IPAA – Private Capital Conference

Peter Bowden – January 21, 2014

Historical MLP Capital Raising Activity

($ in Billions)

- Since 2010, there has been significant growth in institutional demand for debt and equity securities of MLPs; correspondingly, the level of MLP capital markets activity has increased
- In 2013 alone, MLPs raised over $60.0 billion in the public capital markets
- **In addition, over $20 billion was raised in 2013 through private financings**

MLP Capital Markets Activity

Source: SDC and Company filings.
(1) Includes private placements and block trades.

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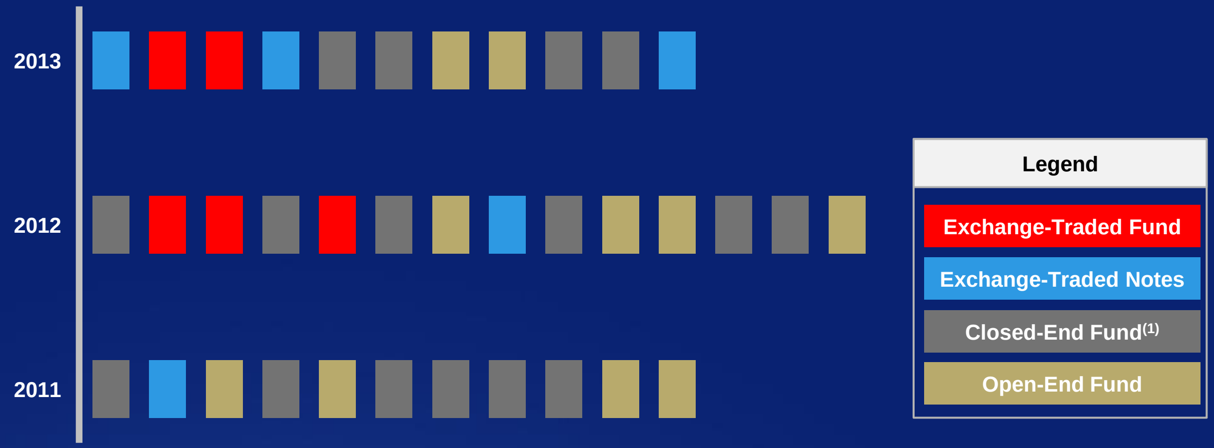
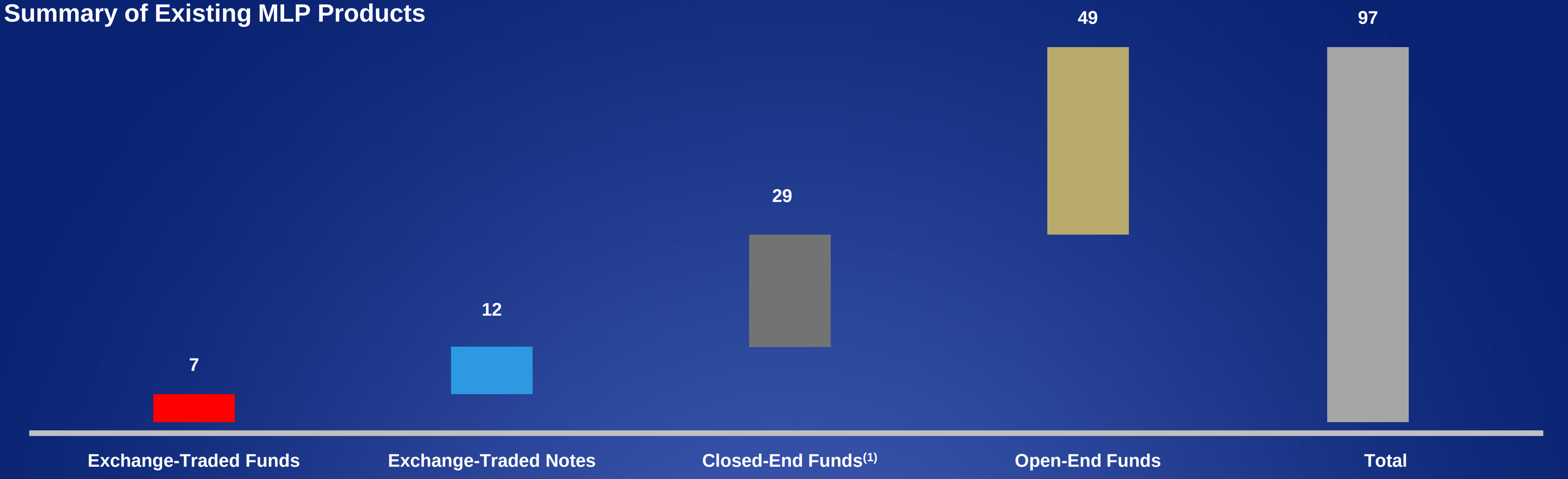
Increased Institutional Investment in MLPs Over Time

- Due to high investor demand for yield-oriented securities post-financial crisis, several new MLP-focused investment vehicles have been developed
- These vehicles offer diversification and tax treatment that is less burdensome than direct MLP ownership (avoidance of K-1)

MLP Products Introduced Since 2011



Summary of Existing MLP Products



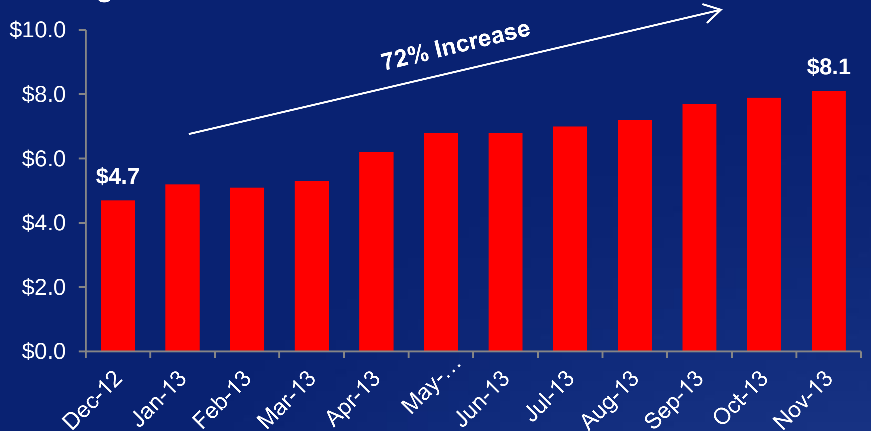
Source: Wall Street research.
(1) Includes MLP-related closed-end funds, comprised of funds with 25% or greater of holdings in MLPs.

Total Net Assets of MLP Investment Vehicles

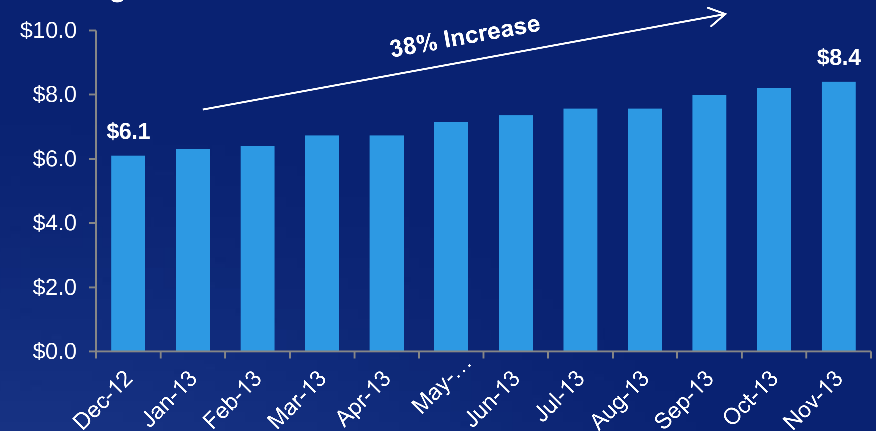
Last Twelve Months – $ in Billions

- Total AUM of MLP-focused investment vehicles continues to increase as investor demand for MLP exposure remains strong
- As of November 30, 2013, total assets across these vehicles had grown to ~$50.1 billion

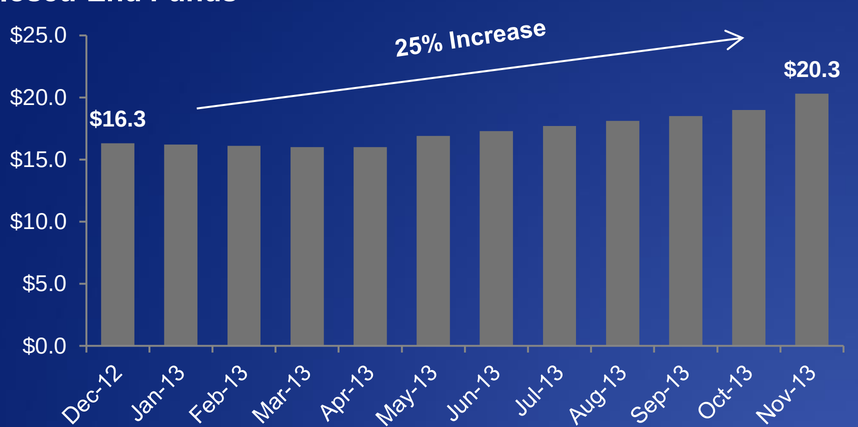
Exchange-Traded Funds



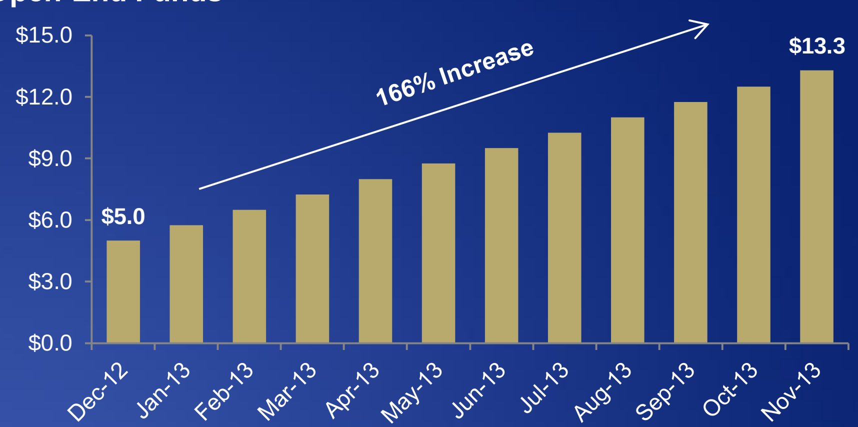
Exchange-Traded Notes



Closed-End Funds



Open-End Funds



Source: Wall Street research.

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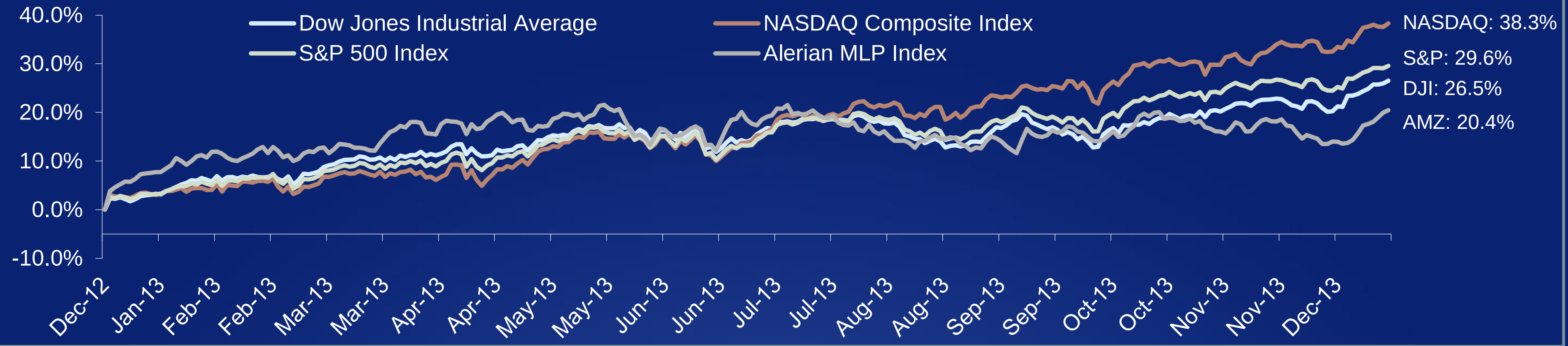
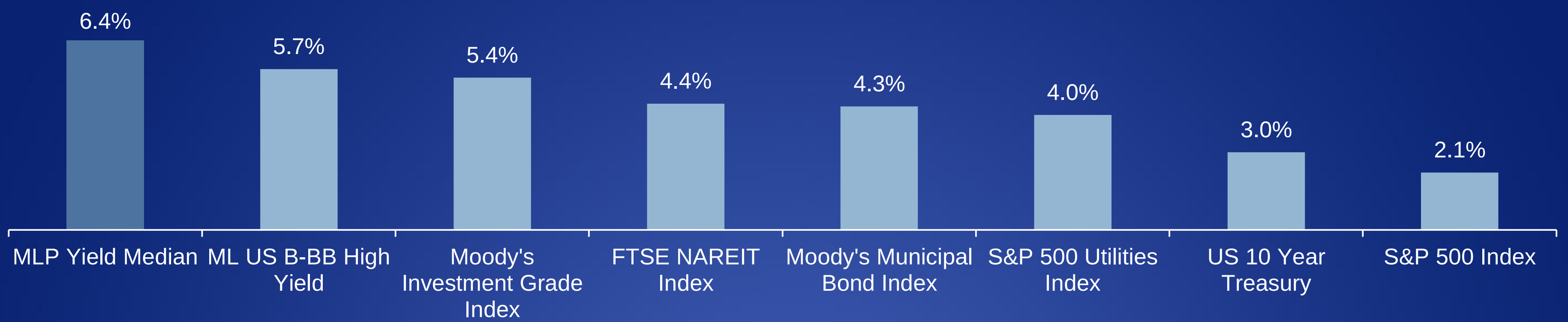
Historical MLP Trading Performance

- The Alerian MLP index generally outperformed other yielding asset classes in the five-year period following the financial crisis
- While the Alerian MLP Index has underperformed other benchmarks during 2013:
  - MLPs have still provided solid performance on a total return basis of approximately 29% primarily due to distribution growth
  - The recent underperformance of MLPs has been driven by waning investor appetite of yield products attributed to anticipation of near-term increases in interest rates

2013 Index Performance



MLP Yield vs. Other Yield-Oriented Investments (Current Yield %)



Source: Bloomberg, CapitalIQ and Wall Street Research.

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Recent Successes in Private Funding of Greenfield Midstream

Parties	Investment / Exit Date	Greenfield Project	Exit Features
Arrow Midstream Holdings, LLC Och-Ziff	2008 / Oct. '13	▪ Originally formed in 2008 to develop, own and operate crude oil, natural gas and water gathering systems on the Fort Berthold Indian Reservation in the core of the Bakken ▪ The Arrow system consisted of over 460 miles of gathering pipeline, including 150 miles of crude pipeline, 160 miles of natural gas pipeline and 150 miles of water gathering lines ▪ Volumes on the system were ~50 MBbls/d of crude oil, 15 MMcf/d of natural gas and 8.5 MBbls/d of water	▪ Arrow Midstream was acquired by Crestwood Midstream Partners LP in October 2013 for **$750 million**
TEAK Midstream NGP Energy Capital Management	Oct. '08 / Apr. '13	▪ Originally formed in October 2009 to develop gathering, transmission, treating, processing, compression and marketing services in key gas producing areas of the U.S. ▪ TEAK's Eagle Ford assets included 200 MMcf/d of cryogenic processing capacity, a second 200 MMcf/d cryogenic processing facility expected to be in service in the first quarter of 2014, 265 miles of 20" to 24" gathering and residue lines (750 MMcf/d throughput capacity) and 275 miles of low pressure gathering lines	▪ TEAK Midstream, L.L.C. was acquired by Atlas Energy, L.P. in April 2013 for **$1.0 billion**
Rangeland Energy, LLC EnCap Flatrock Midstream	Nov. '09 / Nov. '12	▪ Originally formed in November 2009 for the ground-up development of the COLT Hub, North Dakota's largest open-access crude oil marketing hub ▪ Construction of the facility began in May 2011 and the facility came into service in May 2012 ▪ Colt Hub assets included 120 MBbl/d of rail loading capacity, 720 MBbl of storage capacity, a 64 MBbl/d truck unloading facility and a 21-mile, 10 bi-directional pipeline connecting the COLT Terminal to the Dry Fork terminal	▪ COLT was acquired by Inergy Midstream, L.P. in November 2012 for **$425 million**
Caiman Energy EnCap Flatrock Midstream	May '09 / Mar. '12	▪ Originally formed in May 2009 to develop gathering and processing assets servicing the Marcellus Shale ▪ Assets sold included a gathering system, two processing facilities and a fractionator (with expansions to all assets underway at the time) ▪ Long-term contracted commitments included 236,000 dedicated gathering acres from 10 producers in West Virginia, Ohio and Pennsylvania and processing commitments of 100 MMcf/d	▪ Caiman Eastern Midstream LLC was acquired by Williams Partners L.P. in March 2012 for **$2.5 billion**

Source: Public filings.

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Common Private Midstream Investment Structures

Transaction Structure	Benefits	Considerations	Recent Examples
"Straight" Preferred Equity	▪ Provides capital pursuant to "smarter paper" than common equity – predictable structured payments until conversion	▪ Typically convertible upon election beginning three years post-investment at an attractive valuation	▪ October 2010, $140 million preferred investment in Blueknight Energy Partners by Charlesbank Capital Partners and Vitol
Private Greenfield Funding	▪ Immediate capital that funds the intermediate requirements of the business through the highest risk phase of development	▪ Can entail payments to management team upon exit based on multiple of invested cash flow	▪ Private greenfield investment in Arrow Midstream Holdings by Och-Ziff ▪ Private greenfield investment in EagleClaw Midstream Services by EnCap Flatrock Midstream
Payment-in-Kind ("PIK") Preferred	▪ Allows company to bridge timing gap between initial capital outlays and achieving free cash flow	▪ Investor benefits from compounding during the pre-conversion period	▪ July 2010, $300 million PIK preferred investment in Copano by TPG Capital

Source: Public filings.

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PIK Preferred Example

Copano Energy: Market Reaction to TPG Capital Investment

Key Terms of Investment

- On July 21, 2010 Copano announced the issuance of $300 million of convertible preferred equity to TPG Capital
  - Copano intended to use proceeds from the transaction to fund its Eagle Ford Shale expansion strategy
- The preferred units were entitled to in-kind quarterly distributions of $0.72625 per unit for the first three years, and were generally convertible into common units on a one-for-one basis after July 21, 2013
- TPG Capital's investment was well-received by the market and Wall Street Analysts
  - From announcement on July 21, 2010 to year-end, Copano's unit price increased 22.5% compared to a 10% increase for the Alerian MLP Index

CPNO Unit Price Performance

January 2010 – December 2010

Source: CapitalIQ and public filings.

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Private Capital Investment Example

Highstar Capital's Investment in Caiman Energy

Equity Investments

Formation of Caiman Energy

- In May 2009, EnCap Flatrock Midstream formed Caiman Energy to develop and operate gathering and processing assets focused on servicing the Marcellus Shale
- Terms of the initial investment were not disclosed

Highstar Capital Investment

- In July 2011, Caiman announced the completion of a new financing with Highstar Capital IV LP and two of Caiman's existing limited partners
- The joint equity commitment to Caiman consisted of up to $300 million to further develop the company's gathering and processing infrastructure in the Marcellus Shale
- The equity commitment included a make-whole provision in the event a sale of the company occurred in the near-term

Caiman Assets

Initial Caiman Assets

- Caiman's initial greenfield project consisted of developing a Marcellus gathering system, multiple processing facilities and a fractionator
- At the time of Highstar's investment, Caiman operated one 120 MMcf/d cryogenic processing facility with an additional 200 MMcf/d facility expected to be completed within six months
- Caiman's third processing facility was expected to be complete within one year, bringing total processing capacity to 520 MMcf/d

Caiman Assets at Sale

- Marcellus gathering system, two processing facilities and one fractionator
- Long-term contracted commitments included 236,000 dedicated gathering acres from 10 producers in West Virginia, Ohio and Pennsylvania and processing commitments of 100 MMcf/d

Exit Features

Sale of Assets to WPZ

- In March 2012, Caiman Eastern Midstream LLC, Caiman's gathering and processing business in northern West Virginia, southwestern Pennsylvania and eastern Ohio was acquired by Williams Partners L.P.
- Williams acquired the assets for $2.5 billion

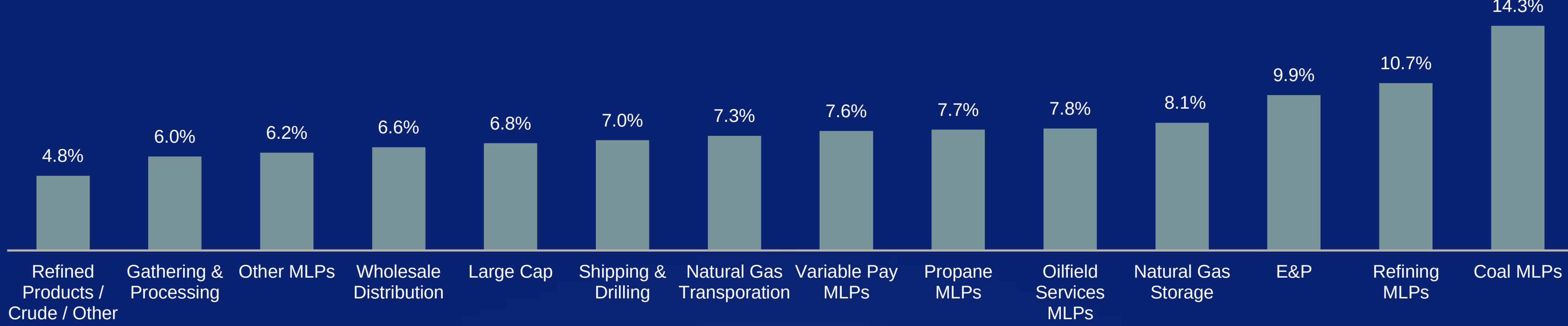
Current Investment

- In December 2012, Dominion Resources Inc. announced an agreement with Caiman Energy II to form Blue Racer Midstream, a $1.5 Billion joint venture to develop Utica Shale midstream assets
- Highstar has provided equity commitments to Caiman Energy II on undisclosed terms

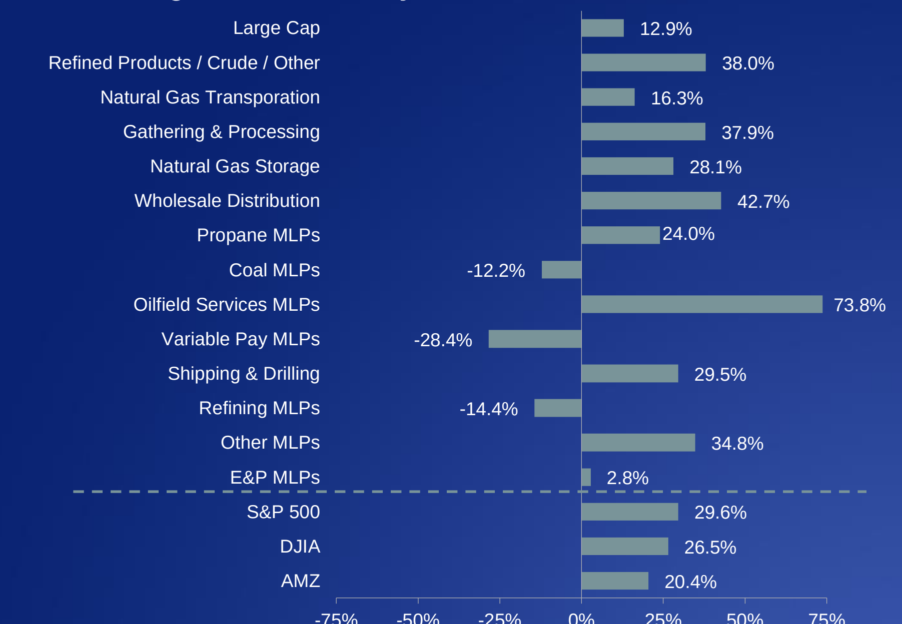
Source: Public filings.

MLP Market Performance

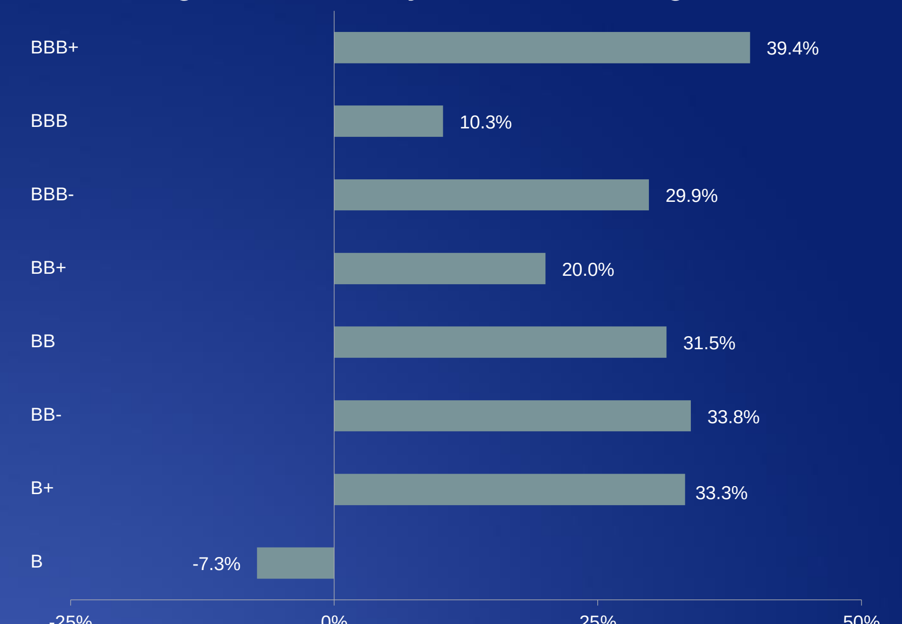
Median Current Yield



2013 Trading Performance by Sector



2013 Trading Performance by S&P Credit Rating[1]



Source: Bloomberg, Capital IQ and Company filings.
(1) Representative of MLPs with available credit ratings.

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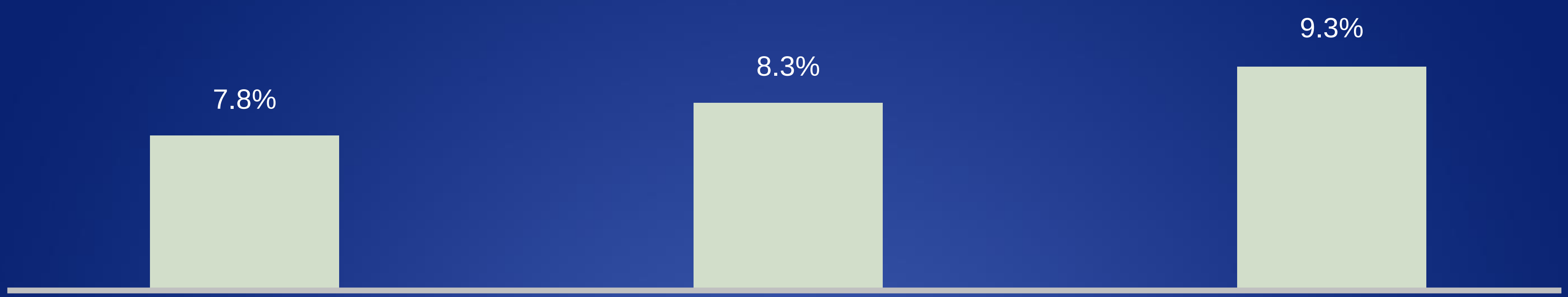
MLP Cost of Capital – GP Interest Effect

MLP Cost of Capital Analysis

Scenario 1	Scenario 2	Scenario 3
LP Yield: 4.5%	LP Yield: 4.5%	LP Yield: 4.5%
Long-Term Growth Rate: 6.5%	Long-Term Growth Rate: 6.5%	Long-Term Growth Rate: 6.5%
Cost of Debt: 4.5%	Cost of Debt: 4.5%	Cost of Debt: 4.5%
Cash Flow to GP: 0.0%	**Cash Flow to GP: 20.0%**	**Cash Flow to GP: 40.0%**



Cost of Capital(1)

(1) Assumes debt to be 50.0% of total capitalization.

Midstream Risk Profile / Contract Types

Contract Types

Fee-Based	▪ Gatherer/processor receives a fee per unit of natural gas gathered at the wellhead, compressed and treated ▪ Under fee-based arrangements, a midstream service provider bears no direct commodity price risk
Percent-of-Proceeds	▪ Gatherer/processor remits to the producers a percentage of the proceeds from the sales of residue gas and/or NGLs or a percentage of the residue gas and/or NGLs at the tailgate ▪ Gatherer/processor is exposed to direct commodity price risk because the revenues from these contracts directly correlate with the fluctuating price of natural gas and/or NGLs
Keep-Whole	▪ Gatherer/processor retains all or a portion of the NGLs produced and replaces (or pays for) the heating value of the NGLs and the natural gas used during processing ▪ Results in the highest direct commodity price risk for the gatherer/processor because costs are dependent on the price of natural gas and revenues are dependent on the price of NGLs

Contract Risk Profile

Fee-Based | **Percent-of-Proceeds** | **Keep-Whole**

Least Risky / Commodity Sensitive ⟷ **Most Risky / Commodity Sensitive**

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MLP M&A Observations and Outlook

2013 M&A Observations	
1	Beginning of MLP Consolidation
2	Midstream Acquisition Multiples Remain Rich
3	Focus on Organic Pipeline Projects
4	Slowdown of Upstream A&D

2014 M&A Outlook	
1	Continued Consolidation of MLPs
2	Infrastructure Buildout from Platforms Acquired in Developing Shale Plays (Bakken, Marcellus/Utica, Etc.)
3	Continued Rich Midstream Acquisition Multiples
4	Further Expansions of MLPs into New Energy Sub-Sectors
5	Robust Capital Markets Available to Fund Organic Growth, but Third Party Acquisitions Continue
6	Ongoing Execution of Drop-Down Strategies

2014 Midstream / MLP Potential Challenges

Increased Ethane Rejection

- Increased volumes of Marcellus ethane to the Gulf Coast via the Enterprise Products Partners ATEX line could result in higher ethane rejection in the Texas market and lower ethane prices overall
- Marcellus ethane has benefitted from the advent of paths to new markets, including Sunoco Logistics' Mariner West line, which is currently delivering Marcellus ethane into the Sarnia, Ontario petrochemical complex
- Ethane rejection likely to continue if the price of ethane remains low

Price of Ethane ($ per Gallon)

Execution Risks Associated with High-Growth Acquisitions

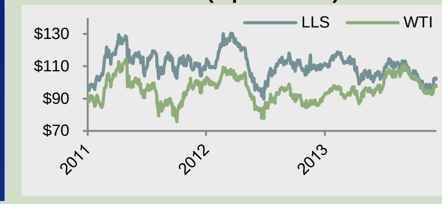
- Midstream acquisition multiples continue to rise, increasing the risks associated with post-acquisition build outs and volume ramps
- Nevertheless, the importance of the five top-performing unconventional plays (Bakken, Utica, Marcellus, Eagle Ford and Permian) will continue to drive re-positioning acquisitions
- Acquisitions are expected to continue to be an important growth catalyst in 2014

Midstream Acquisition Multiples Paid

Narrowing Crude Differentials on the Gulf Coast

- Beginning in early 2013, the spread between WTI and LLS began to compress due in part to additional pipeline capacity between the Mid-Continent and the Gulf Coast markets
- Profits driven by the crude oil spread are expected to continue to decline in 2014

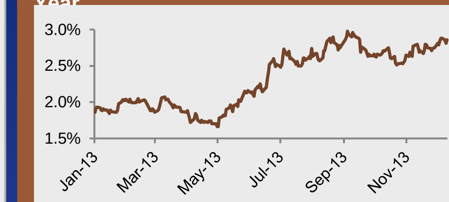
WTI vs. LLS Price ($ per Barrel)



Rising Interest Rates

- Interest rates will not stay at current levels in perpetuity, and MLP valuations may suffer with rising rates if (i) inflation becomes evident and/or (ii) investors rotate into other yield-oriented alternatives
- Higher borrowing rates may also strain already tight distribution coverage levels in some instances

YTD US Treasury Constant Maturity - 10 Year



Tax Concerns

- As the MLP structure continues to be applied to new energy sub-sectors, there is some risk that legislators in Washington may consider limiting the universe of activities generating qualifying income for MLP purposes
- Increased fiscal constraints may increase the IRS' focus on MLPs as a potential revenue source
- However, in our view, the public policy rationale for MLP tax treatment still holds

IRS
Department of the Treasury
Internal Revenue Service

Source: Bloomberg and CapitalIQ.