eagle Ford Shale and DJ Basin

**Integrated fee-based business providing growth and expansion opportunities**

# Wholesale Propane Logistics Segment



- Realizing benefits from Chesapeake terminal acquisition and expansion into mid-Atlantic region
- Warm winter weather modestly tempering results
- Strong business model continues to deliver favorable results

Expanded on position as one of the largest regional wholesale propane providers

# 2011 Actual vs. Forecast Results

2011 Target Distribution Growth of 5%



Actual %  
Growth  
5.3%

(\$ in millions)

## 2011 DCF Forecast

### NGL to Crude Relationship

Crude (\$/Bbl)	50%	60%	70%
\$75	\$125 - \$140	\$140 - \$155	\$155 - \$175
\$85			
\$95	\$130 - \$145	\$145 - \$160	\$160 - \$180
\$105			
\$115	\$135 - \$150	\$150 - \$165	\$165 - \$185



Actual DCF  
\$150 million

Reflects 2011 commodity prices realized

**Achieved DCF results and distribution growth at midpoint of 2011 forecast**

# Consolidated Financial Results

	Three Months Ended December 31,			Year Ended December 31,		
(\$ in millions)	2011	2010	2010 As Reported	2011	2010	2010 As Reported
Adjusted EBITDA	\$49.8	\$43.0	\$39.0	\$179.4	\$157.6	\$143.2*
Distributable Cash Flow	\$37.4	**	\$27.9	\$150.4	**	\$108.5
Coverage Ratio	1.02x	**	0.93x	1.08x	**	1.01x
Cash Coverage Ratio <sup>(1)</sup>	1.07x	**	1.02x	1.14x	**	1.07x

Note: Results for Southeast Texas are included in all periods except “As Reported” results for 2010

<sup>(1)</sup> Based upon timing of actual cash distributions paid

\* Includes \$9.1 million non-cash equity interest re-measurement gain associated with our acquisition of an additional interest in Black Lake

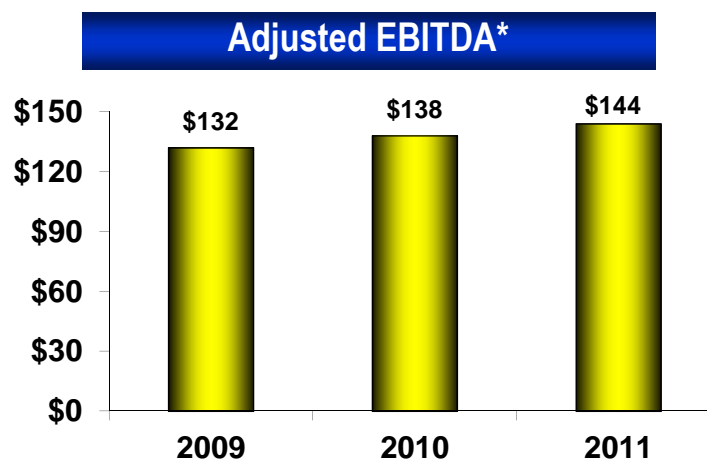
\*\* For periods prior to 2011, distributable cash flow and coverage ratios have not been calculated under the pooling method

**Favorable trends on all key metrics**

# Natural Gas Services Segment

	Three Months Ended December 31,			Year Ended December 31,		
(\$ in millions)	2011	2010	2010 As Reported	2011	2010	2010 As Reported
Adjusted Segment EBITDA	\$38.2	\$41.3	\$37.3	\$144.4	\$151.9	\$137.5
<b>Operating Statistics:</b>						
Operating and maintenance expense	\$19.4	\$15.3	\$15.3	\$74.4	\$63.5	\$63.5
Natural gas throughput (MMcf/d)	1,176	1,297	1,180	1,209	1,272	1,168
NGL gross production (Bbls/d)	38,599	42,887	34,482	39,426	40,962	33,521

Note: Results for Southeast Texas are included in all periods except "As Reported" results for 2010 and 2009



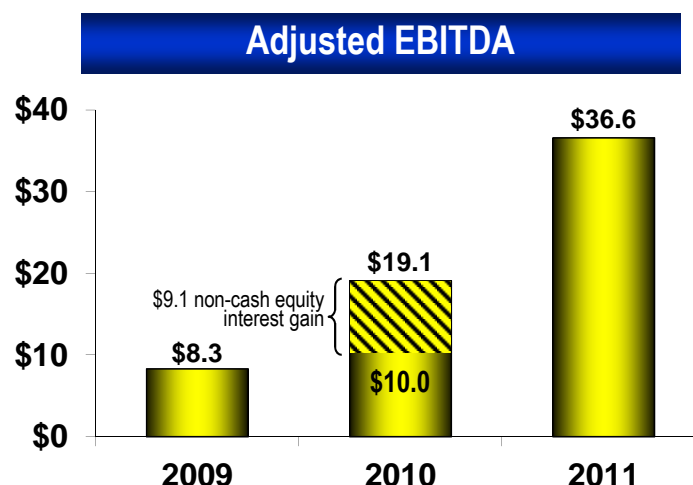
\* As reported at each yearend

**Continued historical growth trend**

# NGL Logistics Segment

	Three Months Ended December 31,		Year Ended December 31,	
(\$ in millions)	2011	2010	2011	2010
Adjusted Segment EBITDA	\$9.9	\$1.7	\$36.6	\$19.1*
<b>Operating Statistics:</b>				
Operating and maintenance expense	\$4.6	\$1.4	\$15.9	\$3.7
NGL pipeline throughput (Bbls/d)	76,814	36,113	62,555	38,282

\* Includes \$9.1 million non-cash equity interest re-measurement gain associated with our acquisition of an additional interest in Black Lake

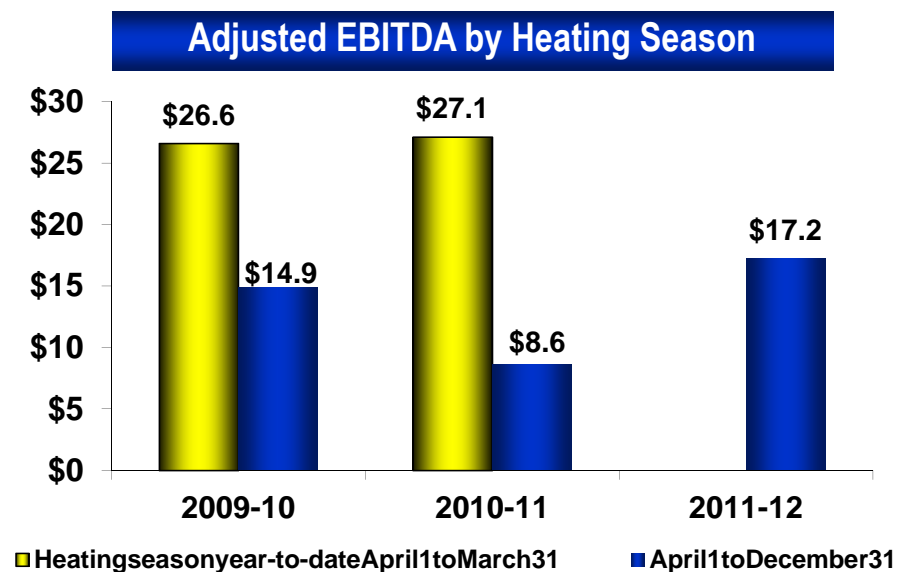


**Record Adjusted EBITDA results driven by fee-based growth opportunities**



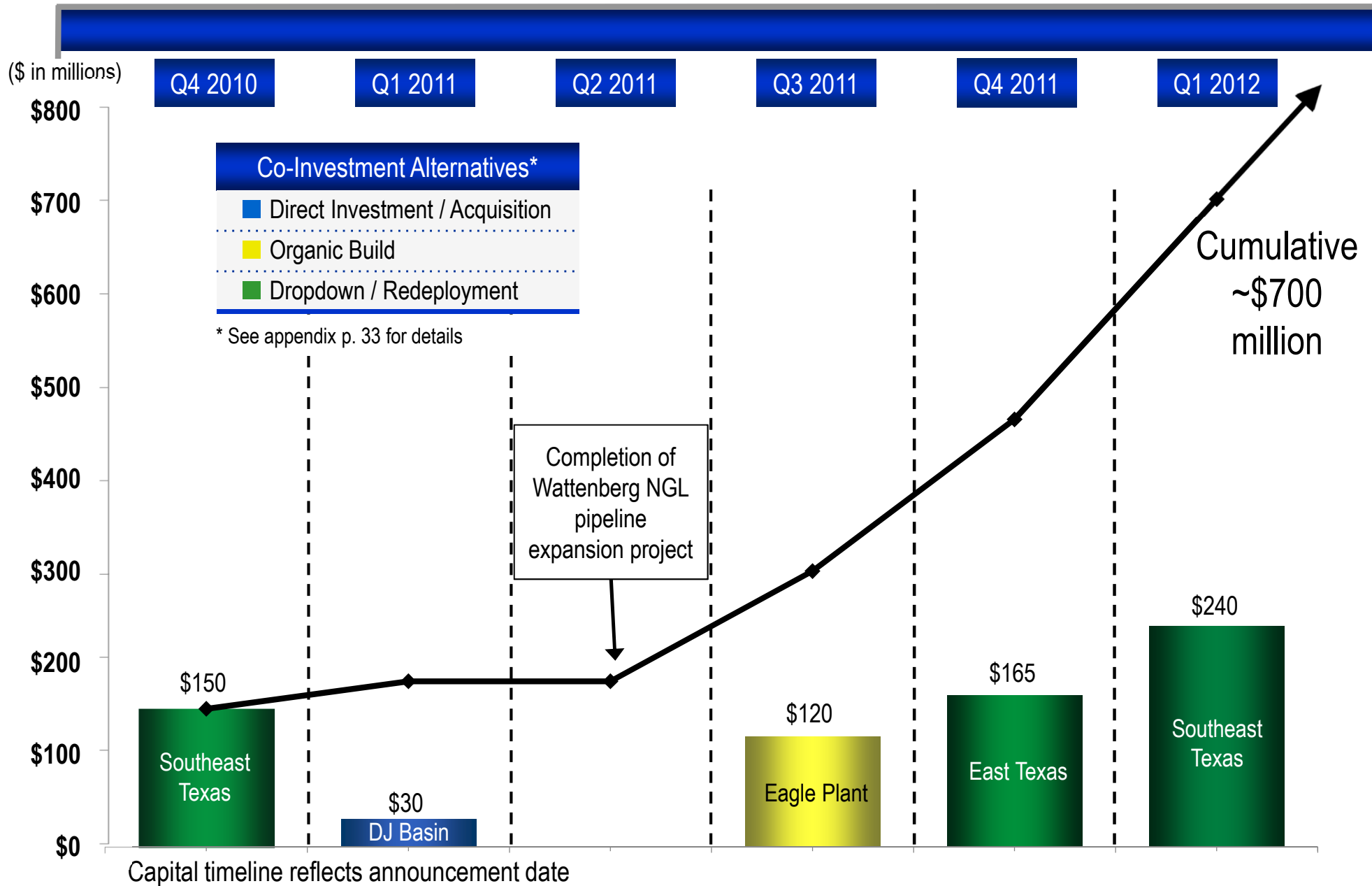
# Wholesale Propane Logistics Segment

	Three Months Ended December 31,		Year Ended December 31,	
(\$ in millions)	2011	2010	2011	2010
Adjusted Segment EBITDA	\$12.0	\$8.7	\$35.7	\$20.3
<b>Operating Statistics:</b>				
Operating and maintenance expense	\$4.1	\$4.3	\$15.1	\$12.6
Propane sales volume (Bbls/d)	27,141	28,902	24,743	22,350



**Favorable year-to-date heating season results**

# Co-Investment Update



**Pace and scale of co-investment opportunities has accelerated**

# Financial Positioning

- Strong capital markets execution positions DPM well in terms of liquidity and cost of capital
  - Entered into new \$1 billion revolving credit facility maturing November 2016
  - Timely and cost-effective financing of growth

(\$ millions) Balance Sheet Summary (As of 12/31/11)	
Total Long-Term Debt	\$747
Book Equity	841
Total Book Capitalization	\$1,588
Liquidity and Credit Metrics	
Unutilized Revolver Capacity	\$502
Credit Facility Leverage Ratio (max 5.0x/5.5x)	3.6x
Effective Interest Rate	4.4%

**Well positioned to serve as a significant source of funding for growth capital at DPM and DCP Midstream**

# 2012 Forecast and Three Year Outlook

# Transformational Growth Outlook

## Growth Opportunities

### DPM

Liquids rich and emerging shale play infrastructure development

Bolt-on opportunities in footprint

Potential divestitures by majors and E&P

### DCP Midstream\*

- \$4 Billion of Projects in Execution
- \$2+ Billion in Potential Opportunities

Eagle Ford Shale

DJ Basin

Permian Basin

Southern Hills NGL Pipeline

Sand Hills NGL Pipeline



## Multi-Faceted Strategy

Co-investment with sponsor

Third party acquisitions

Organic growth



## DPM Large Scale, Diversified MLP

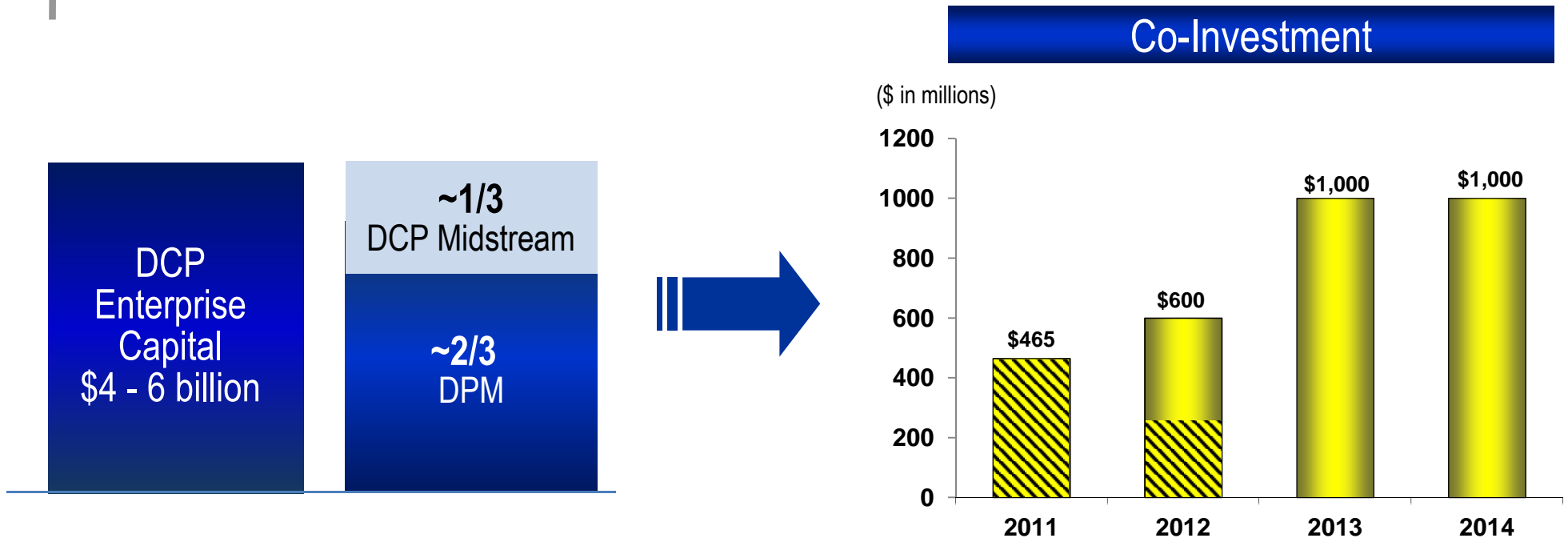
- Healthy mix of fee-based assets
- Diversified asset portfolio
- NGL infrastructure

Transformational growth through focus on NGL infrastructure

\* See appendix p.34-35 for details

## Evolution of DPM to becoming a large scale, diversified midstream MLP

# Co-Investment Outlook



- Co-investment to date of over \$700 million
- Southeast Texas dropdown and other co-investment opportunities provide immediate accretion to continue increasing distribution in 2012 and beyond
- Targeting Southern Hills and Sand Hills NGL pipelines in addition to other G&P and NGL infrastructure projects

**Pace and scale of co-investment opportunities expected to further accelerate**



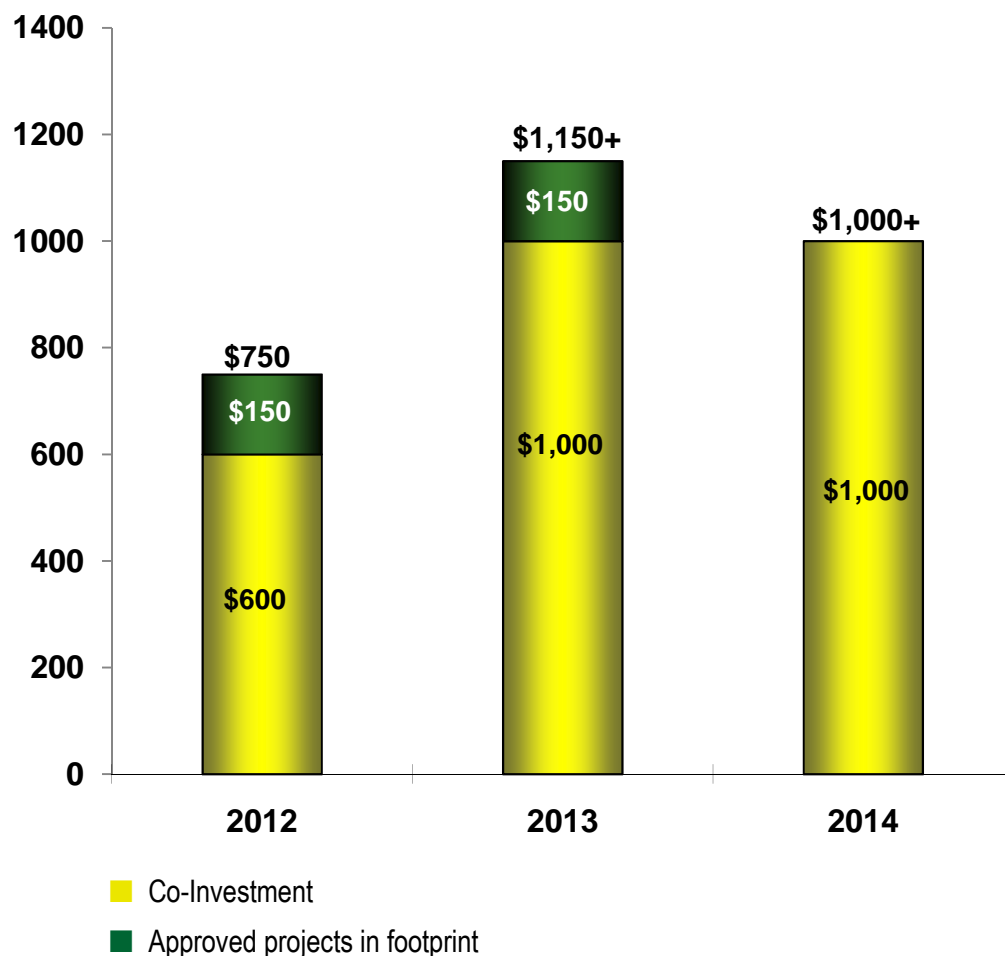
# Total Capital Spending Outlook

(\$ in millions)

Capital Projects in Execution		
Project	Capital	In-Service Date
Eagle Plant	\$120	Q4 2012
Keathley Canyon	\$240	Mid-2014
Various	\$50+	Ongoing



(\$ in millions)



**Opportunities in footprint complement co-investment and enhance growth outlook**

# 2012 DCF and Distribution Growth Forecast

2012 Target Distribution Growth of 6-8%

(\$ in millions)

## 2012 DCF Forecast

### NGL to Crude Relationship

Crude (\$/Bbl)	50%	60%	70%
\$85	\$165 - \$180	\$180 - \$195	\$195 - \$210
\$95			
\$105	\$175 - \$190	\$190 - \$205	\$205 - \$220
\$115			

## ■ Additional contributions to 2012 DCF

- Full year benefit from Wattenberg NGL pipeline and DJ basin fractionators
- East Texas dropdown
- Southeast Texas dropdown
- Eagle Plant online by Q4

**Growth opportunities executed in 2011 contribute substantially to 2012 DCF**

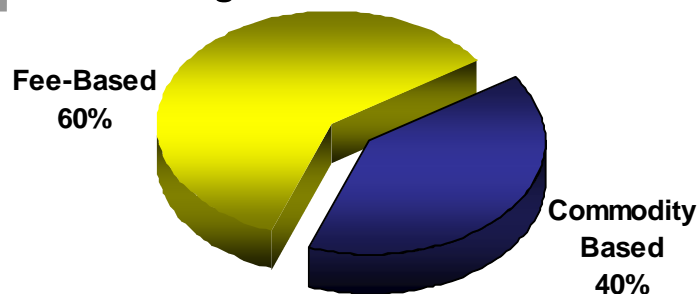
# Growth Metrics

- Visible pipeline of growth opportunities provides outlook for increased future distribution growth
  - 6-8% annual growth target in 2012
    - Current \$0.01 per quarter increase in distribution provides 6% annual growth
  - 6-10% annual growth target in 2013 and 2014
- Execution of visible growth opportunities enables DPM to rapidly achieve size and scale
  - More than triples assets and cash flows over three year period

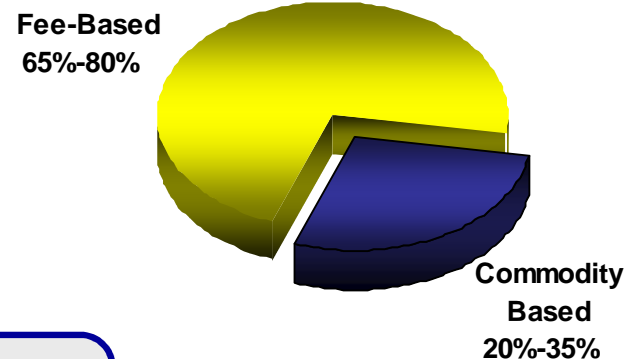
**Outlook provides for increased distribution growth, size and scale**

# Fee-Based Margins and Asset Diversity

2011 Margin

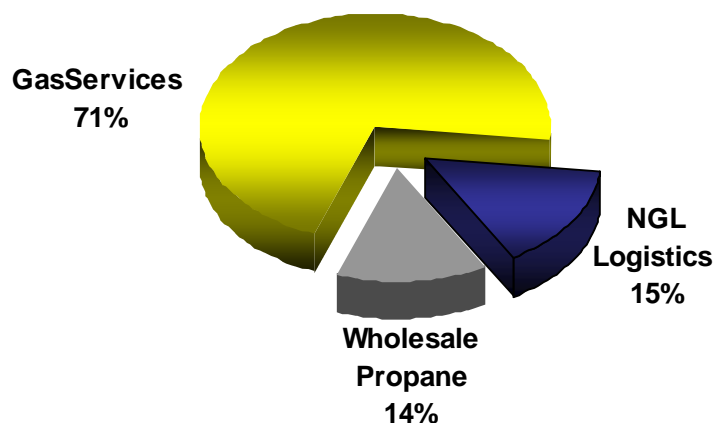


2015 Margin

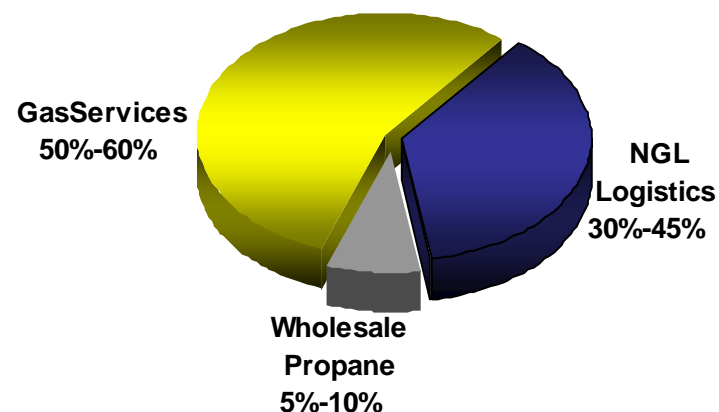


Fee-based margins, multi-year hedging policy and asset diversity underpin investment grade ratings

2011 Margin



2015 Margin



Growth providing increasing fee-based margins and asset diversity

# Summary

- Achieved 2011 business plan commitments and forecast
- Executing on multi-faceted growth strategy, with an emphasis on co-investment with our general partner
  - Growth opportunities captured in 2011 will contribute to 2012 DCF
  - Cost of capital and proven access to capital markets supports execution of growth strategy
  - Evolution to becoming a large scale, diversified midstream MLP
- Targeting long-term top quartile total shareholder return
  - Three year outlook provides visible pipeline of ~\$3 billion of capital opportunities to support continued distribution growth
  - 6-8% distribution growth target in 2012 and 6-10% in 2013 and 2014
- Sponsorship of DCP Midstream, ConocoPhillips and Spectra
  - Unique structure provides benefits to all stakeholders

# Q&A



# Appendix

# Consolidated Financial Results

(\$ in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	2010 As Reported	2011	2010	2010 As Reported
Sales, transportation, processing and other revenues	\$418.4	\$ 368.9	\$ 368.9	\$1,576.5	\$ 1,278.0	\$ 1,278.0
Gains (losses) from commodity derivative activity, net*	(31.2)	(20.5)	(20.5)	(6.7)	(8.5)	(8.5)
<b>Total operating revenues</b>	<b>387.2</b>	<b>348.4</b>	<b>348.4</b>	<b>1,569.8</b>	<b>1,269.5</b>	<b>1,269.5</b>
Purchases of natural gas, propane and NGLs	(323.2)	(293.9)	(293.9)	(1,229.8)	(1,032.6)	(1,032.6)
Operating and maintenance expense	(28.1)	(21.0)	(21.0)	(105.4)	(79.8)	(79.8)
General and administrative expense	(10.3)	(8.7)	(8.7)	(37.3)	(33.7)	(33.7)
Step acquisition-equity interest re-measurement gain	-	-	-	-	9.1	9.1
Depreciation and amortization expense	(20.4)	(18.0)	(18.0)	(81.0)	(73.7)	(73.7)
Other income	0.1	-	-	0.5	4.0	4.0
<b>Total operating costs and expenses</b>	<b>(381.9)</b>	<b>(341.6)</b>	<b>(341.6)</b>	<b>(1,453.0)</b>	<b>(1,206.7)</b>	<b>(1,206.7)</b>
Operating income	5.3	6.8	6.8	116.8	62.8	62.8
Earnings from unconsolidated affiliates	8.3	9.2	5.2	36.9	38.2	23.8
Interest expense	(8.9)	(7.1)	(7.1)	(33.9)	(29.1)	(29.1)
Income tax expense	(0.2)	0.2	0.2	(0.6)	(0.3)	(0.3)
Net loss (income) attributable to noncontrolling interests	(6.0)	(4.8)	(4.8)	(18.8)	(9.2)	(9.2)
<b>Net income (loss) attributable to partners</b>	<b>\$ (1.5)</b>	<b>\$ 4.3</b>	<b>\$ 0.3</b>	<b>\$ 100.4</b>	<b>\$ 62.4</b>	<b>\$ 48.0</b>
<b>Adjusted EBITDA</b>	<b>\$ 49.8</b>	<b>\$ 43.0</b>	<b>\$ 39.0</b>	<b>\$ 179.4</b>	<b>\$157.6</b>	<b>\$ 143.2</b>
<b>Distributable cash flow</b>	<b>\$ 37.4</b>	<b>**</b>	<b>\$ 27.9</b>	<b>\$ 150.4</b>	<b>**</b>	<b>\$ 108.5</b>
<b>Coverage ratio</b>	<b>1.02x</b>	<b>**</b>	<b>0.93x</b>	<b>1.08x</b>	<b>**</b>	<b>1.01x</b>
<b>Cash distribution coverage</b>	<b>1.07x</b>	<b>**</b>	<b>1.02x</b>	<b>1.14x</b>	<b>**</b>	<b>1.07x</b>

\* Details on following page

\*\* For periods prior to 2011, distributable cash flow and coverage ratios have not been calculated under the pooling method.

# Commodity Derivative Activity

(\$ in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2011	2010	2011	2010
Non-cash gains (losses) – commodity derivative	\$(25.3)	\$(16.8)	\$23.0	\$(4.9)
Non-cash losses – other*	(0.1)	(0.2)	(0.3)	(0.5)
Non-cash gains (losses)	\$(25.4)	\$(17.0)	\$22.7	\$(5.4)
Non-cash gains (losses) – commodity derivative	\$(25.3)	\$(16.8)	\$23.0	\$(4.9)
Cash commodity hedge settlements received	-	-	-	-
Cash commodity hedge settlements paid	(5.9)	(3.7)	(29.7)	(3.6)
Gains (losses) from commodity derivative activity, net	\$(31.2)	(20.5)	\$(6.7)	(8.5)

\* Other non-cash losses represent the amortization of the deferred net losses related to our change in accounting method from cash flow hedge accounting to mark-to-market accounting. These losses were classified to sales of natural gas, propane, NGLs and condensate during the current period.

# Balance Sheet

(\$ in millions)	December 31, 2011	December 31, 2010	December 31, 2010 As Reported
Cash and cash equivalents	\$ 6.7	\$ 6.7	\$ 6.7
Other current assets	233.2	225.3	226.4
Property, plant and equipment, net	1,181.8	1,097.1	1,169.1
Other long term assets	481.9	484.1	298.4
<b>Total assets</b>	<b>\$ 1,903.6</b>	<b>\$ 1,813.2</b>	<b>\$ 1,700.6</b>
Current liabilities	\$ 269.2	\$ 211.2	\$ 211.2
Long-term debt	746.8	647.8	647.8
Other long term liabilities	46.7	103.4	103.4
Partners' equity	628.5	630.7	518.1
Noncontrolling interest	212.4	220.1	220.1
<b>Total liabilities and equity</b>	<b>\$ 1,903.6</b>	<b>\$ 1,813.2</b>	<b>\$ 1,700.6</b>

# Financing Growth for DPM and DCP Midstream Co-Investment Alternatives

## Direct Investment / Acquisition

DPM directly invests capital in “MLP friendly” assets that are part of larger strategic investment for DPM and DCP Midstream

- ❑ Wattenberg NGL pipeline
- ❑ DJ Basin fractionators

## Organic Build

DPM provides the capital to build all or part of a proposed processing plant or other growth opportunity

- ❑ Size and capital / cash flow / contract profile are key determinants of feasibility and selection of project
- ❑ Eagle Plant

## Dropdown / Redeployment

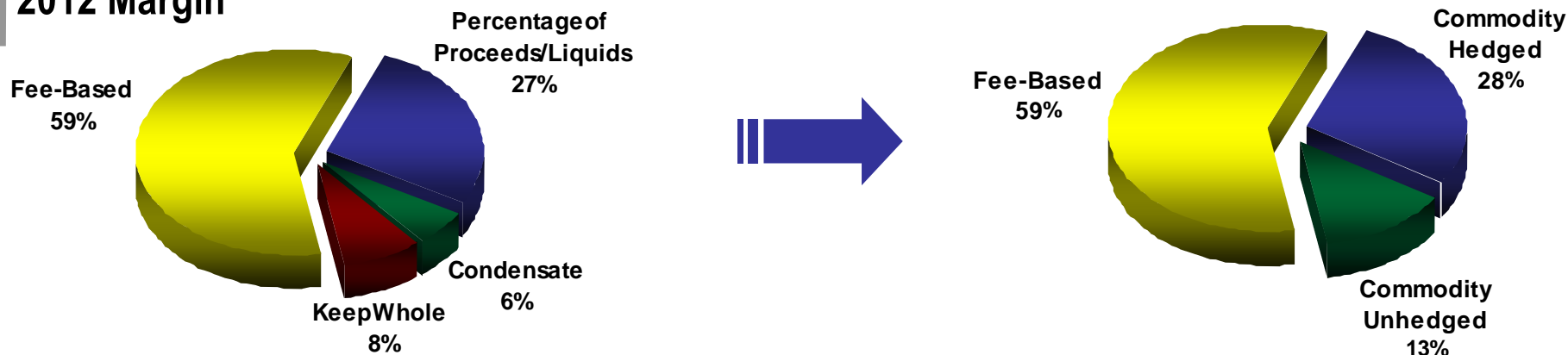
DCP Midstream sells all or a portion of an asset for cash raised by DPM in the capital markets

- ❑ Asset selected for sale would have or would be structured for “MLP friendly” characteristics
- ❑ Southeast Texas joint venture
- ❑ East Texas

**Utilization of DPM as a growth vehicle for DCP Midstream can take numerous forms**

# Contracts and Commodity Sensitivities

## 2012 Margin



## Estimated 2012 Annual Commodity Sensitivities (a)

Commodity	Amount of Change	Impact to Adjusted EBITDA (\$MM)
Natural Gas	+/- \$1.00/MMBtu change	+/- \$1.7
Crude Oil (b)	+/- \$5.00/Bbl change in crude at 60% NGL to crude relationship	+/- \$3.6
NGL to Crude Relationship (c)	+/- 5 percentage point change (assuming 60% NGL to crude relationship and \$90/Bbl crude)	+/- \$7.2

(a) Excluding keep whole sensitivities

(b) Assuming 60% NGL to crude oil price relationship. At crude oil prices outside of our collar range of approximately \$80 to \$97, this sensitivity decreases by \$0.8 million

(c) Assuming 60% NGL to crude oil price relationship and \$90.00/Bbl crude oil price. Generally, this sensitivity changes by \$0.8 million for each \$10.00/Bbl change in the price of crude oil. As crude oil prices increase from \$90.00/Bbl, we become slightly more sensitive to the change in the relationship of NGL prices to crude oil prices. As crude oil prices decrease from \$90.00/Bbl, we become less sensitive to the change in the relationship of NGL prices to crude oil prices.

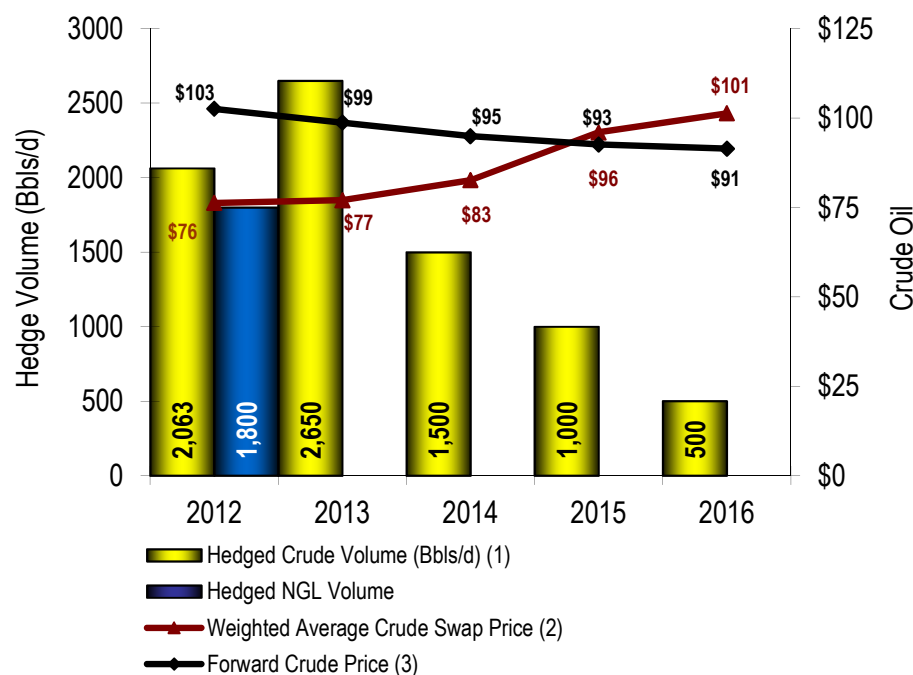
**Over 85% of 2012 margins are fee-based or supported by commodity hedges**



# Long-Term Cash Flow Stability

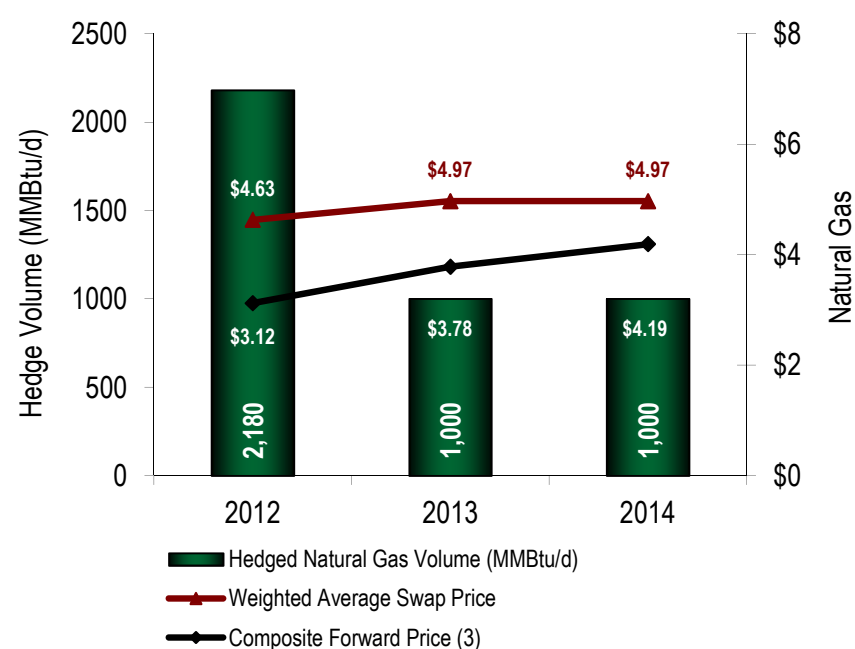
- Approximately 60% of 2012 forecasted margin is fee-based
- For commodity-based margins, approximately 70% hedged on crude oil equivalent basis in 2012

## Crude Oil and NGL Hedge Position



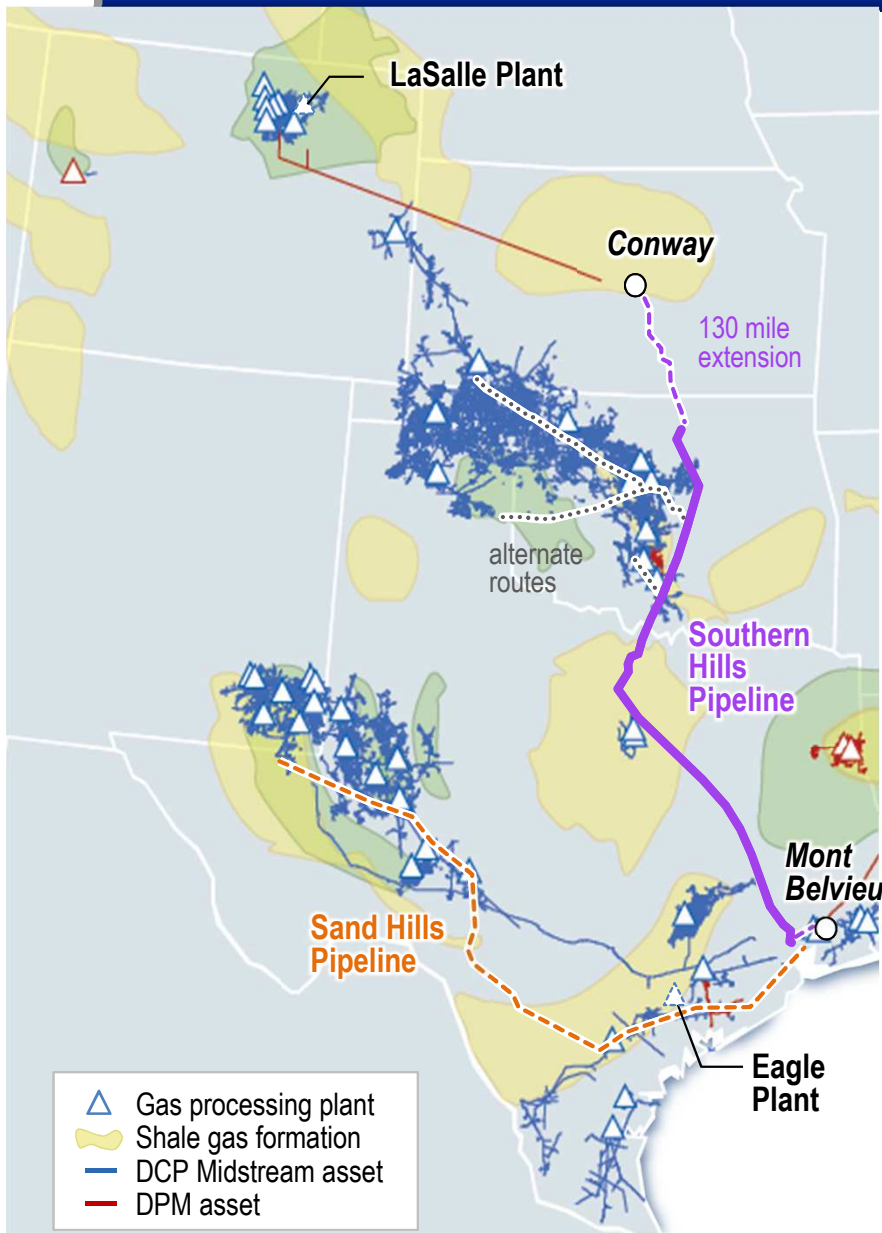
(1) Includes 600 Bbls/d and 400 Bbls/d of crude collar arrangements in 2012 and 2013, respectively  
 (2) Includes weighting of crude swaps and mid point of collar arrangements  
 (3) As of 1/3/2012

## Natural Gas Hedge Position



**Multi-year hedge positions provide cash flow stability**

# DCP - Executing on Growth Platform



Source: Spectra Energy Q3 2011 Earnings Review – November 3, 2011

## ■ Sand Hills Pipeline

- Up to 350,000 Bbl/d of new capacity with an initial capacity of 200,000 Bbl/d
- Eagle Ford in-service 2H12; Permian in-service 1H13
- Offering NGL transportation service from Permian Basin to Mont Belvieu
- Synergistic with Permian and Eagle Ford production
- Total capex = ~\$1 billion

## ■ Southern Hills Pipeline

- 150,000 Bbl/d of new capacity; in-service mid-2013
- Offering NGL transportation service from Conway & Midcontinent to Mont Belvieu
- Mainly anchored by volumes owned or controlled by DCP
- Total capex (incl. acquisition) = ~\$750 – \$850 million

## ■ LaSalle Plant

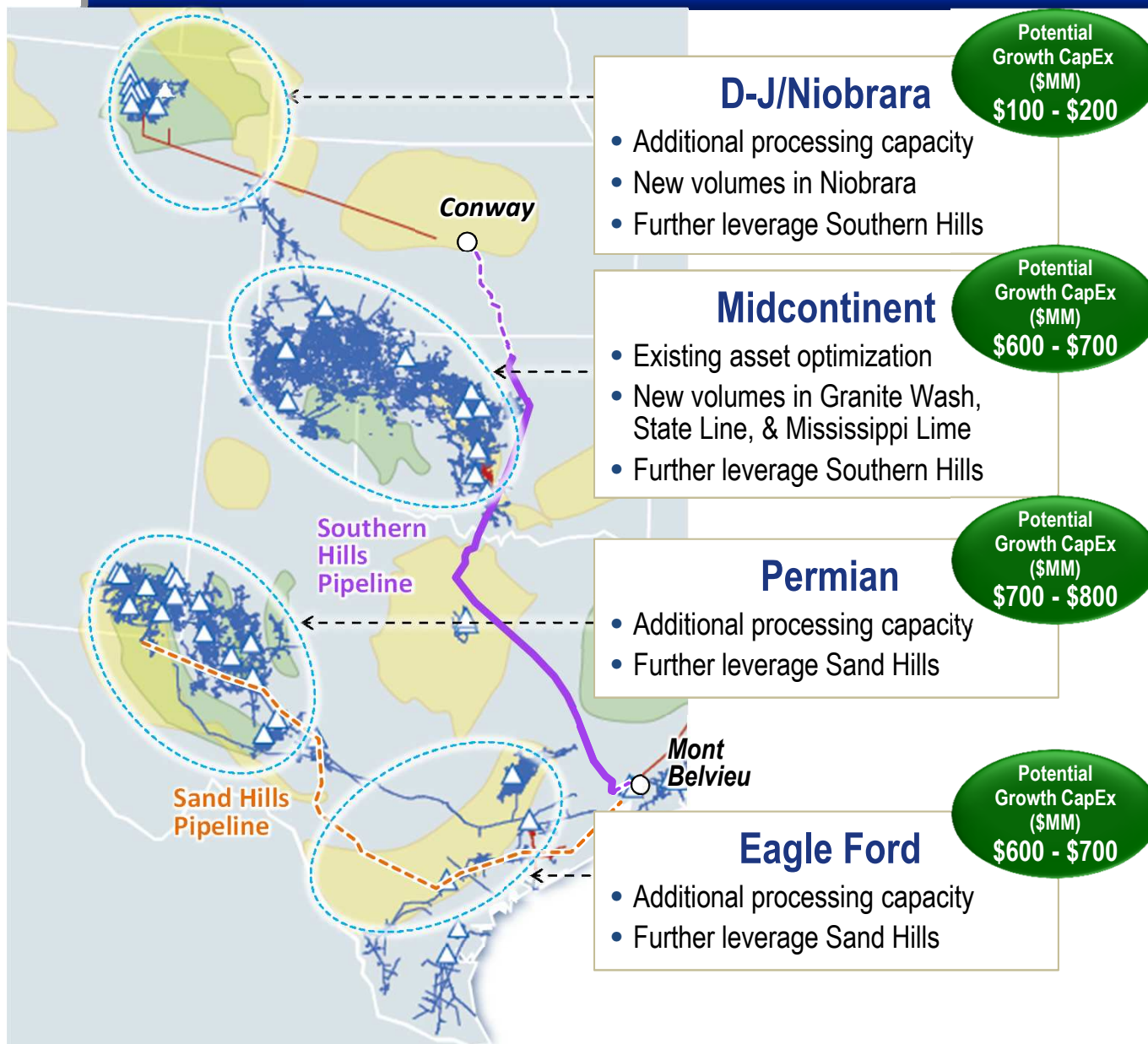
- 110 MMcf/d; in-service mid-2013

## ■ Eagle Plant

- 200 MMcf/d; in-service 2H12

**~\$4 billion of self-funded growth projects in execution 2011 – 2013**

# DCP Midstream Incremental Future Growth Opportunities



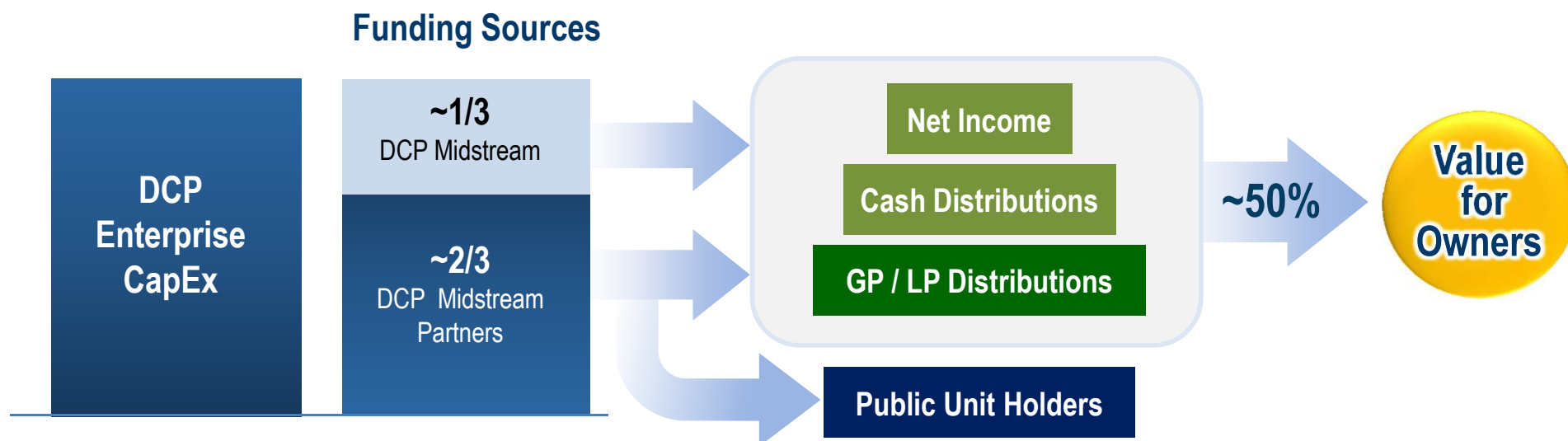
## Competitive Advantages

- Premier U.S. gas gatherer and processor
- Largest natural gas liquids (NGL) producer in the U.S.
- Located in most major oil & gas producing basins
- Liquids rich footprint
- Predominantly 'Percentage Of Proceeds' (POP) contracts

**In addition to \$4 billion of growth projects in execution, incremental opportunities could exceed \$2 billion through 2014**

Source: Spectra Energy Barclays CEO Energy Power Conference – September 7, 2011

# Illustrative Financing + Value Creation



## ■ Corporate Structure & Co-Investment Advantages

- ❑ Corporate structure provides flexibility to fund accelerating growth / preserve strong distributions
- ❑ DCP Midstream funds approximately 1/3 of Enterprise growth capital, DCP Partners funds the balance
- ❑ DCP Midstream realizes ~50% of incremental cash flow and earnings growth
- ❑ Partners' cash flows to Midstream accelerate with increasing investment (fee-like predictability)

**DCP Midstream Growth ... DCP Partners Growth ... Strong Distributions**

Source: Spectra Energy 2012 Financial Plan & Business Strategy Overview – January 17, 2012